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1. Introduction

- Good afternoon ladies and gentlemen and welcome to the 2014 Annual General Meeting of London Stock Exchange Group.

- Please first allow me to introduce some of my colleagues. I will then give my account of our strategic delivery over the last year.

- From left to right, you can see:
  - Stuart Lewis
  - Stephen O’Connor
  - Massimo Tononi
  - Robert Webb QC
  - Sherry Coutu
  - Xavier Rolet, Group CEO
  - Lisa Condron, Company Secretary
  - David Warren, Chief Financial Officer
  - Paul Heiden
  - Andrea Munari
  - Jacques Aigran
  - Joanna Shields

- Unfortunately, Raffaele Jerusalmi was unable to join us today because of a prior commitment.

- This year, we welcomed 2 new additional non executive directors. Sherry Coutu and Joanna Shields joined the Board in January this year. They both bring a strong track record as entrepreneurs, building businesses and delivering technology-based solutions to customers. In a few moments, I will be asking you to confirm these new appointments.

- In addition, as announced on 23 June, I’d like to remind you that Paolo Scaroni is stepping down from the Board with effect from today and accordingly
Resolution 13 in the Notice of Annual General meeting which deals with his proposed re-election as a director would be of no effect and will be withdrawn. I would like to thank Paolo for his significant contribution to the LSEG board as a Director and Deputy Chairman. He has brought deep business experience to the role since the merger with Borsa Italiana and has provided sound counsel throughout the delivery of the Group’s successful diversification strategy. The Board wishes him well in his new role as Deputy Chairman of Rothschild.

- I am very pleased to announce today that Robert Webb has agreed to replace Paolo as senior independent non-executive director.

- As there is a quorum present we can start.

2. Economic, Political and Regulatory Context

- It has been a good year for the Group, with a strong financial performance and continued successful delivery of our global diversification strategy, building best in class capabilities as we grow. Before I move to the details of the business, let me begin with the macro economic, political and regulatory context in which we operate.

- Although the impact of the 2008 financial crisis continues to be felt, this year has seen a rise in confidence. Global growth is projected to strengthen to 3.6 per cent in 2014, and amongst G7 countries the economic outlook is strongest in the UK and the US.\(^1\)

- The regulatory response to the crisis continues to evolve and the Group plays an important role in helping customers meet new requirements across a range of jurisdictions around the world. These include the channelling of more than $700 trillion\(^2\) OTC derivatives towards central clearing counterparties such as LCH.Clearnet and reporting requirements which saw our trade repository Unavista receive approximately ten million reports on behalf of over 2,500 counterparties on day one.

- Looking ahead, MiFID legislation in Europe will promote competition, lower costs and increase capital efficiencies. Provisions for greater customer choice, known as ‘open access’, particularly in clearing, will reduce the fragmentation of risk and increase market efficiency. Our commitment to ‘open access’, which is a philosophy shared with LCH, remains a strategic differentiator for the Group and extends across all of our products and services, from clearing, to benchmarks, to technology, to settlement. It allows for better tailoring of our offering for different markets and creates greater potential for innovation in response to customer demand, bringing us closer to the buy side, sell side and corporate issuers.

- In the UK, the government has taken welcome steps towards rebalancing the tax treatment of equity which were supported across all parties. AIM stocks

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\(^1\) IMF World Economic Outlook, April 2014, p50. UK 2.9 per cent; US 2.8 per cent; Eurozone 1.2 per cent

became available for inclusion in ISAs last August and from April this year the trading of shares on AIM became free of stamp duty, benefiting hundreds of growing UK firms and supporting job creation by lowering their cost of capital. The government has also legislated to allow a broader range of fixed income securities to become eligible for ISA inclusion, increasing the potential for issues in a wider range of maturities on our retail bond market, the Order book for Retail Bonds.

- As a Group, we are well positioned to benefit from these regulatory changes and we also continue to engage with policymakers to support the development of the non-bank funding ecosystem across Europe. We look forward in particular to the opportunities offered by the new SME Growth Markets regime and next year’s review of the Prospectus Directive.

3. Strategic Business Outlook

- Moving to the strategic business outlook, it has been a strong year for the Group as we strengthened our position as one of the world’s leading diversified exchange groups. We saw growth across all our 3 key business areas of capital formation, risk and balance sheet management and intellectual property.

- In capital formation, the improving economic outlook has seen a return of investor confidence and we have seen the highest number of IPOs on our markets since 2007. 188 companies joined our equity markets in London and Milan with total money raised in new and further issues of over £34 billion. In the secondary market, Turquoise, the Group’s pan-European trading platform, regularly accounts for more than eight per cent of all volume traded across Europe, an increase in traded value of 68 per cent.

- In fixed income, £657m was raised on the UK Order Book for Retail Bonds, and £3.3bn was raised on our Italian retail bond market MOT. The Italian Treasury also chose MOT for two further tranches of bond issues totalling €39 billion, including the largest single issue so far of €22 billion raised from 300,000 investor orders. The Group completed the acquisition of a 70 per cent stake in EuroTLX, a retail bond platform, and our fixed income trading platform, MTS, completed the acquisition of Bonds.com, a US corporate and emerging market bonds dealing venue.

- In derivatives, LSE plc acquired the derivatives arm of Turquoise and relaunched it as the London Stock Exchange Derivatives Market, which is now part of a Regulated Market and allows customers to improve the efficiency of their clearing and margin arrangements in the light of regulatory obligations. The Group launched a number of new derivative products, including Single Stock Options in the UK and Italy as well as FTSE Large Cap Super Liquid index futures.

- As part of our core capital raising function, we support measures that enable the growth of small and medium size enterprises to further drive economic growth and job creation, which is also a key part of our approach to corporate responsibility and exemplifies the wider the role our business plays in society.
• We published a study identifying some of the UK’s most dynamic SMEs, entitled ‘1000 Companies to Inspire Britain’ and launched, in partnership with Imperial College Business School, a programme called ELITE, which is dedicated to supporting high growth companies well before they might consider an IPO. This is built on the success of Borsa Italiana’s ELITE programme now in its third year and with 150 participants. We expect ELITE to be able to leverage substantial synergies with the Group’s position at the centre of the investor, advisor and broker ecosystem and the market infrastructure technology that underpins it.

• In risk and balance sheet management, one of the key landmarks during the past year was the completion of the acquisition of a majority stake in LCH. In the eleven month period as part of the Group, LCH contributed clearing income of £263 million and an operating profit of £81 million. With the inclusion of LCH, the Group has reported a total income of over £1 billion for the first time in its history. We expect the substantial benefits of the LCH transaction to continue to work through over the coming year.

• Under the leadership of LCH’s new CEO Suneel Bakhshi, we anticipate cost synergies will reach £49 million per annum in 2015. A restructuring of the service arrangement for OTC businesses, including SwapClear, will result in additional revenues for the Group, as well as changes to the share of costs. We see opportunities for further LCH cost savings and revenue growth as the regulatory landscape continues to evolve. LCH is particularly well positioned in the light of new requirements for mandatory clearing of OTC derivatives.

• Three of our clearing entities – LCH’s UK and French operations and CC&G in Italy - have been re-authorised as CCPs under the European EMIR legislation.

• To help our customers meet their post trade regulatory obligations, this summer the Group plans to launch its new International Central Securities Depositary, globeSettle. Based in Luxembourg, globeSettle will provide a range of custody and settlement services, building on the infrastructure, knowledge and expertise of Monte Titoli, our Group’s existing Central Securities Depositary based it Italy. Regulatory approval has been received and JP Morgan are confirmed as one of its first customers.

• In intellectual property, the recently proposed acquisition of Frank Russell Company is an opportunity to acquire a US business with a leading global brand, providing index and investment management services.

• On completion of the acquisition, by late 2014 or early 2015, a third of Group revenue will be raised in North America, building on the existing footprint in the region of our index business FTSE, and its relationships with Vanguard and TMX, plus the US operations of LCH and MTS.

• The combination of FTSE and Russell’s index business will create a global leader in index services and the No. 2 player in US-listed Exchange Traded Funds. It will bring together more than $5 trillion of assets benchmarked to
Russell and an estimated $4 trillion of equities benchmarked to FTSE. This will allow us to capitalise on key trends such as passive investment strategies and multi-asset solutions.

- Next steps in the acquisition are to issue a prospectus in mid to late August and hold a General Meeting for shareholders to approve the rights issue in September, with completion expected late 2014 or early 2015 after regulatory approval.

- In our technology division, MillenniumIT, recorded a number of deals, including the signing of an agreement to provide post trade technology to Singapore Exchange Ltd and a strategic partnership with the Casablanca Stock Exchange. It also extended existing contracts with London Metal Exchange and TMX.

4. Financial Results

- Turning to financial results, we delivered a good performance, with 10 per cent organic revenue growth coming from increases across all business segments. Adjusted income was up 42 per cent to £1.2 billion, including a first time contribution from LCH.

- Following these results, the Group is proposing a four and a half per cent increase in the final dividend, up to 20.7 pence per share, resulting in a full year dividend of 30.8 pence per share, a rise of nearly four and a half per cent in total.

- The final dividend will be paid on 19th August to shareholders on the register as at 25 July.

- Today we have announced our Q1 revenues for FY 2015. We have seen a strong financial performance, with Q1 total income up 16 per cent to £324 million. Revenue increased 20 per cent and 11 per cent on an organic and constant currency basis, with growth across nearly all business segments.

- Capital Markets revenues were up 16 per cent, with strong growth in primary markets as the number of new issues more than doubled; secondary markets benefitted from improvements in fixed income trading and Italian cash equity volumes.

- Please note further that in order to align the financial years of LSEG plc and LCH, the Group’s accounting reference date has moved from 31 March to 31 December, with effect from 1 April this year.

- In line with good corporate governance regarding periodic tenders, the company accounts for the next financial year will be externally audited by EY, who have taken over from PWC following a competitive tender process.

5. Conclusion
In conclusion, the transformational changes we have undertaken to diversify and expand our business have delivered a strong financial performance.

This strengthening in the depth and breadth of our offering means we are well positioned to capitalise on ongoing changes in the market whether driven by regulation, the improving macro-economic background or in response to strategic opportunities in the exchange industry.

We continue to take our real economy role very seriously, and are committed to providing a trusted, neutral and transparent source of international capital and financial market infrastructure, for companies of all sizes.

In the year ahead, we will remain focused on delivering the benefits of our recent transactions and investment in new products, as well as seeking new global growth opportunities that will help us meet the needs of our customers and deliver value for you, our shareholders.

Finally, the time has now come to think about my own succession, having had the privilege of chairing the Board of Directors of LSEG for over 11 years. The Board has asked Robert Webb as senior independent director to chair the Nominations Committee through this process and it is intended that the search and appropriate transition will be completed by the end of December 2015.

Further information is available from:

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