

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS DOCUMENT IS A CIRCULAR FOR THE PURPOSES OF LISTING RULE 13. IT ALSO COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE LISTING OF LSEG SHARES ON THE OFFICIAL LIST AND OF TRADING OF LSEG SHARES ON THE LONDON STOCK EXCHANGE. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN PERSONAL FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000, IF YOU ARE RESIDENT IN THE UNITED KINGDOM, OR, IF NOT, FROM ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER.**

If you have sold or otherwise transferred all of your LSEG Shares, please send this document and the accompanying documents (other than documents or forms personalised to you) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holding of LSEG Shares you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security, including any HoldCo Shares to be issued in connection with the proposed Merger. HoldCo intends to publish a prospectus, once approved by the UKLA, on the same date of this document in connection with the issue of HoldCo Shares under the terms of the proposed Merger.

This document (including any documents incorporated into it by reference) should be read as a whole and in conjunction with the accompanying Forms of Proxy. This document should also be read in conjunction with the HoldCo Prospectus, which contains further information on HoldCo and the HoldCo Shares and for which HoldCo, HoldCo Directors and the HoldCo Proposed Directors are responsible.

**The distribution of this document and/or the accompanying documents (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.**



**London**  
**Stock Exchange Group**

## **London Stock Exchange Group plc**

*(registered in England and Wales under the Companies Act 1985 with registered number 5369106)*

### **Recommended all-share merger between London Stock Exchange Group plc and Deutsche Börse AG**

**Proposed acquisition of Deutsche Börse AG by UK TopCo (HLDCO123 PLC  
("HoldCo")) (which is to become the holding company of LSEG plc on the  
Effective Date)**

**and**

**Proposed acquisition of LSEG plc by HoldCo to be effected by means of a  
Scheme of Arrangement under Part 26 of the Companies Act 2006**

**Circular to LSEG Shareholders and Explanatory Statement under section 897 of the  
Companies Act 2006**

**Notice of Court Meeting**

**and**

**Notice of General Meeting**

Your attention is drawn to the letter from the Chairman of LSEG plc in Part I (*Letter from the Chairman of LSEG plc*) of this document, which contains the unanimous recommendation of the LSEG Board that you vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the LSEG General Meeting. You should read the whole of this document and, in particular, the risk factors in Part II (*Risk Factors*). A letter from Robey Warshaw, Barclays, Goldman Sachs and J.P. Morgan Cazenove explaining the Scheme appears in Part III (*Explanatory Statement*) of this document.

Notices of the Court Meeting and the LSEG General Meeting, both of which will be held at the offices of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26–28 Tudor Street, London, EC4Y 0BQ on 4 July 2016, are set out in Part XVII (*Notice of Court Meeting*) and Part XVIII (*Notice of General Meeting*) of this document respectively. The Court Meeting will start at 10:00 a.m. and the LSEG General Meeting at 10:15 a.m. on 4 July 2016 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

**The action to be taken by LSEG Shareholders in relation to the Meetings is set out on pages 9 to 11 and in paragraph 20 of Part III (*Explanatory Statement*) of this document. It is very important that LSEG Shareholders use their votes so that the Court can be satisfied that there is a fair representation of their views. LSEG Shareholders will find enclosed with this document a BLUE Form of Proxy for use in connection with the Court Meeting and a WHITE Form of Proxy for use in connection with the LSEG General Meeting. Whether or not you intend to be present at the Meetings in person, please complete and sign each of the enclosed Forms of Proxy (or appoint a proxy electronically, as referred to below) in accordance with the instructions printed on them and return them to LSEG plc's registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing Business Park, Lancing, West Sussex, BN99 6DA as soon as possible and, in any event, so as to be received by 10:00 a.m. on 2 July 2016 in respect of the Court Meeting and 10:15 a.m. on 2 July 2016 in respect of the LSEG General Meeting. If the BLUE Form of Proxy for the Court Meeting is not returned by the specified time, it may be handed to representatives of Equiniti or the Chairman of the Court Meeting before the start of that meeting and will still be valid. In the case of the LSEG General Meeting, however, unless the WHITE Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent LSEG Shareholders from attending and voting in person at either the Court Meeting or the LSEG General Meeting, or any adjournment thereof, if you so wish and are so entitled.**

**Electronic Proxy Appointment ("EPA") is available for the Meetings. To use this facility you must visit [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the procedure are shown. The Voting ID, Task ID and Shareholder Reference Number shown on the BLUE and WHITE Forms of Proxy will be required to complete the procedure. EPA will not be valid if received later than 48 hours before the Court Meeting or LSEG General Meeting, as applicable or, in the case of any adjournment, later than 48 hours before the time fixed for the adjourned meeting and will not be accepted if found to contain a computer virus.**

Applications will be made to the UK Listing Authority for all the HoldCo Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the HoldCo Shares to be admitted to trading on the London Stock Exchange's main market for listed securities and separately to the Frankfurt Stock Exchange for the HoldCo Shares to be admitted for prime standard listing and trading on the regulated market segment of the Frankfurt Stock Exchange. It is expected that Admission will become effective and unconditional dealings in the HoldCo Shares on the London Stock Exchange's main market and on the Frankfurt Stock Exchange will commence 5 to 9 Business Days after the Effective Date, which is expected to be in the first quarter of 2017. Scheme Shareholders are also advised to read the HoldCo Prospectus which contains information relating to the HoldCo Shares. The HoldCo Prospectus will be available on LSEG plc's website at [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger) and on HoldCo's website at [www.mergerdocuments-db-lseg.com](http://www.mergerdocuments-db-lseg.com). A hard copy of the HoldCo Prospectus can also be requested, free of charge, by contacting LSEG plc's registrar, Equiniti, whose contact details are set out on page 16 of this document.

If you have any questions about this document, the Court Meeting, the LSEG General Meeting or on the completion and return of the Forms of Proxy, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays) on 0330 123 5505 (from within the UK) or +44(0) 121 415 0902 (from outside the UK, international rates apply). Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide financial, legal or tax advice or advice on the merits of the LSEG Acquisition, the Deutsche Börse Acquisition or the Merger.

Certain terms used in this document are defined in Part XVI (*Definitions*) of this document.

Robey Warshaw, which is authorised and regulated in the UK by the FCA, is acting as joint lead financial adviser to LSEG plc and no one else in connection with the Merger and will not be responsible to anyone other than LSEG plc for providing the protections afforded to clients of Robey Warshaw nor for providing advice in relation to the Merger or any other matters referred to herein.

Barclays, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively for LSEG plc and HoldCo and no one else in connection with the Merger and will not be responsible to anyone other than LSEG plc and HoldCo for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Merger or any other matter referred to in this document

Goldman Sachs, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK, is acting as joint lead financial adviser for LSEG plc and no one else in connection with the matters referred to herein and will not be responsible to anyone other than LSEG plc for providing the protections afforded to its clients, or for giving advice in connection with any matter referred to herein.

J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove, is authorised and regulated in the United Kingdom by the FCA. J.P. Morgan Cazenove is acting as joint lead financial adviser exclusively for LSEG plc and no one else in connection with the Merger and the matters set out herein and will not regard any other person as its client in relation to the matters set out herein and will not be responsible to anyone other than LSEG plc for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to the Merger, the contents of this document or any other matter referred to herein.

RBC Capital Markets, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom, is acting for LSEG plc and no one else in connection with the Merger and will not be responsible to anyone other than LSEG plc for providing the protections afforded to clients of RBC Capital Markets, or for providing advice in connection with the Merger.

Société Générale which is a French credit institution (bank) authorised and supervised by the ECB, the Autorité de Contrôle Prudentiel et de Résolution and the Prudential Regulation Authority, and regulated by the Autorité des marchés financiers and subject to limited regulation by the FCA and the Prudential Regulation Authority. Société Générale is acting solely for LSEG plc in connection with the Merger and will not be responsible to anyone other than LSEG plc for providing the protections afforded to the clients of Société Générale or for providing advice in relation to the Merger or any other matter referred to in this document.

UBS, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for LSEG plc and no-one else in connection with the Merger referred to in this document. In connection with such matters, UBS, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to this Merger, the contents of this document or any other matter referred to herein.

Perella Weinberg Partners, which is authorised and regulated in the United Kingdom by the FCA, is acting as lead financial adviser to Deutsche Börse AG and no one else in connection with the Merger and will not be responsible to anyone other than Deutsche Börse AG for providing the protections afforded to its clients or for providing advice in relation to the Merger or any matter referred to herein.

Merrill Lynch International is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom. Merrill Lynch International is acting exclusively for Deutsche Börse AG as joint financial adviser and joint corporate broker and no-one else in connection with the Merger. In connection with such matters, Merrill Lynch International, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to this Merger, the contents of this document or any other matter referred to herein.

Deutsche Bank is authorised under German Banking Law (competent authority: ECB) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the ECB and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and FCA. Details about the extent of its authorisation and regulation by the Prudential Regulation Authority, and regulation by the FCA are available on request or from [www.db.com/en/content/eu\\_disclosures.htm](http://www.db.com/en/content/eu_disclosures.htm). Deutsche Bank is acting exclusively for Deutsche Börse AG and HoldCo and no one else in connection with the Merger and will not be responsible to anyone other than Deutsche Börse AG and HoldCo for providing the protections afforded to clients of Deutsche Bank or for providing advice in relation to the Merger or any other matters referred to herein.

HSBC is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom. HSBC is acting exclusively as financial adviser to Deutsche Börse AG and no one else in connection with the Merger and shall not be responsible to anyone other than Deutsche Börse AG for providing the protections afforded to clients of HSBC nor for providing advice in connection with the Merger or any matter referred to herein.

Lazard, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Deutsche Börse AG and for no one else in connection with the Merger and will not be responsible to anyone other than Deutsche Börse AG for providing the protections afforded to its clients or for providing advice in connection with the Merger. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with the Merger, this document, any statement contained herein, or otherwise.

The date of publication of this document is 1 June 2016.

## IMPORTANT NOTICES

### Overseas jurisdictions

LSEG Shareholders who are not resident in and/or citizens of the UK or the US may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK or the US should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. The attention of Overseas Shareholders is drawn to paragraph 16 of Part III (*Explanatory Statement*) of this document.

The release, publication or distribution of this document in or into jurisdictions other than the UK or the United States may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK or the United States should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their LSEG Shares with respect to the Scheme at the Court Meeting or the LSEG Resolutions at the LSEG General Meeting, or to execute and deliver forms of proxy appointing another to vote at the Court Meeting or the LSEG General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with English law, the City Code, the Listing Rules and the rules of the London Stock Exchange and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any jurisdiction outside of England and Wales.

Unless otherwise determined by HoldCo or required by the City Code, and permitted by applicable law and regulation, LSEG Shareholders will not be able to participate, directly or indirectly, in the Merger in any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Resolutions and the Scheme by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Scheme, the Deutsche Börse Acquisition and the Merger.

The HoldCo Shares will be freely transferable except for certain restrictions as set forth in this document and the HoldCo Prospectus. The HoldCo Shares acquired pursuant to the Scheme by shareholders of LSEG plc in Canada will be subject to resale restrictions under Canadian securities laws, and any resale must be made pursuant to an exemption from the prospectus requirements of Canadian securities laws, or in circumstances where the prospectus requirements of Canadian securities laws do not apply.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme and the Merger. It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Merger including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

### Additional information for US investors

The LSEG Acquisition to be implemented by way of the Scheme is being made to acquire the securities of an English company by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US proxy solicitation or tender offer rules. The financial information included in this document has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Deutsche Börse AG or HoldCo exercises its right to implement the LSEG Acquisition by way of a takeover



offer, such offer will be made in compliance with applicable US laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. In addition to any such takeover offer, Deutsche Börse AG, HoldCo or their respective nominees, or their respective brokers (acting as agents of Deutsche Börse AG or HoldCo), may from time to time make certain purchases of, or arrangements to purchase, LSEG Shares outside of the United States, other than pursuant to such takeover offer during the period in which such takeover offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

The receipt of HoldCo Shares by a US holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme is expected to be a non-taxable transaction for US federal income tax purposes except for cash, if any, received in lieu of fractions of HoldCo Shares. Each LSEG Shareholder is urged to consult his independent professional adviser immediately regarding the US federal, state and local and non-US tax consequences of the Scheme applicable to him.

It may be difficult for US holders of shares in Deutsche Börse AG or LSEG plc to enforce their rights and claims arising out of the US federal securities laws, since Deutsche Börse AG, HoldCo and LSEG plc are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

This document does not constitute an offer of securities for sale in the US or an offer to acquire or exchange securities in the US. The HoldCo Shares have not been and will not be registered under the US Securities Act of 1933 (the “**US Securities Act**”) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the HoldCo Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the US Securities Act or an exemption therefrom. The HoldCo Shares issued pursuant to the LSEG Acquisition are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. For the purposes of qualifying for such exemption, LSEG plc will advise the Court that its sanctioning of the Scheme will be relied upon by HoldCo as an approval of the Scheme following a hearing on its fairness to LSEG Shareholders.

In accordance with the City Code, normal United Kingdom market practice and Rule 14e-5(b) of the US Exchange Act, Barclays, Goldman Sachs, J.P. Morgan Cazenove, Deutsche Bank and its affiliates will continue to act as exempt principal traders in LSEG plc securities on the London Stock Exchange and engage in certain other purchasing activities consistent with their respective normal and usual practice and applicable law. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the City Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). To the extent that such information is publicly disclosed in the United Kingdom, this information will also be deemed to be publicly disclosed in the United States.

### **Forward-looking statements**

This document (including information incorporated by reference in this document), oral statements made regarding the Merger, and other information published in connection with the Merger contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this document include statements relating to the expected effects of the Merger on HoldCo, LSEG plc and Deutsche Börse AG, the expected timing and scope of the Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved.

Although HoldCo, LSEG plc and Deutsche Börse AG believe that the expectations reflected in such forward-looking statements are reasonable, HoldCo, LSEG plc and Deutsche Börse AG 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 LSEG Conditions and the Deutsche Börse Conditions, as well as additional factors, such as: future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as changes in the political, social and regulatory framework in which the Combined Group will operate or in economic or technological trends or conditions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors.

None of HoldCo, LSEG plc or Deutsche Börse AG, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules of the FCA and the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*), none of HoldCo, LSEG plc or Deutsche Börse AG is under any obligation, and each of HoldCo, LSEG plc and Deutsche Börse AG, expressly disclaim any intention or obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **No profit forecasts or estimates**

Information in relation to the Deutsche Börse Profit Forecast is included in Annex 1 (*Deutsche Börse Profit Forecast*) to this document. The Deutsche Börse Profit Forecast was issued by Deutsche Börse AG and no profit forecast has been issued by HoldCo or LSEG plc. Other than the Deutsche Börse Profit Forecast, no statement in this document, or incorporated by reference into this document, is intended to be or is to be construed as a profit forecast or estimate for any period and no other statement in this document should be interpreted to mean that earnings or earnings per share for HoldCo, Deutsche Börse AG or LSEG plc, as appropriate, for the current or future financial years, or those of the Combined Group, would necessarily match or exceed the historical published earnings or earnings per share for HoldCo, Deutsche Börse AG or LSEG plc, as appropriate.

#### **Quantified financial benefits**

Statements of identified synergies and estimated costs savings relate to future actions and circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated cost savings referred to in this document may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. For the purposes of Rule 28 of the City Code, the Quantified Financial Benefits Statement, a copy of which is included at Appendix 2 (*Quantified Financial Benefits Statement*) of this document, is the responsibility of LSEG plc and Deutsche Börse AG and the directors of LSEG plc and Deutsche Börse AG.

#### **Disclosure requirements of the City Code**

Under Rule 8.3(a) of the City Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3:30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44(0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Electronic communications**

Please be aware that addresses, electronic addresses and certain information provided by LSEG Shareholders, persons with information rights and other relevant persons for the receipt of communications from LSEG plc may be provided to HoldCo during the Offer Period as requested under Section 4 of Appendix 4 of the City Code to comply with Rule 2.12(c) of the City Code.

### **Publication on website and availability of hard copies**

A copy of this document, together with the HoldCo Prospectus and all information incorporated into this document by reference to another source, is and will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on LSEG plc's website at: [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger) and on HoldCo's website at: [www.mergerdocuments-db-lseg.com](http://www.mergerdocuments-db-lseg.com) from the time this document is published. For the avoidance of doubt, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

If you have received this document in electronic form, you may request a hard copy of this document, the HoldCo Prospectus and/or any information incorporated into this document by reference to another source by contacting LSEG plc's registrars, Equiniti, at Aspect House, Spencer Road, Lancing Business Park, Lancing, West Sussex, BN99 6DA or, between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding English and Welsh public holidays), on 0330 123 5505 from within the UK or on +44(0) 121 415 0902 if calling from outside the UK (calls from outside the UK will be charged at the applicable international rate), with your full name and the full address to which the hard copy may be sent (calls may be recorded and monitored for training and security purposes). You may also request that all future documents, announcements and information to be sent to you in relation to the Merger should be in hard copy form.

### **Rounding**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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## TO VOTE ON THE MERGER

**This page should be read in conjunction with the section entitled ACTION TO BE TAKEN, set out on pages 9 to 11 of this document, and the rest of the document, in particular, the notices of the Court Meeting and the LSEG General Meeting on pages 196 to 202.**

Whether or not you plan to attend the Meetings, you should:

1. complete, sign and return the BLUE Form of Proxy for use at the Court Meeting, so as to be received by no later than 10:00 a.m. on 2 July 2016<sup>1</sup>; and
2. complete, sign and return the WHITE Form of Proxy for use at the LSEG General Meeting, so as to be received by no later than 10:15 a.m. on 2 July 2016<sup>2</sup>,

or, in the case of adjournment, by no later than 48 hours before the time fixed for the holding of the adjourned meeting.

Electronic Proxy Appointment (“EPA”) is also available for the Meetings. To use this facility you must visit [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the procedure are shown. The Voting ID, Task ID and Shareholder Reference Number shown on the BLUE and WHITE Forms of Proxy will be required to complete the procedure. EPA will not be valid if received later than 48 hours before the Court Meeting or LSEG General Meeting, as applicable or, in the case of any adjournment, later than 48 hours before the time fixed for the adjourned meeting and will not be accepted if found to contain a computer virus.

**If you require assistance, please telephone Equiniti on 0330 123 5505 (from within the UK) or +44 (0) 121 415 0902 (from outside the UK) between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Calls will be recorded and monitored for security and training purposes.**

**Please note that, for legal reasons, Equiniti cannot provide advice on the merits of the Merger or give any legal, tax or financial advice.**

**Copies of any information incorporated into this document by reference to another source sent to persons in electronic form or by means of being published on LSEG plc’s websites and all future documents, announcements and information required to be sent to persons in relation to the Merger may be requested to be received by such persons in hard copy form by writing to the Equiniti at Aspect House, Spencer Road, Lancing Business Park, Lancing, West Sussex, BN99 6DA or by calling Equiniti at the numbers provided above. A hard copy of any such documents will not be sent unless so requested.**

The completion and return of the Forms of Proxy will not prevent you from attending and voting at the Court Meeting and/or the LSEG General Meeting, or any adjournments thereof, in person should you wish to do so and should you be so entitled.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF LSEG SHAREHOLDERS. YOU ARE THEREFORE STRONGLY ADVISED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY OR TO APPOINT A PROXY THROUGH CREST OR APPOINT A PROXY ELECTRONICALLY THROUGH THE EPA FACILITY OPERATED BY EQUINITI, FOR BOTH THE COURT MEETING AND THE LSEG GENERAL MEETING AS SOON AS POSSIBLE.**

1 If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to a representative of LSEG plc’s registrar, Equiniti, on behalf of the chairman of the Court Meeting, before the start of the Court Meeting.

2 If the WHITE Form of Proxy is not returned so as to be received by the time mentioned above and in accordance with the instruction on that Form of Proxy, it will be invalid.

## ACTION TO BE TAKEN

**For the reasons set out in this document, the LSEG Board unanimously recommends that LSEG Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution and Merger Resolution relating to the Merger to be proposed at the LSEG General Meeting, as the LSEG Directors have irrevocably undertaken to do in respect of their own beneficial holdings of LSEG Shares, and that you take the action described below.**

The Court Meeting and the LSEG General Meeting will be held at the offices of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26-28 Tudor Street, London, EC4Y 0BQ on 4 July 2016 at 10:00 a.m. and 10:15 a.m. respectively (or, in the case of the LSEG General Meeting, as soon as the Court Meeting has been concluded or adjourned). The Scheme requires approval of LSEG Shareholders at both of these Meetings and the Deutsche Börse Acquisition requires approval of LSEG Shareholders at the LSEG General Meeting.

### 1. The Documents

Please check that you have received the following with this document:

- a BLUE Form of Proxy for use in respect of the Court Meeting;
- a WHITE Form of Proxy for use in respect of the LSEG General Meeting; and
- a reply-paid envelope for use in the UK only for the return of the BLUE Form of Proxy and the WHITE Form of Proxy.

If you have not received all of these documents, please contact the Shareholder Helpline on the number indicated below.

### 2. Voting at the Court Meeting and the LSEG General Meeting

The Scheme will require approval at a meeting of LSEG Shareholders convened pursuant to an order of the Court to be held at the offices of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26-28 Tudor Street, London, EC4Y 0BQ at 10:00 a.m. on 4 July 2016 (London time). Implementation of the Scheme will also require the passing by LSEG Shareholders of the Special Resolution relating to the Scheme to be proposed at the LSEG General Meeting. The Deutsche Börse Acquisition constitutes a Class 1 transaction for LSEG plc under the Listing Rules and will require the passing by LSEG Shareholders of the Merger Resolution to be proposed at the LSEG General Meeting. The LSEG General Meeting will be held at the same place as the Court Meeting, at 10:15 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

LSEG Shareholders entitled to attend and vote at the Meetings are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Court Meeting and/or LSEG General Meeting. A proxy need not be an LSEG Shareholder.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair representation of the opinion of LSEG Shareholders. You are therefore strongly advised to complete, sign and return your forms of proxy or to appoint a proxy through CREST or appoint a proxy electronically through the EPA facility operated by Equiniti, for both the Court Meeting and the LSEG General Meeting as soon as possible.**

#### (a) *Sending Forms of Proxy by post or by hand*

Please complete and sign the enclosed Forms of Proxy in accordance with the instructions printed on them and return them, either by (i) post; or (ii) during normal business hours only, by hand, to LSEG plc's registrar, Equiniti, at Aspect House, Spencer Road, Lancing Business Park, Lancing, West Sussex, BN99 6DA, so as to be received as soon as possible and in any event not later than the relevant time set out below:

BLUE Forms of Proxy for the Court Meeting . . . . . 10:00 a.m. (London time) on 2 July 2016

WHITE Forms of Proxy for the LSEG General Meeting 10:15 a.m. (London time) on 2 July 2016

or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours before the time fixed for the adjourned Meeting.

If the BLUE Form of Proxy for the Court Meeting is not returned by such time, it may be handed to a representative of LSEG plc's registrar, Equiniti, on behalf of the Chairman of the Court Meeting, before the start of the Court Meeting and will still be valid. However, in the case of the LSEG General Meeting, the WHITE Form of Proxy must be returned by the time mentioned above, or it will be invalid.

LSEG Shareholders are entitled to appoint a proxy in respect of some or all of their LSEG Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. LSEG Shareholders who wish to appoint more than one proxy in respect of their holding of LSEG Shares should contact Equiniti for further Forms of Proxy.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below) will not prevent you from attending, speaking and voting in person at either the Court Meeting or the LSEG General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

**(b) *Online appointment of proxies***

LSEG Shareholders entitled to attend and vote at the Meetings may appoint a proxy electronically by logging on to the following website: [www.sharevote.co.uk](http://www.sharevote.co.uk) and entering the Voting ID, Task ID and Shareholder Reference Number shown on their Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by LSEG plc's registrar, Equiniti, no later than 10:00 a.m. London time on 2 July 2016 for the Court Meeting and 10:15 a.m. London time on 2 July 2016 for the LSEG General Meeting (or, in the case of adjournment(s), not later than 48 hours before the time fixed for the adjourned Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time you may complete the BLUE Form of Proxy and hand it to a representative of the registrar, Equiniti, on behalf of the Chairman of the Court Meeting, before the start of the meeting.

**(c) *Electronic appointment of proxies through CREST***

If you hold LSEG Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Meetings (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by LSEG plc's registrar, Equiniti, not less than 48 hours before the time fixed for the Court Meeting or the LSEG General Meeting (or adjourned meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

LSEG plc may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

### **3. Shareholder Helpline**

**If you have any questions about this document, the Court Meeting or the LSEG General Meeting, or are in any doubt as to how to complete the Forms of Proxy, please contact LSEG plc's registrars, Equiniti, at Aspect House, Spencer Road, Lancing Business Park, Lancing, West Sussex, BN99 6DA or call on 0330 123 5505 or, if telephoning from outside the UK, on +44 (0) 121 415 0902, between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Calls may be recorded and monitored for security and training purposes. Please note that, for legal reasons, the helpline cannot provide advice on the merits of the Merger or give any legal, tax or financial advice.**

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

*All times shown are London times unless otherwise stated. All dates and times are based on the current expectations of LSEG plc, Deutsche Börse AG and HoldCo and are subject to change, which will depend, among other things, on the date on which the Conditions to the Merger are satisfied or, where applicable, waived. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to LSEG Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange.*

Event	Expected time/date
Publication of this document, the Exchange Offer Document and the HoldCo Prospectus . . . . .	1 June 2016
Scheme Voting Record Time . . . . .	6:30 p.m. on 30 June 2016 <sup>(1)</sup>
<b>Latest time and date for lodging Forms of Proxy/ CREST Proxy Instructions for:</b>	
—Court Meeting (BLUE form) . . . . .	<b>10:00 a.m. on 2 July 2016<sup>(2)</sup></b>
—LSEG General Meeting (WHITE form) . . . . .	<b>10:15 a.m. on 2 July 2016<sup>(3)</sup></b>
<b>Court Meeting</b> . . . . .	<b>10:00 a.m. on 4 July 2016</b>
<b>LSEG General Meeting</b> . . . . .	<b>10:15 a.m. on 4 July 2016<sup>(4)</sup></b>
Expiration of Acceptance Period under the Exchange Offer	24:00 CEST on 12 July 2016 <sup>(5)</sup>
<i>The following dates and times are indicative only and subject to change<sup>(6)</sup></i>	
Scheme Court Hearing (to sanction the Scheme) . . . . .	A date expected to be in the first quarter of 2017, subject to regulatory and merger control clearances (D)
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, LSEG Shares . . . . .	D+1 Business Day
Scheme Record Time . . . . .	6:30 p.m. on D+1 Business Day
<b>Effective Date of the Scheme (T)</b> . . . . .	<b>D+2 Business Days<sup>(7)</sup></b>
Cancellation of admission of and dealings in LSEG Shares .	8:00 a.m. on T
Commencement of conditional dealings in HoldCo Shares on the London Stock Exchange and potentially on the Frankfurt Stock Exchange <sup>(8)(9)</sup> . . . . .	By 8:00 a.m. on T
Admission and commencement of unconditional dealings in HoldCo Shares on the London Stock Exchange and the Frankfurt Stock Exchange . . . . .	T+5-9 Business Days
Despatch of cheques, or CREST accounts credited, in respect of fractional entitlements to HoldCo Shares . . . . .	Within 14 days after the Effective Date
Latest date by which Scheme must be implemented . . . . .	30 June 2017 <sup>(10)</sup>
<b>The Court Meeting and the LSEG General Meeting will each be held at the offices of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26 – 28 Tudor Street, London, EC4Y 0BQ.</b>	

### Notes:

- (1) If either the Court Meeting or the LSEG General Meeting is adjourned, the Scheme Voting Record Time for the relevant adjourned Meeting will be 6:30 p.m. on the date which is two Business Days before the date set for such adjourned Meeting.
- (2) The BLUE Form of Proxy for the Court Meeting, if not lodged by the time stated above, may be handed to a representative of LSEG plc's registrar, Equiniti, on behalf of the Chairman of the Court Meeting, before the start of the Court Meeting. Please see "Action to be taken" on pages 9 to 11.
- (3) In order to be valid, the WHITE Form of Proxy must be lodged no later than 10:15 a.m. (London time) on 2 July 2016 (or, if the LSEG General Meeting is adjourned, 48 hours before the time fixed for the adjourned Meeting). Please see "Action to be taken" on pages 9 to 11.
- (4) To commence at 10:15 a.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.
- (5) In the event HoldCo were to amend the terms of the Exchange Offer (including the waiver of any offer conditions) during the last two weeks of the Acceptance Period, such period would automatically be extended by two weeks. In addition, if the minimum acceptance threshold is met during the Acceptance Period of the Exchange Offer, a subsequent acceptance period will be open for two weeks to allow any remaining Deutsche Börse Shareholders to tender their Deutsche Börse Shares to the Exchange Offer.
- (6) These times and dates are indicative only and will depend on, among other things, the dates upon which: (i) the Conditions are satisfied or (where applicable) waived; (ii) the Court sanctions the Scheme; and (iii) the Scheme Court Order sanctioning the Scheme is delivered to the Registrar of Companies. LSEG plc will give adequate notice of all of these dates and times, when known, by issuing an announcement through a Regulatory Information Service. Further updates and changes to these dates and times shall, at LSEG plc's discretion, be notified in the same way.
- (7) This date will be the date the Scheme Court Order is delivered to the Registrar of Companies.
- (8) Conditional dealings in the HoldCo Shares will be on the London Stock Exchange and Frankfurt Stock Exchange (subject to obtaining the prior approval of the Frankfurt Stock Exchange).
- (9) **It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned. The period of conditional dealings will commence on the Effective Date and will end on the Business Day immediately prior to Admission, which is expected to be 5-9 Business Days after the Effective Date.**
- (10) The latest date by which the Scheme must be implemented (30 June 2017) is not capable of being extended.



## INDICATIVE MERGER STATISTICS

The following indicative merger statistics are based on the following assumptions and will vary from the actual merger statistics based on a variety of factors, including the number of Deutsche Börse Shares tendered into the Exchange Offer and the number of LSEG Shares exchanged when the Scheme becomes effective:

- (a) 193,000,000 Deutsche Börse Shares are issued as of the date of commencement of the Exchange Offer;
- (b) 6,276,014 treasury shares are held by Deutsche Börse AG as of the date of commencement of the Exchange Offer, and up to 365,900 treasury shares may be issued to Deutsche Börse Group employees under the GSP 2016, thereby resulting in at least 5,910,114 treasury shares being held by Deutsche Börse AG as at the end of the Acceptance Period;
- (c) 187,089,886 Deutsche Börse Shares will be validly tendered into the Exchange Offer (representing the expected share capital of Deutsche Börse AG as at the end of the Acceptance Period, excluding the expected number of treasury shares held by Deutsche Börse AG that would not have been issued to Deutsche Börse Group employees under the GSP 2016 as described in (b) above);
- (d) up to 357,000,000 LSEG Shares are expected to be in issue immediately prior to Completion; and
- (e) both the Exchange Offer and the Scheme are settled whereby Deutsche Börse AG and LSEG plc become wholly owned subsidiaries of HoldCo.

In that case, a total of 344,919,586 HoldCo Shares will be issued to shareholders of Deutsche Börse AG and LSEG plc, comprising: (i) 187,089,886 HoldCo Shares to Deutsche Börse Shareholders, on the basis of the Deutsche Börse Exchange Ratio of one HoldCo Share for each Deutsche Börse Share tendered; and (ii) 157,829,700 HoldCo Shares to LSEG Shareholders taking into account the LSEG Exchange Ratio of 0.4421 of a HoldCo Share to be received for each LSEG Share.

<b>Maximum number of HoldCo Shares expected to be in issue as at Completion . . .</b>	<b>344,919,586</b>
<i>HoldCo Shares to be issued under the Exchange Offer</i>	
Number of Deutsche Börse Shares in issue as at the Latest Practicable Date <sup>(1)</sup> . . .	193,000,000
Number of Deutsche Börse Shares outstanding (excluding 6,276,014 shares held in treasury) as at the Latest Practicable Date . . . . .	186,723,986
<b>Maximum number of HoldCo Shares expected to be issued pursuant to the Exchange Offer . . . . .</b>	<b>187,089,886</b>
HoldCo Shares expected to be issued pursuant to the Exchange Offer (as a percentage of the expected maximum enlarged issued share capital of HoldCo) . .	54.2 per cent.
<i>HoldCo Shares to be issued pursuant to the Scheme</i>	
Number of LSEG Shares in issue as at the Latest Practicable Date <sup>(2)</sup> . . . . .	348,541,231
Maximum number of LSEG Shares expected to be in issue immediately prior to Completion <sup>(3)</sup> . . . . .	357,000,000
<b>Maximum number of HoldCo Shares expected to be issued pursuant to the Scheme . . . . .</b>	<b>157,829,700</b>
HoldCo Shares expected to be issued pursuant to the Scheme (as a percentage of the expected maximum enlarged issued share capital of HoldCo) . . . . .	45.8 per cent.
<i>Expected market capitalisation and shares in public hands</i>	
Expected market capitalisation of HoldCo immediately following Completion <sup>(4)</sup> . .	EUR27,600 million
Estimated percentage of HoldCo Shares expected to be in public hands (within the meaning of LR 6.1.19R) immediately following Completion <sup>(5)</sup> . . . . .	48.6 per cent.

### Notes:

- (1) Based on the Deutsche Börse AG articles of association as at the Latest Practicable Date and the assumption that no new Deutsche Börse Shares will be issued prior to Completion including as a result of: (i) the exercise of any options; or (ii) awards vesting under the Deutsche Börse Share Plans.

- (2) Based on the LSEG plc share register as at the Latest Practicable Date. Since 15 March 2016 (being the latest practicable date prior to the Announcement), the total number of LSEG Shares in issue increased from 348,376,066 as at 15 March 2016 to 348,541,231 as a result of the issue of LSEG Shares by LSEG plc in connection with the exercise of options and awards vesting under the LSEG Share Plans.
- (3) Based on 348,541,231 LSEG Shares in issue as at the Latest Practicable Date (as recorded on the LSEG plc share register) and assuming that up to 8,458,769 LSEG Shares will be issued by LSEG plc prior to Completion as a result of (i) the exercise of any options; or (ii) awards vesting under the LSEG Share Plans.
- (4) Calculated with reference to: (i) the closing trading price of Deutsche Börse Shares on the Frankfurt Stock Exchange as at 27 May 2016 (being the Latest Practicable Date) and 187,089,886 outstanding Deutsche Börse Shares (being the maximum number of Deutsche Börse Shares expected to be in issue immediately prior to Completion, excluding treasury shares); and (ii) the closing trading price of LSEG Shares on the London Stock Exchange as at 27 May 2016 (being the Latest Practicable Date) and 357,000,000 LSEG Shares (being the maximum number of LSEG Shares expected to be in issue immediately prior to the Completion), converted at the spot EUR/GBP exchange rate as at 27 May 2016 of EUR1.3146 to GBP1.00.
- (5) Based on the latest available information relating to beneficial holders of Deutsche Börse Shares as at 13 April 2016 and the top level shareholder register of LSEG plc as at 26 May 2016.

## DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors of the Company:</b>	Donald Brydon CBE    Chairman Xavier Rolet KBE    Chief Executive David Warren    Chief Financial Officer Paul Heiden    Senior Independent Director Jacques Aigrain    Non-Executive Director Lex Hoogduin    Non-Executive Director Raffaele Jerusalmi    Executive Director Andrea Munari    Non-Executive Director David Nish    Non-Executive Director Stephen O'Connor    Non-Executive Director Mary Schapiro    Non-Executive Director
<b>Group Company Secretary of the Company:</b>	Lisa Condron
<b>Registered Office of the Company:</b>	10 Paternoster Square London EC4M 7LS
<b>Joint Lead Financial Adviser to the Company:</b>	Robey Warshaw LLP 31 Saint James's Place London SW1A 1NR
<b>Joint Lead Financial Adviser and Sponsor to the Company:</b>	Barclays Bank PLC, acting through its Investment Bank 5 The North Colonnade Canary Wharf London E14 4BB
<b>Joint Lead Financial Adviser to the Company:</b>	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB
<b>Joint Lead Financial Adviser to the Company:</b>	J.P. Morgan Limited 25 Bank Street Canary Wharf London E14 5JP
<b>Joint Financial Adviser to the Company:</b>	RBC Europe Limited, trading as RBC Capital Markets Riverbank House 2 Swan Lane London EC4R 3BF
<b>Joint Financial Adviser to the Company:</b>	Société Générale 29 boulevard Haussman 75009 Paris, France
<b>Joint Financial Adviser to the Company:</b>	UBS Limited 1 Finsbury Avenue London EC2M 2PP
<b>Legal Advisers to the Company as to English, German and US law:</b>	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
<b>Legal Advisers to the Sponsor as to English and US law:</b>	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
<b>Reporting Accountants to the Company:</b>	KPMG LLP 15 Canada Square London E14 5GL

	Deloitte LLP 2 New Street Square London EC4A 3BZ
<b>Auditors to the Company:</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Auditors to Deutsche Börse AG:</b>	KPMG AG Wirtschaftsprüfungsgesellschaft The Squire Am Flughafen 60549 Frankfurt am Main
<b>LSEG plc Registrars:</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

## GENERAL INFORMATION

### *Presentation of financial information*

Unless otherwise stated:

- (a) financial information relating to LSEG has been extracted without material adjustment from the audited consolidated financial statements of LSEG or from the unaudited interim management statements of LSEG;
- (b) financial information relating to the Deutsche Börse Group has been extracted without material adjustment from the financial information set out in Part VIII (*Historical Financial Information Relating to the Deutsche Börse Group*); and
- (c) all prices quoted for LSEG Shares are closing prices in sterling as at the date specified as provided by the London Stock Exchange.

Where information has been extracted from the audited consolidated financial statements of LSEG, the information is audited unless otherwise stated. Where the information has been extracted from the interim condensed consolidated financial statements, the information is unaudited.

Deutsche Börse AG financial information, unless otherwise stated, has been extracted from the Deutsche Börse AG audited consolidated financial statements for the financial years ended 31 December 2015, 2014 and 2013 and from the unaudited interim condensed consolidated financial statements of Deutsche Börse AG and its subsidiaries for the three months ended 31 March 2016. Where information has been extracted from the audited consolidated financial statements of Deutsche Börse AG, the information is audited unless otherwise stated. Where the information has been extracted from the interim condensed consolidated financial statements, the information is unaudited.

Unless otherwise indicated, financial information in this document relating to LSEG, the Deutsche Börse Group and HoldCo has been prepared in accordance with IFRS.

### **Pro Forma Financial Information**

In this document, any reference to “pro forma” financial information is to information which has been extracted without material adjustments from the unaudited pro forma financial information contained in Part XI (*Unaudited Pro Forma Financial Information for the Combined Group*) of this document. The unaudited pro forma statement information contained in Part XI (*Unaudited Pro Forma Financial Information for the Combined Group*) is based on the historical financial information of LSEG plc and Deutsche Börse AG contained in Part VIII (*Historical Financial Information relating to the Deutsche Börse Group*) and Part X (*Historical Financial Information relating to LSEG*) of this document, respectively. The pro forma income statement and statement of net assets are presented in Euro, the proposed functional currency of HoldCo. The unaudited pro forma income statement has been prepared to illustrate the effect on the earnings of HoldCo as if the proposed Merger had taken place on 1 January 2015. The unaudited pro forma statement of net assets has been prepared to illustrate the effect on the net assets of HoldCo as if the proposed Merger had taken place on 31 December 2015.

The unaudited pro forma income statement and statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent LSEG plc; or the Combined Group’s actual financial position or results. The pro forma financial information has been prepared under IFRS as adopted by the EU and on the basis set out in Part XI (*Unaudited Pro Forma Financial Information for the Combined Group*) of this document and in accordance with Annex I and Annex II to the PD Regulation. The pro forma financial information is stated on the basis of the accounting policies of LSEG plc.

In addition to the matters noted above, the unaudited pro forma financial information does not reflect the effect of anticipated synergies and efficiencies associated with the Merger.

### **Illustrative information on the Combined Group**

In this document, certain illustrative operating information is presented to illustrate the effect of the Merger and the performance and position of the Combined Group on a historical basis. The bases and sources of this information are set out below. This information addresses hypothetical situations and therefore does not represent the Combined Group’s performance or position, nor is it indicative of the performance or position that may, or may not, be expected to be achieved in the future.



1. In 2015, the Combined Group traded 2.3 billion derivative contracts, comprising 2,272,446,122 derivative contracts traded by Eurex Group in 2015 and 48,879,243 derivative contracts traded by LSEG in 2015 (source: the Futures Industry Association).
2. In 2015, the Combined Group traded EUR5.2 trillion equities, comprising EUR1,702,234 million equities traded by LSEG in 2015 (as disclosed in the LSEG December 2015 monthly market report), EUR1,505,752 million traded by Xetra in 2015 (as disclosed in the Deutsche Börse Group December 2015 monthly turnover statistics), EUR1,093,831 million traded by Turquoise in 2015 (as disclosed in LSEG December 2015 monthly market report) and EUR943,540 million traded by Borsa Italiana in 2015 (as disclosed in the LSEG December 2015 monthly market report).
3. (a) Transactional revenues include:
  - (i) For LSEG, revenue from equity (capital markets division excluding primary markets and secondary markets other), the LCH Group and CC&G; and
  - (ii) For the Deutsche Börse Group all sales revenue from Eurex (excluding repurchase agreements and other assets), all sales revenue from Xetra (excluding other assets), and transaction fee revenue from Clearstream.
- (b) Non-transaction revenues include all other revenue.
4. As at 31 December 2015, the Combined Group would have had over 3,200 companies on its markets (source: the World Federation of Exchanges). Those companies would have had a combined market capitalisation of EUR7.1 trillion / GBP5.6 trillion as at the end of December 2015, comprising GBP3.9 trillion market capitalisation of companies listed on the London Stock Exchange (as disclosed on the London Stock Exchange website), EUR0.6 trillion market capitalisation of companies listed on Borsa Italiana (as disclosed on the Borsa Italiana website) and EUR1.6 trillion market capitalisation of companies listed on Deutsche Börse exchanges (source: the Federation of European Securities Exchanges).
5. The Combined Group had margin pools of approximately EUR150 billion, comprising the LCH Group which had margin pool of EUR77.5 billion through LCH Limited and EUR23.2 billion through LCH SA as at September 2015, and Eurex Clearing which had margin pool of EUR47.0 billion as at September 2015.
6. LSEG had a notional amount outstanding of USD251 trillion in over-the-counter derivatives as at 31 December 2015 and compressed USD328 trillion during the year ended 31 December 2015 as disclosed in LSEG's annual report for the year ended 31 December 2015.
7. The notional value in exchange traded derivatives cleared by Eurex Clearing AG reached EUR201 trillion as at 31 December 2015 as disclosed in Eurex Clearing AG's monthly volumes reporting as published on its website.
8. The Combined Group had over EUR16 trillion of assets under custody ("AUC"), as at 31 December 2015, which comprises:
  - (a) EUR13.3 trillion of AUC held by Clearstream as at 31 December 2015, as disclosed in Clearstream's figures for the year ended 31 December 2015; and
  - (b) EUR3.3 trillion of AUC held by Monte Titoli as at 31 December 2015, as disclosed in LSEG's annual report for the year ended 31 December 2015.
9. Over EUR450 billion of ETF/ETP assets under management ("AUM") tracking the Combined Group's indices comprises USD385 billion tracking Russell and FTSE indices and USD121 billion tracking STOXX indices, a total AUM of USD506 billion which equates to over EUR450 billion when converted at the spot EUR / USD exchange rate as at 31 December 2015 of 1.086. (source: www.etfgi.com).

## Currencies

Unless otherwise indicated, all references in this document to "sterling", "GBP", "£", "pence" or "p" are to the lawful currency of the United Kingdom; references to "EUR", "Euro" or "€" are to the official currency of the Eurozone; and references to "US Dollars", "USD" or "US\$" are to the lawful currency of the US.

**Market and Industry Information**

Market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy or completeness of such information is not guaranteed. Similarly, internal surveys, reports and studies and market research, while believed by LSEG plc, Deutsche Börse AG and HoldCo to be reliable and accurately extracted by LSEG plc, Deutsche Börse AG and HoldCo for the purposes of this document, have not been independently verified and LSEG plc, Deutsche Börse AG and HoldCo make no representation as to the accuracy of such information. The industry forecasts are forward looking statements. See the sub-section “Forward-looking statements” in the “*Important Notices*” section on pages 3 to 6 of this document.

**Time of day**

Unless otherwise indicated, all references in this document to time of day are references to London time.

**Enforceability of Judgments**

LSEG plc is a public limited company incorporated under the laws of England and Wales and a substantial portion of the assets of LSEG plc are located outside the United States. Furthermore, most of the LSEG Directors are residents of countries other than the United States and there can be no assurance that they will have substantial assets in the United States. As a result, it may not be possible for investors to effect service of process within the United States upon LSEG plc or such persons or to enforce outside the United States judgments obtained against LSEG plc or such persons in the United States courts, including, without limitation, judgments based upon the civil liability provisions of the United States federal securities laws or the laws of any state or territory within the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under US securities laws.

**PART I**  
**LETTER FROM THE CHAIRMAN OF LSEG PLC**

*Directors:*

Donald Brydon CBE (*Chairman*)  
Xavier Rolet KBE (*Chief Executive*)  
David Warren (*Chief Financial Officer*)  
Paul Heiden (*Senior Independent Director*)  
Jacques Aigrain (*Non-Executive Director*)  
Lex Hoogduin (*Non-Executive Director*)  
Raffaele Jerusalmi (*Executive Director*)  
Andrea Munari (*Non-Executive Director*)  
David Nish (*Non-Executive Director*)  
Stephen O'Connor (*Non-Executive Director*)  
Mary Schapiro (*Non-Executive Director*)

*Registered Office:*  
10 Paternoster Square  
London EC4M 7LS

1 June 2016

*To all LSEG Shareholders, and, for information only, to participants in the LSEG Share Plans and persons with information rights*

Dear Shareholder,

**RECOMMENDED ALL-SHARE MERGER OF LONDON STOCK EXCHANGE GROUP PLC  
AND DEUTSCHE BÖRSE AG**

**1. Introduction**

On 16 March 2016, the LSEG Board and the Deutsche Börse Management Board (together, the “**Boards**”) announced that they had agreed the terms of a recommended all-share merger of LSEG plc and Deutsche Börse AG to form the Combined Group. The Merger will be implemented via a new UK TopCo (“**HoldCo**”) incorporated in the UK that will be resident solely in the UK for tax purposes and will have a board of directors constituted in accordance with the UK Corporate Governance Code. HoldCo will acquire LSEG plc by way of a scheme of arrangement of LSEG plc and Deutsche Börse AG by making a securities exchange offer to all shareholders of Deutsche Börse AG. The LSEG Acquisition is governed by the City Code and the Exchange Offer is governed by the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*) and applicable regulations supplementing it.

I am delighted to present here the opportunity to create a great, world leading and growing market infrastructure group anchored in Europe, and to be able to give shareholders of both LSEG plc and Deutsche Börse AG the opportunity to continue to benefit from its development, on terms that are fairly balanced. I am therefore writing to you on behalf of the LSEG Board to explain why the LSEG Board is unanimously recommending that LSEG Shareholders vote in favour of the Merger and to encourage you to vote at the Meetings to be held on 4 July 2016.

The LSEG Board believes that the Merger represents a compelling opportunity for LSEG plc and Deutsche Börse AG to accelerate their successful and complementary growth strategies. As previously announced, the Merger will deliver significant value creation through cost synergies of EUR450 million per annum, achieved in year three post Completion, and at least EUR250 million of revenue synergies per annum, achieved in year five post Completion, of which approximately EUR160 million will be delivered by year three post Completion, with a significant opportunity for further revenue growth.

This revenue growth will be generated across multiple areas and geographies, including:

- building on the commercial expertise, IP, complementary geographic footprints and distribution networks of the Combined Group’s index and information services business, including FTSE Russell and STOXX, to cross-sell products and align commercial strategies, accounting for approximately 25 per cent. of the quantified revenue synergies;
- harnessing the benefits of the Combined Group’s multiple CCP operations to further develop trading and clearing products in the FICC segment and equity benchmarks, accounting for approximately 25 per cent. of the quantified revenue synergies;

- creating an enhanced product range and expanding sales across reference data, regulatory reporting and technology related services to the companies' complementary client bases, accounting for approximately 20 per cent. of the quantified revenue synergies;
- developing enhanced offerings in equity and debt capital formation for listed and pre-IPO companies and trading participants, including the creation of a liquidity bridge for access to markets across the Combined Group, accounting for approximately 15 per cent. of the quantified revenue synergies; and
- enhancing growth in custody, settlement and collateral management services across a broader customer base within complementary geographies, accounting for approximately 15 per cent. of the quantified revenue synergies.

In addition, the Combined Group will:

- provide shareholders of the Combined Group the opportunity to participate in value creation through their interests in HoldCo;
- create a leading global markets infrastructure group anchored in Europe;
- address changing global customer needs in an evolving regulatory landscape;
- enhance both London and Frankfurt as domestic and international financial centres;
- create a leading venue for capital formation and the facilitation of economic growth;
- deliver a platform of choice for risk and balance sheet management, increasing safety, resiliency and transparency in global markets;
- create a leading information services business, providing innovative benchmarking in index and data products to inform decision-making across the investment life cycle; and
- benefit from an enhanced global footprint and the creation of a platform for future growth in Asia and the United States.

The Combined Group will maintain and strengthen its customer partnership and pro customer choice principles, seeking to build a leading position in every major business in which it operates. Commitment to its customer centric operating model allows the Combined Group to most effectively service customers' needs, leading to long term shareholder value creation. The existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals.

The Combined Group will be secured by a strong balance sheet and attractive cash flow profile, with expected Combined Group earnings allowing it to adopt a progressive dividend policy within the range of current policies adopted by LSEG plc and Deutsche Börse AG (subject to approval from the HoldCo Board) whilst reducing its leverage towards 1.0x over the medium term. Furthermore, the Merger is expected to be accretive to adjusted cash earnings for both sets of shareholders in the first year post Completion.

The Combined Group will offer significant customer benefits providing services across capital formation, access to deep, liquid and transparent trading markets, robust and innovative information services, and risk and balance sheet management services for a broad range of market participants. The Combined Group will better support customers by responding to the evolving regulatory landscape and support the development of a deeper Capital Markets Union in Europe with a concomitant benefit to the Combined Group and its shareholders.

The LSEG Board and the Deutsche Börse Management Board believe that the Combined Group is well positioned to serve global customers irrespective of the outcome of the vote by the United Kingdom electorate on the European Union membership of the United Kingdom (the “**Referendum**”) although the outcome of that vote might well affect the volume, location or nature of the customer business carried out by the Combined Group. Accordingly, the outcome of the Referendum is not a condition of the Merger although LSEG plc and Deutsche Börse AG have established a Referendum Committee to assess the potential implications of any vote for the United Kingdom to leave the European Union for the Combined Group's operations, future strategy and risk profile.

The Referendum Committee will be dissolved in the event of a vote in favour of the United Kingdom remaining in the European Union. Further details of the Referendum Committee are set out in Part IX (*Information relating to HoldCo*) of this document. Following the Merger, the Combined Group would be

expected to optimise fully and benefit from the potential of the Capital Markets Union project. It is recognised that a decision by the United Kingdom electorate to leave the European Union would put the Capital Markets Union project at risk.

The LSEG Board and the Deutsche Börse Management Board are united in their fundamental belief in the role of capital markets finance in supporting the European Union's 23 million high growth businesses and SMEs, for the benefit of the real economy, through enhancing for example AIM, ELITE, 1000 Companies to Inspire Britain and Deutsche Börse Venture Network as well as the Combined Group's blue-chip customers through providing better access to lower cost of debt and equity finance, and the concomitant benefits that this will ultimately provide to the Combined Group and its shareholders.

I would like to draw your attention to the letter from Robey Warshaw, Barclays, Goldman Sachs and J.P. Morgan Cazenove set out in Part III (*Explanatory Statement*) of this document, which gives further details about the LSEG Acquisition and to the additional information set out in Part XIV (*Additional Information*) of this document.

In order to approve the LSEG Acquisition, a sufficient majority of LSEG Shareholders will need to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the LSEG General Meeting. As the Exchange Offer is being made by HoldCo, which will become the holding company of LSEG plc on the Effective Date, the Deutsche Börse Acquisition will constitute a Class 1 transaction for LSEG plc under the Listing Rules and therefore will require the passing by LSEG Shareholders of the Merger Resolution to be proposed at the LSEG General Meeting. Details of the action you should take in order to cast your votes at the Court Meeting and the LSEG General Meeting are set out in the section entitled "*Action to be Taken*" on pages 9 to 11 of this document. The recommendation of the LSEG Directors is set out in paragraph 18 of this letter.

## **2. Summary of the terms of the LSEG Acquisition, the Deutsche Börse Acquisition and the Merger**

Under the terms of the Merger, LSEG Shareholders holding Scheme Shares at the Scheme Record Time will receive:

**for each Scheme Share**

**0.4421 HoldCo Shares**

and Deutsche Börse Shareholders will be entitled to receive one HoldCo Share in exchange for each Deutsche Börse Share. Assuming 100 per cent. acceptance of the Exchange Offer, the Merger is expected to result in LSEG Shareholders owning approximately 45.8 per cent. of HoldCo and Deutsche Börse Shareholders owning approximately 54.2 per cent. of HoldCo on a fully diluted basis.

Under the terms of the Merger, LSEG plc and Deutsche Börse AG have agreed that:

- LSEG Shareholders will be entitled to receive dividends of:
  - 25.2 pence per LSEG Share for the six month period ended 31 December 2015, scheduled to be paid on 1 June 2016; and
  - 12.0 pence per LSEG Share in respect of the six month period ending 30 June 2016 in line with LSEG plc's existing dividend policy, scheduled to be paid in September 2016; and
- Deutsche Börse Shareholders will be entitled to receive a dividend of EUR2.25 per Deutsche Börse Share for the 12 month period ended 31 December 2015 (which was paid on 12 May 2016). Further information on the Combined Group's intended ongoing dividend strategy can be found in paragraph 10 of this letter.

The Exchange Offer Document (together with the HoldCo Prospectus) is also being published today. The period for acceptance of the Exchange Offer ("**Acceptance Period**") commences today, being the date of publication of the Exchange Offer Document. During this period Deutsche Börse Shareholders can tender their Deutsche Börse Shares into the Exchange Offer. Further details regarding the Acceptance Period are set out in the Exchange Offer Document.

The Merger is conditional on, amongst other things: (i) acceptances of the Exchange Offer being received in respect of at least 75 per cent. of the Deutsche Börse Shares (less treasury shares held at the beginning of the Acceptance Period); (ii) the requisite approvals of the LSEG Shareholders for the Scheme, the Deutsche Börse Acquisition and the Merger; (iii) the Court sanctioning the Scheme, and the Merger becoming effective, no later than the Long Stop Date; (iv) relevant merger control and regulatory clearances and approvals being received; and (v) the FCA acknowledging that the application for the



admission of the HoldCo Shares to listing on the premium segment of the Official List of the FCA has been approved and the London Stock Exchange acknowledging that HoldCo Shares will be admitted to the London Stock Exchange's main market for listed securities. The LSEG Acquisition and the Deutsche Börse Acquisition are inter-conditional such that Completion will only occur if both the LSEG Acquisition and the Deutsche Börse Acquisition are completed by HoldCo. This is achieved by making the Scheme and the Exchange Offer subject to the same Conditions. Accordingly, although the LSEG Conditions apply only to the Scheme and the Deutsche Börse Conditions apply only to the Exchange Offer, they are drafted on the same basis and each Condition needs to be satisfied (or waived, as applicable) in order for Completion to occur. For the avoidance of doubt, if a Deutsche Börse Condition is validly waived, the equivalent LSEG Condition will also be waived, and vice versa (in each case, with the consent of the relevant regulator if required). The LSEG Conditions and further terms as well as the Deutsche Börse Conditions, in each case as agreed between LSEG plc, Deutsche Börse AG and HoldCo are set out in Part IV (*Conditions to and further terms of the Scheme and the LSEG Acquisition*) and Part V (*Details of the Exchange Offer*) of this document.

The expected transaction timetable is set out on page 12 of this document.

As the Merger is conditional on acceptances being received in respect of the Exchange Offer of at least 75 per cent. of the Deutsche Börse Shares (less treasury shares held at the beginning of the Acceptance Period), the Merger may proceed to Completion without HoldCo acquiring 100 per cent. of the Deutsche Börse Shares. HoldCo also has the right to waive down the acceptance threshold under the Exchange Offer prior to the expiry of the Acceptance Period, and to waive down the equivalent condition relating to the Exchange Offer for the Scheme, which would result in HoldCo holding less than 75 per cent. of Deutsche Börse AG at Completion. This is different to the position in respect of HoldCo's acquisition of LSEG plc, which is conditional on the Scheme becoming effective, pursuant to which HoldCo will acquire 100 per cent. of the LSEG Shares. In circumstances where HoldCo acquires less than 100 per cent. of the Deutsche Börse Shares but Completion occurs, Deutsche Börse AG will continue to have minority shareholders and a listing on the Frankfurt Stock Exchange until such time as HoldCo may seek to implement certain corporate measures to change or address this such as: (i) exclusion of the remaining minority Deutsche Börse Shareholders through a squeeze out; (ii) a delisting of Deutsche Börse AG; or (iii) the conclusion of a domination agreement between HoldCo and Deutsche Börse AG based on which HoldCo would be legally entitled to issue binding instructions to the Deutsche Börse Management Board. For further detail, see the risk factors in Part II (*Risk Factors*) of this document.

Further information about the LSEG Acquisition and the Merger is provided in Part III (*Explanatory Statement*) of this document.

### **3. Background to and reasons for the Merger**

The LSEG Board and the Deutsche Börse Management Board believe the Merger, which will create a leading global markets infrastructure group anchored in Europe, represents a compelling opportunity for both businesses, significantly accelerating their successful and complementary growth strategies, and in turn creating value for shareholders and broader stakeholders.

The Combined Group will offer significant customer benefits providing services for capital formation, access to deep, liquid and transparent trading markets, robust and innovative information services offerings, and risk and balance sheet management services for a broad range of market participants. The Combined Group will better support customers by responding to the evolving regulatory landscape and support the development of a deeper Capital Markets Union in Europe with a concomitant benefit to the Combined Group and its shareholders.

The Combined Group will have the ambition and capability (including distribution network, global reach, brand strength, financial resources and deep customer relationships) to identify and capitalise on growth opportunities across the financial markets infrastructure sector that can offer a superior and distinctive return to shareholders. The Combined Group will also meet transparent non-discriminatory access provisions, across all relevant businesses, in compliance with forthcoming European regulation (MiFID II / MiFIR).

#### ***Creating a leading global markets infrastructure group anchored in Europe***

The LSEG Board and the Deutsche Börse Management Board believe that the Merger represents a compelling opportunity for both businesses, substantially enhancing each other's capabilities in an

industry-defining combination. Through its enhanced position in the global markets infrastructure sector, the Boards believe that the Combined Group will be better able to adapt to industry and regulatory dynamics, compete globally and create shareholder value based on a track record of execution and deep understanding of customers' needs.

LSEG plc and Deutsche Börse AG both have proven track records of delivering returns to shareholders. In the two years to 22 February 2016 the companies generated total shareholder returns of 27 per cent. and 37 per cent. respectively (22 February 2016 being the latest practicable date prior to the date of the announcement made by LSEG plc on 23 February 2016 pursuant to Rule 2.4 of the City Code).

LSEG plc and Deutsche Börse AG's businesses are highly complementary across operating divisions, businesses and asset classes; the Merger therefore accelerates their respective growth strategies resulting in a significantly enhanced product offering for customers world-wide, whilst broadening the Combined Group's reach and distribution network by creating a truly global geographic footprint. The Combined Group, which will maintain a customer partnership model, will have over 70 strategic partnerships with customers and infrastructure providers globally, operations in over 30 countries.

The LSEG Board and the Deutsche Börse Management Board believe this improved full service offering will offer significant benefits to their customers. In particular, margin relief and capital savings are expected to arise from the development of a portfolio margining service between listed and OTC interest rate derivative clearing markets.

The Combined Group will be multi-asset class with positions in derivatives (2.3 billion derivative contracts traded in 2015 across its venues), equities (EUR5.2 trillion equities traded in 2015), fixed income, FX and energy products, servicing global customers across all parts of the investment, trading and risk and balance sheet management life cycle.

The Combined Group will have an attractive portfolio of leading businesses which will provide a high level of customer service fulfilling the full range of market infrastructure needs:

- Capital Markets: AIM, Borsa Italiana, EEX, Eurex, Frankfurt Stock Exchange, London Stock Exchange plc, Main Market, MOT, ORB, MTS, Turquoise, Xetra, 360T and others;
- Post Trade: CC&G, Clearstream, Eurex Clearing, European Commodities Clearing, globeSettle, LCH, Monte Titoli and others; and
- Information Services and Technology, including indices and benchmarking tools: DAX, FTSE Russell, FTSE TMX, STOXX; technology solutions: Exactpro, GATElab, MillenniumIT, Deutsche Börse Systems, 360T; and market data and news: MNI, Real-Time Data, RNS; and reference data and regulatory reporting services; Regis-TR, SEDOL, UnaVista.

The result will be an enhanced growth profile with well diversified revenues across divisions in comparison to other global exchange and markets infrastructure groups.

On a pro forma basis, for the 12 months ended 31 December 2015 the Combined Group generated total income from continuing operations of EUR4.8 billion / GBP3.5 billion and adjusted EBITDA from continuing operations of EUR2.2 billion / GBP1.6 billion, making it the largest exchange group globally by total income (figures converted to GBP at an average rate of exchange of EUR1.3782 = GBP1.00).

Based on the respective results of LSEG and the Deutsche Börse Group for the 12 months ended 31 December 2015, the split of the Combined Group's pro forma revenues would have been as follows: (i) 14 per cent. from cash markets; (ii) 38 per cent. from derivatives trading and clearing; (iii) 21 per cent. from settlement, custody and collateral management; and (iv) 28 per cent. from information services and technology. A significant portion of each of these LSEG and Deutsche Börse Group revenues were generated from non-transactional sources, reducing revenue volatility.

As at 31 December 2015, the Combined Group's pro forma leverage ratio would have been 1.8x. It is expected that the Combined Group, with its strong earnings potential and attractive cashflow profile, will reduce its leverage ratio towards 1.0x over the medium term. As at 31 December 2015, LSEG plc's gross assets were GBP463.3 billion and Deutsche Börse AG's gross assets were EUR180.1 billion. For year ended 31 December 2015, LSEG plc's income was GBP2,381.5 million and it made an adjusted operating profit of GBP709.6 million. For the year ended 31 December 2015, Deutsche Börse AG generated net revenue of EUR2,367.4 million, with adjusted earnings before interest and tax ("EBIT") at EUR1,124.0 million.

### ***Addressing changing global customer needs in an evolving regulatory landscape***

HoldCo Shareholders will benefit from a customer centric Combined Group which is ideally placed to help buy-side and sell-side clients navigate the emerging regulatory landscape and respond to the evolution of global financial markets and investment needs by:

- Enabling customers to manage the impact of evolving regulations on their cost and capital bases. The Merger simplifies and enhances global access to multiple products. The sell-side will have an infrastructure partner of choice to help improve their risk management, costs and capital efficiencies, and provide portfolio margining opportunities and more efficient collateral management through the Combined Group's post trade assets;
- Meeting transparent and non-discriminatory open access provisions, across all relevant businesses, in compliance with forthcoming European regulation (MiFID II / MiFIR);
- Positioning the businesses to respond to the rapidly changing fixed income trading requirements across dealers and clients, providing full transparency in pre and post trade;
- Facilitating access to one of the largest investor bases for issuers, helping to make the Capital Markets Union in Europe a reality for both small and medium-size enterprises, as well as larger corporates;
- Supporting the buy-side including asset owners, active and passive managers, product issuers and product structurers with integrated global indexing solutions and combined product innovation through FTSE Russell and STOXX; and
- Creating a diversified European player with a strong presence in the United States and Asia, including China, will help to meet the increasing customer needs for a global service offering across capital markets.

### ***Combination of London and Frankfurt, enhancing both financial centres domestically and internationally***

As well as linking the market infrastructures of the two largest European economies, the Merger will bring together London, a leading global financial centre and Frankfurt, the home of the ECB and access point to Europe's largest economy, in an industry defining combination. Both cities are important trade centres for Europe and the global economy, and the LSEG Board and the Deutsche Börse Management Board are committed to maintaining their respective strengths and capabilities. The Merger will enhance the established link between financial services and the real economy, extends services and benefits for customers and contributes to the financial stability of the European market.

Furthermore the Boards believe that the Combined Group supports the main objectives and development of the European Capital Markets Union of (i) strengthening European capital markets; (ii) supporting customers and stakeholders; and (iii) enhancing financing opportunities for SMEs, all of which will provide concomitant benefits to the Combined Group and its shareholders.

The Merger will reinforce both cities' roles:

- London will benefit from the Merger by further strengthening its position in international markets, including a leading position in multi-asset class OTC clearing and risk management (through LCH), post trade, technology, global indices (FTSE Russell), and primary and secondary markets. The Combined Group will benefit from London's geopolitical role as a link to Asia and the United States, as well as its large international listing venue and the outstanding international talent pool and broad cluster of supporting professional services in London.
- Frankfurt, which is home to a number of leading post trade services globally through Eurex Clearing and Clearstream and has strong relationships with the Frankfurt based regulators (BaFin, Bundesbank and the ECB) will benefit from the liquidity bridge created through the Merger providing new access points and securities for German investors. Frankfurt will remain the 'City of the DAX', with the Combined Group providing better opportunities and services for German corporates to raise new capital through the Combined Group's larger liquidity pool and investor base.

### ***Creating a leading venue for capital formation and facilitating economic growth***

In summary, the Merger allows for deep expertise and knowledge to be pooled to take forward the best aspects of each market: capability to meet a broad range of customer needs, innovative products and services, core market structure, governance and support.

The Combined Group will provide a platform and ecosystem for financing and promoting European and global economic growth by servicing the financing needs of companies, at all stages of their development and in their chosen form of capital (debt or equity) in Europe.

The LSEG Board and the Deutsche Börse Management Board believe that the combination of the important financial centres of London, Frankfurt and Milan will position the Combined Group as a preferred global listings partner, facilitating the growth of European companies and result in a combined offering for Asian and US companies seeking to access a deep pool of international investors and capital.

The LSEG Board and the Deutsche Börse Management Board further take the view that the Merger will result, while maintaining their current strengths and capabilities, in an increased significance of all financial centres in which the Combined Group operates. The position of London as a leading global financial centre (and home to leading regulators including the Bank of England and the FCA) will be reinforced and its position as the most international listing venue, a leader in OTC clearing and risk management with LCH, technology and index services will be strengthened. The position of Frankfurt with its strong expertise in listed derivatives, technology, post-trade and risk and balance sheet management with Eurex Clearing and Clearstream and its direct and close relationships with leading regulators (BaFin, Bundesbank and the ECB) in the Euro-zone will be enhanced and further strengthened. Likewise the entities of the Combined Group operating in France, Italy, Luxembourg and the United States will seek to maintain the benefits they currently derive from their direct and close access to leading regulators in their respective jurisdictions, Italy (Bank of Italy and CONSOB), France (ACPR and AMF), Luxembourg (Banque Centrale du Luxembourg and CSSF) and the United States (SEC, CFTC, FINRA).

In addition, by connecting the secondary cash markets of London, Frankfurt and Milan, a liquidity bridge will be established, providing customers with access to more securities, a broader range of services and combined offering for pre-IPO markets, to the benefit of market participants in line with the evolving regulatory landscape.

The LSEG Board and the Deutsche Börse Management Board are united by their fundamental belief in the role of capital markets finance in supporting the European Union's 23 million high growth businesses and SMEs, for the benefit of the real economy, as well as their blue-chip customers through providing better access to lower cost of debt and equity finance, and the concomitant benefits that this will ultimately provide to the Combined Group and its shareholders. The Boards are committed to building and further developing their existing markets and initiatives that serve this vital customer segment, including London Stock Exchange's AIM (one of the world's largest markets for growth companies), ORB (order-driven trading service for retail bonds) and Borsa Italiana's MOT as well as SME support programmes such as the Deutsche Börse Venture Network (connecting issuers and investors to improve the funding situation for high-growth companies) and LSEG's ELITE (an innovative programme to help businesses grow, including education training and direct contact with Europe's financial and advisory community) and publications such as "1000 Companies to Inspire Britain". Such initiatives are expected to facilitate the scale up and growth of European companies across the continent and globally, powering sustainable economic growth, investment and long term job creation.

As at the end of December 2015, the Combined Group would have had over 3,200 companies on its markets, with a combined market capitalisation of EUR7.1 trillion / GBP5.6 trillion.

In derivatives trading, Eurex's offering will be significantly enhanced through further connectivity with UK markets. Furthermore, the LSEG Board and the Deutsche Börse Management Board are confident of creating significant value for stakeholders by being able to launch successful trading products based on FTSE Russell indices on Eurex.

In listed fixed income markets, government and corporate issuers will benefit from the combination of Eurex Bonds, MOT, MTS and ORB. The Combined Group will also offer systemically important financing services to banks through their repo offerings with links to clearing and settlement.

***Delivering a platform of choice for risk and balance sheet management, leading to increasing safety, resiliency and transparency in global markets***

The Combined Group will offer an enhanced proposition to customers for their hedging, risk and balance sheet management and capital and collateral management needs through the provision of a leading global derivatives trading and clearing franchise and a global custody, settlement, asset servicing and collateral management service.



The Combined Group and its clients will also benefit from the ownership of leading global multi-asset class CCP clearing houses, including CC&G, Eurex Clearing, European Commodities Clearing and LCH Group. With margin pools (in aggregate) of approximately EUR150 billion across the LCH Group and Eurex Clearing, the Boards believe the Combined Group will continue to promote the safety, resiliency and transparency of global financial markets.

The LCH Group will continue to be committed to a horizontal, open access clearing model, which the Boards strongly believe brings benefits to the market through increased competition and customer choice and the Boards believe that this approach will ultimately drive long term shareholder value. Under the Merger, the Combined Group will meet transparent and non-discriminatory open access provisions, across all relevant businesses, in compliance with forthcoming European regulation (MiFID II / MiFIR).

The Deutsche Börse Group and LSEG will also benefit from the planned development of a portfolio margining service between OTC and listed rate derivative clearing markets. LSEG had a notional outstanding of USD251 trillion in over-the-counter interest rate derivatives as at 31 December 2015 and USD328 trillion notional outstanding compressed over 2015 (being a service to reduce the notional value of outstanding swaps). In relation to the Deutsche Börse Group, the notional value cleared by Eurex Clearing AG reached EUR201 trillion as at 31 December 2015. The LSEG Board and the Deutsche Börse Management Board believe that the portfolio margining service will provide significant customer benefits through margin relief and capital savings. The service will be subject to an in depth regulatory approvals process, adhering to all current EU regulations, including EMIR.

The cooperation between Clearstream, a leading domestic and international CSD in Europe, and Monte Titoli (first wave migrator to the Eurosystems T2S platform) within the Combined Group further increases customer access to settlement, custody, asset servicing, collateral management / financing and fund services. In a T2S world, the Combined Group will be even better positioned to attract assets and issuers, further building upon LSEG's and the Deutsche Börse Group's strong positions in equities and fixed income. With over EUR16 trillion of AUC and LSEG plc's and Deutsche Börse AG's collateral management capabilities, the Combined Group will significantly help to ease the burden of financing in the market and build on Clearstream's existing global liquidity hub.

The financial management of the Combined Group will aim to ensure these systemically important institutions will continue to benefit from strong capital ratios and leading credit ratings as they seek to accelerate growth on a global scale and build on strong links to Asian markets.

***Creating a global leading information services business, providing innovative benchmarking, index and data products to inform decision making across the investment lifecycle***

The information services business of the Combined Group will have a diversified product mix and will service customers globally. For the 12 months ended 31 December 2015, the Combined Group's pro forma information services revenues would have been approximately EUR1.0 billion with 59 per cent. related to indices and 29 per cent. related to market and reference data. The information services business will comprise a strong, intellectual property-rich suite of services including a global index franchise and a valuable collection of real time, reference data technology and software assets supporting clients to stay informed, manage data and connectivity and fulfil regulatory reporting requirements.

The Merger will enable the highly complementary combination of FTSE Russell's global leading benchmarking expertise with the derivatives and tradeable index franchise of STOXX / DAX. These index brands have a deep and broad adoption by asset owners, asset managers and traders. The Combined Group will therefore provide a complete indexing solution covering global, multi-asset benchmarks and tradeable solutions and will have a diversified index franchise balanced between data subscription revenue and product license revenue (asset and volume based). The coming together of globally recognised index brands with strong customer relationships and a highly scalable business model will create significant value for customers and other stakeholders, creating new revenue opportunities for the Combined Group.

With over EUR450 billion of ETF AUM tracking the Combined Group's indices, the LSEG Board and the Deutsche Börse Management Board are confident that the Combined Group is well positioned to continue to respond to the structural growth trends in the asset management industry, including the shift to passive investment and demand for innovative benchmarking tools such as factor indices and fixed income indices. The Combined Group will have genuinely global reach and therefore be better able to deliver industry-defining and responsive customer solutions that address these needs.



In Europe, ETF AUM has increased with a growth rate of 24 per cent. per annum since 2005 and offers a large market opportunity for the Combined Group as appetite for these products broadens and deepens, driven by underlying socio-demographic trends. In addition to Europe, the Combined Group will be well positioned in the growth markets of North America and China, both in terms of products offered (such as the Russell 2000 and the FTSE China A50) and client coverage through the FTSE Russell sales network.

The broader information services franchises of LSEG and the Deutsche Börse Group will be greatly strengthened through the Merger with the ability to provide complete pre and post trade transparency to customers, via real time market prices, news and reference data services, software tools, technology solutions and regulatory reporting solutions. Client needs for EMIR and MiFID regulatory reporting will be better met by bringing together the complementary strengths of LSEG plc's and Deutsche Börse AG's UnaVista and Regis-TR businesses, creating leading multi-asset European trade repository and expanded regulatory reporting and processing services as customers seek high quality and efficient solutions for their increasing regulatory reporting obligations.

The Combined Group will be an attractive partner for a broad range of buy and sell-side customers as they review their portfolio of index and information services businesses and increasingly look to rely on regulated market infrastructure to provide high quality and independent services in this area.

With an extensive and diverse range of services across the investment, trading and post trade value-chain, the Combined Group will be ideally positioned to deliver to customers the benefits of ongoing convergence between exchange, market infrastructure, data and information services companies.

***The Merger combines two highly complementary businesses, delivering significant long term value creation for shareholders and customers. This includes the delivery of cost synergies of approximately EUR450 million per annum, achieved in year three post Completion and also includes revenue synergies of at least EUR250 million per annum achieved in year five post Completion, of which approximately EUR160 million will be delivered by year three post Completion, with significant opportunity for further revenue growth.***

The Combined Group will be a leading global markets infrastructure company, with a significantly enlarged customer and product base, strong customer relationships and global distribution capability and with core strengths in product development and innovation. The Combined Group will have an enhanced ability to address rapidly evolving industry, customer and regulatory dynamics and be better positioned strategically to compete with other infrastructure providers in a consolidating and globalising market.

The Combined Group will drive significant value creation unlocked through fundamental operating principles of customer-centricity, maximising efficiencies, simplification and harmonisation, as well as the ability to offer both existing and new innovative products through an expanded global distribution network to new and existing customers across the buy-side and sell-side. It is expected that the Merger will be accretive to adjusted cash earnings for both sets of shareholders in the first year post Completion.

The Combined Group will maintain and strengthen its customer partnership and pro customer choice principles, seeking to build or retain a leadership position in every major business in which it operates. Commitment to our customer centric operating model allows us to most effectively service customers' needs, leading to long term shareholder value creation.

The Combined Group operates in a number of markets where there is strong underlying growth, including due to regulatory-driven requirements, evolving needs for capital formation, technology innovation and systems transformation and the move from active to passive investment. Through the Merger and the consequent combination of knowhow and reputation, innovation, product range and sales and distribution capability, the Combined Group will be in an improved position to compete strongly in these growth markets.

The Combined Group will have the ambition and capability (including global reach, brand strength, financial resources and superior customer centric operating model) to identify and capitalise on the unique growth opportunities across the financial markets infrastructure sector that can offer a superior and distinctive return to shareholders.

The assessment and quantification of synergies has been informed by both companies' deep industry and customer expertise, as well as their strong track records of driving incremental shareholder value from complex transaction integrations and delivering announced synergies on schedule to complement core business growth.

## Cost Synergies

The LSEG Board and the Deutsche Börse Management Board, having reviewed and analysed the potential benefits of the Merger, believe that the Combined Group will be able to achieve incremental recurring pre-tax cost synergies of approximately EUR450 million per annum in year three post Completion which are reported on under the City Code as set out in Appendix 2 (*Quantified Financial Benefits Statement*) of this document. These synergies are expected to arise as a direct result of the Merger and could not be achieved independently of the Merger.

These cost synergies are split between and would be realised principally from:

- (a) Technology enabled efficiencies, accounting for approximately 50 per cent. of the identified cost synergies:
  - Harmonisation of trading and post trade platforms based on best of breed technology in the Combined Group
  - Reduction of project spending in optimised IT infrastructure
  - Removing duplication of central IT functions
- (b) Corporate centre, accounting for approximately 30 per cent. of the identified cost synergies:
  - Removing duplication and streamlining of governance
  - Harmonisation of support, service functions and corporate systems
  - Reduction of professional fees
- (c) Business segment optimisation, accounting for approximately 20 per cent. of the identified cost synergies:
  - Optimisation of customer-facing organisations
  - Scale efficiencies within each common asset class
  - Integration of Index businesses

The Boards expect that the impact of synergy realisation would be distributed in a balanced manner across LSEG and the Deutsche Börse Group.

The total anticipated cost synergies of EUR450 million per annum are equivalent to approximately 20 per cent. of the Combined Group's 2015 pro forma adjusted operating expenses (before amortisation of purchased intangible assets and non-recurring items) from continuing operations of EUR2.2 billion.

The Boards expect that synergy and saving realisation will take place progressively, whereby approximately 50 per cent. of the total cost synergies will be phased in year one following Completion, rising to 75 per cent. effective in year two and 100 per cent. in year three following Completion.

The Boards expect that realisation of these cost synergies and savings would result in non-recurring costs of approximately EUR600 million by the end of year two following Completion. The phasing will be assessed further and refined as part of the detailed integration planning in due course.

These anticipated cost synergies identified reflect both the beneficial element and relevant costs.

## Revenue Synergies

The LSEG Board and the Deutsche Börse Management Board believe that the Combined Group will be able to achieve incremental recurring pre-tax gross revenue synergies of at least EUR250 million per annum in year five post Completion which are reported on under the City Code as set out in Appendix 2 (*Quantified Financial Benefits Statement*) of this document.

The Boards expect that the quantified revenue synergies will be realised progressively, whereby approximately two-thirds of the total synergies (approximately EUR160 million) would be achieved in year three following Completion, and 100 per cent. achieved in year five following Completion.

This revenue growth will be generated across multiple areas and geographies, including:

- Building on the commercial expertise, IP, complementary geographic footprints and distribution networks of the Combined Group's index and information services business, including FTSE Russell

and STOXX, to cross-sell products and align commercial strategies, accounting for approximately 25 per cent. of the quantified revenue synergies;

- Harnessing the benefits of the Combined Group's multiple CCP operations to further develop trading and clearing products in the FICC segment and equity benchmarks, accounting for approximately 25 per cent. of the quantified revenue synergies;
- Creating an enhanced product range and expanding sales across reference data, regulatory reporting and technology related services to the companies' complementary client bases, accounting for approximately 20 per cent. of the quantified revenue synergies;
- Developing enhanced offerings in equity and debt capital formation for listed and pre-IPO companies and trading participants, including the creation of a liquidity bridge for access to markets across the Combined Group, accounting for approximately 15 per cent. of the quantified revenue synergies; and
- Enhancing growth in custody, settlement and collateral management services across a broader customer base within complementary geographies, accounting for approximately 15 per cent. of the quantified revenue synergies.

The synergy assumptions have been risk adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

The total quantified revenue synergies of at least EUR250 million per annum are equivalent to 5.2 per cent. of the Combined Group's pro forma total income from continuing operations for the 12 months ended 31 December 2015 of approximately EUR4.8 billion.

These anticipated revenue synergies are expected to arise as a direct result of the Merger and could not be achieved independently of the Merger.

The Boards expect the realisation of these revenue synergies to result in non-recurring costs of approximately EUR100 million. These costs are expected to be incurred in a phased manner over the first two years following Completion.

The Boards expect that the quantified revenue synergies will be delivered with an aggregate recurring contribution margin of approximately 85 per cent. The level of recurring contribution margin is driven by the Combined Group's ability to utilise existing resources and capabilities across its businesses in delivering the revenue synergies.

The Boards expect to further assess and refine the costs and phasing associated with the revenue synergies as part of the detailed integration planning in due course.

#### **Significant additional revenue growth opportunities possible**

In addition to the quantified revenue synergies identified and described above, the Boards are confident of realising significant further value via the delivery of incremental revenue synergies and growth that cannot be quantified for reporting under the City Code at this time. These include:

- Providing an enhanced trading and clearing product and service offering by unlocking the customer benefits arising from portfolio margining services. This service will improve the competitive positioning of the Combined Group in a EUR6 billion plus global industry revenue pool for derivatives trading and clearing;
- Developing customer centric offerings in high growth areas designed to support industry needs for greater efficiency and transparency across the investment, trading and risk and balance sheet management life cycle, including workflow processing, data services and analytics. The global industry revenue pool for post trade data and analytics is estimated at EUR23 billion to EUR27 billion; and
- Enhancing the Combined Group's global footprint in North America and Asia, strengthening its reach and distribution in these key markets. The Combined Group will offer superior and differentiated products to customers; positioning the Combined Group as the partner of choice for infrastructure operators, investors and issuers. By 2020, North America and Asia are expected to represent 25 per cent. and 31 per cent. of global nominal GDP, as well as 49 per cent. and 16 per cent. of global AUM respectively.

These anticipated revenue synergies identified reflect both the beneficial element and relevant costs.

Please refer to Appendix 2 (*Quantified Financial Benefits Statement*) of this document for further detail on the quantified synergies. These quantified synergies have been reported on under the City Code as set out in Appendix 2 (*Quantified Financial Benefits Statement*) of this document. References in this document to the Quantified Financial Benefits Statement should be read in conjunction with those parts of Appendix 2 (*Quantified Financial Benefits Statement*) of this document.

#### ***Enhancing global footprint and creating a platform for future growth in Asia and the United States***

The Combined Group will have a global footprint. For the 12 months ended 31 December 2015, on a pro forma basis, approximately 82 per cent. of the Combined Group's revenue would have been generated from Europe, approximately 14 per cent. from the Americas and approximately 5 per cent. from other regions, including Asia.

By pooling LSEG's and the Deutsche Börse Group's combined resources and assets, the Combined Group will be better positioned to compete against large US peers in North America, where LSEG plc and Deutsche Börse AG will already have well-recognised clearing (LCH LLC), index and information services (FTSE Russell) businesses. The Combined Group will continue to utilise existing intellectual property to offer superior and differentiated products to US customers.

In Asia, LSEG plc and Deutsche Börse AG have independently built leading partnerships and achieved success with individual products such as the FTSE China series, including the FTSE A50 derivatives contract, the LCH Group clearing of interest rate derivatives, foreign exchange and commodities across the Asia-Pacific region with an operational hub in Australia, announced the launch of Eurex Clearing Singapore and CEINEX, and Clearstream's links to Asian infrastructure for securities settlement and distribution of funds. The Boards expect the Combined Group will become a partner of choice for infrastructure operators, investors and issuers in Asia given the proximity and desire to work with European counterparts.

The Combined Group will also improve connectivity to China, positioning Frankfurt and London as leading RMB offshore centres. The Combined Group will be well positioned in China both in terms of products offered (e.g. FTSE China A50) and in client coverage through the FTSE Russell sales network.

#### **4. Irrevocable undertakings**

HoldCo has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the LSEG General Meeting from the directors of LSEG plc in respect of 604,359 LSEG Shares, representing approximately 0.173 per cent. of the existing issued ordinary share capital of LSEG plc as at the Latest Practicable Date.

The undertakings from the directors of LSEG plc will cease to be binding if the Scheme lapses or is withdrawn or if the LSEG Board, the Deutsche Börse Supervisory Board or the Deutsche Börse Management Board changes or withdraws its recommendation for, or its intention to recommend, the Merger.

In respect of the Exchange Offer, HoldCo has received, in total, irrevocable undertakings from the directors of the Deutsche Börse Management Board who are holders of Deutsche Börse Shares to accept the offer in respect of 60,060 Deutsche Börse Shares, representing approximately 0.032 per cent. of Deutsche Börse AG's registered share capital (excluding shares held in treasury) as at the Latest Practicable Date.

The undertakings from the directors of the Deutsche Börse Management Board will cease to be binding if the Exchange Offer lapses or is withdrawn or if the LSEG Board, the Deutsche Börse Supervisory Board or the Deutsche Börse Management Board changes or withdraws its recommendation for, or its intention to recommend, the Merger.

Further details of these undertakings are set out in paragraph 9 of Part XIV (*Additional Information*) of this document.

#### **5. Management, employees and locations**

LSEG plc, Deutsche Börse AG and HoldCo attach great importance to the skills and experience of LSEG's and the Deutsche Börse Group's management and employees. The Combined Group will augment the capabilities of both LSEG plc and Deutsche Börse AG and will offer significant opportunities for employees in a business of greater size and scope incorporating the skills and talent present in both companies.

The Boards and the HoldCo Board recognise that in order to achieve the expected benefits of the Merger, operational and administrative restructuring is likely to be required following Completion. The initial synergy work carried out to date has highlighted the potential to generate savings for the Combined Group in areas where there may be duplication. The appropriate integration measures will be assessed further and considered as part of the detailed integration planning, including with a view to removing duplication, streamlining of governance and central IT functions, and the harmonisation of support and service functions and corporate systems across the Combined Group's various locations and geographies.

The detailed plans for any restructuring are not yet known and finalisation of any such plans would be subject to detailed and comprehensive planning and appropriate engagement with stakeholders, including employee representative bodies. Until such plans are finalised, HoldCo cannot be certain what impact there will be on the employment of the management and employees of the Combined Group. However, according to current integration assessments, HoldCo believes that in order to achieve cost synergies in the order of EUR450 million there could be an overall potential job reduction of approximately 1,250 existing roles across the Combined Group. HoldCo also believes that over 200 new roles could be created as a result of the proposed growth initiatives referred to in the sub-paragraph "Revenue Synergies" in paragraph 3 of this letter (Background to and reasons for the Merger), and it is anticipated that further job opportunities will arise in the future as a result of the stand-alone organic growth of the Combined Group (referred to above at paragraph 3) of this letter (Background to and reasons for the Merger). In addition, HoldCo believes that approximately 350 further new roles could be created across the Combined Group through the use of Nearshore and Offshore locations as a result of the operational synergies indicated in paragraph 3 above. The Combined Group will explore with its various employee forums the most appropriate way to address any reductions that may be proposed in connection with the current integration assessments and in developing any proposed redundancy programmes (including by way of potential voluntary leaver programmes), where required. LSEG plc and Deutsche Börse AG will be mindful of local and national legal requirements and will consider previous practice. It is also anticipated that the headcount reductions arising as a result of the Merger will be mitigated by further job opportunities over the medium term as a result of the stand-alone organic growth of the Combined Group as well as natural attrition and the elimination of vacant roles.

The Boards note that integration planning is on-going, that the final plans are not yet known and that the implementation of such plans will be subject to appropriate engagement with employee representative bodies.

Subject to the outcome of further analysis of whether office consolidation may be appropriate in certain locations around the world where LSEG plc and Deutsche Börse AG both have offices, LSEG plc, Deutsche Börse AG and HoldCo do not intend to change LSEG plc's or Deutsche Börse AG's places of business.

LSEG plc, Deutsche Börse AG and HoldCo intend, upon and following Completion: (i) to fully safeguard the existing employment rights of management and employees of LSEG plc and Deutsche Börse AG in accordance with contractual and statutory requirements; (ii) to comply with their pension obligations in relation to the employees and other members of the pension schemes operated by LSEG plc and Deutsche Börse AG; and (iii) to respect the legal rights of works councils and unions of LSEG and the Deutsche Börse Group.

LSEG plc, Deutsche Börse AG and HoldCo have not yet identified whether any changes to conditions of employment may be appropriate (for example, to harmonise certain conditions of employment for employees (or certain groups of employees) within the Combined Group) or whether changes to existing employee participation rights within the Deutsche Börse Group may be implemented. However, if proposals to make any such changes are identified as part of integration planning, the implementation of those proposals would be subject to appropriate consultation with employee representative bodies where required by law.

#### **Director arrangements**

As previously announced, Donald Brydon and David Warren have confirmed that they will be directors of HoldCo in the position of Chairman and Chief Financial Officer, respectively. In addition, the following individuals from Deutsche Börse AG will be appointed to the HoldCo Board: Carsten Kengeter, as Chief Executive Officer and Joachim Faber, as Deputy Chairman and Senior Independent Director.



The names of the proposed non-executive directors of HoldCo are set out in paragraph 5.4 of Part XIV (*Additional Information*) of this document.

On Completion, Xavier Rolet will step down from his role as CEO and director of LSEG plc. On stepping down, Xavier Rolet will become an adviser to the Chairman and Deputy Chairman of HoldCo to assist with a successful transition, currently envisaged to last for a period of up to one year. The terms of Xavier Rolet's departure from LSEG plc and his other terms of appointment as an adviser will be determined at the appropriate time. The provisions of his current service agreement, including provisions as to termination of his employment, and the rules about leaving employment that apply to the various LSEG Share Plans in which he participates, are described in paragraph 10.1 of Part XIV (*Additional Information*) of this document.

### **Pension arrangements**

In relation to defined benefit pension arrangements in the UK, Deutsche Börse AG and HoldCo note that the LSEG Defined Benefit Schemes are closed to new members and to the future accrual of benefits and Deutsche Börse AG and HoldCo have confirmed that they do not intend to make any changes to these arrangements. The LSEG Defined Benefit Schemes are in the process of being merged into one sectionalised pension scheme.

As at 31 March 2015 the London Stock Exchange Retirement Plan had a funding deficit of GBP22.5 million measured on a technical provisions basis. As part of the most recent triennial review of the London Stock Exchange Retirement Plan, the trustee of the London Stock Exchange Retirement Plan and London Stock Exchange plc agreed in April 2016 a schedule of deficit reduction contributions, under which London Stock Exchange plc will make an annual payment to the London Stock Exchange Retirement Plan of GBP3 million in each of 2016 and 2017 and an annual payment of GBP2 million in each subsequent year up to and including 2022.

As at 30 June 2013 the LCH Pension Scheme had a funding deficit of GBP4.9 million measured on a technical provisions basis. The trustee of the LCH Pension Scheme and LCH.Clearnet Limited agreed that no additional contributions would be required to be made by LCH.Clearnet Limited to eliminate the deficit. If the LCH Pension Scheme reveals a deficit as at 30 June 2016, LCH.Clearnet Limited agreed in November 2014 that it would make a payment equal to the amount of that deficit (but capped at GBP2.5 million) by no later than 31 December 2016. The funding position of the LCH Pension Scheme as at 30 June 2016 will be assessed in the next triennial funding valuation.

Deutsche Börse AG and HoldCo have further confirmed they note the content of the most recent triennial valuations for the LSEG Defined Benefit Schemes and agree with LSEG plc's position in relation to the deficit funding for those schemes.

### **Management incentivisation arrangements**

Various options and awards under the LSEG Share Plans will automatically be exchanged for awards over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio), as described in paragraph 7 of Part III (*Explanatory Statement*) of this document.

As described above, Xavier Rolet will become an adviser to the Chairman and Deputy Chairman to assist with a successful transition. It is currently envisaged that this arrangement would last for up to one year, but the other terms of the appointment are not yet known, and HoldCo has not discussed any other potential terms with Mr Rolet.

No other incentivisation arrangements for management are proposed. A review will be undertaken of the remuneration arrangements for directors of the HoldCo Board, as described in paragraph 12 of Part XIV (*Additional Information*) of this document.

## **6. HoldCo Governance Arrangements**

HoldCo has been incorporated in the UK and will have a unitary board with equal representation from LSEG plc and Deutsche Börse AG, constituted in accordance with the UK Corporate Governance Code. The Combined Group will maintain its headquarters in London and Frankfurt, with an efficient distribution of central corporate functions in both locations.

Initially following Completion, the HoldCo Board will comprise 16 directors with LSEG plc and Deutsche Börse AG nominating seven non-executive directors each (including the Chairman and the Deputy

Chairman and Senior Independent Director and Jacques Aigrain, Paul Heiden, Lex Hoogduin, Andrea Munari, David Nish and Mary Schapiro nominated by LSEG plc, and Ann-Kristin Achleitner, Richard Berliand, Christopher Cole, Karl-Heinz Flöther, Erhard Schipporeit and Amy Yip nominated by Deutsche Börse AG). It is expected that the HoldCo Board will subsequently be reduced to 14 directors as a non-executive director nominated by each of LSEG plc and Deutsche Börse AG will stand down. In addition to a nomination committee, remuneration committee, audit committee and risk committee, LSEG plc and Deutsche Börse AG have established a Referendum Committee which will continue to meet unless there has been a vote in favour of the United Kingdom remaining in the European Union. The HoldCo Board also intends to establish two advisory groups with effect from Completion: the regulatory advisory group and the technology advisory group.

Further details of the existing governance arrangements of HoldCo and the governance arrangements to be implemented in relation to HoldCo and to be in effect on or prior to Completion are set out in Part IX (*Information Relating to HoldCo*) of this document.

## **7. Regulatory and Merger Control Approvals**

The Merger is conditional on, amongst other things, receiving merger control clearance in the European Union, the United States and Russia and regulatory approvals from relevant financial services and markets regulators in a number of jurisdictions, including Germany, the UK, France, Luxembourg, Italy and the US. Although not conditions to the Merger, a number of other merger control and regulatory approvals will also be sought by LSEG plc, Deutsche Börse AG and/or HoldCo in connection with the Merger. LSEG plc, Deutsche Börse AG and HoldCo have opened communications with relevant authorities and regulators in order to receive these clearances and approvals, as further described below.

The Long Stop Date for the Merger, which cannot be extended after publication of this document, is 30 June 2017. This date has been chosen because it is anticipated that it will take several months to obtain the requisite clearances and approvals. Before granting any merger clearance the European Commission may initiate Phase II proceedings in respect of the Merger under Article 6(1)(c) Council Regulation 139/2004/EC. In the event that the European Commission initiates Phase II proceedings before the Meetings, the Scheme shall lapse (unless otherwise agreed with the Panel).

Due to the Conditions, HoldCo is required to obtain the approval of the LSEG Shareholders for the Scheme and the Merger by the end of the Acceptance Period (which will fall on 12 July 2016). The LSEG Shareholders will therefore vote on the Merger at the LSEG General Meeting and the Court Meeting several months prior to Completion. In particular, at the date of the LSEG General Meeting and the Court Meeting, many of the required merger control and regulatory clearances and approvals will not have been received and any conditions or requirements attaching to the clearances and approvals will not be known.

LSEG and the Deutsche Börse Group each operate various market infrastructure providers in multiple jurisdictions such as exchanges and other trading venues, CCPs, CSDs, index administrators, information service providers, trade repositories and other service providers. While the activities of LSEG and the Deutsche Börse Group are broadly complementary, there are certain aspects of the businesses of LSEG and the Deutsche Börse Group that will need to be reviewed by the relevant merger control authorities. Further, the provision of market infrastructure is a heavily regulated industry. Accordingly, the Combined Group's operations will be subject to regulation by a significant number of national financial services and markets regulators, who will review the terms of the Merger, including the future governance and organisational structure of the Combined Group.

Consequently, the Boards cannot exclude that the merger control authorities and financial services and markets regulators from which the Combined Group is seeking clearances or approvals may impose or seek undertakings, conditions or requirements as a condition of clearing the Merger (which could include limitations in the conduct of, and/or commitments in relation to the governance, internal organisation and financial resources of, or divestments by, the Combined Group). LSEG, the Deutsche Börse Group or HoldCo may need to offer such undertakings, conditions or requirements in order to obtain such clearances and approvals.

The LSEG Board believes that any undertakings, conditions or requirements will not materially compromise the strategic rationale for, and the benefits of, the Merger as a whole and is confident that the necessary clearances and approvals will be obtained.

Pre-notification discussions are ongoing with the European Commission in the context of obtaining EU merger control clearance for the Merger. In addition, LSEG, the Deutsche Börse Group and/or HoldCo as

applicable are in discussions and correspondence with a number of their key financial supervisory regulators, including, in the case of the Deutsche Börse Group and HoldCo, the Hessian Authority. As part of this process, the Hessian Authority has requested further information from the Deutsche Börse Group and HoldCo in relation to various aspects of the Merger, in particular with respect to the operation of the Frankfurt Stock Exchange and the implications of the Merger for Deutsche Börse AG's current and future regulatory status as the licensed operator of the Frankfurt Stock Exchange. LSEG, the Deutsche Börse Group and HoldCo are responding to requests from regulators cooperatively with the objective of receiving the necessary clearances and approvals prior to the Long Stop Date for the Merger.

Attention is drawn to the risk factor under the heading "Completion is subject to a number of conditions which may not be satisfied or waived" in Part II (*Risk Factors*) of this document and to the section entitled "Co-operation Agreement" in paragraph 15.4 of Part XIV (*Additional Information*) of this document.

## **8. LSEG Share Plans**

Further details of the arrangements proposed to be implemented in relation to the LSEG Share Plans in connection with the Merger are set out in paragraph 7 of Part III (*Explanatory Statement*) of this document.

## **9. Current Trading and Prospects**

### ***LSEG plc***

For the first quarter of 2016, LSEG plc delivered strong growth on each of a reported, an organic and a constant currency basis for all of its main business divisions. Revenues have increased 10 per cent. within information services (up 7 per cent. on an organic and constant currency basis), up 14 per cent. (12 per cent. at constant currency) within LCH, increased 8 per cent. in capital markets (up 6 per cent. on a constant currency basis) and within post trade services (Italy) income was up 12 per cent. (up 8 per cent. on a constant currency basis). Technology services revenue, however, decreased 18 per cent. compared to the first quarter of 2015 mainly as the result of the timing of customer deliveries. The growth achieved at LCH and in LSEG plc's information services division, particularly at FTSE Russell, demonstrates strong ongoing demand for its services. The good performance of LSEG plc's capital markets business is also encouraging.

Going forward, LSEG plc remains focused on achieving the synergies from the FTSE Russell index operations and on investment in a wide range of growth initiatives. LSEG is well placed to develop further.

### ***Deutsche Börse AG***

Deutsche Börse AG has announced its financial results for the quarter ending 31 March 2016. Deutsche Börse AG delivered strong net revenue growth of 8 per cent. over the quarter and 4 per cent. on an organic basis, with Eurex generating considerable additional volume in index derivatives and in power and gas products at the European Energy Exchange. Eurex had its best quarter to date, posting net revenue growth of 25 per cent., which included index derivatives growth of 21 per cent. and commodities growth of 36 per cent. Net revenue also rose due to consolidation effects, including from the 360T® foreign-exchange platform which has been consolidated since the first quarter of 2015. Xetra net revenues, however, reduced 12 per cent. compared to the first quarter of 2015, while Clearstream net revenues reduced by 2 per cent. over the same period and Market Data + Services net revenues reduced by 5 per cent. Due to stable organic operating costs, organic EBIT growth of 8 per cent. was achieved.

Going forward, Deutsche Börse AG is committed to its "Accelerate" strategy, designed to underpin its growth trajectory and achieve the vision of turning Deutsche Börse AG into the global market infrastructure provider of choice.

## **10. Dividends and Dividend Policy**

Under the terms of the Merger, LSEG plc and Deutsche Börse AG have agreed that:

- LSEG Shareholders will be entitled to receive dividends of:
  - 25.2 pence per LSEG Share for the six month period ended 31 December 2015, scheduled to be paid on 1 June 2016; and
  - 12.0 pence per LSEG Share in respect of the six month period ending 30 June 2016 in line with LSEG plc's existing dividend policy, scheduled to be paid in September 2016; and

- Deutsche Börse Shareholders will be entitled to receive a dividend of EUR2.25 per Deutsche Börse Share for the 12 month period ended 31 December 2015, which was paid on 12 May 2016.

For the avoidance of doubt, if Completion occurs after the announcement or declaration of any dividend permissible under these criteria, but before its payment date, the relevant shareholders will not be entitled to receive such dividend.

If either party announces, declares, makes or pays any dividend or other distribution on or after the date of this document and prior to Completion, other than: (i) a Permitted LSEG Dividend, or in excess of the Permitted LSEG Dividends, HoldCo reserves the right to reduce the LSEG Exchange Ratio so as to reflect the value attributable to any such dividend or such excess; and (ii) the Permitted Deutsche Börse Dividend, or in excess of the Permitted Deutsche Börse Dividend, LSEG plc shall be entitled to declare and pay an equalising dividend to LSEG Shareholders so as to reflect the value attributable to any such dividend or such excess adjusted by multiplying by the sum of 45.6 divided by 54.4 to reflect the pro rata share of the Combined Group that LSEG plc, Deutsche Börse AG and HoldCo expect LSEG Shareholders to hold at Completion, without any consequential change to the LSEG Exchange Ratio.

Following Completion and subject to the approval of the HoldCo Board, the Combined Group intends to adopt a progressive dividend policy within the range of the existing policies and payment timings of both LSEG plc and Deutsche Börse AG. This will include consideration of any dividends to the LSEG Shareholders and Deutsche Börse Shareholders in respect of the financial period ending 31 December 2016. It is envisaged that shareholders of the Combined Group will be able to elect to have dividends paid in sterling or Euro.

LSEG Shareholders will be entitled to receive all HoldCo dividends for which the record date falls after completion of the Merger. The HoldCo Shares will carry the right to all dividends and other distributions declared, made or paid on or after Completion.

## 11. Taxation

HoldCo will be resident solely in the UK for tax purposes. LSEG plc in London and Deutsche Börse AG in Frankfurt would become intermediate subsidiaries of HoldCo. LSEG plc and Deutsche Börse AG will continue to be subject to tax in their respective countries of incorporation.

Your attention is drawn to Part XIII (*Taxation*) of this document. **This summary is intended as a general guide only and if you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the UK and the United States or you should consult an appropriate independent professional tax adviser.**

## 12. Overseas Shareholders

Overseas Shareholders should refer to paragraph 16 of Part III (*Explanatory Statement*) of this document.

## 13. LSEG General Meeting

The LSEG General Meeting has been convened for 10:15 a.m. (London time) on 4 July 2016, or as soon after that time as the Court Meeting has concluded or been adjourned, for LSEG Shareholders to consider and, if thought fit, pass, an ordinary resolution to approve the Deutsche Börse Acquisition (the “**Merger Resolution**”) and the Special Resolution necessary to implement the Scheme and certain related matters.

The Merger Resolution is proposed to approve: (i) the Deutsche Börse Acquisition; and (ii) giving the LSEG Board the authority to take all necessary steps to implement the Deutsche Börse Acquisition and the Merger. The Merger Resolution is required because the proposed acquisition by HoldCo, which will become the holding company of LSEG plc on the Effective Date, of Deutsche Börse AG pursuant to the Exchange Offer constitutes a Class 1 transaction by LSEG plc under the Listing Rules.

The Special Resolution is proposed to approve: (i) giving the LSEG Board the authority to take all necessary action to carry the Scheme into effect; and (ii) amending LSEG plc’s Articles to ensure that any LSEG Shares issued after the Scheme Voting Record Time and on or prior to the Scheme Record Time will be subject to the Scheme such that any LSEG Shares issued to any person other than HoldCo or its nominee after the Scheme Record Time will be automatically acquired by HoldCo in exchange for the allotment and issue to such person of an amount of HoldCo Shares to which they would otherwise have been entitled to under the Scheme in accordance with the LSEG Exchange Ratio.



The Merger will not proceed unless both the Merger Resolution and the Special Resolution are passed. A notice of the LSEG General Meeting is set out at Part XVIII (*Notice of General Meeting*) at the end of this document. The LSEG Board unanimously considers that the Resolutions are in the best interests of LSEG plc and its shareholders and recommends that LSEG Shareholders vote in favour of the Resolutions as the LSEG Board have irrevocably undertaken to do in respect of their own beneficial holdings of LSEG Shares.

#### 14. Court Meeting

The Court Meeting has been convened at the direction of the Court for 10:00 a.m. (London time) on 4 July 2016 for Scheme Shareholders to consider and, if thought fit, approve the Scheme. The resolution must be approved by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares voted by such Scheme Shareholders.

The Merger will not proceed unless the resolution proposed at the Court Meeting is passed. A notice of the Court Meeting is set out at Part XVII (*Notice of Court Meeting*) at the end of this document. The LSEG Board unanimously considers that the resolution proposed at the Court Meeting is in the best interests of LSEG plc and its shareholders and recommends that LSEG Shareholders vote in favour of the resolution proposed at the Court Meeting as the LSEG Board have irrevocably undertaken to do in respect of their own beneficial holdings of LSEG Shares.

#### 15. Action to be taken

Your attention is drawn to the part of this document entitled “*Action to be Taken*” and paragraph 20 of Part III (*Explanatory Statement*) of this document, which explain the actions you should take in relation to the Scheme and the Merger.

#### 16. Cancellation and de-listing of LSEG Shares

Your attention is drawn to paragraphs 13 and 14 of Part III (*Explanatory Statement*) of this document which contain details relating to the de-listing of LSEG Shares, and listing, dealings and settlement of HoldCo Shares in connection with the Merger. On Completion, it is expected that HoldCo Shares will be listed on the London Stock Exchange and on the Frankfurt Stock Exchange. Prior to Admission, conditional dealings in HoldCo Shares will commence on the Effective Date and will end on the business day immediately prior to Admission which is expected to be 5-9 Business Days after the Effective Date. On the Effective Date, trading in the LSEG Shares will end and the listing of the LSEG Shares on the London Stock Exchange will be cancelled. During the period from the Effective Date until Admission neither the LSEG Shares nor the HoldCo Shares will be admitted to the premium listing segment of the Official List. If Admission does not occur, all conditional dealings in HoldCo Shares will be of no effect and any such dealings will be at the sole risk of the parties concerned.

#### 17. Further information

Your attention is drawn to the Explanatory Statement set out in Part III (*Explanatory Statement*), the full terms of the Scheme set out in Part VI (*The Scheme of Arrangement*), the additional information set out in Part XIV (*Additional Information*) and the Notices of the Meetings set out in Part XVII (*Notice of Court Meeting*) and Part XVIII (*Notice of General Meeting*) of this document. **You should read the whole of this document and the accompanying Forms of Proxy and not rely solely on the information summarised in this letter, including the summarised financial information or the Explanatory Statement.**

Your attention is further drawn to the HoldCo Prospectus, which contains further information on HoldCo and the HoldCo Shares and for which HoldCo and the HoldCo Directors and HoldCo Proposed Directors are responsible.

A copy of this document (and all information incorporated into this document by reference to another source) and the Forms of Proxy are and will be available, subject to certain restrictions relating to Overseas Shareholders in Restricted Jurisdictions, for inspection on LSEG plc’s website at [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger) and HoldCo’s website at [www.mergerdocuments-db-lseg.com](http://www.mergerdocuments-db-lseg.com). Copies of the documents referred to above will be made available on the same basis following their publication. In addition, the HoldCo Prospectus (and any supplementary HoldCo prospectus(es), when published) will also be available on HoldCo’s website.



## 18. Recommendation

The directors of LSEG plc, who have been so advised by Robey Warshaw, Barclays, Goldman Sachs and J.P. Morgan Cazenove as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. In providing their financial advice to the directors of LSEG plc, Robey Warshaw, Barclays, Goldman Sachs and J.P. Morgan Cazenove have taken into account the commercial assessments of the directors of LSEG plc.

The LSEG Board considers the Merger to be in the best interests of the LSEG Shareholders taken as a whole. Accordingly, the LSEG Board unanimously recommends that LSEG Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the Special Resolution relating to the Scheme and the Merger Resolution relating to the Deutsche Börse Acquisition and the Merger to be proposed at the LSEG General Meeting, as the LSEG Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 604,359 LSEG Shares representing, in aggregate, approximately 0.173 per cent. of LSEG plc's issued share capital on 27 May 2016, being the latest practicable date prior to publication of this document.

Yours faithfully,

**Donald Brydon**  
*Chairman*

## **PART II RISK FACTORS**

*LSEG Shareholders should consider the following risks and uncertainties together with all the other information set out in, or incorporated by reference into, this document prior to making any decision as to whether or not to vote in favour of the Deutsche Börse Acquisition and the Merger.*

*The LSEG Directors consider the following to be the material risk factors related to the Deutsche Börse Acquisition and the Merger, material new risk factors to LSEG as a result of the Deutsche Börse Acquisition and the Merger, or existing material risk factors to LSEG which will be impacted by the Deutsche Börse Acquisition and the Merger. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.*

*The risks described below are based on information known at the date of this document, but may not be the only risks to which LSEG, the Deutsche Börse Group or, following completion, the Combined Group is or might be exposed to. Additional risks and uncertainties, which are currently unknown to LSEG plc or that LSEG plc does not currently consider to be material, may materially affect the business of LSEG, the Deutsche Börse Group and/or the Combined Group and could have material adverse effects on the business, financial condition, results of operations and prospects of LSEG, the Deutsche Börse Group and/or the Combined Group. If any of the following risks were to occur, the business, financial condition, results of operations and prospects of LSEG, the Deutsche Börse Group and/or the Combined Group could be materially adversely affected and the value of the LSEG Shares and/or the HoldCo Shares could decline and shareholders could lose all or part of the value of their investment in LSEG Shares and/or HoldCo Shares.*

### **RISKS RELATING TO THE MERGER AND THE DEUTSCHE BÖRSE ACQUISITION**

#### ***Completion is subject to a number of conditions which may not be satisfied or waived***

Completion, including the Deutsche Börse Acquisition and the LSEG Acquisition, is subject to the fulfilment or waiver of various Conditions as described in more detail in Part IV (*Conditions to and further terms of the Scheme and the LSEG Acquisition*) and Part V (*Details of the Exchange Offer*) of this document, including the receipt of all required regulatory, merger control, court and shareholder approvals. There is no guarantee that these Conditions will be satisfied and therefore, there can be no assurance that the Merger — or the Deutsche Börse Acquisition or the LSEG Acquisition — will be completed as contemplated or at all.

The Merger is conditional on, amongst other things: (i) acceptances being received in respect of the Exchange Offer in respect of at least 75 per cent. of the Deutsche Börse Shares (less treasury shares held at the beginning of the Acceptance Period); (ii) the requisite approvals of the LSEG Shareholders for the Scheme, the Deutsche Börse Acquisition and the Merger; (iii) the Court sanctioning the Scheme, and the Merger becoming effective, no later than 30 June 2017; (iv) relevant merger control and regulatory clearances and approvals being received; and (v) the FCA acknowledging that the application for the admission of the HoldCo Shares to listing on the premium segment of the Official List has been approved and the London Stock Exchange acknowledging that the HoldCo Shares will be admitted to trading on the London Stock Exchange's main market for listed securities.

The LSEG Acquisition and the Deutsche Börse Acquisition are inter-conditional such that Completion will only occur if both the LSEG Acquisition and the Deutsche Börse Acquisition are completed by HoldCo. The inter-conditionality is achieved by making both the Exchange Offer and the Scheme dependent on the same conditions, or conditions that are functionally equivalent, as the case may be. If the Merger proceeds notwithstanding the failure to satisfy one or more conditions (such as a regulatory condition) under the Deutsche Börse Acquisition or the LSEG Acquisition, or regulatory approvals which are not conditions, such failure could result in the Combined Group becoming subject to investigations and/or regulatory, administrative or judicial proceedings in a particular jurisdiction, which may result in sanctions, fines and penalties, including the restriction or revocation of an authorisation or licence necessary to operate its business in that jurisdiction. Any such investigations or actions by the local regulator, and the associated loss of revenue arising from a loss of authorisation or licence required for a particular business, could have a material adverse effect on the Combined Group's business, cash flows, financial condition and operating results.

The Merger is conditional on, amongst other things, receiving merger control clearance in the European Union, the United States and Russia and regulatory approvals from relevant financial services and markets regulators in a number of jurisdictions, including Germany, the UK, France, Luxembourg, Italy,

Switzerland, Singapore and the US. Although not conditions to the Merger, a number of other merger control and regulatory clearances and approvals will also be sought by LSEG plc, Deutsche Börse AG and/or HoldCo in connection with the Merger. In this context, regulators will review implications of the Merger on licences and permits granted to LSEG or the Deutsche Börse Group. The merger control authorities and financial services and markets regulators from which LSEG, the Deutsche Börse Group and HoldCo are seeking clearances or approvals have discretion in administering the governing regulations and may impose or seek undertakings, conditions or requirements as a condition of clearing (or, as applicable not objecting to or prohibiting) the Merger or, in certain cases, following Completion. These could include limitations on the conduct of the Combined Group, limitations, modifications or even the revocation of permits and licences granted to LSEG or Deutsche Börse Group and/or commitments in relation to the governance, internal organisation and the financial resources of the Combined Group or divestments by it. LSEG, the Deutsche Börse Group or HoldCo may need to offer such undertakings, conditions or requirements in order to obtain such clearances and approvals. Any such undertakings, conditions or requirements could jeopardise or delay Completion, materially limit the revenues of either LSEG or the Deutsche Börse Group, increase the costs of LSEG or the Deutsche Börse Group or reduce the anticipated benefits of the Merger to the Combined Group.

In addition, the regulatory approval processes and/or the merger control clearance processes may take a lengthy period of time to complete, and may be delayed or otherwise adversely impacted, by any vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the United Kingdom). There is no guarantee that the Conditions will be satisfied, satisfied in the necessary time frame before the Scheme Court Hearing or the Long Stop Date (as applicable), or waived, if applicable, and the Merger may, therefore, not complete. Delay in completing the Merger will prolong the period of uncertainty for LSEG and both delay and failure to complete may result in the accrual of additional and, in the case of a failure to complete, wasted costs to its business (for example, there may be an increase in costs or, in the case of a failure to complete, waste of costs already incurred in relation to the preparation and issue of documentation or other elements of the planning and implementation of the Merger) without any of the potential benefits of the Merger having been achieved. In addition, LSEG plc's management would have spent time in connection with the Merger which could otherwise have been spent more productively in connection with the other activities of LSEG. Customers may delay or decide against entering into agreements with LSEG during any periods prior to Completion, which could lead to a loss of revenue. Therefore, the aggregate consequences of a material delay in completing the Merger may have a material adverse effect on the business, results of operations and financial condition of the Combined Group.

***The Combined Group's success will be dependent upon its ability to integrate the two businesses; there will be numerous challenges associated with the integration and the synergies anticipated from the Merger may not be achieved as anticipated, or at all and the costs to achieve the synergies and benefits may be higher than anticipated***

The success of the Combined Group will depend, in part, on the effectiveness of the integration process and the ability of the Combined Group to realise the anticipated benefits from combining the respective businesses. To the extent that the Combined Group is unable to efficiently integrate the operations of LSEG and the Deutsche Börse Group, realise anticipated revenue synergies or cost reductions, retain qualified personnel or customers and avoid unforeseen costs or delay, there may be an adverse effect on the business, results of operations, the financial condition and/or prospects of the Combined Group.

In particular, some of the key integration challenges of combining the businesses include: co-ordinating and consolidating services and operations, particularly across different countries, regulatory systems and business cultures; consolidating infrastructure, procedures, systems, facilities, accounting functions and policies, compensation structures and other policies; and operating and integrating a large number of different technology platforms and systems. While the Directors believe that the transaction and integration costs and the revenue synergies or cost reductions anticipated to arise from the Merger have been reasonably estimated, unanticipated events or liabilities may arise which result in a delay or reduction in the benefits anticipated to be derived from the Merger, or in costs significantly in excess of those estimated. Such events or liabilities may be as a result of a decision or action taken by a regulator with jurisdiction over the Combined Group's business, any vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the United Kingdom) or any change in the regulatory or legislative framework applicable to the Combined Group, which has an adverse impact on the Combined Group's business or otherwise. No assurance can be given that the integration process will deliver all or substantially all of the anticipated benefits or realise any such benefits.

LSEG's and the Deutsche Börse Group's and, following Completion, the Combined Group's management and resources may be distracted during the integration planning and implementation process. This may reduce the capacity to pursue other business opportunities, cause a delay in other projects currently contemplated by LSEG or the Deutsche Börse Group (and which is intended to be continued by the Combined Group following Completion) or lead to an increase in the level of administrative errors. A decline or fault during the integration process in the services or service standards of the Combined Group may result in an increase in customer complaints and customer and/or regulatory actions, which may lead to reputational damage and the loss of customers or business by the Combined Group and ultimately have an adverse impact on financial performance and condition.

There will inevitably be a cost involved in revising the current systems and structures of the Combined Group following Completion. There is a risk that these costs could exceed current estimates, which may adversely affect anticipated integration benefits.

Under any of these circumstances, the business growth opportunities, overhead cost reductions and other synergies anticipated by the Boards to result from the Merger may not be achieved as expected, or at all, or may be materially delayed. To the extent that the Combined Group incurs higher integration costs or achieves lower synergy benefits than expected, its business, results of operations, financial condition and/or prospects, and the price of HoldCo Shares, may be adversely affected.

***Because the exchange ratios in the Exchange Offer and the Scheme are fixed, the market value of the HoldCo Shares to be received by LSEG Shareholders pursuant to the Scheme may be less than the market value of the LSEG Shares prior to Completion***

Under the terms of the Merger, Deutsche Börse Shareholders who tender their Deutsche Börse Shares in the Exchange Offer will receive one HoldCo Share for each tendered Deutsche Börse Share (the “**Deutsche Börse Exchange Ratio**”), and LSEG Shareholders will receive 0.4421 of a HoldCo Share for each of their LSEG Shares (the “**LSEG Exchange Ratio**” and together with the Deutsche Börse Exchange Ratio, the “**Exchange Ratios**”) pursuant to the Scheme. These Exchange Ratios will not be adjusted to reflect any changes in the market price of the Deutsche Börse Shares or LSEG Shares or exchange rates following the announcement of the Merger.

Changes in share price may result from a variety of factors that are beyond the control of the Combined Group, including its business prospects, market conditions, regulatory considerations, governmental actions, legal proceedings and other developments. Market assessments of the benefits of the Merger, implementation risks, as well as general and industry specific market and economic conditions may also have an adverse effect on share prices.

These or other factors could result in the market value of the HoldCo Shares to be issued to LSEG Shareholders pursuant to the Scheme being less than the market value of the LSEG Shares prior to Completion, including the market value at the time of an LSEG plc shareholder vote.

***If HoldCo does not acquire 100 per cent. of the Deutsche Börse Shares pursuant to the Exchange Offer, (absent any corporate measures) Deutsche Börse AG will remain listed and have continuing minority shareholders. Future actions taken with respect to Deutsche Börse AG minority shareholders may involve significant costs or value leakage, be challenged and take time to implement***

It is a condition of the Exchange Offer and the Merger that at the time of expiration of the Acceptance Period, the sum of the total number of Deutsche Börse Shares in relation to which the Exchange Offer has been accepted and withdrawal has not been validly declared and the total number of Deutsche Börse Shares that HoldCo already holds or has acquired, equals at least 75 per cent. of the Deutsche Börse Shares existing as at the end of the Acceptance Period minus 6,276,014 Deutsche Börse treasury shares held by Deutsche Börse AG at the time of the publication of the Exchange Offer Document. As such, the Merger may proceed to Completion without HoldCo acquiring 100 per cent. of the Deutsche Börse Shares. In such circumstances, HoldCo will be able to use its voting rights of more than 75 per cent. to declare dividends, amend the articles of Deutsche Börse AG, and appoint all shareholder representatives of the Deutsche Börse Supervisory Board, but will (absent any measures being taken—see further below for a description of potential measures which could be undertaken) continue to have minority shareholders and a listing on the Frankfurt Stock Exchange. In such circumstances, the rights and interests of minority shareholders will need to be taken into account and may constrain or delay the integration of the two businesses and the ability of the Combined Group to realise the anticipated benefits from combining those businesses and could therefore adversely impact the financial position and prospects of the Combined

Group. Having an ongoing listing of Deutsche Börse AG would also be administratively burdensome and costly for the Combined Group.

HoldCo may implement one or more of the following possible corporate measures in respect of the Deutsche Börse Group after completion of the Exchange Offer. In some cases consultation with regulators may be required in respect of certain of these possible corporate measures which could impact the method and the timing of their implementation:

- *Exclusion of the remaining minority Deutsche Börse Shareholders through a “squeeze out”.* A squeeze out would require (under the relevant German squeeze out rules which apply to such measures) HoldCo to hold, directly or indirectly, at least 90 per cent. of the outstanding Deutsche Börse Shares. Such squeeze out may be implemented at any time after the Exchange Offer either pursuant to (i) the German Transformation Act (*Umwandlungsgesetz*), which requires a direct or indirect shareholding of at least 90 per cent.; or (ii) pursuant to the German Stock Corporation Act (*Aktiengesetz*), which requires a direct or indirect shareholding of at least 95 per cent. Alternatively, a squeeze out may also be applied for three months after the expiry of the Acceptance Period with the District Court (*Landgericht*) Frankfurt am Main pursuant to the German Takeover Act which requires a direct or indirect shareholding of at least 95 per cent. A squeeze out under the German Stock Corporation Act or the German Transformation Act will involve minority shareholders being paid cash consideration only. A squeeze out under the German Takeover Act will involve minority shareholders being paid the same kind of consideration as under the Exchange Offer, i.e. HoldCo Shares and, as a matter of law, with a cash consideration as an alternative (irrespective of the fact that no cash consideration was offered under the Exchange Offer). Accordingly, in any of these scenarios, minority shareholders can achieve a cash exit. The squeeze out consideration to be offered to minority shareholders has to represent “adequate consideration”. In the case of a squeeze out under the German Stock Corporation Act or the German Transformation Act, the consideration offered could be the same value as the consideration under the Exchange Offer but could also be of a higher or lower value. In the case of a squeeze out under the German Takeover Act, the consideration offered under the Exchange Offer will be deemed to be adequate compensation for the squeeze out if 90 per cent. or more of the Deutsche Börse Shareholders originally accepted the Exchange Offer. If such assumption does not apply, the consideration offered could also be the same value as the consideration under the Exchange Offer but could also be of a higher or lower value. Implementation of a squeeze out of any kind under the relevant German squeeze-out rules would lead to the termination of the listing of the Deutsche Börse Shares on the Frankfurt Stock Exchange.
- *Seek a delisting of Deutsche Börse AG.* There is no fixed percentage level of ownership required to seek a delisting of a company under German law and no resolution of the shareholders’ meeting is required. HoldCo may request that Deutsche Börse AG apply for a delisting provided that a public offer for the purchase of all Deutsche Börse Shares is published. The consideration under the offer must be in cash and, as a general rule, at least be equal to the higher of (i) the weighted average domestic stock market price of the Deutsche Börse Shares in the six month period prior to the announcement of such public offer aimed at effecting a delisting; and (ii) the highest consideration provided or agreed to by HoldCo within the last six months prior to publication of the offer document which shall implement the offer aimed at effecting a delisting.
- *Seek the conclusion of a domination agreement or a profit and loss transfer agreement or a combination thereof between HoldCo and Deutsche Börse AG.* A domination agreement, pursuant to which HoldCo would be legally entitled to issue binding instructions to the Deutsche Börse Management Board, requires approval at a shareholders’ meeting of Deutsche Börse AG with a majority of at least 75 per cent. of the share capital represented at the passing of the resolution. Such approval is likewise required for a profit and loss transfer agreement, pursuant to which the entire annual profit of Deutsche Börse AG would automatically be transferred to HoldCo. In the context of Deutsche Börse AG’s status as the operator of the Frankfurt Stock Exchange, HoldCo would only be able to put a domination agreement or a profit and loss transfer agreement (or a combination thereof) in place after appropriate consultations with Deutsche Börse AG’s regulators. The conclusion of such agreement(s) would require HoldCo to offer to the remaining Deutsche Börse AG minority shareholders (i) a recurring annual cash compensation in an amount which reflects the “previous earnings and the prospects” of Deutsche Börse AG; and (ii) to acquire their Deutsche Börse Shares for “adequate consideration”. Accordingly, Deutsche Börse AG minority shareholders may decide either to remain as shareholders of Deutsche Börse AG and receive the recurring cash compensation or to sell their Deutsche Börse Shares. In the case of HoldCo, consideration would need to be offered



in the form of HoldCo Shares. It would be possible to extend a cash consideration as an alternative to Deutsche Börse AG minority shareholders. In order to determine the value of the “adequate consideration” payable, a valuation would be required of HoldCo and Deutsche Börse AG as at the date of the Deutsche Börse AG shareholder meeting resolving to approve the relevant agreement. The amount of the recurring annual compensation would be determined on the basis of the expected earnings per share of HoldCo, the amount of which may be higher or lower than dividend payments made by Deutsche Börse AG in the past. HoldCo would, if such agreement(s) is put in place, also be obligated to compensate Deutsche Börse AG for any annual loss which would otherwise be reflected in the annual financial statements of Deutsche Börse AG.

Certain internal and external costs would be incurred in the event that HoldCo were to initiate any of the possible corporate measures described above, the amount of which could be significant depending on the amount of Deutsche Börse Shares which HoldCo does not own following completion of the Exchange Offer to which the action relates and depending on the form and value of consideration to be offered. Minority shareholders of Deutsche Börse AG may also be able to delay or prevent such steps becoming effective irrespective of the size of their shareholding. Any legal challenge by minority shareholders as to the validity of such a corporate action may be subject to judicial resolution that may substantially delay or hinder the implementation of this action or increase the costs associated with such measure. Such delays or disruptions of the implementation of corporate measures and any legal disputes and costs associated therewith may make the implementation of any such corporate measures more difficult or even impossible. Such costs and delays or disruptions may adversely affect the financial position or prospects of the Deutsche Börse Group and could, therefore, adversely impact the financial position, prospects and the anticipated integration of the Combined Group. In the event that HoldCo were to waive down the 75 per cent. acceptance threshold under the Exchange Offer (as described above) prior to the expiry of the Acceptance Period, it would not be certain that a domination agreement (or any other measure requiring approval at a shareholders’ meeting of Deutsche Börse AG with a majority of at least 75 per cent. of the share capital represented such meeting) could be implemented. Furthermore, waiving down the acceptance threshold under the Exchange Offer would result in a higher number of minority shareholders of Deutsche Börse AG, potentially increasing the cost of, and the risk of delay to, the implementation of any corporate measures to remove such minority shareholders.

***Failure to complete the Merger could negatively affect the price of LSEG Shares and the future business and financial results of LSEG plc***

If Completion does not occur, the share price of LSEG Shares as well as LSEG plc’s ongoing business may be adversely affected, including as a result of:

- having to pay certain non-recurring transaction costs relating to the Merger, such as legal, financial advisory, accounting and other professional fees; and
- having to devote significant attention and resources of the management of LSEG on the Merger instead of pursuing other business opportunities and/or limiting the capability to compete for and participate in important strategic opportunities which may arise in the industry that could have been beneficial to LSEG plc.

There is no assurance that the Merger will complete and if Completion does not occur LSEG plc could incur significant transaction costs in connection with the proposed Merger without any corresponding benefit.

***Failure to retain and attract senior management and other key employees, taken together, could have adverse consequences on the operations of the Combined Group***

The Combined Group’s success will be dependent upon the experience and industry knowledge of its senior management and key employees. The ability of LSEG, the Deutsche Börse Group and, following Completion, the Combined Group to attract and retain key personnel is dependent on a number of factors including, but not exclusively, prevailing market conditions, compensation packages offered by competing companies and any regulatory impact thereon and the ability of the Combined Group to continue to have appropriate variable remuneration and retention arrangements in place that drive strong business performance and results. There can be no assurance that the Combined Group will be successful in attracting and retaining the personnel it requires, which may adversely affect its ability to conduct its business through an inability to execute business operations and strategies effectively. Following Completion and before Completion, during the integration planning and implementation process, there is

also a risk that some current and prospective employees of the Combined Group may experience uncertainty about their future roles within the Combined Group, which may adversely affect the Combined Group's ability to retain or recruit key managers and other employees. While incentive plans are put in place for key personnel, there can be no assurance that the Merger will not result in the departure of key personnel from the Combined Group. Such attrition may take place either before the Merger is completed or during the Combined Group's integration process following Completion.

## **RISKS RELATING TO THE COMBINED GROUP FOLLOWING COMPLETION OF THE MERGER**

### ***Existing material risks to LSEG will be impacted by the Merger***

The following existing material risks to LSEG will be increased or changed as a result of the Merger.

- LSEG is exposed to economic, political and geopolitical market conditions, macro-economic changes in global or regional demand or supply shifts and legislative and regulatory changes across a number of jurisdictions, geographies and currencies which can affect the level of global and local financial activity. Following Completion, the Combined Group will be exposed to the same factors but on an enlarged basis and with increased exposure in certain geographies, such as Europe. Such factors will remain outside the Combined Group's control.
- LSEG operates in highly regulated markets and is subject to extensive regulatory oversight. Following Completion, regulators may impose stricter requirements on the entities in the Combined Group in areas that are currently subject to regulation or may extend restrictions to areas of the Combined Group's businesses that to date have not been regulated.
- LSEG is exposed to operational failures in its services, particularly where processes are not fully automated, that could result in losses. Following Completion, this risk will be increased as a result of the Combined Group's increased operations that involve or require the manual input or processing of data, such as customer instructions in the custody business and routing, netting and settlement services which involve processes that are not fully automated.
- LSEG is exposed to risks associated with clearing activities including counterparty risks with respect to its CCP members and investment counterparties. Following Completion, the Combined Group will be exposed to increased risks associated with these activities due to anticipated further development of clearing products and services, differences in clearing models and increased investment concentrations.
- LSEG is exposed to risks associated with settlement activities. Following Completion, the Combined Group will be exposed to increased risks associated with these activities due to the anticipated growth in custody and collateral management services across a broader and more international customer base and product range of the CSDs in the Combined Group.
- LSEG is dependent upon technology and its network and information and other systems and is exposed to the risks associated with technology failure (including as a result of cyber attacks), insufficient systems capacity and systems and network failures, and the failure of one of its clearing or settlement services. Following Completion, the process of integrating and consolidating the infrastructure, procedures, systems, facilities and the different technology platforms and systems of the two groups may expose the Combined Group to increased risks of failure, decline and fault during, or following, the integration process, as well as the increased risks associated with larger and more integrated systems should they experience failure, whether due to cyber attack or otherwise.
- LSEG is exposed to significant litigation and other liabilities. Following Completion, as a result of the addition of the Deutsche Börse Group's product lines and services, and the scope of Deutsche Börse AG's operations in certain jurisdictions, these risks will be increased as a result of the litigation and other liabilities, laws, regulations and legal and regulatory systems to which the Deutsche Börse Group is subject and to which LSEG was previously less exposed.
- A limited number of large institutional clients and financial institutions (such as investment banks and large institutional investors) use LSEG's and the Deutsche Börse Group's products and services and may use multiple products and services provided by each of them. As across many of their respective business areas, LSEG and the Deutsche Börse Group both conduct business with a number of the same clients and institutions. As a result of the Merger, the bargaining power of those clients and financial institutions may be increased. Such clients and institutions may use their increased bargaining power to seek to amend or renegotiate existing contracts to include terms less favourable

to the Combined Group than may historically have been the case. In addition, they may use the Merger as a basis for exercising rights to cancel or re-negotiate existing contracts, whether arising as a result of the Merger or otherwise, use the threat of such cancellation to improve their bargaining position with, or may otherwise decide to reduce their economic exposure to, the Combined Group.

- LSEG is exposed to actual or potential conflicts of interest that arise in its business, and the risk that it may not always successfully manage such actual or potential conflicts of interests. Following Completion, this risk will be increased as a result of the increased size of the Combined Group's operations and the enhanced risk of conflict across the different business lines of the Combined Group.
- LSEG is exposed to the European Commission's proposal for a Directive for a common Financial Transaction Tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (excluding Estonia, the "**Participating Member States**"). Estonia has since stated that it will not participate. The scope of such tax is uncertain but it could apply to certain dealings in financial instruments where at least one party is a financial institution and at least one party is established in a Participating Member State. Such a tax, if implemented, could have an adverse impact on trading and clearing volumes in and involving Participating Member States and the demand for such services and consequently other services of the Combined Group. Following Completion, the impact on the Combined Group is potentially more significant than for LSEG given the increased exposure of the Combined Group to Participating Member States.

#### **MATERIAL NEW RISK FACTORS TO LSEG AS A RESULT OF THE MERGER**

*The Combined Group may be required to hold significantly more regulatory capital on a group or sub-group consolidated basis if HoldCo or an additional intermediary company of the Combined Group becomes a financial holding company in the future*

Under CRD IV, group or sub-group consolidation and group or sub-group capital requirements will apply at the level of HoldCo or any intermediary company should that entity become a financial holding company ("**FHC**") for the purposes of CRD IV.

It is a condition of the Merger, that: (i) none of the FCA, BaFin, and ACPR has confirmed in writing that HoldCo will become a FHC as defined in Article 4(1)(20) of Regulation (EU) No 575/2013 as a result of the Merger; or (ii) in the case of any such confirmation having been provided, a Panel Statement relating to the circumstances described in (i) above having been published.

There is a risk however that HoldCo or an additional intermediary company of the Combined Group could become an FHC in the future if the regulators determine it is mainly a holding company and its respective subsidiaries are or have become "wholly or mainly" credit institutions, investment firms or financial institutions. This will depend in part on the expected size, growth and expansion of the businesses of the respective subsidiaries in the Combined Group that are credit institutions, investment firms or financial institutions relative to those that are not, and the exercise of discretion by HoldCo's regulators and the regulators of the intermediary companies in applying these requirements.

Given the expected size, growth and expansion of the relevant businesses in the Combined Group, it is not anticipated that HoldCo or any further intermediary company of the Combined Group will become an FHC in the near term although if, in the medium to longer term, the expected size, growth and expansion of the relevant businesses results in HoldCo or a further intermediate company becoming an FHC, this may result in increased regulatory capital requirements for the Combined Group and the more extensive application of other regulations such as the BRRD. This could have a material adverse effect at such time on the Combined Group's business and cash flows, financial condition and operating results.

*HoldCo and HoldCo Shareholders will be exposed to fluctuations in foreign exchange rates and interest rates*

HoldCo will use the Euro as its reporting currency for the purposes of its consolidated accounts and other financial reports following Completion, and the subsidiaries of HoldCo will continue to use their existing functional currencies for the purposes of their accounts and other financial reports and the results of such entities will be converted into Euro for purposes of consolidation. Changes in the foreign exchange rates of the various functional currencies of the Combined Group's subsidiaries as against the Euro could have an adverse impact on the Combined Group's reported results. In addition, since LSEG and the Deutsche Börse Group conduct operations in a number of different countries, including several European countries and the United States, a substantial portion of their assets, liabilities, revenues and expenses are

denominated in Euro, sterling, US dollars and Swiss francs, their respective businesses are exposed to foreign exchange rate fluctuation. Following Completion, such exposure will continue and may be increased by the multiple currency conversions that will take place as a result of transactions between subsidiaries of HoldCo located in different jurisdictions. There can be no assurance that the Combined Group will be able to successfully mitigate these risks and, accordingly, changes in foreign exchange rates could have an adverse effect on the value of the Combined Group's business, financial condition and operating results.

In addition, the Combined Group is exposed to interest rate fluctuations, in particular in connection with cash investments, marketable securities, deposits of cash and cash equivalents or borrowings as well as through corporate transactions and CCP collateralised investments. Subject to any applicable restrictions, the Combined Group may use derivative financial instruments with the aim to reduce some of the negative impacts that could result from fluctuations in these rates. However, the Combined Group's assumptions and assessments with regard to the future development of these rates and the chosen level of risk avoidance or risk tolerance will have a substantial impact on the success or failure of its hedging policies. Accordingly, there can be no assurance that the Combined Group will be successful in managing and mitigating the impact of interest rate fluctuations, which could have a material adverse effect on the Combined Group's business, financial condition and operating results.

***HoldCo is, and will remain after completion of the Merger, a public limited company incorporated in the UK. In addition, it is intended that HoldCo will be tax resident in the UK and nowhere else. However, if HoldCo were to be treated as tax resident in an additional jurisdiction, this could increase the aggregate tax burden on HoldCo and its shareholders, including, for example, by a withholding tax being imposed on HoldCo dividends.***

HoldCo is a public limited company incorporated under the laws of England and Wales and will be managed in a way that will ensure that it is tax resident in the United Kingdom and that it does not become tax resident in an additional jurisdiction.

However, the Combined Group and its senior management are international and there is a risk that laws, regulations, tax treaties and regulatory requirements applying to the Combined Group (or interpretations thereof) may change and/or the facts on which any ruling obtained from a tax authority regarding HoldCo's tax residence is based may be or become inaccurate, including as a result of a change in laws, regulations or regulatory requirements. In these circumstances, HoldCo would remain a public limited company incorporated in the UK; however, for tax purposes there could be no guarantee that in these circumstances HoldCo could ensure that it remains solely UK tax resident or that, to the extent it could ensure that result, any alterations made to its arrangements in order to ensure that result would not have adverse business or financial effects on HoldCo and/or the Combined Group.

Given that the Combined Group will maintain headquarters in both London and Frankfurt, and given the international nature of the Combined Group and its senior management, HoldCo intends to request a binding ruling from the tax authorities in Germany confirming that it will not, in addition to being UK tax resident, also be treated as German tax resident for the purposes of Germany's domestic tax laws.

If HoldCo were to be treated as tax resident in Germany in addition to the UK, there would be a risk that dividends paid by HoldCo might be subject to German withholding tax at the rate of 26.375 per cent., that inbound dividends paid to HoldCo (including by LSEG plc and Deutsche Börse AG) might be subject to German corporate income tax and trade tax at the (combined) rate of 1.4 per cent., and that losses of HoldCo might not be available for surrender to other UK tax resident members of the HoldCo group. The tax withheld from HoldCo dividends in these circumstances might not be fully creditable or refundable under a tax treaty or the domestic rules of a shareholder's country of tax residence.

***The combination of the businesses of LSEG and the Deutsche Börse Group may result in an increase in the overall tax burden of the Combined Group***

Dividends and other intra-group payments made by members of the Combined Group may be subject to withholding taxes imposed by the jurisdiction in which the entity making the payment is organised or tax resident; and the international nature of the Combined Group and its senior management could lead to members of the Combined Group having taxable presences in jurisdictions other than their jurisdictions of tax residence, with dividends and other intra-group payments liable to tax in those other jurisdictions as a result. Unless such taxes are fully creditable or refundable, dividends and other intra-group payments may increase the amount of tax paid by the Combined Group. Although the members of the Combined Group intend to arrange themselves and their affairs with a view to minimising the incurrence of such taxes, there can be no assurance that they will succeed.



**PART III  
EXPLANATORY STATEMENT**

*(in compliance with section 897 of the Companies Act 2006)*

ROBEY  
WARSHAW



J.P.Morgan CAZENOVE

**1 June 2016**

*To all LSEG Shareholders, and, for information only, to participants in the LSEG Share Plans and persons with information rights*

Dear LSEG Shareholder,

**RECOMMENDED ALL-SHARE MERGER BETWEEN LONDON STOCK EXCHANGE GROUP PLC  
AND DEUTSCHE BÖRSE AG BY WAY OF AN ACQUISITION BY HOLDCO OF LONDON STOCK  
EXCHANGE GROUP PLC AND AN OFFER BY HOLDCO FOR ALL OF THE SHARES OF  
DEUTSCHE BÖRSE AG**

**1. Introduction**

On 16 March 2016, the LSEG Board and the Deutsche Börse Management Board announced that they had reached agreement on the terms of a recommended all-share merger of LSEG plc and Deutsche Börse AG to form the Combined Group. The Merger will be implemented via a new UK holding company, HoldCo, acquiring LSEG plc by way of a scheme of arrangement of LSEG plc and acquiring Deutsche Börse AG by making a securities exchange offer to all shareholders of Deutsche Börse AG.

**Your attention is drawn to the letter from the Chairman of LSEG plc set out in Part I (*Letter from the Chairman of LSEG plc*) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, the unanimous recommendation by the LSEG Board to LSEG Shareholders to vote in favour of the resolutions to approve and implement the Merger, and an explanation of the background to and reasons for recommending the Merger. Your attention is also drawn to the HoldCo Prospectus, which contains further information on HoldCo and the HoldCo Shares to be issued in connection with the Merger and for which HoldCo and the HoldCo Directors and the HoldCo Proposed Directors are responsible. Your attention is also drawn to the Exchange Offer Document, which contains the full terms and conditions of the Exchange Offer. Copies of the HoldCo Prospectus and the Exchange Offer Document will be available on LSEG plc's website at [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger) and on HoldCo's website at [www.mergerdocuments-db-lseg.com](http://www.mergerdocuments-db-lseg.com).**

The LSEG Board has been advised by Robey Warshaw, Barclays, Goldman Sachs and J.P. Morgan Cazenove in connection with the Merger. Robey Warshaw, Barclays, Goldman Sachs and J.P. Morgan Cazenove have been authorised by the LSEG Board to write to you to set out the terms of the Merger and to provide you with other relevant information.

The terms of the Scheme are set out in full in Part VI (*The Scheme of Arrangement*) of this document.

Statements made or referred to in this letter regarding Deutsche Börse AG's reasons for the Merger, information concerning the business of Deutsche Börse AG, the financial effects of the acquisition on Deutsche Börse AG and/or intentions or expectations of or concerning Deutsche Börse AG reflect the views of the Deutsche Börse Management Board. Statements made or referred to in this letter regarding the background to and reasons for the recommendation of the LSEG Board, information concerning the business of LSEG, the financial effects of the acquisition on LSEG plc and/or intentions or expectations of or concerning LSEG, reflect the views of the LSEG Board.

**2. Summary of the terms of the Scheme, the LSEG Acquisition and the Merger**

The LSEG Acquisition is to be effected by way of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act. Following the Scheme becoming effective, the entire issued share capital of



LSEG plc will be held by HoldCo. Under the terms of the Merger, Scheme Shareholders at the Scheme Record Time will receive:

**for each Scheme Share**

**0.4421 HoldCo Shares**

and Deutsche Börse Shareholders will be entitled to receive one HoldCo Share in exchange for each Deutsche Börse Share. Assuming 100 per cent. acceptance of the Exchange Offer, the Merger is expected to result in LSEG Shareholders owning approximately 45.8 per cent. of HoldCo and Deutsche Börse Shareholders owning approximately 54.2 per cent. of HoldCo on a fully diluted basis.

If the Scheme becomes effective, it will result in the allotment and issue of up to 157,829,700 million HoldCo Shares to LSEG Shareholders on the register at the Scheme Record Time. The HoldCo Shares to be issued pursuant to the Scheme are expected to represent approximately 45.8 per cent. of the Combined Group. The HoldCo Shares issued in connection with the Scheme will be credited as fully paid and will rank pari passu in all respects with the HoldCo Shares to be issued to Deutsche Börse Shareholders who accept the Exchange Offer, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

### **3. Information on LSEG plc**

LSEG plc is an international markets infrastructure business. LSEG plc's diversified global business focuses on capital formation, intellectual property and risk and balance sheet management. LSEG plc operates an open access model, offering choice and partnership to customers across all of its businesses. The Group can trace its history back to 1698.

LSEG plc's capital markets division comprises a broad range of international equity, ETF, bond and derivatives markets, including: London Stock Exchange; Borsa Italiana; MTS, one of Europe's leading fixed income markets; and Turquoise, a pan-European MTF. Through its platforms, LSEG plc offers market participants, including retail investors, institutions and SMEs unrivalled access to Europe's capital markets. LSEG also plays a vital economic and social role, enabling companies to access funds for growth and development. LSEG plc has also recently announced CurveGlobal Limited, a new interest rate derivatives trading venture with a number of major dealer banks.

Post trade and risk management services are a significant part of LSEG plc's business operations. In addition to LSEG plc's majority ownership of multi-asset global CCP operator, LCH, LSEG plc operates CC&G, the Italian clearing house; Monte Titoli S.p.A. ("**Monte Titoli**"), a leading European custody and settlement business and globeSettle S.A. ("**globeSettle**"), LSEG's CSD based in Luxembourg.

Through FTSE Russell, LSEG plc is a global leader in financial indexing, benchmarking and analytical solutions with approximately USD10 trillion benchmarked to its indices. LSEG plc also provides customers with an extensive range of real-time and reference data products, including SEDOL, UnaVista and RNS.

LSEG plc is also a leading developer and operator of high performance trading platforms, including trading, market surveillance and post trade systems for over 40 organisations and exchanges, including LSEG's own platforms. Additional services include network connectivity, hosting and quality assurance testing. MillenniumIT, GATElab and Exactpro are among LSEG's technology companies.

Headquartered in London, with significant operations in North America, Italy, France and Sri Lanka, LSEG plc employs more than 3,500 people (excluding Russell Investments employees). LSEG Shares are admitted to the premium segment of the Official List and to trading on London Stock Exchange's regulated market. LSEG plc is a member of the FTSE 100 index.

For the year ended 31 December 2015, for LSEG plc's continuing operations, income was GBP1,418.6 million and revenue was GBP1,324.7 million. For the year ended 31 December 2015, LSEG plc's operating profit from continuing operations was GBP404.4 million and its adjusted operating profit (before acquisition amortisation and non-recurring items) from continuing operations was GBP584.7 million. Discontinued operations, including Russell Investments, contributed an additional GBP962.9 million in income and GBP960.7 million in revenue and GBP95.5 million of operating profit for the year ended 31 December 2015.

In 2014, LSEG plc changed its financial year end from 31 March to 31 December so that its audited financial results for 2014 were for the nine months ended 31 December 2014, but for comparative purposes has provided unaudited numbers for the 12 months ended 31 December 2014. For this period, total income from LSEG plc's continuing operations was GBP1,291.6 million and revenue from continuing operations

was GBP1,194.2 million and LSEG plc's operating profit from continuing operations was GBP336.6 million and its adjusted operating profit (before acquisition amortisation and non-recurring items) from continuing operations was GBP545.4 million.

#### **4. Information on Deutsche Börse AG**

Deutsche Börse AG has its principal office in Eschborn, near Frankfurt am Main, Germany.

As one of the largest exchange organisations worldwide, the Deutsche Börse Group offers its customers a broad portfolio of products and services. These cover the entire value chain of financial market transactions, from trading and clearing of securities, including derivatives, through transaction settlement, custody and collateral management and providing of market information, to the development and operation of electronic trading, clearing, settlement and custody systems. The Deutsche Börse Group classifies its business into four segments: Eurex, Xetra, Clearstream and Market Data + Services.

Eurex, the derivatives market, provides for the trading of futures and options and Eurex Clearing AG performs CCP clearing and risk management for derivatives, equities, repo, securities lending, energy and fixed-income transactions. Xetra, as underlying technology platform, supports the trading and listing of cash market securities on the Frankfurt Stock Exchange as well as other European and international markets. Clearstream is responsible for the settlement, safekeeping and administration of securities. The Market Data + Services segment collects and distributes financial market data and indices.

Deutsche Börse AG operates the cash market of Frankfurt Stock Exchange. Through its equity investment in Börse Frankfurt Zertifikate AG, Deutsche Börse AG also offers trading in structured products (e.g., certificates and warrants). Furthermore, Deutsche Börse AG owns a 75 per cent. plus one share holding in Tradegate Exchange GmbH, which operates Tradegate Exchange, a Berlin-based stock exchange specially tailored to the requirements of private investors.

The Deutsche Börse Group also operates multiple derivatives markets in Europe, including Eurex Zürich, Eurex Deutschland and EEX, which is operated by a subsidiary of the Deutsche Börse Group. Furthermore, the Deutsche Börse Group operates a foreign exchange trading platform via its subsidiary 360T.

At the time of its acquisition, ISE was allocated to the Eurex segment from a balance sheet perspective.

The Deutsche Börse Group offers clearing services for the cash and derivatives markets (Eurex Clearing AG) as well as a fixed-income securities trading services (Eurex Bonds GmbH) and a market place for repo transactions (Eurex Repo GmbH).

Post trade services such as banking, settlement and custody services are handled by Clearstream Holding AG and its subsidiaries. These services include transaction settlement, administration and custody of securities as well as global securities financing.

In addition, the Deutsche Börse Group sells price and reference data as well as other information relevant for capital markets and develops and sells indices through its subsidiary, STOXX Ltd.

Deutsche Börse AG and Clearstream Services S.A. develop and operate Deutsche Börse Group's technological infrastructure.

As at 31 December 2015, the Deutsche Börse Group had a total of 5,283 employees (31 December 2014: 4,540, 31 December 2013: 3,811) working in 38 locations worldwide. As of 31 March 2016, Deutsche Börse Group employed 5,246 people. For the period 1 January 2015 to 31 December 2015, Deutsche Börse AG generated net revenue of EUR2,367.4 million (a year-on-year increase of approximately 16 per cent.), with adjusted earnings before interest and tax (EBIT) at EUR1,124.0 million (a year-on-year increase of approximately 14 per cent.).

For the year ended 31 December 2015, Deutsche Börse AG's net profit was EUR701.2 million; net revenue was EUR2,367.4 million and EBIT was EUR992.6 million.

For the three months ended 31 March 2016, for Deutsche Börse AG's continuing operations, net revenue was EUR648.5 million and EBIT was EUR310.6 million.

Deutsche Börse Shares are traded on the regulated market of the Frankfurt Stock Exchange.

## 5. Information on HoldCo

HoldCo was incorporated on 9 March 2016 and was formed solely for the purpose of effecting the Merger. HoldCo has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Merger. Prior to Completion, all of the shares in HoldCo will be held by the HoldCo Sole Shareholder, which is a foundation formed under the law of the Netherlands for the purposes of holding the shares in HoldCo until Completion. The HoldCo Sole Shareholder does not itself have any shareholders.

The HoldCo Sole Shareholder currently owns 49,999 redeemable preference shares and 1 ordinary share in the capital of HoldCo, representing the entire issued share capital of HoldCo as at the date of this document. It is intended that, at the same time as the issue of the HoldCo Shares pursuant to the Scheme and the Exchange Offer respectively, the ordinary share held by the HoldCo Sole Shareholder immediately prior to Completion will automatically convert to a deferred share in accordance with the HoldCo Articles and will then be repurchased by HoldCo and cancelled. It is also intended that the 49,999 redeemable preference shares owned by the HoldCo Sole Shareholder will be redeemed and cancelled by HoldCo shortly after the Effective Date such that the HoldCo Sole Shareholder ceases to hold any shares in the capital of HoldCo.

HoldCo is considering the implementation of steps to create additional realised distributable reserves following Admission to provide flexibility for future dividends and other returns to shareholders. HoldCo is considering creating additional realised distributable reserves by capitalising all or part of the merger reserve which will be created as a result of the acquisition of LSEG plc and Deutsche Börse AG by HoldCo, and immediately cancelling the shares issued upon such capitalisation (the "**Possible Capital Reduction**"). Following the Possible Capital Reduction, there would be no change in the nominal value of the HoldCo Shares or the number of HoldCo Shares in issue. The Possible Capital Reduction would be approved prior to (and would be conditional upon) Admission by a special resolution of HoldCo and would require the approval of the Court (for which the HoldCo would apply post-Admission).

## 6. Financial effects of the Merger for LSEG plc

On a pro forma basis and assuming completion of the Merger had occurred on 31 December 2015, the Combined Group would have had net assets of GBP27.8 billion at that date (based on the net assets of LSEG plc and Deutsche Börse AG as at 31 December 2015).

The LSEG Board and the Deutsche Börse Management Board, having reviewed and analysed the potential benefits of the Merger, based on their experience of operating in the sector, believe that the Combined Group will be able to achieve incremental recurring pre-tax cost synergies of approximately EUR450 million per annum in year three post Completion. In addition, the LSEG Board and the Deutsche Börse Management Board believe that the Combined Group will be able to achieve incremental recurring pre-tax gross revenue synergies of at least EUR250 million per annum in year five post Completion. They expect that the quantified revenue synergies will be realised progressively, whereby approximately two-thirds of the total synergies (approximately EUR160 million) would be achieved in year three following Completion, and 100 per cent. achieved in year five following Completion. Further detail on the financial effects of the Merger is set out in paragraph 3 of Part I (*Letter from the Chairman of LSEG plc*) of this document.

It is expected that the Merger will be accretive to adjusted cash earnings for both sets of shareholders in the first year post Completion.

The following table sets out, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects of the Merger on the capital value and dividend income for a holder of 100 LSEG Shares if the Scheme becomes effective. Column (A) is based on the market value of LSEG Shares and Deutsche Börse Shares on 22 February 2016 (being the last Business Day prior to the initial Rule 2.4 Announcement on 23 February 2016). Column (B) is based on the market value of LSEG Shares

and Deutsche Börse Shares on the Latest Practicable Date. In assessing the financial effects of the Merger, no account has been taken of any potential liability to taxation of an LSEG Shareholder.

	(A)	(B)
<b>Implied value of HoldCo shares:</b>		
Equity value of LSEG plc (GBPm) <sup>(1)</sup> . . . . .	8,197	9,705
Equity value of Deutsche Börse AG (GBPm) <sup>(2)</sup> . . . . .	11,120	11,270
<b>Equity value of HoldCo (GBPm)</b> . . . . .	<b>19,317</b>	<b>20,975</b>
Implied value of 100 HoldCo shares (GBP) <sup>(3)</sup> . . . . .	5,625	6,081
<b>Increase in capital value under the Merger:</b>		
Market value of 44.21 HoldCo Shares (GBP) <sup>(4)</sup> . . . . .	2,487	2,688
<b>Total value of the consideration in respect of 100 LSEG Shares (GBP)</b> . . .	<b>2,487</b>	<b>2,688</b>
Less: Market value of 100 LSEG Shares (GBP) <sup>(1)</sup> . . . . .	2,313	2,724
<b>Increase / (decrease) in capital value (GBP)</b> . . . . .	<b>174</b>	<b>(36)</b>
Percentage difference (per cent.) . . . . .	8 per cent.	(1) per cent.
<b>Implied value of HoldCo dividend income:</b>		
Annual dividend income of LSEG plc (GBPm) <sup>(5)</sup> . . . . .		125
Annual dividend income of Deutsche Börse AG (GBPm) <sup>(6)</sup> . . . . .		305
<b>Annual dividend income of HoldCo (GBPm)<sup>(7)</sup></b> . . . . .		<b>430</b>
Implied dividend income on 100 HoldCo shares (GBP) <sup>(3)</sup> . . . . .		125
<b>Increase in dividend income under the Merger:</b>		
Annual dividend income on 100 LSEG Shares (GBP) <sup>(5)</sup> . . . . .		36
Annual dividend income on 44.21 HoldCo Shares (GBP) <sup>(8)</sup> . . . . .		55
<b>Increase in dividend income (GBP)</b> . . . . .		<b>19</b>
Percentage difference (per cent.) . . . . .		53 per cent.

Notes:

- (1) The equity value of LSEG plc is based on the closing prices and diluted share counts of:
  - (A) GBP23.13 per share as derived from the Daily Official List on 22 February 2016 (being the last Business Day prior to the initial Rule 2.4 Announcement on 23 February 2016) and a diluted share count of 354,398,157; and
  - (B) GBP27.24 per share as derived from the Daily Official List on 27 May 2016 (being the Latest Practicable Date) and a diluted share count of 356,280,674
- (2) The equity value of Deutsche Börse AG is based on the closing prices and diluted share counts of:
  - (A) EUR76.34 per share as derived from the market closing price on 22 February 2016 (being the last Business Day prior to the initial Rule 2.4 Announcement on 23 February 2016) converted to GBP at a spot EUR:GBP exchange rate of 1.2819 on 22 February 2016 sourced from CapitalIQ, and a diluted share count of 186,723,986; and
  - (B) EUR79.19 per share as derived from the market closing price on 27 May 2016 (being the Latest Practicable Date), converted to GBP at a spot EUR:GBP exchange rate of 1.3146 on 27 May 2016 sourced from the Bloomberg, and a diluted share count of 187,089,886
- (3) Based on a pro forma diluted number of shares, calculated by applying the Deutsche Börse Exchange Ratio (of 1:1) to the existing diluted number of Deutsche Börse Shares and the LSEG Exchange Ratio (of 1:0.4421) to the exchange ratio for the existing diluted number of LSEG Shares
- (4) Calculated based on the LSEG Exchange Ratio (of 1:0.4421) applied to the market value of HoldCo shares
- (5) Based on the LSEG plc proposed full year dividend of GBP125.2 million (EUR172.6 million converted at an average rate of exchange of EUR1.3782 = GBP1 for the year ended 31 December 2015), as disclosed in the annual report of LSEG plc for the year ended 31 December 2015
- (6) Based on the Deutsche Börse AG proposed full year dividend of EUR420.1 million (GBP304.8 million converted at an average rate of exchange of EUR1.3782 = GBP1 for the year ended 31 December 2015), as disclosed in the annual report of Deutsche Börse AG for the year ended 31 December 2015
- (7) The annual dividend income of HoldCo, calculated as the sum of (5) and (6) above is GBP430.0 million (EUR592.7 million)
- (8) Calculated based on the LSEG Exchange Ratio (of 1:0.4421) applied to the value of HoldCo dividend income

Following Completion and subject to the approval of the HoldCo Board, the Combined Group intends to adopt a progressive dividend policy within the range of current policies and timing of both LSEG plc and Deutsche Börse AG. This will include consideration of any dividends payable to LSEG plc and Deutsche

Börse AG shareholders in relation to 2016. It is envisaged that HoldCo Shareholders will be able to elect to have dividends paid in GBP or EUR.

## 7. LSEG Share Plans and Deutsche Börse Share Plans

### LSEG Share Plans

Share options and awards granted to participants in the LSEG Share Plans, which are not already exercisable or which have not already vested will be rolled over into equivalent options or awards over HoldCo Shares, save for certain options and awards which will become exercisable at the time of the Scheme Court Order (as described below) or which may be rolled over at the election of the participant.

In jurisdictions where the proposals described below would result in an unfavourable tax treatment for participants, the LSEG plc remuneration committee may amend the terms of the relevant LSEG Share Plan as is considered appropriate, save that no amendment to the terms of the relevant LSEG Share Plan shall be made that would confer additional material benefits on participants.

All LSEG Shares issued or transferred on the exercise of share options or vesting of share awards under the LSEG Share Plans before the Scheme Record Time will be subject to the terms of the Scheme and will constitute Scheme Shares.

The Scheme will not extend to any LSEG Shares issued after the Scheme Record Time; for example, to satisfy the exercise of options by participants over LSEG Shares after the Scheme Record Time. However, as part of the Special Resolution to be proposed at the LSEG General Meeting, it is proposed that LSEG plc's Articles be amended to provide that if the Scheme becomes effective, any LSEG plc's Shares issued after the Scheme Record Time (including to participants in the LSEG Share Plans who exercise options after the Scheme Record Time), will, subject to participants in the LSEG Share Plans first being permitted to transfer all or some of those LSEG Shares to their spouse or civil partner, be transferred automatically to HoldCo (or such person as HoldCo directs) in exchange for the allotment and issue to such person of an amount of HoldCo Shares to which they would otherwise have been entitled under the Scheme calculated in accordance with the LSEG Exchange Ratio and a cash payment in respect of fractions of HoldCo Shares. Consequently, participants in the LSEG Share Plans who receive LSEG Shares on the exercise of share options after the Scheme Record Time will receive the same consideration as LSEG Shareholders.

Participants in the LSEG Share Plans will be contacted regarding the effect of the Scheme on their rights and be provided with further detail regarding the proposals set out above. This will include an explanation of the effect of the Scheme on participants' share options and awards and, where applicable, their right to exercise share options to acquire LSEG Shares or to receive LSEG Shares on the vesting of share awards.

### Treatment of options or awards under specific LSEG Share Plans

#### (i) *LSEG Long-Term Incentive Plan 2014 and LCH Long Term Incentive Plan 2014 ("LSEG 2014 LTIPs")*

Outstanding awards under the LSEG 2014 LTIPs (which have been granted in the form of nil-cost options or conditional awards) comprise various types of award:

- awards that are subject to company performance conditions, which have been granted in various years including grants made on 27 August 2014, 2 April 2015 and 17 March 2016 and which would normally vest on the third anniversary of grant over such number of LSEG Shares depending on the extent to which any applicable performance conditions are satisfied at the time of vesting ("**Performance Share Awards**");
- awards that have been granted in connection with the acquisition by an employee of LSEG Shares using a portion of his or her annual bonus payment. These awards are subject to company performance conditions and have been granted in various years including grants made on 30 September 2014, 10 April 2015 and 18 March 2016. These awards would normally vest on the third anniversary of grant over such number of LSEG Shares depending on the extent to which any applicable performance conditions are satisfied at the time of vesting and provided the associated LSEG Shares acquired by the employee ("**Invested Shares**") have not been previously been disposed of ("**Matching Share Awards**"); and
- equivalent performance share awards and matching share awards that have been granted to employees of the LCH Group on the same dates set out above (also referred to in this document as Performance Share Awards and Matching Share Awards).



### *Performance Share Awards and Matching Share Awards*

Outstanding Performance Share Awards and Matching Share Awards that have not already vested or become exercisable at the time of the Scheme Court Order will not vest or become exercisable at the time of this Order and instead will automatically be exchanged for an award over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio) (the “**HoldCo LTIP Awards**”).

The HoldCo LTIP Awards will be subject to the terms of the LSEG 2014 LTIPs, including any terms that provide for the reduction or clawback and repayment of awards in prescribed circumstances.

The HoldCo LTIP Awards would ordinarily vest on the same date that the original Performance Share Award or Matching Share Award would have vested in the ordinary course.

The HoldCo LTIP Awards will be subject to such performance conditions as relate to performance of LSEG plc (or in the case of the LCH Long Term Incentive Plan 2014, the performance of the LCH Group) and/or HoldCo as is considered appropriate. It is intended that a review be undertaken prior to Completion as to the appropriate performance conditions to be applied.

### *Treatment of leavers*

The existing leaver provisions that apply to Performance Share Awards and Matching Share Awards will continue to apply. Under these existing leaver provisions, a person will be a “good leaver” if he ceases to be employed by reason of: his death; his injury, disability or ill-health; his redundancy; his employing company ceasing to be a member of LSEG; the business (or part of the business) in which he is employed being transferred outside of LSEG; or any other reason which the remuneration committee so decides in its absolute discretion.

If a participant were to leave for one of those “good leaver reasons” his Awards will vest on the normal vesting date subject to the achievement of the applicable performance conditions. Ordinarily, Awards will be pro-rated for time in accordance with the rules reflecting the original three year vesting period. However, the remuneration committee has a discretion to determine in appropriate circumstances (a) that an Award may vest on such other date after the cessation of employment but before the normal vesting date to the extent that the performance conditions are satisfied at such date; and (b) may determine that the Awards will not be subject to time pro-rating or that the number of shares in respect of which the Award shall vest shall be reduced on such other basis as the committee considers is appropriate in the circumstances.

If a participant were to leave employment for any reason other than a “good leaver” reason, his Awards will lapse.

Where Awards are exchanged automatically, the discretions that are currently available to the LSEG plc remuneration committee will be available to be exercised by the HoldCo remuneration committee.

The grant and vesting of the HoldCo LTIP Awards will, in the case of Matching Share Awards, be subject to the participant not having disposed of his underlying Invested Shares (which shares, following Completion, will be HoldCo Shares rather than LSEG Shares).

### *(ii) Other LSEG plc incentive plans*

#### *LSEG Deferred Bonus Plan 2014*

The LSEG Deferred Bonus Plan 2014 was introduced in 2014. Under the terms of the plan, the LSEG Executive Directors must defer at least 50 per cent. of their annual bonus into cash or LSEG Shares for a period of two years.

Awards over LSEG Shares under the LSEG Deferred Bonus Plan 2014 were granted on 2 April 2015 and 17 March 2016 (the “**Deferred Bonus Plan Awards**”). The Deferred Bonus Plan Awards are not subject to the achievement of performance conditions.

Outstanding Deferred Bonus Plan Awards that have not vested or become exercisable at the time of the Scheme Court Order will not vest or become exercisable at the time of this Order and instead will automatically be exchanged for an award over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio).

The new awards over HoldCo Shares would ordinarily vest on the same date that the original Deferred Bonus Plan Award would have vested in the ordinary course.

The existing leaver provisions that apply to the Deferred Bonus Plan Awards will continue to apply. Under these existing leaver provisions, a person will be a “good leaver” if he ceases to be employed for any of the “good leaver” reasons set out in the section above on the LSEG 2014 LTIPs.

If a participant were to leave for a “good leaver reason” his Deferred Bonus Plan Awards will ordinarily vest in full on the normal vesting date. However, the remuneration committee has a discretion to determine in appropriate circumstances: (i) that a Deferred Bonus Plan Award may vest on the date of cessation of employment; and (ii) that the Deferred Bonus Plan Award will be reduced on such basis as the committee considers is appropriate in the circumstances.

If a participant were to leave employment for any reason other than a “good leaver” reason, his Deferred Bonus Plan Awards will lapse.

#### *Individual awards*

In addition to the awards described above, LSEG plc has granted awards over LSEG Shares under the terms of a small number of bespoke arrangements in connection with the recruitment of particular individuals (none of whom is a director of LSEG plc).

These awards will automatically be exchanged for an award over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio). The new award will continue to be subject to the same terms on which the original award was granted, including the existing provisions on leaving employment.

It is intended that a review be undertaken prior to Completion as to the appropriate performance conditions to be applied to the new awards.

#### *LSEG Long Term Incentive Plan 2004*

Awards granted in 2013 under the LSEG Long Term Incentive Plan 2004 are expected to vest in the usual way in June 2016, subject to the achievement of the applicable performance conditions.

#### *(iii) LSEG plc Restricted Share Award Plan 2008 (“LSEG RSAP”)*

Awards over LSEG Shares have been granted to a small number of participants under the LSEG RSAP. These awards are not subject to achievement of performance conditions. They vest or become exercisable at the end of a defined restricted period (normally one to three years), subject to the participant having remained employed during that period (“**Restricted Share Awards**”). Restricted Share Awards are typically granted in connection with the recruitment and retention of key individuals within LSEG.

Outstanding Restricted Share Awards that have not vested or become exercisable at the time of the Scheme Court Order will not vest or become exercisable at the time of this Order and instead will automatically be exchanged for an award over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio).

The new awards over HoldCo Shares would ordinarily vest on the same date that the original Restricted Share Award would have vested in the ordinary course (i.e. at the end of the applicable restricted period).

If a participant were to leave for a “good leaver reason”, the Restricted Share Award will vest in full on the date of cessation of employment. A person will be a “good leaver” if he ceases to be employed by reason of: his death; his injury, disability or ill-health; his redundancy; or any other reason which the remuneration committee so decides in its absolute discretion.

#### *(iv) LSEG plc SAYE Option Scheme (“Sharesave”)*

Outstanding options under the Sharesave (which is a HMRC tax favoured plan designed for all UK-based employees) and under the LSEG International Sharesave Plan 2008 (“**LSEG Sharesave Options**”) which are not already exercisable will become exercisable at the time of the Scheme Court Order and will remain exercisable for a period of six months after that date, after which time they will lapse. Participants may only exercise their LSEG Sharesave Options using savings made under the related savings contract at the time of exercise, and so these options may be exercisable over a reduced number of LSEG Shares. Participants with LSEG Sharesave Options granted in January 2014 or July 2014, and which mature before the time of the Scheme Court Order or during the six month exercise period, and who have completed a related savings contract, may exercise those options over the full number of LSEG Shares over which they are outstanding.

Other than in the case of a participant's death, LSEG Sharesave Options will cease to be exercisable and will lapse on the date falling six months after the Scheme Court Order or any earlier date that such options become exercisable due to a participant leaving employment or the maturity of the related savings contract.

As an alternative to exercising an LSEG Sharesave Option and subject to the Scheme becoming effective, participants in the Sharesave may, at their election, agree to release all or any of their LSEG Sharesave Options in exchange for the grant of a new option over an equivalent number of HoldCo Shares (calculated by reference to the LSEG Exchange Ratio).

**(v) LSEG Employee Share Option Plan 2009 ("LSEG ESOP")**

All outstanding share options granted under the LSEG ESOP are already exercisable and will remain exercisable until the date immediately preceding the date of the LSEG General Meeting. The options will lapse on the date of the Scheme Court Order to the extent they have not been exercised (or otherwise lapsed). Option holders under the LSEG ESOP will be able to choose to exercise their share options under the LSEG ESOP and so acquire LSEG Shares prior to the Scheme Record Time.

**Deutsche Börse Share Plans**

The principal terms of the Deutsche Börse Share Plans are described in paragraph 10 of Part VII (*Information on the Deutsche Börse Group*) of this document. Subject to approval by the Appropriate Committee, the impact of the Merger on outstanding awards/interests granted under the Deutsche Börse Share Plans will be as follows:

- Upon completion of the Exchange Offer, except as otherwise described below, participants will be given the opportunity to rollover their outstanding awards/interests over Deutsche Börse Shares into comparable awards/interests relating to HoldCo Shares.
- Rollover of awards/interests held under the Performance Share Plan as effective from 1 January 2016, the Performance Bonus Plan as effective from 1 January 2016, the Performance Share Plan as of February 2016 and the Performance Bonus Plan as of February 2016 is subject to participant consent and, where required, approval by the Appropriate Committee. If consent/approval is not given, awards/interests will continue in respect of Deutsche Börse Shares.
- To the extent permitted, where participants in the Group Share Plan of Deutsche Börse AG accept the Exchange Offer, the holding period will continue in respect of the resulting HoldCo Shares. Participants holding Deutsche Börse Shares under the GSP 2016, if operated, will be able to accept the Exchange Offer. If the participant does not, or (for the Group Share Plan established in 2014 and 2015) is not permitted to, accept the Exchange Offer, the holding period will continue to apply, in the normal way, to the Deutsche Börse Shares the participant currently holds.
- All awards/interests under the Deutsche Börse LSI / RSU Schemes will rollover automatically.
- Rollover will be calculated by reference to the Deutsche Börse Exchange Ratio.
- Where awards/interests under the Deutsche Börse Share Plans are rolled-over, the performance conditions and targets and other terms may be modified (with effect from completion of the Exchange Offer) as is considered appropriate to take account of the Merger.
- Interests under the Stock Bonus Plan of Deutsche Börse AG will, in accordance with the rules of the plan, vest and be settled in cash as soon as practicable following completion of the Exchange Offer, based on the share price of Deutsche Börse AG on the trading day following completion of the Exchange Offer.

**8. LSEG Directors and the effect of the Scheme on their interests**

Details of the interests of the LSEG Directors in the share capital of LSEG plc, and options and awards in respect of such share capital, are set out in paragraph 8 of Part XIV (*Additional Information*) of this document. LSEG Shares held by the LSEG Directors will be subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the LSEG Directors are set out in paragraph 10 of Part XIV (*Additional Information*) of this document.

HoldCo has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the LSEG General Meeting from the directors of LSEG plc in respect of 604,359 LSEG Shares, representing approximately 0.173 per cent. of the existing issued ordinary share capital of LSEG plc on the Latest Practicable Date.

The effect of the Scheme on the interests of the LSEG Directors does not differ from the effect of the Scheme on the interests of any other LSEG Shareholder.

## 9. Description of the Scheme and the Meetings

### 9.1 The Scheme

The LSEG Acquisition is to be implemented by means of a court-sanctioned scheme of arrangement between LSEG plc and the Scheme Shareholders, under Part 26 of the Companies Act. The procedure requires approval by LSEG Shareholders at the Court Meeting and the LSEG General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part VI (*The Scheme of Arrangement*) of this document.

The purpose of the Scheme is to provide for HoldCo to become the holder of the entire issued ordinary share capital of LSEG plc. This is to be achieved by transferring the LSEG Shares held by LSEG Shareholders to HoldCo, in consideration for which HoldCo will allot and issue HoldCo Shares on the basis set out in this Part III (*Explanatory Statement*) of this document.

If the Scheme is sanctioned by the Court, LSEG Shares held in treasury will be cancelled prior to the Scheme Record Time. LSEG plc currently has no LSEG Shares held in treasury.

### 9.2 LSEG plc Meetings

Before the Court's sanction can be sought for the Scheme, the Scheme requires approval by the passing of a resolution at the Court Meeting. The resolution must be approved by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares voted by such Scheme Shareholders. In addition, both the Merger Resolution and the Special Resolution must be passed at the LSEG General Meeting. The Merger Resolution requires the approval of LSEG Shareholders representing a simple majority (50 per cent. plus one share) of the votes cast on the resolution (either in person or by proxy). The Special Resolution requires the approval of LSEG Shareholders representing at least 75 per cent. of the votes cast on the resolution (either in person or by proxy). The LSEG General Meeting will be held immediately after the Court Meeting. Notices of the Court Meeting and the LSEG General Meeting are set out in Part XVII (*Notice of Court Meeting*) and Part XVIII (*Notice of General Meeting*) of this document, respectively.

Save as set out below, all holders of LSEG Shares whose names appear on the register of members of LSEG plc at the Scheme Voting Record Time, or, if any such Meeting is adjourned, on the register of members at 6:30 p.m. (London time) on the date which is two Business Days before the date set for such adjourned meeting, will be entitled to attend and vote at the Court Meeting and the LSEG General Meeting, in respect of the LSEG Shares registered in their name at the relevant time.

#### (i) *The Court Meeting*

The Court Meeting has been convened at the direction of the Court for 10:00 a.m. (London time) on 4 July 2016 for Scheme Shareholders to consider and, if thought fit, approve the Scheme.

At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each LSEG Share held as at the Scheme Voting Record Time. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares voted by such Scheme Shareholders.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair representation of the opinion of LSEG Shareholders. You are therefore strongly advised to complete, sign and return your forms of proxy or to appoint a proxy through CREST or appoint a proxy electronically through the Electronic Proxy Appointment Facility ("EPA") operated by Equiniti, for both the Court Meeting and the LSEG General Meeting as soon as possible.**

(ii) *The LSEG General Meeting*

The LSEG General Meeting has been convened for 10:15 a.m. (London time) on 4 July 2016, or as soon after that time as the Court Meeting has concluded or been adjourned, for LSEG Shareholders to consider and, if thought fit, pass, an ordinary resolution to approve the Deutsche Börse Acquisition (the “**Merger Resolution**”) and the Special Resolution necessary to implement the Scheme and certain related matters.

The Merger Resolution is proposed to approve: (i) the Deutsche Börse Acquisition and (ii) giving the LSEG Board the authority to take all necessary steps to implement the Deutsche Börse Acquisition and the Merger. The Merger Resolution is required because the proposed acquisition by HoldCo, which will become the holding company of LSEG plc on the Effective Date, of Deutsche Börse AG pursuant to the Exchange Offer constitutes a Class 1 transaction by LSEG plc under the Listing Rules.

The Special Resolution is proposed to approve:

- (i) giving the LSEG Board the authority to take all necessary action to carry the Scheme into effect; and
- (ii) amending LSEG plc’s Articles as described in paragraph 9.4 below.

At the LSEG General Meeting, voting on the Special Resolution and the Merger Resolution will be by poll and each LSEG Shareholder present in person or by proxy will be entitled to one vote for each LSEG Share held as at the Scheme Voting Record Time.

The approval required for the Special Resolution to be passed is at least 75 per cent. of the votes cast on the Special Resolution. The approval required for the Merger Resolution to be passed is a simple majority (i.e. 50 per cent. plus one vote) of the votes cast on the Merger Resolution.

BLUE Forms of Proxy for use at the Court Meeting and WHITE Forms of Proxy for use at the LSEG General Meeting should be returned, either by post or (during normal business hours only) by hand to LSEG plc’s registrar, Equiniti, at Aspect House, Spencer Road, Lancing Business Park, Lancing, West Sussex, BN99 6DA as soon as possible and, in any event, so as to be received not later than 10:00 a.m. and 10:15 a.m., respectively on 2 July 2016 (or, in the case of adjournment(s), not later than 48 hours before the time fixed for the adjourned Meeting(s)). If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to a representative of LSEG plc’s registrar, Equiniti, on behalf of the Chairman of the Court Meeting, before the start of that Meeting. However, in the case of the LSEG General Meeting, the WHITE Form of Proxy must be returned by the time mentioned above, or it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the LSEG General Meeting, or any adjournment thereof, if you so wish and are so entitled.

EPA is available for the Meetings. To use this facility you must visit [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the procedure are shown. The Voting ID, Task ID and Shareholder Reference Number shown on the BLUE and WHITE Forms of Proxy will be required to complete the procedure. EPA will not be valid if received later than 48 hours before the Court Meeting or LSEG General Meeting, as applicable or, in the case of any adjournment, later than 48 hours before the time fixed for the adjourned meeting and will not be accepted if found to contain a computer virus.

Information about the procedures for appointing proxies and giving voting instructions is set out in paragraph 20 “*Action to be taken*” below of this Part III (*Explanatory Statement*) and on pages 9 to 11 of this document.

### 9.3 Scheme Court Hearing

Under the Companies Act, the Scheme requires the sanction of the Court. The hearing by the Court to sanction the Scheme is currently expected to be held in the first quarter of 2017 subject to the prior satisfaction, or (if applicable) waiver, of the other LSEG Conditions set out in Part IV (*Conditions to and further terms of the Scheme and the LSEG Acquisition*) of this document.

The Scheme Court Hearing will be held at The Rolls Buildings, Fetter Lane, London, EC4A 1NL. Scheme Shareholders are entitled to attend the Scheme Court Hearing, should they wish to do so, in person or through counsel. LSEG plc will give adequate notice of the date and time of the Scheme Court Hearing, once known, by issuing an announcement through a Regulatory Information Service.



Following sanction of the Scheme by the Court, the Scheme will become effective in accordance with its terms upon a copy of the Scheme Court Order being delivered to the Registrar of Companies. This is presently expected to occur by the end of the first quarter of 2017, subject to satisfaction (or, where applicable, waiver) of the LSEG Conditions. For the avoidance of doubt, if an LSEG Condition is waived, the equivalent Deutsche Börse Condition will also be waived, and vice versa (in each case, with the consent of the relevant regulator if required).

**Upon the Scheme becoming effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted in favour of or against the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the LSEG General Meeting.**

If the Scheme does not become effective by 30 June 2017 which is the long stop date for the Scheme, the Exchange Offer and the Merger, the Scheme will not become effective and the Merger will not proceed.

#### **9.4 Amendments to LSEG plc's Articles**

It is proposed, as part of the Special Resolution to be proposed at the LSEG General Meeting, that LSEG Articles be amended to ensure that any LSEG Shares issued under the LSEG Share Plans or otherwise after the Court Meeting and at or prior to the Scheme Record Time will be subject to the Scheme. It is also proposed to amend the LSEG plc's Articles so that any LSEG Shares issued to any person other than HoldCo or its nominee after the Scheme Record Time will (subject to participants in the LSEG Share Plans first being permitted to transfer all or some of those LSEG Shares to their spouse or civil partner) be automatically acquired by HoldCo in exchange for the allotment and issue to such person of such number of HoldCo Shares to which they would otherwise have been entitled under the Scheme in accordance with the LSEG Exchange Ratio and a cash amount in respect of fractions of HoldCo Shares. These provisions will avoid any person (other than HoldCo or its nominee) being left with LSEG Shares after dealings in such shares have ceased on the London Stock Exchange.

Paragraph 2 of the Resolutions set out in the Notice of General Meeting in Part XVIII (*Notice of General Meeting*) of this document seeks the approval of LSEG Shareholders for such amendments. The full terms of the proposed amendments to the LSEG plc's Articles will be available for inspection during normal business hours at the offices of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26–28 Tudor Street, London, EC4Y 0BQ from the date of this document until the LSEG General Meeting ends.

#### **9.5 Entitlement to vote at the Meetings**

Each LSEG Shareholder who is entered in LSEG plc's register of members at the Scheme Voting Record Time will be entitled to attend and vote on all resolutions to be put to the Court Meeting and the LSEG General Meeting. If either Meeting is adjourned, only those LSEG Shareholders on the register of members at 6:30 p.m. London time on the day which is two Business Days before the adjourned meeting will be entitled to attend and vote.

Each eligible LSEG Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a shareholder of LSEG plc. A BLUE Form of Proxy for use at the Court Meeting and a WHITE Form of Proxy for use at the LSEG General Meeting accompany this document. To be valid, those Forms of Proxy must be duly completed and signed and must be received by LSEG plc's registrars, Equiniti, by 10:00 a.m. (for the Court Meeting) and 10:15 a.m. (for the LSEG General Meeting), both times respectively on 2 July 2016 (or, in the case of an adjournment of either Meeting, not later than 48 hours before the time and date set for the adjourned Meeting).

In the case of the Court Meeting only, the BLUE Form of Proxy can also be handed to a representative of LSEG plc's registrars, Equiniti, on behalf of the Chairman of the Court Meeting before the start of the Court Meeting.

If you propose to attend the Meetings, please detach from the Forms of Proxy the attendance slips and bring these with you to assist your admission.

LSEG Shareholders who return completed Forms of Proxy may still attend the Meetings and vote in person if they wish. In the event of a poll on which an LSEG Shareholder votes in person, his/her proxy votes lodged with LSEG plc will be excluded.

LSEG Shareholders are entitled to appoint a proxy in respect of some or all of their LSEG Shares. LSEG Shareholders are also entitled to appoint more than one proxy. A space has been included in the Forms of Proxy to allow LSEG Shareholders to specify the number of LSEG Shares in respect of which that proxy is appointed. LSEG Shareholders who return a Form of Proxy duly executed but leave this space blank will be deemed to have appointed a proxy in respect of all of their LSEG Shares.

LSEG Shareholders who wish to appoint more than one proxy in respect of their shareholding should photocopy the Forms of Proxy or contact LSEG plc's registrars, Equiniti, for further Forms of Proxy.

EPA is available for the Meetings. To use this facility you must visit [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the procedure are shown. The Voting ID, Task ID and Shareholder Reference Number shown on the BLUE and WHITE Forms of Proxy will be required to complete the procedure. EPA will not be valid if received later than 48 hours before the Court Meeting or General Meeting, as applicable or, in the case of any adjournment, later than 48 hours before the time fixed for the adjourned meeting and will not be accepted if found to contain a computer virus.

If you hold your LSEG Shares in uncertificated form (i.e. in CREST), you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes, in particular note 7 in relation to the timing and limitations of the CREST system, to the Notice of the LSEG General Meeting set out at the end of this document). Proxies submitted via CREST (under CREST participant ID RA19) must be received by LSEG plc's registrars, Equiniti, not later than 10:00 a.m. on 2 July 2016 (in the case of the Court Meeting) and by 10:15 a.m. on 2 July 2016 (in the case of the LSEG General Meeting) or, in the case of an adjournment of either Meeting, not later than 48 hours before the time and date set for the adjourned Meeting.

If you are in any doubt as to whether or not you are permitted to vote at the Meetings, please call the Shareholder Helpline between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays) on 0330 123 5505 (from within the UK) or +44 (0) 121 415 0902 (from outside the UK, international rates apply). Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.

Further information on the actions to be taken is set out on pages 9 to 11 "*Action to be taken*" of this document.

## **9.6 Modifications to the Scheme**

The Scheme contains a provision for LSEG plc, Deutsche Börse AG and HoldCo jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances.

## **10. Conditions to the LSEG Acquisition and the Deutsche Börse Acquisition**

The LSEG Acquisition and the Deutsche Börse Acquisition are inter-conditional such that Completion will only occur if both the LSEG Acquisition and the Deutsche Börse Acquisition are completed by HoldCo. This is achieved by making the Scheme and the Exchange Offer subject to the same Conditions. Accordingly, although the LSEG Conditions apply only to the Scheme and the Deutsche Börse Conditions apply only to the Exchange Offer, they are drafted on the same basis and each Condition needs to be satisfied (or waived, as applicable) in order for the Merger to complete.

The Merger is conditional on, amongst other things, receiving merger control clearance in the European Union, the United States and Russia and regulatory approvals from relevant financial services and markets regulators in a number of jurisdictions, including Germany, the UK, France, Luxembourg, Italy and the US. Although not conditions to the Merger, a number of other competition and regulatory clearances and approvals will also be sought by LSEG plc, Deutsche Börse AG and/or HoldCo in connection with the Merger. LSEG plc, Deutsche Börse AG and HoldCo have opened communications with relevant authorities and regulators in order to receive these clearances and approvals.

In addition the Merger will be conditional on, amongst other things: (i) acceptances being received in respect of the Exchange Offer of at least 75 per cent. of the Deutsche Börse Shares (excluding treasury shares held at the beginning of the Acceptance Period); (ii) the requisite approvals of the LSEG Shareholders for the Scheme, the Deutsche Börse Acquisition and the Merger; (iii) the Court sanctioning the Scheme, and the Merger becoming effective, no later than the Long Stop Date; and (iv) the FCA acknowledging that the application for the admission of the HoldCo Shares to listing on the premium segment of the Official List of the FCA has been approved and the London Stock Exchange acknowledging that HoldCo Shares will be admitted to the London Stock Exchange's main market for listed securities.

The outcome of the vote by the United Kingdom electorate on the European Union membership of the United Kingdom is not a condition of the Merger although LSEG plc and Deutsche Börse AG have established a Referendum Committee to assess the potential implications of any vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the United Kingdom) for the Combined Group and the Combined Group's risk profile. The Referendum Committee will be dissolved in the event of a vote in favour of the United Kingdom remaining in the European Union. Further details of the Referendum Committee are set out in Part IX (*Information relating to HoldCo*) of this document.

The LSEG Conditions and further terms as well as the Deutsche Börse Conditions, in each case as agreed between LSEG plc and Deutsche Börse AG, are set out in Part IV (*Conditions to and further terms of the Scheme and the LSEG Acquisition*) and Part V (*Details of the Exchange Offer*) of this document.

#### **11. HoldCo Prospectus**

HoldCo is publishing today the HoldCo Prospectus in connection with the issue of the HoldCo Shares under the terms of the Proposed Merger. HoldCo and the HoldCo Directors and the HoldCo Proposed Directors are responsible for the HoldCo Prospectus, which contains information relating to HoldCo, LSEG, the Deutsche Börse Group, the Combined Group and the HoldCo Shares.

The HoldCo Prospectus will be available on LSEG plc's website at [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger) and on HoldCo's website at [www.mergerdocuments-db-lseg.com](http://www.mergerdocuments-db-lseg.com). A hard copy of the HoldCo Prospectus can also be requested, free of charge, by contacting Equiniti, whose contact details are set out on page 17 of this document.

#### **12. HoldCo Shares**

The HoldCo Shares to be issued pursuant to the Scheme to the Scheme Shareholders will be credited as fully paid and will rank *pari passu* in all respects with the HoldCo Shares to be issued to the Deutsche Börse Shareholders who accept the Exchange Offer, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

An application, conditional on the Scheme becoming effective, will be made to the UK Listing Authority and to the London Stock Exchange for the HoldCo Shares to be admitted to the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange and separately to the Frankfurt Stock Exchange for the HoldCo Shares to be admitted for prime standard listing and trading on the regulated market segment of the Frankfurt Stock Exchange. The HoldCo Shares will be issued free from all liens, charges, encumbrances and other third party rights and/or interests of any nature whatsoever.

#### **13. Cancellation of listing of LSEG Shares**

It is intended that the last of day dealings in LSEG Shares will be the business day immediately prior to the Effective Date. It is further intended that, prior to, and conditional on, the Scheme becoming effective, applications will be made by LSEG plc to the London Stock Exchange for the cancellation of the trading of LSEG Shares on its main market for listed securities and the UK Listing Authority to cancel the listing of LSEG Shares on the Official List to take effect on the Effective Date.

On Completion, it is expected that HoldCo Shares will be listed on the London Stock Exchange and on the Frankfurt Stock Exchange. Prior to Admission, conditional dealings in HoldCo Shares will commence on the Effective Date and will end on the business day immediately prior to Admission which is expected to be 5-9 Business Days after the Effective Date. On the Effective Date, trading in the LSEG Shares will end

and the listing of the LSEG Shares on the London Stock Exchange will be cancelled. During the period from the Effective Date until Admission neither the LSEG Shares nor the HoldCo Shares will be admitted to the premium listing segment of the Official List. If Admission does not occur, all conditional dealings in HoldCo Shares will be of no effect and any such dealings will be at the sole risk of the parties concerned.

Share certificates in respect of the LSEG Shares will cease to be valid and should be destroyed on the first Business Day following the Effective Date. In addition, entitlements to the LSEG Shares held within the CREST system will be cancelled on the first Business Day following the Effective Date.

#### **14. Settlement**

Subject to the Scheme becoming effective and the Scheme Shares being transferred, settlement of the consideration to which any holder of Scheme Shares is entitled will be effected as soon as practicable and in any event not later than 14 days after the Effective Date in the manner set out below.

##### **14.1 Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)**

Where, at the Scheme Record Time, a holder of Scheme Shares holds such shares in uncertificated form, settlement of entitlements to HoldCo Shares will be effected through CREST by crediting the stock account in CREST in which each such uncertificated holder held the relevant Scheme Shares with such holder's entitlement to HoldCo Shares to which the relevant LSEG Shareholder is entitled under the terms of the Scheme, save to the extent that the relevant holder has elected to receive all or part of his entitlement to HoldCo Shares through a securities account in Clearstream Banking AG ("**CBF**") as described below.

A holder of Scheme Shares who holds such shares in uncertificated form may elect to receive some or all of the HoldCo Shares to which he is entitled under the Scheme through a securities account in CBF. Such an election shall be made by way completing and returning a Form of Election. To be effective, a Form of Election must be made and received by the Receiving Agent no later than the Election Return Time. If a Form of Election is received by the Receiving Agent after the Election Return Time or if a Form of Election is received by the Receiving Agent before such time but is not, or is deemed not to be, valid or complete in all respects at such time, then such election shall be void. Such holder's entitlement to HoldCo Shares will instead be credited to the stock account in CREST in which such holder held the relevant Scheme Shares.

Upon execution and delivery by a Scheme Shareholder of a valid Form of Election, such Scheme Shareholder shall be bound by the terms and provisions contained in the Form of Election. A Form of Election may be withdrawn by notice to the Receiving Agent in writing to be received by 6:30 p.m. on the date which falls one business day before the Election Return Time.

A Scheme Shareholder may make an election in respect of some or all of the HoldCo Shares to which he is entitled. An election shall only be accepted in respect of a whole number of HoldCo Shares.

Where a valid Form of Election has been made and not withdrawn, settlement of such Scheme Shareholders' entitlement to the relevant number of HoldCo Shares will be effected as follows: the HoldCo Shares will be issued into the CREST account of a nominee entity. Such nominee will hold the HoldCo Shares through a chain of custodians on behalf of CBF, which will hold the beneficial interest in the HoldCo Shares on behalf of the financial institutions participating in its settlement system. These financial institutions will hold the beneficial interests on behalf of the Scheme Shareholder. The Scheme Shareholder will receive a credit on securities account (*Gutschrift in Wertpapierrechnung*) in respect of the HoldCo Shares to the securities account specified by it in the Form of Election. As a result, such Scheme Shareholder will have a beneficial interest only in the HoldCo Shares.

Delivery of the HoldCo Shares will occur as soon as practicable and, in any event, no later than 14 days after the Effective Date.

Notwithstanding any of the above, HoldCo reserves the right to settle all or part of such consideration in the manner set out in paragraph 14.2 below if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this paragraph 14.1.

## **14.2 Consideration where Scheme Shares are held in certificated form**

Where, at the Scheme Record Time, a holder of Scheme Shares holds such shares in certificated form, settlement of entitlements to HoldCo Shares will be effected by the despatch of certificates by first class post representing the HoldCo Shares to which the relevant LSEG Shareholder is entitled under the terms of the Scheme as soon as practicable and, in any event, no later than 14 days after the Effective Date.

Certificates for the HoldCo Shares will be despatched by first class post to the address appearing on the LSEG plc share register at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

Pending the despatch of certificates for the HoldCo Shares, temporary documents of title will not be issued and transfers of HoldCo Shares in certificated form will not be permitted.

Every holder of LSEG Shares will be bound at the request of LSEG plc to deliver up to LSEG plc the existing certificate(s) or to destroy the certificate(s).

## **14.3 General**

Fractions of HoldCo Shares will not be allotted to LSEG Shareholders but will be aggregated and sold in the market after the Scheme becomes effective. The net proceeds of such sale will then be paid in cash to the relevant LSEG Shareholders in accordance with their fractional entitlements. However, individual entitlements to amounts of less than GBP5.00 will not be paid but will be retained for the benefit of HoldCo and the Combined Group.

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

Save with the consent of the Panel, settlement of the consideration to which any LSEG Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this Part III (*Explanatory Statement*) without regard to any lien, right of set off, counterclaim or analogous right to which HoldCo may otherwise be, or claim to be, entitled against any LSEG Shareholder.

## **15. Taxation**

HoldCo will be resident solely in the UK for tax purposes. LSEG plc in London and Deutsche Börse AG in Frankfurt would become intermediate subsidiaries of HoldCo. LSEG plc and Deutsche Börse AG will continue to be subject to tax in their respective countries of incorporation.

Shareholders should read Part XIII (*Taxation*) of this document which contains a general description of the United Kingdom and the United States tax consequences of the Merger. If they are in any doubt as to their tax position, they should contact their professional adviser immediately.

LSEG Shareholders who are or may be subject to tax outside the United Kingdom or the United States should consult an appropriate independent professional adviser as to the tax consequences of the Scheme.

## **16. Overseas Shareholders**

The release, publication or distribution of this document in or into jurisdictions other than the UK or the United States may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK or the United States should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular the ability of persons who are not resident in the United Kingdom, to vote their LSEG Shares with respect to the Scheme at the Court Meeting, or to execute and deliver forms of proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with English law, the City Code, the Listing Rules and the rules of the London Stock Exchange and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England and Wales.



Unless otherwise determined by HoldCo or required by the City Code, and permitted by applicable law and regulation, LSEG Shareholders will not be able to participate, directly or indirectly, in the Merger in any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Resolutions and the Scheme by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of any of the Resolutions and the Scheme.

In any case where an Overseas Shareholder is resident, located or has a registered address in a Restricted Jurisdiction or where HoldCo is advised that the issue of HoldCo Shares to an Overseas Shareholder would or may infringe the laws of any jurisdiction outside the United Kingdom or would or may require LSEG plc or HoldCo to obtain or observe any governmental or other consent or any registration, filing or other formality (including ongoing requirements) with which LSEG plc or HoldCo is unable to comply, or which LSEG plc or HoldCo regards as unduly onerous, HoldCo may, in its sole discretion determine that:

- (i) the HoldCo Shares shall be issued and sold on behalf of such shareholder with the net proceeds of such sale being remitted to such shareholder; or
- (ii) the HoldCo Shares shall instead be issued to a nominee appointed by HoldCo on behalf of such holder on terms that the nominee shall, as soon as reasonably practicable following the Effective Date, sell the HoldCo Shares so issued with the net proceeds of such sale being remitted to such Overseas Shareholder.

The availability of HoldCo Shares under the Merger to LSEG Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements.

Overseas Shareholders with a registered address in a Restricted Jurisdiction will not be sent a HoldCo Prospectus.

## **17. Additional information for US investors**

The LSEG Acquisition to be implemented by way of the Scheme is being made to acquire the securities of an English company by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US proxy solicitation or tender offer rules. The financial information included in this document has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Deutsche Börse AG or HoldCo exercises its right to implement the LSEG Acquisition by way of a takeover offer, such offer will be made in compliance with applicable US laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. In addition to any such takeover offer, Deutsche Börse AG, HoldCo or their respective nominees, or their respective brokers (acting as agents of Deutsche Börse AG or HoldCo), may from time to time make certain purchases of, or arrangements to purchase, LSEG Shares outside of the United States, other than pursuant to such takeover offer during the period in which such takeover offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

The receipt of HoldCo Shares by a US holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme is expected to be a non-taxable transaction for US federal income tax purposes except for cash, if any, received in lieu of fractions of HoldCo Shares. LSEG Shareholders that are US Persons may find a more detailed discussion at Part XIII (*Taxation*) of this document. Each LSEG

Shareholder is urged to consult his independent professional adviser immediately regarding the US federal, state and local and non-US tax consequences of the Scheme applicable to him.

It may be difficult for US holders of shares in Deutsche Börse AG or LSEG plc to enforce their rights and claims arising out of the US federal securities laws, since Deutsche Börse AG, HoldCo and LSEG plc are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

This document does not constitute an offer of securities for sale in the US or an offer to acquire or exchange securities in the US. The HoldCo Shares have not been and will not be registered under the US Securities Act of 1933 (the "**US Securities Act**") or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the HoldCo Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the US Securities Act or an exemption therefrom. The HoldCo Shares issued pursuant to the LSEG Acquisition are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof.

#### **18. Additional information for Canadian investors**

The HoldCo Shares will be freely transferable except for certain restrictions as set forth in this document and the HoldCo Prospectus. The HoldCo Shares acquired pursuant to the Scheme by shareholders of LSEG plc in Canada will be subject to resale restrictions under Canadian securities laws, and any resale must be made pursuant to an exemption from the prospectus requirements of Canadian securities laws, or in circumstances where the prospectus requirements of Canadian securities laws do not apply.

#### **19. Further information**

The terms of the Scheme are set out in full in Part VI (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in this document, all of which forms part of this Explanatory Statement, and, in particular, to the LSEG Conditions set out in Part IV (*Conditions to and further terms of the Scheme and the LSEG Acquisition*), and the additional information set out in Part XIV (*Additional Information*) of this document.

Your attention is further drawn to the HoldCo Prospectus, which contains further information on each of HoldCo, LSEG plc, Deutsche Börse AG, the Combined Group and the HoldCo Shares and for which HoldCo, the HoldCo Directors and the HoldCo Proposed Directors are responsible.

#### **20. Action to be taken**

##### ***Sending Forms of Proxy by post or by hand***

LSEG Shareholders will find enclosed with this document a BLUE Form of Proxy for the Court Meeting and a WHITE Form of Proxy for the LSEG General Meeting. Please complete and sign the enclosed Forms of Proxy in accordance with the instructions printed on them and return them, either by post or (during normal business hours only) by hand to LSEG plc's registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as possible and, in any event, so as to be received not later than 10:00 a.m. (for the Court Meeting) and 10:15 a.m. (for the LSEG General Meeting), respectively on 2 July 2016 (or, in the case of adjournment(s), not later than 48 hours before the time fixed for the adjourned Meeting(s)). If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to a representative of LSEG plc's registrar, Equiniti, on behalf of the Chairman of the Court Meeting, before the start of the Court Meeting. However, in the case of the LSEG General Meeting, the WHITE Form of Proxy must be returned by the time mentioned above, or it will be invalid.

LSEG Shareholders are entitled to appoint a proxy in respect of some or all of their LSEG Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. LSEG Shareholders who wish to appoint more than one proxy in respect of their holding of LSEG Shares should contact LSEG plc's registrar, Equiniti, for further Forms of Proxy.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below) will not prevent you from attending, speaking and voting in person at either the Court Meeting or the LSEG General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

### ***Electronic appointment of proxies through CREST***

If you hold your LSEG Shares in uncertificated form (i.e. in CREST) you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the notices of the Meetings set out in Part XVII (*Notice of Court Meeting*) and Part XVIII (*Notice of General Meeting*) of this document). Proxies submitted via CREST (under CREST participant ID RA19) must be received by LSEG plc's registrar, Equiniti, by no later than 10:00 a.m. London time on 2 July 2016 in the case of the Court Meeting and by no later than 10:15 a.m. London time on 2 July 2016 in the case of the LSEG General Meeting or, in the case of any adjournment, by no later than 48 hours before the time fixed for the holding of the adjourned meeting.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by LSEG plc's registrar, Equiniti, not less than 48 hours before the time fixed for the Court Meeting or LSEG General Meeting (or adjourned meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which LSEG plc's registrar, Equiniti, is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

### ***Online appointment of proxies***

LSEG Shareholders entitled to attend and vote at the Meetings may appoint a proxy electronically by logging on to the following website: [www.sharevote.co.uk](http://www.sharevote.co.uk) and entering the Voting ID, Task ID and Shareholder Reference Number shown on their Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by LSEG plc's registrar, Equiniti, no later than 10:00 a.m. London time on 2 July 2016 for the Court Meeting and 10:15 a.m. London time on 2 July 2016 for the LSEG General Meeting (or, in the case of adjournment(s), not later than 48 hours before the time fixed for the adjourned Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time you may complete the BLUE Form of Proxy and hand it to a representative of the registrar, Equiniti, on behalf of the Chairman of the Court Meeting, before the start of that Meeting.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair representation of the opinion of LSEG Shareholders. You are therefore strongly advised to complete, sign and return your forms of proxy or to appoint a proxy through**

**CREST or appoint a proxy electronically through the Electronic Proxy Appointment Facility (“EPA”) operated by Equiniti, for both the Court Meeting and the LSEG General Meeting as soon as possible**

***Shareholder Helpline***

**If you have any questions in relation to this document, the Meetings, or the completion and return of the Forms of Proxy, please telephone LSEG plc’s registrar, Equiniti, between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays) on 0330 123 5505 from within the UK or +44 (0)121 415 0902 if calling from outside the UK. Calls to the Shareholder Helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Merger nor give any financial, legal or tax advice.**

Yours faithfully

**Simon Robey**  
Managing Director

For and on behalf of  
Robey Warshaw LLP

**François-Xavier de Mallmann**  
Managing Director

For and on behalf of  
Goldman Sachs International

**Matthew Smith**  
Managing Director

For and on behalf of  
Barclays Bank PLC, acting through its Investment  
Bank

**Dwayne Lysaght**  
Managing Director

For and on behalf of  
J.P. Morgan Limited

**PART IV**  
**CONDITIONS TO AND FURTHER TERMS OF THE SCHEME AND THE LSEG**  
**ACQUISITION**

**Part A: Conditions of the Scheme and the LSEG Acquisition**

The LSEG Acquisition is subject to the Scheme becoming effective, subject to the City Code, by not later than 30 June 2017 and all other LSEG Conditions having been satisfied or waived by the time of the Scheme Court Hearing.

**1. *Scheme approval***

The Scheme is subject to the following conditions:

- (a) by the expiration of the Acceptance Period, the Scheme having been approved at the Court Meeting by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders;
- (b) by the expiration of the Acceptance Period, all resolutions of the LSEG General Meeting in connection with or required to approve and implement the Scheme and Merger as set out in the notice of the LSEG General Meeting (including, without limitation, the Special Resolution) having been duly passed by the requisite majority at the LSEG General Meeting at the time of expiration of the Acceptance Period;
- (c) by the expiration of the Long Stop Date:
  - (i) the Scheme having been sanctioned at the Scheme Court Hearing; and
  - (ii) an office copy of the Scheme Court Order having been delivered to the Registrar of Companies.

In addition, subject as stated below and subject to the requirements of the Panel, the LSEG Acquisition is subject to the following Conditions 2 to 22 which, unless stipulated otherwise, must be satisfied by no later than the Scheme Court Hearing and accordingly a copy of the Scheme Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

**2. *Exchange Offer Acceptance Condition***

at the time of expiration of the Acceptance Period, the sum of the total number of Deutsche Börse Shares in relation to which the Exchange Offer has been accepted and withdrawal has not been validly declared and the total number of Deutsche Börse Shares that HoldCo already holds or has acquired, equals at least 75 per cent. of the sum of the Deutsche Börse Shares existing as of the end of the Acceptance Period minus 6,276,014 Deutsche Börse Shares held by Deutsche Börse AG at the time of the publication of the Exchange Offer Document;

**3. *Listing***

by the Scheme Court Hearing (i) the FCA having acknowledged to HoldCo or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the HoldCo Shares to the Official List of the FCA with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("**UK Listing Conditions**")) admission will become effective as soon as a dealing notice has been issued by the FCA and any UK Listing Conditions have been satisfied; and (ii) the London Stock Exchange having acknowledged to HoldCo or its agent (and such acknowledgement not having been withdrawn) that the HoldCo Shares will be admitted to trading on the main market of the London Stock Exchange;

**4. *EC Merger Control***

by the Scheme Court Hearing:

- (i) the European Commission having approved the Merger in accordance with Article 6(1)(b), Article 6(2), Article 8(1) or Article 8(2) of the Merger Regulation, or the Merger being deemed to have been approved in accordance with the Merger Regulation; or



- (ii) the European Commission having issued a decision to refer the whole or part of the Merger to the competent authorities of one or more European Union or EFTA state under Article 9(3) of the Merger Regulation; and
  - (i) each such authority taking a decision with equivalent effect to that referred to in Condition 4(i) with respect to those parts of the Merger referred to it; and
  - (ii) the European Commission taking any of the decisions referred to in Condition 4(i) with respect to any part of the Merger retained by it;

5. *US Merger Control*

- (i) by the Scheme Court Hearing (a) all filings having been made and (b) all or any applicable waiting periods (including any extensions thereof) under the United States Hart Scott Rodino Antitrust Improvements Act of 1976 and the regulations thereunder having expired, lapsed or been terminated as appropriate in each case in respect of the Merger, or any matters arising from the Merger; or
- (ii) where either or both of (a) and (b) has not occurred, a Panel Statement relating to the circumstances described in (i) above having been published;

6. *No insolvency of Deutsche Börse AG or LSEG plc or similar proceedings / no conflicting sovereign legal acts*

During the period from the date of the Announcement until the end of the Acceptance Period:

(i) *No insolvency of Deutsche Börse AG*

- (aa) Deutsche Börse AG not having published an ad-hoc announcement pursuant to section 15 of the German Securities Trading Act that insolvency proceedings under German law have been opened against the assets of Deutsche Börse AG or that the Deutsche Börse Management Board has petitioned for the opening of such proceedings or that there is a reason that would require the opening of such insolvency; or
- (bb) where such announcement has been published by Deutsche Börse AG, a Panel Statement relating to the circumstances described in (aa) above having been published;

(ii) *No insolvency of LSEG plc*

- (aa) LSEG plc not having published an announcement pursuant to the Disclosure and Transparency Rules that it has had any legal proceedings instituted against it in relation to the suspension of payments, a moratorium of indebtedness or for the appointment of any liquidator, administrator or receiver; or
- (bb) where such announcement has been published by LSEG plc, a Panel Statement relating to the circumstances described in (aa) above having been published;

(iii) *No conflicting sovereign legal acts relating to Deutsche Börse AG*

- (aa) Deutsche Börse AG not having published an ad-hoc announcement pursuant to section 15 of the German Securities Trading Act that a government authority, a legislative body or a court in the United Kingdom, Germany, France, Italy or the USA has issued a law, regulation, directive, administrative order or injunction that is still in force or continues to exist at the time when the Acceptance Period expires and that prohibits or would make illegal the completion of the Exchange Offer (each, a “**Relevant Deutsche Börse Event**”); or
- (bb) where a Relevant Deutsche Börse Event has occurred, a Panel Statement relating to the circumstances described in (aa) above having been published;

(iv) *No conflicting sovereign legal acts relating to LSEG plc*

- (aa) LSEG plc not having published an announcement pursuant to the Disclosure and Transparency Rules that a government authority, a legislative body or a court in the United Kingdom, Germany, France, Italy or the USA has issued a law, regulation, directive, administrative order or injunction that is still in force or continues to exist at the time when the Acceptance Period expires and that prohibits or would make illegal the completion of the LSEG Acquisition (each, a “**Relevant LSEG Event**”); or

- (bb) where a Relevant LSEG Event has occurred, a Panel Statement relating to the circumstances described in (aa) above having been published;

**7. *Russian Merger Control***

- (i) the Russian FAS (the Federal Antimonopoly Service of the Russian Federation) has cleared the Merger or issued a decision stating that no approval is required pursuant to the Competition Law (the Russian Federal Law No. 135-FZ dated 26 July 2006 “On Protection of Competition” (as further amended)); or
- (ii) where there is no such clearance or decision, a Panel Statement relating to the circumstances described in (i) above having been published;

**8. *No Scheme lapse***

by the time of the expiration of the Acceptance Period, the Scheme not having lapsed as a result of the European Commission either initiating proceedings under Article 6(1)(c) of the Merger Regulation or making a referral to a competent authority of the United Kingdom under Article 9(1) of the Merger Regulation resulting in a reference to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 before the Court Meeting or the LSEG General Meeting;

**9. *Financial holding company***

- (i) by the Scheme Court Hearing, none of the FCA, BaFin, and ACPR has confirmed in writing that HoldCo will become a financial holding company as defined in Article 4(1)(20) of Regulation (EU) No 575/2013 as a result of the Merger; or
- (ii) in the case of any such confirmation having been provided, a Panel Statement relating to the circumstances described in (i) above having been published;

**10. *Deutsche Börse German regulatory conditions***

- (i) (a) BaFin (aa) not having prohibited the intended indirect acquisition of a qualifying holding in Eurex Repo GmbH, Eurex Bonds GmbH and 360 Treasury Systems AG within the period available to it pursuant to Section 2c(1a) of the German Banking Act (*Kreditwesengesetz*) whereby the acquisition is deemed to be approved, as well as not having opposed the intended indirect acquisition of a qualifying holding in Eurex Clearing AG and European Commodity Clearing AG in their status as central counterparties (“CCPs”) within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-objection or non-opposition with regard to the specifically intended acquisition within this period; or
- (b) in the case of such prohibition or opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;
- (ii) (a) the Hessian Exchange Supervisory Authority (aa) not having prohibited the intended (indirect) acquisition of a qualifying holding in Deutsche Börse AG, Börse Frankfurt Zertifikate AG and Eurex Frankfurt AG within the period available to it pursuant to Section 6(2) of the German Stock Exchange Act (*Börsengesetz*) whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or
- (b) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;
- (iii) (a) the ECB (aa) not having opposed the intended indirect acquisition of a significant participation in Eurex Clearing AG, Tradegate AG Wertpapierhandelsbank, and Clearstream Banking AG within the period available to it pursuant to Section 2c(1a) of the German Banking Act (*Kreditwesengesetz*) and Article 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be

approved, or (bb) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

- (iv) (a) the Saxonian Exchange Supervisory Authority (aa) not having prohibited the intended indirect acquisition of a qualifying holding in European Energy Exchange AG within the period available to it pursuant to Section 6(2) of the German Exchange Act (Börsengesetz) whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(b) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

- (v) (a) the Berlin Exchange Supervisory Authority (aa) not having prohibited the intended indirect acquisition of a qualifying holding in Tradegate Exchange GmbH within the period available to it pursuant to Section 6(2) of the German Exchange Act (Börsengesetz) whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(b) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

#### 11. *Deutsche Börse Luxembourg regulatory conditions*

- (i) (a) the Luxembourg Supervisory Authority for the Financial Sector (Commission de Surveillance du Secteur Financier—“CSSF”) having, in accordance with Article 18 of the amended Luxembourg law of 5 April 1993 on the financial sector (“LFS”), not prohibited the intended indirect acquisition of Clearstream International S.A., Clearstream Services S.A. and LuxCSD S.A. within the statutory assessment period available to it whereby the acquisition is deemed to be approved; or

(b) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

- (ii) (a) the ECB (aa) not having opposed the intended indirect acquisition of a qualifying holding in Clearstream Banking S.A. within the period available to it pursuant to Article 6 of the amended Luxembourg law of 5 April 1993 on the financial sector (“LFS”), and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

#### 12. *Deutsche Börse Switzerland regulatory condition*

- (i) the Swiss Financial Market Supervisory Authority FINMA (“FINMA”) having given notice of its approval in writing or otherwise or being treated as having given its approval under the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, “FMIA”) dated 19 June 2015, in respect of any increase in or acquisition of control over Eurex Zürich AG, Deutsche Börse AG, Eurex Deutschland, European Energy Exchange AG, Powernext SA, Cleartrade Exchange Pte. Limited, Tradegate Exchange GmbH, Frankfurter Wertpapierbörse—FWB, and Tradegate AG Wertpapierhandelsbank, which would take place as a result of the Deutsche Börse Acquisition becoming effective; or

- (ii) where such approval has not been given and is not treated as having been given, a Panel Statement in relation to the circumstances set out under (i) above having been published;

13. ***Deutsche Börse Singapore regulatory condition***

- (i) the Monetary Authority of Singapore (“MAS”) having given approval under Singapore law (including under the Securities and Futures Act of Singapore (Chapter 289)) in respect of the direct or indirect acquisition of shareholding and/or the control of Deutsche Börse Asia Holding Pte. Ltd and Eurex Clearing Asia Pte. Ltd.; or
- (ii) where such approval has not been given, a Panel Statement in relation to the circumstances set out under (i) above having been published;

14. ***Deutsche Börse France regulatory condition***

- (i) the French Ministry of Economy (*Ministre chargé de l'économie*) (a) having given approval under article L. 421-9 of the French Monetary and Financial Code (the “**FMF Code**”) in respect of the indirect change of control over Powernext SA, and (b) where the French Ministry of Economy has not given notice that its approval to the indirect investment in EPEX SPOT SE is not required, the French Ministry of Economy having granted in writing its approval under articles L. 151-3 and R. 153-4, or being deemed to have been given such approval by virtue of article R. 153-8 of the FMF Code; or
- (ii) where either or both of such approvals have not been granted and are not deemed to have been given, a Panel Statement in relation to the circumstances set out under (i) above having been published;

15. ***Deutsche Börse United States regulatory condition***

- (i) the Securities and Exchange Commission, or the Division of Trading and Markets pursuant to delegated authority, having given approval of the proposed rule change of ISE Gemini, LLC, ISE Mercury, LLC and International Securities Exchange, LLC pursuant to Section 19(b)(1) of the U.S. Exchange Act and Rule 19b-4 thereunder; or
- (ii) where there is no such approval, a Panel Statement in relation to the circumstances set out under (i) above having been published;

16. ***Deutsche Börse UK regulatory condition***

- (i) the FCA having given notice of its approval in writing under section 189(4) of FSMA or a decision notice under section 189(7) of FSMA, or the approval is deemed to have been given by virtue of section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in sections 181 and 182 of FSMA) over R5FX Ltd, Global Markets Exchange Group Ltd and Digital Vega FX Ltd which would take place as a result of the Deutsche Börse Acquisition becoming effective; or
- (ii) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (i) above having been published;

17. ***LSEG French regulatory conditions***

- (i) (a) the ECB (aa) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet SA (Banque Centrale de Compensation S.A.) in its capacity as a credit institution within the period available to it pursuant to Article L. 511-12-1 of the French Monetary and Financial Code (*Code monétaire et financier*) as specified by the French CRBF (*Comité de la réglementation bancaire et financière*) Regulation no. 96-16 (as amended) and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or  
(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;
- (ii) (a) the ACPR (aa) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet SA (Banque Centrale de Compensation S.A.) in its capacity as a CCP within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

- (iii) (a) where the French Ministry of Economy (*Ministre chargé de l'économie*) has not given notice that its approval to the indirect investment in LCH.Clearnet S.A. is not required, the French Ministry of Economy (*Ministre chargé de l'économie*) having given its approval under Articles L. 151-3 and R. 153-4 of the French Monetary and Financial Code (*Code monétaire et financier*), or been deemed to have given its approval, in respect of the indirect change in control of LCH.Clearnet S.A. (Banque Centrale de Compensation S.A.); or

(b) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (a) above having been published;

**18. LSEG Italian regulatory conditions**

- (i) (a) the Banca d'Italia (aa) not having opposed the intended indirect acquisition of a qualifying holding in Cassa di Compensazione e Garanzia SpA within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (bb) having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

- (ii) (a) the Banca d'Italia having given notice of its approval in writing as provided under Article 15 of the Financial Law Consolidated Act (*Decreto Legislativo 24 febbraio 1998, n. 58—Testo unico delle disposizioni in materia di intermediazione finanziaria*), as implemented by the Regulations of the Banca d'Italia of 4 August 2000 as amended or supplemented by the provisions of Articles 4, 10 and 10(a) of Directive 2004/39/EC and Directive 2007/44/EC, or such approval is deemed to have been given in respect of the acquisition of a qualified holding in Euro TLX SIM S.p.A; or

(b) where there is no such approval and no such approval is deemed to have been given, a Panel Statement in relation to the circumstances set out under (a) above having been published;

**19. LSEG Norwegian regulatory condition**

- (i) the Financial Supervisory Authority of Norway (“**Finanstilsynet**”) having not objected to the change in control of LCH.Clearnet Ltd under the Norwegian Securities Trading Act (*Lov om verdipapirhandel*) section 13-1 and section 9-10 (or such objection being deemed not to have been made whereby the change in control is deemed to be approved); or
- (ii) where there is such objection or the change in control is not deemed to be approved, a Panel Statement in relation to the circumstances set out under (i) above having been published;

**20. LSEG UK regulatory conditions**

- (i) (a) the FCA having given notice of its approval in writing under section 301G(3)(a) of FSMA or such approval is deemed to have been given by virtue of section 301G(4) of FSMA, in respect of any increase in or acquisition of control (as defined in section 301D of FSMA) over London Stock Exchange plc which would take place as a result of the LSEG Acquisition becoming effective; or

(b) where there is no such approval (and no such approval is deemed to have been given), a Panel Statement in relation to the circumstances set out under (a) above having been published;

- (ii) (a) the FCA having given notice of its approval in writing under section 189(4) of FSMA or a decision notice under section 189(7) of FSMA, or the approval is deemed to have been given by virtue of section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in sections 181 and 182 of FSMA) over EuroMTS Ltd and Turquoise Global Holdings Ltd which would take place as a result of the LSEG Acquisition becoming effective; or



(b) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (a) above having been published;

- (iii) (a) the Bank of England (“**BoE**”) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet Ltd which would take place as a result of the LSEG Acquisition becoming effective, within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or

(b) in case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (a) above having been published;

**21. LSEG US regulatory condition**

- (i) the Commodity Futures Trading Commission not having responded to a notice disclosing the anticipated changes in ownership given pursuant to 17 C.F.R. § 39.19(c)(4)(viii) in respect of LCH.Clearnet LLC, LCH.Clearnet Ltd or LCH. Clearnet SA by issuing an order, notice or other communication that removes, restricts or makes material changes to that entity’s authorisation; or
- (ii) where such objection notice has been issued, a Panel Statement in relation to the circumstances set out under (i) having been published; and

**22. LSEG Switzerland regulatory condition**

- (i) FINMA having given notice of its approval in writing or by other means according to the practice of FINMA or such approval or consent is deemed to have been given under the Financial Market Infrastructure Act (*Ordonnance sur l’infrastructure des marches financiers/ Finanzmarktinfrastuktugesetz/ Legge sull’infrastruttura finanziaria*) (“**FMIA**”) dated 19 June 2015, in respect of any increase in or acquisition of control over Borsa Italiana SpA; or
- (ii) where no such approval or consent has been given and no such approval or consent is deemed to have been given, a Panel Statement in relation to the circumstances set out under (i) having been published.

**Part B: Waiver and Invocation of the Conditions**

Subject to the requirements of the Panel, HoldCo reserves the right to waive in whole or in part, all or any of the above LSEG Conditions 2 to 22 (inclusive).

The Scheme shall lapse (unless otherwise agreed with the Panel) if the European Commission either initiates proceedings under Article 6(1)(c) of the Merger Regulation or makes a referral to a competent authority of the United Kingdom under Article 9(1) of the Merger Regulation and there is then a reference to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 before the Court Meeting or the LSEG General Meeting.

Each of the LSEG Conditions will be regarded as a separate LSEG Condition and will not be limited by reference to any other LSEG Condition.

If a Panel Statement is published, HoldCo will treat the relevant LSEG Condition(s) to the LSEG Acquisition as having been satisfied or fulfilled.

**Part C: Implementation by way of Takeover Offer**

HoldCo reserves the right to elect, with the consent of the Panel and LSEG plc and otherwise subject to and in accordance with the Co-operation Agreement, to implement the LSEG Acquisition by way of a Takeover Offer by HoldCo for the entire issued and to be issued share capital of LSEG plc as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme.

**Part D: Certain further terms of the LSEG Acquisition**

LSEG Shares will be acquired by HoldCo fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together

with all rights attaching to them as at the Effective Date or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the Effective Date (but excluding, for the avoidance of doubt, the Permitted LSEG Dividends as described below).

Except in the circumstances described in the following paragraph, HoldCo, and no other entity, will be the offeror for the purposes of the LSEG Acquisition and the Merger will only be capable of implementation with HoldCo as the offeror for the purposes of both the LSEG Acquisition and the Exchange Offer.

If a third party announces a firm intention to make an offer for the issued and to be issued ordinary share capital of LSEG plc which is recommended by the directors of LSEG plc, or the board of directors of LSEG plc withdraws its unanimous recommendation of the LSEG Acquisition, Deutsche Börse AG reserves the right to elect, with the consent of the Panel and otherwise subject to and, if then in force, in accordance with the Co-operation Agreement, to implement the LSEG Acquisition by way of a Takeover Offer by Deutsche Börse AG for the entire issued and to be issued share capital of LSEG plc as an alternative to the Scheme.

Under the terms of the Merger, LSEG plc and Deutsche Börse AG have agreed that:

- (i) LSEG Shareholders will be entitled to receive dividends of:
  - (a) 25.2 pence per LSEG Share for the six month period ended 31 December 2015, scheduled to be paid on 1 June 2016; and
  - (b) 12.0 pence per LSEG Share in respect of the six month period ending 30 June 2016 in line with LSEG plc's existing dividend policy, scheduled to be paid in September 2016,each dividend that is permissible under these criteria being a **"Permitted LSEG Dividend"** and together the **"Permitted LSEG Dividends"**; and
- (ii) Deutsche Börse Shareholders will be entitled to receive a dividend of EUR2.25 per Deutsche Börse Share for the 12 month period ended 31 December 2015, paid on 12 May 2016 (the **"Permitted Deutsche Börse Dividend"**);
- (iii) for the avoidance of doubt, if Completion occurs after the announcement or declaration of any dividend permissible under these criteria, but before its payment date, the relevant shareholders will not be entitled to receive such dividend; and
- (iv) if either party announces, declares, makes or pays any dividend or other distribution on or after the date of the Announcement and prior to Completion, other than:
  - (a) a Permitted LSEG Dividend, or in excess of the Permitted LSEG Dividends, HoldCo reserves the right to reduce the LSEG Exchange Ratio so as to reflect the value attributable to any such dividend or such excess; and
  - (b) the Permitted Deutsche Börse Dividend, or in excess of the Permitted Deutsche Börse Dividend, LSEG plc shall be entitled to declare and pay an equalising dividend to LSEG Shareholders so as to reflect the value attributable to any such dividend or such excess adjusted by multiplying by the sum of 45.6 divided by 54.4 to reflect the pro rata share of the Combined Group that LSEG plc, Deutsche Börse AG and HoldCo expect LSEG Shareholders to hold at Completion, without any consequential change to the LSEG Exchange Ratio.

The LSEG Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.

The LSEG Acquisition is governed by the law of England and Wales and is subject to the jurisdiction of the English courts and to the LSEG Conditions and further terms set out in this Part IV (*Conditions to and further terms of the Scheme and LSEG Acquisition*). The LSEG Acquisition will be subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange, the FCA and the UK Listing Authority.

The HoldCo Shares will be issued credited as fully paid.

## PART V DETAILS OF THE EXCHANGE OFFER

### Part A—Summary of the Exchange Offer

On or around the same date as this document, HoldCo has launched a voluntary public tender offer in accordance with the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*) to the Deutsche Börse Shareholders for the acquisition of all Deutsche Börse Shares (subject to certain exceptions). The Deutsche Börse Shareholders will be entitled to receive one share in HoldCo for each Deutsche Börse Share. The terms of the Exchange Offer are set out in detail in the Exchange Offer Document published on or around the date of this document. The LSEG Acquisition and the Deutsche Börse Acquisition are inter-conditional such that Completion will only occur if both the LSEG Acquisition and the Deutsche Börse Acquisition are completed by HoldCo. This is achieved by making the Scheme and the Exchange Offer subject to the same Conditions. Accordingly, although the LSEG Conditions apply only to the Scheme and the Deutsche Börse Conditions apply only to the Exchange Offer, they are drafted on the same basis and each Condition needs to be satisfied (or waived, as applicable) in order for the Merger to complete. Completion of the Exchange Offer will occur at the same time as completion of the Scheme. The Exchange Offer Document has been reviewed and its publication has been permitted by BaFin. The Deutsche Börse Shareholders may accept the Exchange Offer during the Acceptance Period starting 1 June 2016 until 12 July 2016. There are certain limited circumstances in which the Acceptance Period can be extended. Any extension to the Acceptance Period will be announced on the internet at <http://www.mergerdocuments-db-lseg.com/> (in German as well as in English) and, to the extent necessary pursuant to the German Takeover Act, in German in the Federal Gazette.

The German Takeover Act requires that the value of any share consideration in a takeover offer is generally determined by reference to the volume-weighted average stock exchange price of the offered shares during the last three months prior to the publication of the decision to make the offer (the “**3-Month Average Price**”). It must be demonstrated that the value of one HoldCo Share offered to the Deutsche Börse Shareholders under the Exchange Offer in exchange for one Deutsche Börse Share exceeds the 3-Month Average Price. The valuation of HoldCo prepared by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main / Germany confirmed that this requirement had been satisfied.

The completion of the Exchange Offer is subject to certain conditions, including a minimum acceptance threshold of 75 per cent. (less treasury shares held at the beginning of the Acceptance Period) as well as merger control and regulatory clearances. The Scheme and the Exchange Offer are subject to the same Conditions. Accordingly, although the LSEG Conditions apply only to the Scheme and the Deutsche Börse Conditions apply only to the Exchange Offer, they are drafted on the same basis and each Condition needs to be satisfied (or waived, as applicable) in order for Completion to occur. The Deutsche Börse Conditions are set out in Part B of this Part V (*Details of the Exchange Offer*) and the LSEG Conditions are set out in Part IV (*Conditions to and further terms of the Scheme and the LSEG Acquisition*) of this document. As the Exchange Offer is conditional on acceptances being received in respect of at least 75 per cent. of the Deutsche Börse Shares (less treasury shares held at the beginning of the Acceptance Period), the Merger may proceed to Completion without HoldCo acquiring 100 per cent. of the Deutsche Börse Shares. HoldCo also has the right to waive down the acceptance threshold under the Exchange Offer prior to the expiry of the Acceptance Period. In circumstances where HoldCo acquires less than 100 per cent. of the Deutsche Börse Shares but Completion occurs, Deutsche Börse AG will continue to have minority shareholders and a listing on the Frankfurt Stock Exchange until such time as HoldCo may seek to implement certain corporate measures to change or address this such as (i) exclusion of the remaining minority Deutsche Börse Shareholders through a squeeze out; (ii) a delisting of Deutsche Börse AG; and (iii) the conclusion of a domination agreement between HoldCo and Deutsche Börse AG based on which HoldCo would be legally entitled to issue binding instructions to the Deutsche Börse Management Board. For further detail, see the risk factors in Part II (*Risk Factors*) of this document.

### Part B—Conditions to and further terms of the Exchange Offer

The Exchange Offer and the Scheme are interconditional. As a result the Merger will only take place if both the Exchange Offer and the Scheme are completed by HoldCo (“**Interconditionality**”). The Interconditionality is achieved by making both the Exchange Offer and the Scheme dependent on the same conditions, or conditions that are functionally equivalent, as the case may be. In particular, the Exchange

Offer is subject to the condition that the Scheme is court-approved, and the Scheme is subject to the condition that the Exchange Offer Acceptance Condition has been satisfied.

### **Deutsche Börse Conditions**

The Exchange Offer and the agreements with the Deutsche Börse Shareholders which are concluded by accepting the Exchange Offer will only be closed if the following requirements (the “**Deutsche Börse Conditions**”) have been satisfied, or validly waived by HoldCo before the failure of the respective Deutsche Börse Condition up to one working day (*Werktag*) prior to the expiration of the Acceptance Period:

#### A. Conditions applying until the end of the Acceptance Period

##### **1. Exchange Offer Acceptance Condition**

At the time of expiration of the Acceptance Period, the sum of the total number of Deutsche Börse Shares in relation to which the Exchange Offer has been accepted and withdrawal has not been validly declared and the total number of Deutsche Börse Shares that HoldCo already holds or has acquired, equals at least 75 per cent. of the sum of the Deutsche Börse Shares existing as at the end of the Acceptance Period minus 6,276,014 Deutsche Börse Shares held by Deutsche Börse AG at the time of the publication of the Exchange Offer Document.

##### **2. No insolvency of Deutsche Börse AG or LSEG plc or similar proceedings / no conflicting sovereign legal acts**

At the time of expiration of the Acceptance Period:

(i) each of the following Deutsche Börse Conditions 2(i)(a) to 2(i)(d) having been satisfied:

###### *(a) No insolvency of Deutsche Börse AG*

- (A) Deutsche Börse AG not having published an ad-hoc announcement pursuant to section 15 of the German Securities Trading Act that insolvency proceedings have been opened against the assets of Deutsche Börse AG or that the Deutsche Börse Management Board has petitioned for the opening of such proceedings or that there is a reason that would require the filing of a petition for the opening of insolvency; or
- (B) to the extent that Deutsche Börse AG has published such an announcement, a Panel Statement relating to the circumstances described in (A) above having been published;

###### *(b) No insolvency of LSEG plc or similar proceedings concerning LSEG plc*

- (A) to LSEG plc not having published an announcement pursuant to the Disclosure and Transparency Rules that it has had any legal proceedings instituted against it in relation to the suspension of payments, a moratorium of indebtedness, or for the appointment of any liquidator, administrator or receiver; or
- (B) to where such announcement has been published by LSEG plc, a Panel Statement relating to the circumstances described in (A) above having been published;

###### *(c) No conflicting sovereign legal acts relating to Deutsche Börse AG*

- (A) Deutsche Börse AG not having published an ad-hoc announcement pursuant to section 15 of the German Securities Trading Act that a government authority, a legislative body or a court in the United Kingdom, Germany, France, Italy or the USA has issued a law, regulation, directive, administrative order or injunction that is still in force or continues to exist at the time when the Acceptance Period expires and that prohibits or would make illegal the completion of the Exchange Offer (each, a “**Relevant Deutsche Börse Event**”); or
- (B) where a Relevant Deutsche Börse Event has occurred, a Panel Statement relating to the circumstances described in (A) above having been published;

###### *(d) No conflicting sovereign legal acts relating to LSEG plc*

- (A) LSEG plc not having published an announcement pursuant to the Disclosure and Transparency Rules that a government authority, a legislative body or a court in the United Kingdom, Germany, France, Italy or the USA has issued a law, regulation, directive,

administrative order or injunction that is still in force or continues to exist at the time when the Acceptance Period expires and that prohibits or would make illegal the completion of the LSEG Acquisition (each, a “**Relevant LSEG Event**”); or

- (B) where a Relevant LSEG Event has occurred, a Panel Statement relating to the circumstances described in (A) above having been published;

### 3. *LSEG Shareholder Approval*

At the time of the expiration of the Acceptance Period:

- (i) the Scheme having been approved at the Court Meeting by a simple majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders;
- (ii) all resolutions of the LSEG General Meeting in connection with or required to approve and implement the Scheme and Merger as set out in the notice of the LSEG General Meeting (including, without limitation, the Special Resolution) having been duly passed by the requisite majority at the LSEG General Meeting; and

### 4. *No Scheme lapse*

prior to the expiration of the Acceptance Period, the Scheme not having lapsed as a result of the European Commission either initiating proceedings under Article 6(1)(c) of the Council Regulation (EC) No 139/2004 (the “**Merger Regulation**”) or making a referral to a competent authority of the United Kingdom under Article 9(1) of the Merger Regulation resulting in a reference to the chair of the UK Competition and Markets Authority for the constitution of a group under Schedule 4 to the UK Enterprise and Regulatory Reform Act 2013 before the Court Meeting or the LSEG General Meeting.

### B. Conditions applying after the end of the Acceptance Period

By no later than the expiration of the Long Stop Date, each of the following Deutsche Börse Conditions 5 to 8 will have been satisfied:

### 5. *Scheme Sanction*

- (i) the Scheme having been sanctioned at the Scheme Court Hearing; and
- (ii) an office copy of the Scheme Court Order having been delivered to the Registrar of Companies;

### 6. *Listing*

by the Scheme Court Hearing: (i) the FCA having acknowledged to HoldCo or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the HoldCo Shares to the Official List of the FCA with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (“**UK Listing Conditions**”)) admission will become effective as soon as a dealing notice has been issued by the FCA and any UK Listing Conditions have been satisfied; and (ii) the London Stock Exchange having acknowledged to HoldCo or its agent (and such acknowledgement not having been withdrawn) that the HoldCo Shares will be admitted to trading on the main market of the London Stock Exchange;

### 7. *EC Merger Control*

by the Scheme Court Hearing:

- (i) the European Commission having approved the Merger in accordance with Article 6(1)(b), Article 6(2), Article 8(1) or Article 8(2) of the Merger Regulation, or the Merger being deemed to have been approved in accordance with the Merger Regulation; or
- (ii) the European Commission having issued a decision to refer the whole or part of the Merger to the competent authorities of one or more European Union state or EFTA state under Article 9(3) of the Merger Regulation; and
  - (a) each such authority taking a decision with equivalent effect to that referred to in Condition (7)(i) with respect to those parts of the Merger referred to it; and



- (b) the European Commission taking any of the decisions referred to in Condition (7)(i) with respect to any part of the Merger retained by it;

8. ***Regulation/Non-EC Merger Control***

by the Scheme Court Hearing:

- (i) each of the following Deutsche Börse Conditions 8(i)(a) to 8(i)(p) is satisfied:

(a) *US Merger Control*

(aa) (AA) all filings having been made and (BB) all or any applicable waiting periods (including any extensions thereof) under the United States Hart Scott Rodino Antitrust Improvements Act of 1976 and the regulations thereunder having expired, lapsed or been terminated as appropriate in each case in respect of the Merger, or any matters arising from the Merger; or

(bb) where either or both of (AA) and (BB) has not occurred, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(b) *Russian Merger Control*

(aa) the Russian FAS (the Federal Antimonopoly Service of the Russian Federation) has cleared the Merger or issued a decision stating that no approval is required pursuant to the Competition Law (the Russian Federal Law No. 135-FZ dated 26 July 2006 “On Protection of Competition” (as further amended)); or

(bb) where there is no such clearance or decision, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(c) *Financial holding company*

(aa) neither the FCA, nor BaFin, nor the ACPR has confirmed in writing that HoldCo will become a financial holding company as defined in Article 4(1)(20) of Regulation (EU) No 575/2013 as result of the Merger; or

(bb) in the case of any such confirmation having been provided, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(d) *Deutsche Börse German regulatory conditions*

(A) (aa) BaFin (AA) not having prohibited the intended indirect acquisition of a qualifying holding in Eurex Repo GmbH, Eurex Bonds GmbH and 360 Treasury Systems AG within the period available to it pursuant to Section 2c(1a) of the German Banking Act (*Kreditwesengesetz*) whereby the acquisition is deemed to be approved, as well as not having opposed the intended indirect acquisition of a qualifying holding in Eurex Clearing AG and European Commodity Clearing AG in their status as central counterparties (“CCPs”) within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-objection or non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such prohibition or opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(B) (aa) the Hessian Exchange Supervisory Authority (AA) not having prohibited the intended (indirect) acquisition of a qualifying holding in Deutsche Börse AG, Börse Frankfurt Zertifikate AG and Eurex Frankfurt AG within the period available to it pursuant to Section 6(2) of the German Stock Exchange Act (*Börsengesetz*) whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(bb) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(C) (aa) the ECB (AA) not having opposed the intended indirect acquisition of a significant participation in Eurex Clearing AG, Tradegate AG Wertpapierhandelsbank, and

Clearstream Banking AG within the period available to it pursuant to Section 2c(1a) of the German Banking Act (Kreditwesengesetz) and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

- (D) (aa) the Saxonian Exchange Supervisory Authority (AA) not having prohibited the intended indirect acquisition of a qualifying holding in European Energy Exchange AG within the period available to it pursuant to Section 6(2) of the German Exchange Act (*Börsengesetz*) whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(bb) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

- (E) (aa) the Berlin Exchange Supervisory Authority (AA) not having prohibited the intended indirect acquisition of a qualifying holding in Tradegate Exchange GmbH within the period available to it pursuant to Section 6(2) of the German Exchange Act (*Börsengesetz*) whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-objection with regard to the specifically intended acquisition within this period; or

(bb) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

*(e) Deutsche Börse Luxembourg regulatory conditions*

- (A) (aa) the Luxembourg Supervisory Authority for the Financial Sector (Commission de Surveillance du Secteur Financier—“CSSF”) having, in accordance with Article 18 of the amended Luxembourg law of 5 April 1993 on the financial sector (“LFS”), not prohibited the intended indirect acquisition of Clearstream International S.A., Clearstream Services S.A. and LuxCSD S.A. within the statutory assessment period available to it whereby the acquisition is deemed to be approved; or

(bb) in the case of such prohibition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

- (B) (aa) the ECB (AA) not having opposed the intended indirect acquisition of a qualifying holding in Clearstream Banking S.A. within the period available to it pursuant to Article 6 of the amended Luxembourg law of 5 April 1993 on the financial sector “LFS” and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

*(f) Deutsche Börse Switzerland regulatory condition*

- (aa) the Swiss Financial Market Supervisory Authority FINMA (“FINMA”) having given notice of its approval in writing or otherwise or being treated as having given its approval under the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, “FMIA”) dated 19 June 2015, in respect of any increase in or acquisition of control over Eurex Zürich AG, Deutsche Börse AG, Eurex Deutschland, European Energy Exchange AG, Powernext SA, Cleartrade Exchange Pte. Limited, Tradegate Exchange GmbH, Frankfurter—Wertpapierbörse FWB, and Tradegate AG

Wertpapierhandelsbank, which would take place as a result of the Deutsche Börse Acquisition becoming effective; or

(bb) where such approval has not been given and is not treated as having been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(g) *Deutsche Börse Singapore regulatory condition*

(aa) the Monetary Authority of Singapore (“**MAS**”) having given approval under Singapore law (including under the Securities and Futures Act of Singapore (Chapter 289)) in respect of the direct or indirect acquisition of shareholding and/or the control of Deutsche Börse Asia Holding Pte. Ltd. and Eurex Clearing Asia Pte. Ltd.; or

(bb) where such approval has not been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(h) *Deutsche Börse France regulatory condition*

(aa) the French Ministry of Economy (*Ministre chargé de l'économie*) (a) having given approval under article L. 421-9 of the French Monetary and Financial Code (the “**FMF Code**”) in respect of the indirect change of control over Powernext SA, and (b) where the French Ministry of Economy has not given notice that its approval to the indirect investment in EPEX SPOT SE is not required, the French Ministry of Economy having granted in writing its corresponding approval under articles L. 151-3 and R. 153-4, or such approval being deemed to have been given by virtue of article R. 153-8 of the FMF Code; or

(bb) where either or both of such approvals have not been granted and are not deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(i) *Deutsche Börse United States regulatory condition*

(aa) the Securities and Exchange Commission, or the Division of Trading and Markets pursuant to delegated authority, having given approval of the proposed rule change of ISE Gemini, LLC, ISE Mercury, LLC and International Securities Exchange, LLC pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder; or

(bb) where there is no such approval, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(j) *Deutsche Börse UK regulatory condition*

(aa) the FCA having given notice of its approval in writing under section 189(4) of FSMA or a decision notice under section 189(7) of FSMA, or the approval is deemed to have been given by virtue of section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in sections 181 and 182 of FSMA) over R5FX Ltd, Global Markets Exchange Group Ltd and Digital Vega FX Ltd which would take place as a result of the Deutsche Börse Acquisition becoming effective; or

(bb) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

(k) *LSEG French regulatory conditions*

(A) (aa) the ECB (AA) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet SA (Banque Centrale de Compensation S.A.) in its capacity as a credit institution within the period available to it pursuant to Article L. 511-12-1 of the French Monetary and Financial Code (*Code monétaire et financier*) as specified by the French CRBF (*Comité de la réglementation bancaire et financière*) Regulation no. 96-16 (as amended) and Articles 4(1)(c) and 15 of Regulation (EU) No 1024/2013 whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding decision of non-opposition with regard to the specifically intended acquisition within this period; or

(bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;

- (B) (aa) the ACPR (AA) not having opposed the intended indirect acquisition of a qualifying holding in LCH.Clearnet SA (Banque Centrale de Compensation S.A.) in its capacity as a CCP within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or
- (bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;
- (C) (aa) where the French Ministry of Economy (*Ministre chargé de l'économie*) has not given notice that its approval to the indirect investment in LCH.Clearnet S.A. is not required, the French Ministry of Economy (*Ministre chargé de l'économie*) having given its approval under Articles L. 151-3 and R. 153-4 of the French Monetary and Financial Code (*Code monétaire et financier*), or been deemed to have given its approval, in respect of the indirect change in control of LCH.Clearnet SA (Banque Centrale de Compensation S.A.); or
- (bb) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;
- (l) *LSEG Italian regulatory conditions*
- (A) (aa) the Banca d'Italia (AA) not having opposed the intended indirect acquisition of a qualifying holding in Cassa di Compensazione e Garanzia SpA within the period available to it pursuant to Article 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or (BB) having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or
- (bb) in the case of such opposition having occurred or such acquisition not being deemed to be approved a Panel Statement in relation to the circumstances set out under (aa) above having been published;
- (B) (aa) the Banca d'Italia having given notice of its approval in writing as provided under Article 15 of the Financial Law Consolidated Act (*Decreto Legislativo 24 febbraio 1998, n. 58—Testo unico delle disposizioni in materia di intermediazione finanziaria*), as implemented by the Regulations of the Banca d'Italia of 4 August 2000 as amended or supplemented by the provisions of Articles 4, 10 and 10(a) of Directive 2004/39/EC and Directive 2007/44/EC, or such approval is deemed to have been given in respect of the acquisition of a qualified holding in Euro TLX SIM S.p.A; or
- (bb) where there is no such approval and no such approval is deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;
- (m) *LSEG Norwegian regulatory condition*
- (aa) the Financial Supervisory Authority of Norway (*Finanstilsynet*) having not objected to the change in control of LCH.Clearnet Ltd under the Norwegian Securities Trading Act (*Lov om verdipapirhandel*) section 13-1 and section 9-10 (or such objection being deemed not to have been made whereby the change in control is deemed to be approved); or
- (bb) where there is such objection or the change in control is not deemed to be approved, a Panel Statement in relation to the circumstances set out under (A) above having been published;
- (n) *LSEG UK regulatory conditions*
- (A) (aa) the FCA having given notice of its approval in writing under section 301G(3)(a) of FSMA or such approval is deemed to have been given by virtue of section 301G(4) of FSMA, in respect of any increase in or acquisition of control (as defined in section 301D of FSMA) over London Stock Exchange plc which would take place as a result of the LSEG Acquisition becoming effective; or
- (bb) where there is no such approval (and no such approval is deemed to have been given), a Panel Statement in relation to the circumstances set out under (aa) above having been published;

- (B) (aa) the FCA having given notice of its approval in writing under section 189(4) of FSMA or a decision notice under section 189(7) of FSMA, or the approval is deemed to have been given by virtue of section 189(6) of FSMA, in respect of any increase in or acquisition of control (as defined in sections 181 and 182 of FSMA) over EuroMTS Ltd and Turquoise Global Holdings Ltd which would take place as a result of the LSEG Acquisition becoming effective; or
  - (bb) where no such approval is given and is not deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) above having been published;
- (C) (aa) the Bank of England (“**BoE**”) not having opposed the intended indirect acquisition of a qualifying holding in LCH. Clearnet Ltd which would take place as a result of the LSEG Acquisition becoming effective, within the period available to it pursuant to Art. 31(2) to (4) of EMIR whereby the acquisition is deemed to be approved, or having issued a corresponding declaration of non-opposition with regard to the specifically intended acquisition within this period; or
  - (bb) in case of such opposition having occurred or such acquisition not being deemed to be approved, a Panel Statement in relation to the circumstances set out under (aa) above having been published;
- (o) *LSEG US regulatory condition*
  - (aa) the Commodity Futures Trading Commission not having responded to a notice disclosing the anticipated changes in ownership given pursuant to 17 C.F.R. § 39.19(c)(4)(viii) in respect of LCH.Clearnet LLC, LCH.Clearnet Ltd or LCH. Clearnet SA by issuing an order, notice or other communication that removes, restricts or makes material changes to that entity’s authorisation; or
  - (bb) where such objection notice has been issued, a Panel Statement in relation to the circumstances set out under (aa) having been published; and
- (p) *LSEG Switzerland regulatory condition*
  - (aa) FINMA having given notice of its approval in writing or by other means or such approval or consent is deemed to have been given under the Financial Market Infrastructure Act (*Ordonnance sur l’infrastructure des marches financiers/Finanzmarktinfrastrukturgesetz/Legge sull’infrastruttura finanziaria*) (“**FMIA**”) dated 19 June 2015, in respect of any increase in or acquisition of control over Borsa Italiana SpA; or
  - (bb) where no such approval has been given and no such approval is deemed to have been given, a Panel Statement in relation to the circumstances set out under (aa) having been published.

### C. Non-fulfilment of Deutsche Börse Conditions

If one of the Deutsche Börse Conditions has not been satisfied and HoldCo has not validly waived the relevant Deutsche Börse Condition in accordance with Sec. 21 para. 1 sent. 1 no. 4 WpÜG up until one working day prior to expiration of the Acceptance Period, and before the non-fulfilment of said Deutsche Börse Condition, the Exchange Offer will lapse.

In this case, the agreements entered into by virtue of the acceptance of the Exchange Offer will not be consummated and will cease to exist (condition subsequent). For the avoidance of doubt, it is hereby stated that if a Panel Statement is published, HoldCo will treat the relevant Deutsche Börse Condition(s) to the Exchange Offer as having been satisfied or fulfilled.



**PART VI  
THE SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**CR-2016-1756**

**IN THE MATTER OF LONDON STOCK EXCHANGE GROUP PLC**

**-AND-**

**IN THE MATTER OF THE COMPANIES ACT 2006**

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**SCHEME OF ARRANGEMENT**  
*(under Part 26 of the Companies Act 2006)*

**between**

**LONDON STOCK EXCHANGE GROUP PLC**

**and**

**THE HOLDERS OF THE SCHEME SHARES**

**(as each is hereinafter defined)**

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**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

<b>“Business Day”</b> . . . . .	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for normal business in London and Frankfurt;
<b>“certificated” or “in certificated form”</b> . .	not in uncertificated form (that is, not in CREST);
<b>“City Code”</b> . . . . .	the City Code on Takeovers and Mergers as from time to time amended and interpreted by the Panel;
<b>“Combined Group”</b> . . . . .	the Deutsche Börse Group, LSEG and HoldCo following Completion;
<b>“Companies Act”</b> . . . . .	the Companies Act 2006 (as amended, modified, consolidated, re-enacted or replaced from time to time);
<b>“Company”</b> . . . . .	London Stock Exchange Group plc, a company incorporated in England and Wales with registered number 5369106;
<b>“Completion”</b> . . . . .	completion of the Merger;
<b>“Court”</b> . . . . .	the High Court of Justice in England and Wales;
<b>“Court Meeting”</b> . . . . .	the meeting of Scheme Shareholders (including any adjournment thereof), convened by order of the Court under Part 26 of the Companies Act to consider and, if thought fit, to approve this Scheme (with or without modification);
<b>“CREST”</b> . . . . .	the relevant system to facilitate the transfer of title to shares in uncertificated form (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
<b>“CREST Regulations”</b> . . . . .	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended from time to time);
<b>“Deutsche Börse Group”</b> . . . . .	Deutsche Börse AG and its subsidiaries;

<b>“Deutsche Börse Acquisition”</b> . . . . .	the proposed acquisition by HoldCo of all of the issued and to be issued shares in Deutsche Börse AG pursuant to the Exchange Offer which constitutes a Class 1 transaction by the Company under the Listing Rules;
<b>“Deutsche Börse Shareholders”</b> . . . . .	the holders of Deutsche Börse Shares from time to time;
<b>“Deutsche Börse Shares”</b> . . . . .	the registered no-par-value shares in the share capital of Deutsche Börse AG, each representing a pro-rata amount in the share capital of Deutsche Börse AG of EUR1.00 per share;
<b>“Effective Date”</b> . . . . .	the date on which this Scheme becomes effective in accordance with clause 8;
<b>“Election Return Time”</b> . . . . .	the latest time by which any Form of Election may be received by the Receiving Agent, being 6:30 p.m. on the business day prior to the Court Hearing.
<b>“Equiniti” or “Equiniti Limited”</b> . . . . .	Equiniti Limited, the Company’s registrars;
<b>“Euroclear”</b> . . . . .	Euroclear UK & Ireland Limited;
<b>“Excluded Shares”</b> . . . . .	(i) any LSEG Shares beneficially owned by HoldCo or any other member of the Combined Group; and (ii) any LSEG Shares held in treasury by the Company;
<b>“Form of Election”</b> . . . . .	an election made in accordance with instructions and documentation (whether hard copy or electronic), to be provided by LSEG plc in due course, by a Scheme Shareholder who holds Scheme Shares in uncertificated form immediately prior to the Election Return Time to receive some or all of the HoldCo Shares to which he is entitled through a securities account in Clearstream Banking AG;
<b>“HoldCo”</b> . . . . .	HLDCO123 plc, a company incorporated in England and Wales with registered number 10053870;
<b>“HoldCo Shares”</b> . . . . .	ordinary shares of EUR1.00 each in the capital of HoldCo;
<b>“holder”</b> . . . . .	includes any person entitled by transmission;
<b>“Long Stop Date”</b> . . . . .	30 June 2017;
<b>“LSEG”</b> . . . . .	the Company and its subsidiaries and subsidiary undertakings;
<b>“LSEG Acquisition”</b> . . . . .	the acquisition by HoldCo of the entire issued and to be issued ordinary share capital of the Company which is to be effected pursuant to the Scheme or, if HoldCo so elects and the Company and the Panel each consents, by means of a Code Offer;
<b>“LSEG Shares”</b> . . . . .	ordinary shares of 6 <sup>79</sup> / <sub>86</sub> pence each in the capital of the Company;
<b>“LSEG Shareholders”</b> . . . . .	holders of LSEG Shares;
<b>“LSEG Share Plans”</b> . . . . .	the LSEG Long Term Incentive Plan 2014, the LSEG Long Term Incentive Plan 2004, the LSEG Deferred Bonus Plan 2014, the LSEG SAYE Option Scheme, the LSEG International Sharesave Plan 2008, the LSEG Performance Aligned Restricted Share Plan 2010, the LSEG Restricted Share Award Plan 2008, the LCH.Clearnet Group Limited Long Term Incentive Plan 2014 and any other share incentive plan or arrangement operated by LSEG plc;

<b>“Merger”</b> . . . . .	the LSEG Acquisition and the Deutsche Börse Acquisition which, taken together, will, when implemented, form the Combined Group;
<b>“Overseas Shareholders”</b> . . . . .	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom or who are nominees of, or custodians or trustees for, citizens or nationals of countries other than the United Kingdom;
<b>“Panel”</b> . . . . .	the Panel on Takeovers and Mergers;
<b>“Receiving Agent”</b> . . . . .	Equiniti Limited;
<b>“Registrar of Companies”</b> . . . . .	the Registrar of Companies in England and Wales;
<b>“Scheme”</b> . . . . .	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company, Deutsche Börse AG and HoldCo;
<b>“Scheme Court Hearing”</b> . . . . .	the hearing of the Court to sanction the Scheme by no later than the expiration of the Long Stop Date;
<b>“Scheme Record Time”</b> . . . . .	6:30 p.m. (London time) on the date that is the Business Day after the date of the Scheme Court Hearing;
<b>“Scheme Shareholder”</b> . . . . .	a holder of Scheme Shares at any relevant date or time;
<b>“Scheme Shares”</b> . . . . .	LSEG Shares: <ul style="list-style-type: none"> <li>(a) in issue at the date of this Scheme;</li> <li>(b) (if any) issued after the date of this Scheme but before the Scheme Voting Record Time; or</li> <li>(c) (if any) issued at or after the Scheme Voting Record Time and on or prior to the Scheme Record Time on terms that the holders will be bound by this Scheme,</li> </ul> in each case excluding any Excluded Shares;
<b>“Scheme Voting Record Time”</b> . . . . .	6:30 p.m. (London time) on the day which is two Business Days prior to the date of the Court Meeting or, if the Court Meeting is adjourned, 6:30 p.m. (London time) on the date which is two Business Days before the date fixed for the adjourned meeting;
<b>“subsidiary”</b> . . . . .	has the meaning given in section 1159 of the Companies Act 2006;
<b>“subsidiary undertaking”</b> . . . . .	has the meaning given in section 1162 of the Companies Act 2006; and
<b>“uncertificated” or “in uncertificated form”</b> . . . . .	recorded on the relevant register as in uncertificated form and title to which may, by virtue of the CREST Regulations, be transferred by means of CREST,

and references to clauses are to clauses of this Scheme.

- (B) As at the Latest Practicable Date, the issued share capital of the Company was GBP24,114,190 divided into 348,541,231 ordinary shares of 6<sup>79</sup>/<sub>86</sub> pence each all of which are credited as fully paid, with no shares held in treasury.
- (C) Options and awards to acquire up to 8,861,221 LSEG Shares have been granted pursuant to the LSEG Share Plans and remain unexercised and/or unvested at the date of this document. Options over 1,003,076 LSEG Shares may be exercised or become exercisable as a result of the Merger.

- (D) Deutsche Börse Shareholders were entitled to receive a dividend of EUR2.25 per Deutsche Börse Share for the 12 month period ended 31 December 2015, which was paid on 12 May 2016.
- (E) As at the Latest Practicable Date, the share capital of HoldCo is GBP50,000 divided into 1 ordinary share of GBP1.00 each and 49,999 redeemable preference shares of GBP1.00 each, all of which are credited as fully paid up.
- (F) Simultaneously with the issue of the HoldCo Shares to the Scheme Shareholders, the ordinary share held by the HoldCo Sole Shareholder immediately prior to Completion will automatically convert to a deferred share in accordance with the HoldCo articles of association and, shortly after the Effective Date, will be repurchased by HoldCo and cancelled. Shortly after the Effective Date, the 49,999 redeemable preference shares will be redeemed and cancelled by HoldCo.
- (G) As at the Latest Practicable Date, HoldCo did not hold any LSEG Shares and HoldCo did not have any subsidiaries or subsidiary undertakings.
- (H) HoldCo will rely upon the Court's sanctioning of the Scheme for the purpose of qualifying for the exemption from the registration requirements of the US Securities Act of 1933, as amended, provided by section 3(a)(10) thereof with respect to the HoldCo Shares to be issued pursuant to the Scheme.
- (I) HoldCo has agreed to appear by Counsel at the hearing to sanction this Scheme and to submit to be bound by and to undertake to the Court to be bound by this Scheme and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by them or on their behalf for the purpose of giving effect to this Scheme.

## THE SCHEME OF ARRANGEMENT

### 1. Transfer of LSEG Shares

- (a) On the Effective Date, HoldCo (or such of its nominee(s) as are agreed between HoldCo, Deutsche Börse AG and the Company) shall acquire all of the Scheme Shares, fully paid-up with full title guarantee, and free from all liens, equities, charges, encumbrances and other interests and together with all rights attached thereto including voting rights and the right to receive all dividends and other distributions declared, paid or made by the Company by reference to a record date on or after the Effective Date, except as set out in clause 2.
- (b) For such purposes, the Scheme Shares shall be transferred to HoldCo (or such of its nominee(s) as are agreed between HoldCo, Deutsche Börse AG and the Company) and such transfer shall be effected by means of a form of transfer or other instrument or instruction of transfer, and to give effect to such transfer any person may be appointed by the Company as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer (whether as a deed or otherwise) of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.
- (c) Pending the transfer of the Scheme Shares pursuant to clause 1(b) and until the register of members at the Company is updated to reflect that transfer each Scheme Shareholder irrevocably appoints, with effect from (and including) the Effective Date, HoldCo and/or its nominee(s) as their attorney and/or agent and/or otherwise to exercise (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares, to sign any consent to short notice of a general or separate class meeting and on their behalf to execute a form of proxy in respect of such shares appointing any person nominated by HoldCo to attend general and separate class meetings of the Company and authorises the Company to send to HoldCo any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of the Company, such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.

### 2. Consideration for the transfer of Scheme Shares

- (a) In consideration of the transfer of the Scheme Shares to HoldCo, HoldCo shall, subject to the remaining provisions of this Scheme, allot and issue HoldCo Shares to each Scheme Shareholder (as appearing in the register of members of the Company at the Scheme Record Time) on the following basis:

**for each Scheme Share, 0.4421 HoldCo Shares.**

- (b) LSEG Shareholders shall be entitled to receive dividends of: (i) 25.2 pence per LSEG Share for the six month period ended 31 December 2015, scheduled to be paid on 1 June 2016; and (ii) 12.0 pence per LSEG Share in respect of the six month period ending 30 June 2016, scheduled to be paid in September 2016;
- (c) If the Effective Date occurs after the announcement or declaration of any dividend permissible under clause 2(b) or Recital (D), but before its payment date, the relevant shareholders shall not be entitled to receive such dividend.
- (d) If either the Company or Deutsche Börse AG announces, declares, makes or pays any dividend or other distribution on or after the date of this Scheme and prior to the Effective Date, other than:
  - (a) as set out in clause 2(b), or in excess of such dividends, HoldCo reserves the right to reduce the number of HoldCo Shares to be allotted and issued pursuant to clause 2(a) so as to reflect the value attributable to any such dividend or such excess; and
  - (b) as set out in Recital (D), or in excess of such dividend, the Company shall be entitled to declare and pay an equalising dividend to LSEG Shareholders so as to reflect the value attributable to any such dividend or such excess adjusted by multiplying by the sum of 45.6 divided by 54.4 to reflect the pro rata share of the Combined Group that LSEG Shareholders are expected to hold at Completion, without any consequential change to the number of HoldCo Shares to be allotted and issued pursuant to clause 2(a).



- (e) The HoldCo Shares issued pursuant to clause 2(a) shall be issued credited as fully paid and shall rank *pari passu* in all respects with the ordinary shares to be issued on or around the Effective Date to the shareholders of Deutsche Börse AG pursuant to the takeover offer by HoldCo for all of the issued and to be issued shares of Deutsche Börse AG, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

### 3. Settlement

- (a) Settlement shall be effected as follows:

- (i) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, and becomes entitled to a payment in accordance with clause 4(a) or 5(a) below, any payment to which the Scheme Shareholder is entitled shall (subject to clause 3(a)(iii) below) be settled by HoldCo by cheque. Cheques shall be despatched as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date;
- (ii) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, and becomes entitled to a payment in accordance with clause 4(a) or 5(a) below, any payment to which the Scheme Shareholder is entitled shall (subject to clause 3(a)(iii) below) be paid by means of CREST by HoldCo procuring that Euroclear is instructed to create an assured payment obligation in favour of the Scheme Shareholder's payment bank in respect of the cash consideration due to them as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, in accordance with the CREST assured payment arrangements, provided that HoldCo reserves the right to make such payment by cheque as set out in clause 3(a)(i) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this clause 3(a)(ii);
- (iii) where a participant in the LSEG Share Plans becomes entitled to a payment in accordance with clause 4(a) or 5(a) below, any such payment may, as an alternative to the arrangements described in clause 3(a)(i) and 3(a)(ii) above, and in HoldCo's discretion, be paid to him or her through payroll or by direct bank transfer (to an account that has been nominated by the participant) as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date;
- (iv) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, HoldCo shall procure that the HoldCo Shares to which a Scheme Shareholder becomes entitled shall be allotted and issued to such person in certificated form. Share certificates shall be despatched as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date;
- (v) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, save to the extent that the Scheme Shareholder has elected to receive the relevant number of HoldCo Shares through a securities account in CBF as described in paragraph (vi) below, settlement of entitlements to HoldCo Shares will be effected through CREST. HoldCo shall procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant Scheme Shareholder with such relevant Scheme Shareholder's entitlement to HoldCo Shares as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, provided that HoldCo reserves the right to settle all or part of such consideration in the manner set out in clause 3(a)(iv) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this clause 3(a)(v); or
- (vi) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form and has made (and not withdrawn) a valid Form of Election to receive some or all of the HoldCo Shares to which he or she is entitled through a securities account in CBF, settlement of such Scheme Shareholder's entitlement to the relevant number of HoldCo Shares will be effected as follows: HoldCo shall procure that Euroclear is instructed to credit the CREST account of a nominee entity which shall hold the HoldCo Shares through a chain of custodians on behalf of CBF, which shall hold the beneficial interest in the HoldCo Shares on behalf of the financial institutions participating in its settlement system. These financial institutions shall hold the beneficial interests on behalf of the Scheme Shareholder. The Scheme Shareholder shall receive a credit on securities account (Gutschrift in Wertpapierrechnung) in

respect of the HoldCo Shares to the securities account specified by it. Settlement shall be effected as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date. HoldCo reserves the right to settle all or part of such consideration in the manner set out in clause 3(a)(iv) or 3(a)(v) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this clause 3(a)(vi).

- (b) As from the Effective Date, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares shall be removed from CREST in due course.
- (c) All deliveries of notices, share certificates, statements of entitlement and/or cheques required to be made under this Scheme shall be made by sending the same by first class post or international standard post, if overseas (or by such other method as may be approved by the Panel) addressed to the person entitled thereto to the address appearing in the register of members of the Company or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at such time.
- (d) All cheques shall be in pounds sterling and drawn on a United Kingdom clearing bank and shall be made payable to the Scheme Shareholder concerned or, in the case of joint holders, HoldCo reserves the right to make such cheques payable to the holder whose name stands first in the register of members of the Company in respect of the joint holding concerned at the Scheme Record Time and the encashment of any such cheque or the creation of any such assured payment obligation as is referred to in clause 3(a)(i) and clause 3(a)(ii) shall be a complete discharge to HoldCo for the moneys represented thereby.
- (e) None of the Company, HoldCo, the person effecting any sale or remitting any proceeds pursuant to clause 4 or the nominee referred to in clause 5 shall be responsible for any loss or delay in the transmission of the statements of entitlement or cheques sent to Scheme Shareholders in accordance with this clause 3, which shall be posted at the risk of the Scheme Shareholder.

#### **4. Fractional entitlements**

- (a) No fractions of HoldCo Shares shall be allotted to any Scheme Shareholder, but all fractions of HoldCo Shares to which Scheme Shareholders would otherwise have been entitled will be aggregated, allotted, issued and sold in the market after the Effective Date and the net proceeds (after dealing and exchange rate costs) of such sale will be paid in cash in pounds sterling to such Scheme Shareholders entitled thereto in accordance with what would otherwise have been their respective fractional entitlements, provided that where the net proceeds to which a Scheme Shareholder is entitled is less than GBP5.00 such amount will not be paid to such Scheme Shareholder but will be retained for the benefit of HoldCo and the Combined Group.
- (b) Payment of any amounts to which a Scheme Shareholder is entitled under clause 4(b) will be made in accordance with clause 3(a)(i) or 3(a)(ii), as appropriate.

#### **5. Overseas shareholders**

- (a) The provisions of clause 3 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if in the case of any Scheme Shareholder, HoldCo is advised that the law of a country or territory outside the United Kingdom precludes the allotment, issue or delivery to it of HoldCo Shares under clause 3 or precludes the same except after compliance by the Company or HoldCo (as the case may be) with any governmental or other consent or any registration, filing or other formality with which the Company or HoldCo (as the case may be) is unable to comply or compliance with which the Company or HoldCo (as the case may be) regards as unduly onerous, then HoldCo may determine in its sole discretion that any such HoldCo Shares:
  - (i) shall not be allotted and issued to such Scheme Shareholder but instead the HoldCo Shares shall be allotted and issued to a person, appointed by HoldCo to hold such HoldCo Shares, for such Scheme Shareholder, on terms that such person shall be authorised on behalf of such Scheme Shareholder to procure that such HoldCo Shares shall, as soon as practicable following the Effective Date, be sold on behalf of such Scheme Shareholder; or
  - (ii) shall be sold, in which event the HoldCo Shares to be issued to such Scheme Shareholder shall be issued and sold on behalf of such Scheme Shareholder and HoldCo shall appoint a person to act pursuant to this clause (a) and such person shall be authorised on behalf of such Scheme

Shareholder to procure that any HoldCo Shares in respect of which HoldCo has made such determination shall, as soon as practicable following the Effective Date, be sold with the net proceeds of such sale being remitted to such Scheme Shareholder.

- (b) Any sale under clause 5(a) shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale including any value added tax payable on the proceeds of sale) shall be paid to such Scheme Shareholder by making a payment to such Scheme Shareholder in accordance with clauses 3 and 4 as appropriate. In the absence of bad faith or wilful default, none of the Company, HoldCo or any broker or agent of either of them shall have any liability for any determination made pursuant to clause 5(a) or for any loss arising as a result of the timing or terms of any such sale.
- (c) To give effect to any sale under clause 5(a), any person appointed by HoldCo in accordance with clause 5(a) shall be authorised as attorney or agent on behalf of the Scheme Shareholder concerned to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale.

#### **6. Certificates in respect of Scheme Shares and updating the Register of Members**

With effect from the Effective Date:

- (a) all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of the Company to deliver up such certificates(s) to the Company or to destroy the same;
- (b) Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form; and
- (c) appropriate entries shall be made in the register of members of the Company to reflect the transfer of the Scheme Shares.

#### **7. Mandates**

All mandates to the Company in force at the Scheme Record Time relating to Scheme Shares shall, unless and until revoked or amended, be deemed as from the Effective Date to be valid and effective mandates to HoldCo in relation to the HoldCo Shares issued in respect thereof.

#### **8. Effective time**

This Scheme shall become effective as soon as a copy of the order of the Court under Part 26 of the Companies Act sanctioning the Scheme shall have been delivered to the Registrar of Companies for registration.

Unless this Scheme shall become effective on or before 30 June 2017, this Scheme shall never become effective.

#### **9. Modification**

The Company, Deutsche Börse AG and HoldCo may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose.

#### **10. Governing Law**

This Scheme is governed by English law and is subject to the jurisdiction of the English courts. The rules of the City Code on Takeovers and Mergers apply to this Scheme.

1 June 2016

## PART VII INFORMATION ON THE DEUTSCHE BÖRSE GROUP

### **Business of Deutsche Börse Group and certain information about Deutsche Börse Group**

#### **1. Overview**

Deutsche Börse AG has its principal office in Eschborn, near Frankfurt am Main, Germany. As at 31 December 2015, Deutsche Börse Group employed more than 5,200 people in 38 locations in 30 countries. In 2015, Deutsche Börse Group generated total net revenues of EUR2,367.4 million on a consolidated basis (2014: EUR2,047.8 million; 2013: EUR1,912.3 million).

As one of the largest exchange organisations worldwide, the Deutsche Börse Group offers its customers a broad portfolio of products and services. These cover the entire value chain of financial market transactions, from trading and clearing of securities, including derivatives, through transaction settlement, custody and collateral management and providing of market information, to the development and operation of electronic trading, clearing, settlement and custody systems. The Deutsche Börse Group classifies its business into four segments: Eurex, Xetra, Clearstream and Market Data + Services.

#### **2. History and Development**

Deutsche Börse AG's origins date back to 1585 when an assembly of Frankfurt's merchants initiated uniform exchange rates for the first time. Their aim was to create transparency, as is the Deutsche Börse Group's aim today. In 1605, a new name for the merchants' assembly appeared in the records for the first time, "Burs", meaning "exchange". In 1808, deputies of the Frankfurt merchants' assembly formed the Frankfurt Chamber of Commerce. After 223 years as a private institution, operated by a number of merchants, the stock exchange was taken over by the Chamber of Commerce, thus making the stock exchange a public-sector institution. In 1969, the digital age was launched at Frankfurter Wertpapierbörse. Since that time, traders have been able to process securities transactions electronically by BÖGA, a computer system for processing stock exchange transactions. One year later, exchange member firms were able to communicate with the exchange computer system via telex.

On 1 August 1990, Frankfurter Wertpapierbörse AG (the "**Frankfurt Stock Exchange**") was registered with the commercial register. In December 1992, it changed its name to "Deutsche Börse Aktiengesellschaft". The electronic trading platform for the cash market Xetra was launched in November 1997. In June 1998, the derivatives market Eurex was established. In January 2000, Deutsche Börse Clearing AG and Cedel International S.A. merged to form Clearstream International S.A., a company incorporated under the laws of Luxembourg, which together with its subsidiaries, provides post trade securities services with the exception of clearing.

In connection with its IPO in February 2001, shares of Deutsche Börse AG were admitted to trading on the Frankfurt Stock Exchange. In June 2002, Deutsche Börse AG acquired all shares of Clearstream International S.A., which has since been integrated into the Deutsche Börse Group. Deutsche Börse Shares have been included in the DAX index since December 2002. In March 2003, the Deutsche Börse Group introduced the CCP for cash equities for share trading on Xetra and on the trading floor of the Frankfurt Stock Exchange. The CCP provides counterparty risk management mitigation and enables for netting of transactions and therefore increases settlement efficiency in cash equity trading. In 2007, Deutsche Börse AG was included in the EURO STOXX 50 Index.

In order to expand its business, the Deutsche Börse Group has recently made several important acquisitions.

In 2015, the Deutsche Börse Group acquired Stoxx Ltd., APX Holding Group, and 360T Beteiligungs GmbH ("**360T**") and a majority interest in Powernext SA. The EUR704 million acquisition of 360T is expected to enhance Deutsche Börse AG's performance growth in FX trading.

On 25 February 2016, the Deutsche Börse Group sold its 50 per cent. equity interest in the Infobolsa S.A. joint venture to its co-owner, BME, for a total cash consideration of EUR8.2 million.

On 9 March 2016, Deutsche Börse Group announced an agreement to sell ISE and ISE's holding company, U.S. Exchange Holdings, Inc., to NASDAQ, Inc. for total cash consideration of USD1.1 billion. Under the terms of the transaction, Deutsche Börse AG will retain its shares in BATS Global Markets, Inc. and Digital Asset Holdings LLC. The completion of the transaction is subject to approvals of merger control and supervisory authorities, which are expected in mid 2016.

### 3. Business Segments

Deutsche Börse Group's business activities are composed of the following segments: Eurex, Xetra, Clearstream and Market Data + Services.

Reporting Segment	Business Areas
Eurex . . . . .	Electronic trading of European derivatives (Eurex Exchange), energy & commodities (EEX) and currencies (360T); US options trading (ISE) is in the process of being sold Eurex Repo MTF C7 electronic clearing architecture CCP for on- and off-exchange derivatives, repo transactions, OTC clear and for securities lending (Eurex Clearing)
Xetra . . . . .	Cash market with the Xetra and Börse Frankfurt trading venues Eurex Bonds MTF CCP for equities and bonds Admission of securities (listing) Venture Network
Clearstream . . . . .	Custody and settlement services for domestic and foreign securities Global securities financing services and collateral management Investment funds and hedge funds services
Market Data + Services . . . . .	Licensing of market data Development, production and licensing of indices and index data (DAX, STOXX) Technology solutions for external customers Customer connectivity

Eurex, the derivatives market, provides for the trading of futures and options and Eurex Clearing AG performs CCP clearing and risk management for derivatives, equities, repo, securities lending, energy and fixed income transactions. Xetra, as underlying technology platform, supports the trading and listing of cash market securities on the Frankfurt Stock Exchange as well as other European and international markets. Clearstream is responsible for the settlement, safekeeping and administration of securities. The Market Data + Services segment collects and distributes financial market data and indices.

Deutsche Börse AG operates the cash market of Frankfurt Stock Exchange. Through its equity investment in Börse Frankfurt Zertifikate AG, Deutsche Börse AG also offers trading in structured products (e.g., certificates and warrants). Furthermore, Deutsche Börse AG owns a 75 per cent. plus one share holding in Tradegate Exchange GmbH, which operates Tradegate Exchange, a Berlin-based stock exchange specially tailored to the requirements of private investors.

The Deutsche Börse Group also operates multiple derivatives markets in Europe, including Eurex Zürich, Eurex Deutschland and EEX, which is operated by a subsidiary of the Deutsche Börse Group. Furthermore, the Deutsche Börse Group operates a foreign exchange trading platform via its subsidiary 360T.

At the time of its acquisition, ISE was allocated to the Eurex segment from a balance sheet perspective.

The Deutsche Börse Group offers clearing services for the cash and derivatives markets (Eurex Clearing AG) as well as a fixed-income securities trading services (Eurex Bonds GmbH) and a market place for repo transactions (Eurex Repo GmbH).

Post trade services such as banking, settlement and custody services are handled by Clearstream Holding AG and its subsidiaries. These services include transaction settlement, administration and custody of securities as well as global securities financing.



In addition, the Deutsche Börse Group sells price and reference data as well as other information relevant for capital markets and develops and sells indices through its subsidiary, STOXX Ltd.

Deutsche Börse AG and Clearstream Services S.A. develop and operate Deutsche Börse Group's technological infrastructure.

Deutsche Börse Group's business has no significant seasonality.

### *Eurex*

Eurex Frankfurt AG and Eurex Zürich AG, both 100 per cent. owned subsidiaries of Deutsche Börse AG, operate the Eurex Deutschland and Eurex Zurich exchanges, respectively. In addition, the Eurex segment consists of Eurex Clearing AG, the EEX AG and the MTF operator Eurex Repo GmbH, among others.

### *Business Overview*

In 2015, the Eurex segment contributed EUR1,025.2 million to the Deutsche Börse Group's net revenue, representing 43.3 per cent. thereof compared to EUR807.4 million in 2014, representing 39.4 per cent. of the Deutsche Börse Group's net revenue. In 2013, the Eurex segment contributed EUR740.7 million, representing 38.7 per cent. of the Deutsche Börse Group's net revenue.

In 2015, net revenue of EUR622.3 million, representing 60.7 per cent. of the Eurex segment's net revenue (2014: EUR544.3 million representing 67.4 per cent.; 2013: EUR549.2 million representing 74.1 per cent.), came from trading and/or clearing of European equity index, interest and equity futures and options. As Eurex's pricing schedule for European products includes an all-inclusive price for trading and clearing by product type, it is not possible to split Eurex revenue between trading and clearing services. In the United States, net revenues from US options amounting to EUR88.2 million, representing 8.6 per cent. of the Eurex segment's net revenue (2014: EUR83.0 million representing 10.3 per cent.; 2013: EUR91.5 million representing 12.4 per cent.), relate mainly to trading.

### *Eurex Exchange*

The Eurex exchange business is carried out by Eurex Zürich AG and Eurex Frankfurt AG which operate the respective regulated markets, Eurex Zürich and Eurex Deutschland. Eurex's US subsidiary ISE (an equity options exchange) is in the process of being sold to NASDAQ. Eurex operates one of the world's leading derivatives marketplaces. The regulated markets, Eurex Deutschland and Eurex Zürich, are operated on a single trading system with a product suite comprising some of the world's most actively traded and liquid instruments. Eurex offers approximately 2,000 derivatives products with more than 200,000 variations (Series).

Eurex offers interest rate and equity index derivatives as well as a broad spectrum of single equity products and non-financial asset classes, including commodities. Besides euro ("EUR")-denominated products, Eurex also offers derivatives denominated in Swiss francs ("CHF"), US dollars ("USD"), pounds sterling ("GBP"), Korean won ("KRW") and Taiwanese dollar ("TWD"). Due to their joint electronic trading system, uniform exchange rules and a joint CCP (Eurex Clearing AG), the members of the Deutsche Börse Management Board believe that Eurex Exchanges are perceived by market participants as essentially a single marketplace. In 2015, Eurex served more than 350 member firms located in 34 countries worldwide.

### *Eurex Clearing AG*

Eurex Clearing AG is the clearing house within Deutsche Börse Group. It offers fully automated and straight-through post trade services for derivatives, equities, repo, securities lending, energy and fixed income transactions.

In addition to the clearing of derivatives listed on the Eurex Exchanges, Eurex Clearing AG also offers clearing of certain OTC derivatives through its service EurexOTC Clear. The service was launched in 2012 with the initial scope on OTC interest rate swaps, including forward rate agreements, overnight index swaps and basis swaps. It was complemented in 2015 by the launch of an additional clearing service for zero coupon inflation swaps.

In its role as a CCP, Eurex Clearing AG acts as a buyer for every seller and as a seller for every buyer, thereby managing and minimising counterparty risk while maximising operational efficiency. Eurex Clearing AG offers risk management, collateral and delivery management services with a focus on increasing market safety and integrity. Eurex Clearing AG provides leading risk management services such

as comprehensive pre-trade risk limits and it was the first leading CCP worldwide to offer risk management and margining data in real-time to its clearing members.

Eurex Clearing AG is a wholly owned subsidiary of Eurex Frankfurt AG and acts as the CCP for the Eurex Exchanges (other than the International Securities Exchange), Eurex Bonds GmbH, Eurex Repo GmbH, the Frankfurt Stock Exchange and the Irish Stock Exchange.

Eurex Clearing AG provides clearing in EUR, CHF, USD, GBP, Japanese yen (JPY), KRW, TWD and renminbi (CNY), serves more than 185 clearing member firms located in 17 countries worldwide and managed a collateral pool of approximately EUR57 billion on average in the financial year ended 31 December 2015. In 2015, Eurex Clearing AG processed more than 1.79 billion (2014: 1.59 billion; 2013: 1.64 billion) transactions.

Eurex Clearing AG is a stock company incorporated in Germany and licensed as a credit institution under supervision of BaFin pursuant to the German Banking Act (*Gesetz über das Kreditwesen*). Furthermore, Eurex Clearing AG has been granted authorisation as a CCP under EMIR on 10 April 2014. Due to its authorisation under EMIR, Eurex Clearing AG is treated as a “qualified CCP” for the purposes of Capital Requirement Regulation. On 1 February 2016, Eurex Clearing AG was registered by the Commodity Futures Trading Commission (“**CFTC**”) as a Derivatives Clearing Organisation (“**DCO**”) for the clearing of OTC interest rate swaps for US-American clearing members and their customers in accordance with the Commodities Exchange Act. BaFin has classified Eurex Clearing AG as an institution potentially endangering the system (*potentiell systemgefährdendes Institut*) as defined in the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*) (“**SAG**”). This means that additional regulatory requirements apply which, inter alia, require Eurex Clearing AG to draft a recovery plan and grant the resolution authority, the German Federal Agency for Financial Market Stabilisation (the “**German FUSA**”), additional powers with respect to Eurex Clearing AG.

#### *Eurex Repo*

The repo business is operated by Eurex Repo GmbH, which is a MTF. It offers an integrated marketplace for electronic trading, clearing, collateral management and settlement for securities financing transactions (repo as well as securities lending). It is one of the leading European marketplaces with more than 140 participants in the financial year ended 31 December 2015. In 2015, the average outstanding repo volumes reached approximately EUR180 billion (January to October 2015).

Eurex Repo GmbH provides the following three markets: GC Pooling Market, Repo Market and SecLend Market.

GC Pooling Market combines the services GC Pooling and GC Pooling Select Invest. GC Pooling provides electronic, anonymous and secured inter bank cash funding in EUR, USD and CHF collateralised by fixed income and equity baskets. It was jointly developed by Eurex Repo GmbH, Eurex Clearing AG and Clearstream Banking with the objective to deliver all the benefits of electronic trading, through a well-regarded clearing house acting as a CCP in combination with a real-time collateral management system to the secured money market.

GC Pooling has the advantage of allowing the re-use of received collateral for refinancing within the framework of the Deutsche Bundesbank/European Central Bank open market operations. GC Pooling has provided efficient secured funding based on a resilient market infrastructure during the recent financial crisis. GC Pooling Select Invest provides secured funding for corporates, insurances and fund management companies. It offers electronic and bilateral cash funding in EUR collateralised with fixed income baskets (ECB-eligible securities). Customers are able to easily select their preferred banks, while banks can use the existing GC Pooling infrastructure.

Within the Repo Market participants can trade specific securities (special repo) as well as anonymously use tailor-made financing with 26 standardised general collateral baskets of fixed income securities against EUR or GBP.

Furthermore, Eurex Repo GmbH operates the SecLend Market, which provides an electronic marketplace for banks, insurers and fund management companies to engage in securities lending and borrowing transactions. In addition, the SecLend Market offers bilateral trading with individual collateral schedules or cash collateral (EUR/USD) as well as standardised trading with collateral baskets.

## *Xetra*

Xetra is the electronic multi asset class trading system for the cash market of the Frankfurt Stock Exchange as well as other European and international exchanges. Deutsche Börse Group's cash market provides a comprehensive range of tradable securities from a single source. With over 10,500 equities from both German and international issuers, more than 27,500 fixed-income securities, approximately 1,100 index funds ("ETF"), more than 180 exchange traded commodities, more than 140 exchange traded notes, approximately 3,000 actively managed funds, and more than 1.3 million certificates and warrants, investors from all over Europe can buy and sell financial products in many important asset classes in a regulated and transparent marketplace. Integrated clearing by the CCP of Eurex Clearing AG and settlement by Clearstream Banking AG, help to ensure that all stock exchange transactions are fulfilled.

In 2015, the Xetra segment contributed EUR184.8 million to the Deutsche Börse Group's net revenue, representing 7.8 per cent. thereof compared to EUR161.9 million in 2014, representing 7.9 per cent. of the Deutsche Börse Group's net revenue. In 2013, the Xetra segment contributed EUR151.7 million, representing 7.9 per cent. of the Deutsche Börse Group's net revenue.

Deutsche Börse Group continues to expand its range of securities that are available via the Xetra system. In this way, it offers investors a trading venue with very high liquidity for an increased number of tradable securities.

Xetra is a fully electronic trading system for the cash market that automatically matches buy and sell orders and seeks to execute trades under the best possible conditions. It operates independently of a trader's location and offers electronic access to the order book that contains buy and sell orders. Approximately 3,700 traders from 205 trading members firms across 18 countries are connected to Xetra.

Xetra is also a flexible trading system with various hybrid market models combining quote and order driven trading. Trading on Xetra includes both continuous trading for liquid securities, where orders are executed immediately in accordance with the principle of price time priority, and specialist trading, where specialists provide liquidity by entering two way quotes for a broad multi-asset class product universe.

## *Frankfurt Stock Exchange, Venture Network and Eurex Bonds*

In 2015, the volume of IPOs on the Frankfurt Stock Exchange increased compared to prior periods. A total of 24 newly listed companies, the most new listings that Deutsche Börse AG has achieved since 2007, were accepted for trading.

In 2015, Deutsche Börse AG launched the Deutsche Börse Venture Network which connects high-growth start-up companies with international investors, to help these companies raise capital and build comprehensive networks. To that end, an exclusive online platform was established which allows investors and entrepreneurs to establish contacts and to exchange information in a protected platform.

The trading floor of the Frankfurt Stock Exchange, Börse Frankfurt, operates as the central location for all trading specialists and as the focal point for all media activities with more than 60 TV broadcasts daily.

The wholesale fixed-income securities business is traditionally carried out under the brand of Eurex Bonds GmbH although its revenues are entirely allocated to the Xetra business segment. Eurex Bonds was founded in October 2000 as a joint initiative between Eurex Frankfurt AG and leading financial institutions. The organisation is operated as a joint venture with the purpose of establishing and operating an electronic platform for fixed-income securities.

Eurex Bonds GmbH operates a MTF and provides participants with an electronic platform for off-exchange, wholesale trading in European fixed-income securities. The necessary liquidity in the fixed-income securities is provided by market makers.

## *Clearstream*

The Clearstream Holding Group is the post trade services arm of the Deutsche Börse Group. Clearstream Holding AG is a wholly owned subsidiary of Deutsche Börse AG and functions as a German financial holding company, owning inter alia 100 per cent. of Clearstream International S.A. and CBF. Deutsche Börse AG expects that BaFin will also classify Clearstream Holding AG as an institution potentially endangering the system (*potentiell systemgefährdendes Institut*) under the SAG. This means that additional regulatory requirements apply which, inter alia, require Clearstream Holding AG to draft a recovery plan and grant the resolution authority, the German FUSA, additional powers with respect to Clearstream

Holding AG. Its core businesses include the settlement of market transactions and the custody of securities. Its value-added services are in the areas of investment funds services and global securities financing.

In 2015, the Clearstream segment contributed EUR746.4 million to the Deutsche Börse Group net revenue, representing 31.5 per cent. thereof compared to EUR698.0 million in 2014, representing 34.2 per cent. of the Deutsche Börse Group's net revenue and EUR653.9 million in 2013, representing 34.2 per cent. of the Deutsche Börse Group's net revenue.

Clearstream services are comprised of settlement, custody, securities financing and investment funds service. With respect to settlement services, the Clearstream segment seeks to ensure that cash and securities are delivered in a timely manner between trading parties. With respect to the custody of securities, the Clearstream segment is responsible for the management, safe-keeping and administration of deposited securities. In addition, the Clearstream segment offers value-added services such as global securities financing and investment funds services. Customers profit from individual services, efficient processing and reduced transaction costs. The Clearstream segment is one of Europe's leading suppliers of such post-trading infrastructure for shares and fixed-income securities in national and international trading. Operating across 55 markets, Clearstream is among the largest providers of securities services worldwide.

The Clearstream segment operates as both an international central securities depository ("ICSD") serving the international capital markets and a central securities depository ("CSD") for German and Luxembourg domestic securities. In 2015, the Clearstream segment settled 138 million transactions and held an average of EUR13.274 trillion securities in custody.

Clearstream offers settlement services in commercial bank and in central bank money. The latter is in the process of being outsourced to the Eurosystem as part of the TARGET2-Securities ("T2S") infrastructure project. Clearstream will use the T2S initiative to enable customers to connect with the common European settlement platform via its CSDs in Germany and Luxembourg (LuxCSD, jointly operated with BCL) beginning on 6 February 2017, when Clearstream's CSDs are expected to join T2S in migration "wave 4". Once Clearstream's CSDs join T2S, Clearstream will offer the benefit of domestic and international settlement in central and commercial bank money from one single point of access to T2S.

The commercial bank money settlement services of Clearstream are upgraded on a continuous basis. Efficient settlement of securities transactions between counterparties at Clearstream Banking, Luxembourg, and Belgium-based ICSD Euroclear Bank takes place via an electronic communications platform (the Bridge).

In the area of custody, Clearstream is responsible for the management, safekeeping and administration of securities on deposit. Services include the distribution and settlement processing of new issues, income and redemption payments, corporate actions, tax and proxy voting services, as well as safekeeping services. These services are upgraded on a continuous basis to reflect new customer and regulatory requirements.

In the area of global securities financing, Clearstream's services are combined under the Global Liquidity Hub. These include securities lending, borrowing and collateral management in cash, fixed-income and equities. The Global Liquidity Hub's sophisticated collateral management system allows for a high degree of flexibility, enabling a broad range of participants to implement individual service requirements. In February 2016 the monthly average outstanding of securities mobilised by customers in Clearstream's collateral management and securities lending programmes reached EUR532.7 billion. The implementation of a clearing obligation for OTC derivatives under EMIR is expected to increase margining requirements as well as the importance of efficient collateral management solutions.

In the area of investment funds services, Clearstream acts as a specialised sub-custodian, delivering solutions to standardise fund processing and to increase efficiency and safety in the investment funds sector. Vestima, Clearstream's global funds processing platform, provides access to all fund types from mutual funds to ETFs and hedge funds.

#### ***Market Data + Services***

In 2015, the Market Data + Services segment contributed EUR411.0 million to the Deutsche Börse Group's net revenue, representing 17.4 per cent. thereof, compared to EUR380.5 million in 2014, representing 18.6 per cent. of the Deutsche Börse Group's net revenue and EUR366.0 million in 2013, representing 19.1 per cent. of the Deutsche Börse Group's net revenue.

The Deutsche Börse Group's Market Data + Services segment was formed in 2013 when the market data and external technology service businesses were merged. The segment aims to take advantage of the many different opportunities arising from the increasing digitisation of value chains in the financial sector. Aligning to market requirements, the four service lines of "Information", "Index", "Tools/Regulatory Services" and "Market Solutions/Infrastructure Services" were built:

#### *Information*

The Information business area comprises the development, commercialisation and distribution of real-time and historic market data, together with analytics on Xetra, Eurex and marketplaces of co-operation partners. The product range also includes the marketing of data not originating from Deutsche Börse AG trading platforms, such as the algorithmic newsfeed AlphaFlash, as well as financial news, analyses and business sentiment indicators from the Market News International ("MNI") subsidiary. As an independent information provider, Deutsche Börse AG serves a range of target groups through direct feeds and indirectly via data vendors. Private and institutional investors, asset managers, securities trading houses, and hedge funds use the differentiated information provided to analyse the current market situation and then to decide on their future investment strategies, risk positions, or securities issues.

#### *Index*

The Index business area licences indices, benchmarks and associated data via its STOXX Ltd. subsidiary, particularly to issuers of financial products. The DAX 30 index stands out as one of Deutsche Börse AG's most important indices: this economic indicator measures changes in the quoted market value of the 30 largest German companies listed on the Frankfurt Stock Exchange. It is complemented by the global STOXX index families—numerous innovative indices across a variety of asset classes. Among them, one of the best-known indices is the EURO STOXX 50.

#### *Tools/Regulatory Services*

The Tools business area covers the entire process of connectivity, trading and settlement in the exchange environment through its network services, software applications and services. Connectivity solutions, specialised trading software, solutions for compliance with legal and regulatory transparency requirements, as well as solutions for SWIFT network connectivity, reconciliation of accounts and SEPA payments, complete the product portfolio. As of 1 January 2016, this business area concentrates its regulatory services. Especially services to comply with MiFID II and EMIR and therefore will change its name to Regulatory Services.

#### *Market Solutions/Infrastructure Services*

The Market Solutions business area offers high quality operator services for international cash, energy and commodity marketplaces. Services include operating both complex business processes and platforms that Deutsche Börse AG developed and uses for itself. In particular, the Market Solutions business area performs trading systems for third party stock exchanges. In addition, Deutsche Börse AG makes available parts of its infrastructure features to external clients. Premium hosting services are offered to banks and asset managers in cooperation with software partners.

In accordance with recent developments of the Tools/Regulatory Services business area, connectivity services have been moved from the Tools business area to the Market Solutions business area. Henceforth, the name of this business area will be changed to Infrastructure Services.

#### **4. Information Technology and Data Centres**

Deutsche Börse IT offers its services in the areas of trading, clearing, settlement and custody as well as market data services.

Deutsche Börse IT develops, maintains and operates software and technical services. Deutsche Börse IT operates data centres for Deutsche Börse AG's market infrastructure and a network that connects customers globally. Currently, Deutsche Börse IT provides technology for more than 30 trading venues and exchanges worldwide, Deutsche Börse AG's CSD and ICSD businesses and connects approximately 400 customers.

Deutsche Börse IT develops and operates market infrastructure with a focus on safety, integrity, efficiency and innovation that supports the development of well-functioning markets. Deutsche Börse AG's IT



strategy has a focus on driving industry trends and to include technology innovation in its market infrastructure, such as low latency services, real time risk management, algorithmic trading, co-location services, cloud technologies, open source, test driven and agile development. For example, the Deutsche Börse Group had a continued focus to reduce system latency in trading services over recent years. Deutsche Börse Group offers co-location services which allow clients to place their systems in close proximity to the exchange infrastructure. As of 31 December 2015, 152 financial institutions and service providers are using such co-location services.

In derivatives trading, Deutsche Börse AG has introduced a new trading system with T7 which provides industry leading services to its customers since 2013. The T7 trading system includes open source software components, third-party programmes and software that has been developed in-house. Since then, Deutsche Börse AG's risk management services have been migrated to a new risk model with PRISMA in a stepwise approach. Today, IT deployment focusses on the migration of Deutsche Börse AG's clearing business to C7, a new platform in trade management services that supports its clearing business. By launching a new-generation processing environment, Clearstream has been enabled to deliver real-time, event-driven settlement. Turnaround times for end-to-end settlement processing were reduced to under five minutes for 99.5 per cent. of instructions, thus helping to ensure more efficient interoperability between the different market participants.

## 5. Risk Management

Risk management is an integral component of management and control for the Deutsche Börse Group. The Deutsche Börse Group safeguards its continued existence and supports the achievement of its corporate goals by utilising effective and efficient risk management. To that end, the Deutsche Börse Group established a group-wide risk management system, which defines the roles, processes and responsibilities that are binding on all Deutsche Börse Group employees and organisational units.

The Deutsche Börse Supervisory Board evaluates the effectiveness of the risk management system, and its continuing development, and oversees the monitoring of risks. The audit committee of the Deutsche Börse Supervisory Board evaluates the effectiveness of the risk management system. The risk committee of the Deutsche Börse Supervisory Board reviews the risk management system, including the risk strategy, and its continuing improvement and oversees the monitoring of risks. The Deutsche Börse Management Board decides on the risk strategy and the risk appetite. The Deutsche Börse Group risk committee is an internal risk committee that continuously monitors the overall risk profile of the Deutsche Börse Group and consults with the Deutsche Börse Management Board on all key decisions.

The Deutsche Börse Group's risk management system is designed to ensure that Deutsche Börse AG's management committees are able to control, in a timely manner, the risk profile of the entire Group, single legal entities and significant individual risks.

The Deutsche Börse Group's risk strategy, which is applicable to the entire Deutsche Börse Group, is aligned with its business model and business strategy. The risk strategy is based on three core principles:

- (i) Risk limitation: protecting the company against liquidation and ensuring its continued operation by determining its risk appetite for operational, financial and business risks;
- (ii) Support for growth: supporting the various business segments in expanding their business within the scope of the risk appetite defined; and
- (iii) Appropriate risk/return ratio: ensuring that risk and return are reasonably balanced, both for specific business segments in general and for individual regions, products and customers.

The Deutsche Börse Group uses a standardised approach, value at risk ("VaR"), to determine its required economic capital. It calculates the economic capital for the liquidation principle at a confidence level of 99.98 per cent. so that it can protect itself financially against extreme events in the following 12 months. In line with the prudence principle, the Deutsche Börse Group assumes a correlation of one between the risk types operational risk, financial risk and business risk.

The Deutsche Börse Group determines its risk-bearing capacity on the basis of its reported equity in accordance with IFRS. It adjusts this figure for precautionary reasons, for example to take into account the fact that it may not be possible to dispose of intangible assets at their carrying amounts in cases of extreme stress. Clearstream and Eurex Clearing AG determine their risk-bearing capacity on the basis of their regulatory capital. The risk-bearing capacity is defined for each individual risk type.

For management purposes, the Deutsche Börse Group regularly determines the utilisation of the risk-bearing capacity as the ratio of the economic capital to the risk-bearing capacity. The level of economic capital required is determined on the basis of operational risk, market risk, credit risk and business risk.

In addition to VaR calculations, the Deutsche Börse Group performs regular stress tests for all material risks, monitors short-term risks using numerous risk and performance metrics and tracks potential risks developing in the medium term using risk maps.

To ensure that all employees are risk-aware, risk management is firmly anchored in the Deutsche Börse Group's organisational structure. The business areas identify all potential risks and report them to the Deutsche Börse's group risk monitoring ("GRM"), a central function with group-wide responsibilities. GRM assesses the risk exposure while the business areas manage the risks by avoiding, mitigating or transferring them, or by actively accepting them. Finally, GRM monitors and reports the risks six times a year to the Deutsche Börse Group risk committee, once a month to the Deutsche Börse Management Board, once a quarter to the risk committee of the Deutsche Börse Supervisory Board and twice a year to the Deutsche Börse Supervisory Board. Where applicable, GRM recommends possible risk management measures. Internal auditing is responsible for monitoring compliance with the risk management system.

## **6. Intellectual Property**

The Deutsche Börse Group has numerous word marks, device marks and word/device marks legally protected in Germany, Europe and other territories of the world. The brand names of indices, including DAX, MDAX, TecDAX, developed and computed by the Deutsche Börse Group are trademark protected, as are brand names such as Xetra, Eurex and Clearstream. Software developed by Deutsche Börse Group is copyright protected. Moreover, the Deutsche Börse Group collects and compiles information and data partly in copyright protected format or protected as electronic databases.

The Deutsche Börse Group also seeks protection for its innovations by using patents, as it deems appropriate.

In addition, the Deutsche Börse Group has numerous validly registered domain names, the most important of which include [deutsche-boerse.com](http://deutsche-boerse.com), [boerse-frankfurt.de](http://boerse-frankfurt.de), [dax-indices.com](http://dax-indices.com), [clearstream.com](http://clearstream.com) and [stoxx.com](http://stoxx.com).

The Deutsche Börse Group is a licensee under a number of licence agreements. The Deutsche Börse Group's key licence agreements, not including off-the-shelf software, include agreements with Bloomberg, S&P Global Ratings, Thomson Reuters, Telekurs and Interactive Data Corporation.

Issuers of instruments linking the Deutsche Börse Group's indices as an underlying reference must sign a royalty-bearing licensing agreement with Deutsche Börse AG or one of its subsidiaries.

## **7. Customers**

The Deutsche Börse Group's customers include banks, brokers, trading firms, investment advisors, fund managers, asset managers, algorithmic traders, data vendors and other market participants.

## **8. Sales and Marketing**

The Deutsche Börse Group's marketing and sales activities are de-centralised. Marketing activities include promotion of new products and new product-functionalities. The Deutsche Börse Group's sales activities are focused mainly on client relationship management.

## **9. Employees**

As at 31 December 2015, the Deutsche Börse Group had more than 5,200 employees (31 December 2014: 4,540, 31 December 2013: 3,811) working in 38 locations worldwide. As at 31 March 2016, the Deutsche Börse Group employed 5,246 people. As at the Latest Practicable Date the employee headcount of the Deutsche Börse Group has not changed significantly.

The Deutsche Börse Group offers flexible working time models in order to recruit and retain the best talent for the company. In 2015, there was an average of 4,643 full-time equivalent (“FTE”) employees, which included part-time employees (2014: 3,911; 2013: 3,515). In 2015, 39 per cent. of permanent employees were women. During the same period, women held 15 per cent. of the executive positions at Deutsche Börse Group. As at 31 December 2015, the proportion of part-time employees was higher in the general workforce than in management and was higher among women.

The staff turnover rate increased by 2.4 per cent. to 7.0 per cent. in 2015 (unadjusted: 7.6 per cent.) from 4.6 per cent. (unadjusted: 6.0 per cent.) in 2014. The adjusted figures result from a planned fluctuation as a consequence of Deutsche Börse AG’s efficiency programmes.

As at 31 December 2015, 70 per cent. (comprising 73 per cent. of the male and 66 per cent. of the female Deutsche Börse Group employees) of the Deutsche Börse Group’s employees were graduates. This figure was calculated on the basis of the number of employees holding a degree from a university, university of applied sciences, or professional academy as well as employees who have completed comparable studies abroad. In 2015, the Deutsche Börse Group invested an average of 3.5 days (2014: 2.7 days) per employee in staff training.

The average number of employees employed by the Deutsche Börse Group during the years ended 31 December 2015, 2014 and 2013 was as follows:

Segment	Year ended 31 December		
	2015 <sup>(1)</sup>	2014	2013
Eurex . . . . .	1,865	1,332	1,018
Xetra . . . . .	326	305	330
Clearstream . . . . .	2,350	2,228	1,818
Market Data + Services . . . . .	742	675	645
<b>Total Deutsche Börse Group . . . . .</b>	<b>5,283</b>	<b>4,540</b>	<b>3,811</b>

**Note:**

- (1) The total employee headcount as well as the employee headcount of the Eurex and Market Data + Services segments has decreased as of 30 March 2016 due to the sale of Infobolsa S.A..

Country/Region	Year ended 31 December					
	2015		2014		2013	
		(per cent)		(per cent)		(per cent)
Germany . . . . .	2,118	40.1	1,917	42.2	1,624	42.6
Luxembourg . . . . .	1,078	20.4	1,028	22.6	982	25.8
North America . . . . .	327	6.2	305	6.7	310	8.1
Czech Republic . . . . .	636	12.0	540	11.9	494	13.0
Ireland . . . . .	311	5.9	291	6.4	0	0
United Kingdom . . . . .	186	3.5	144	3.2	112	2.9
Rest of Europe . . . . .	418	7.9	159	3.5	159	4.2
Asia . . . . .	200	3.8	148	3.3	122	3.2
Middle East . . . . .	7	0.1	8	0.2	8	0.2
South America . . . . .	2	0.1	0	0	0	0
<b>Total Deutsche Börse Group . . . . .</b>	<b>5,283</b>	<b>100</b>	<b>4,540</b>	<b>100</b>	<b>3,811</b>	<b>100</b>

## 10. Share Plans

### *Principal terms of the Deutsche Börse Share Plans*

For information relating to the Group Share Plan of Deutsche Börse AG and the Stock Bonus Plan of Deutsche Börse AG, see note 39 to the audited consolidated financial statements of the Deutsche Börse Group for the year ended 31 December 2015 which are incorporated by reference into this document as described in Part XV (*Documentation Incorporated by Reference*) of this document. Employees who have purchased Deutsche Börse Shares under the Group Share Plans in the past will be allowed to tender the purchased Deutsche Börse Shares in the Exchange Offer in which case the remainder of the holding period will apply to the HoldCo Shares received upon settlement of the Exchange Offer.

Deutsche Börse AG plans to operate the Group Share Plan for a further time in about June/July 2016 (“GSP 2016”). If operated, under the GSP 2016, each employee of the Deutsche Börse Group with an indefinite employment contract which started prior to 1 April 2015 (who is not under notice and who is neither a member of the Deutsche Börse Management Board nor a senior executive of the Deutsche Börse Group) will have the opportunity to purchase from Deutsche Börse AG, within a limited period beginning mid-June 2016, up to 100 Deutsche Börse AG treasury shares. Not eligible for participation in the GSP 2016 are employees working in certain jurisdictions and employees with fixed-term contracts. The participating employees will be granted a discount of 30 or 40 per cent. on the XETRA stock price of Deutsche Börse Shares around the time of operation. The applicable discount depends on the employee’s length of service with Deutsche Börse Group. The purchased Deutsche Börse Shares must be held by the employees for at least two years. However, the plan is that the employees will be allowed to tender the purchased Deutsche Börse Shares in the Exchange Offer in which case the remainder of the holding period will apply to the HoldCo Shares received upon settlement of the Exchange Offer.

The Performance Share Plan as effective from 1 January 2016, the Performance Share Plan as of February 2016, the Performance Bonus Plan as effective from 1 January 2016 and the Performance Bonus Plan as of February 2016 are plans in which the executive board and/or senior management of Deutsche Börse AG participate.

- (i) *Under the Performance Share Plan as effective from 1 January 2016 and the Performance Share Plan as of February 2016, phantom conditional share awards are granted which vest, subject to the achievement of net income growth and relative total shareholder return measures assessed over five financial years. The net value of any cash payment must be used to acquire Deutsche Börse Shares by market purchase.*
- (ii) *Under the Performance Bonus Plan as effective from 1 January 2016 and the Performance Bonus Plan as of February 2016, 50 per cent. of net bonus earned for a financial year must be used to acquire Deutsche Börse Shares by market purchase. These Deutsche Börse Shares are subject to a three-year holding period.*

Share-based awards under the Deutsche Börse LSI / RSU Schemes are phantom awards designed to meet regulatory requirements (relating to both deferral and share price linkage) applicable to selected individuals who are considered to be risk takers of Deutsche Börse AG or its regulated subsidiaries working in certain senior positions. Awards typically vest over three to five years, subject to the terms of the relevant scheme. In some cases payment is delayed for a further one year after vesting.

The impact of the Merger on the Deutsche Börse Share Plans is described in paragraph 7 of Part III (*Explanatory Statement*) of this document.

#### *Deutsche Börse Share Plan Interests*

As at the Latest Practicable Date, the aggregate number of employee share awards outstanding pursuant to the Deutsche Börse Share Plans was 283,704. According to the respective terms and conditions, all these awards will be satisfied on maturity by cash payments to the beneficiaries and therefore have no dilutive effect. Furthermore, neither Deutsche Börse AG nor any of its subsidiaries has granted any option or award over its shares or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant any such options or awards.

#### **11. Real Property Owned, Leased or Subleased**

As at the Latest Practicable Date, the Deutsche Börse Group’s entities are not the legal owner of any real property and no real property was recognised on the Deutsche Börse Group’s balance sheet as at 30 April 2016. All Deutsche Börse Group office buildings are leased and the contracts are classified as operating lease contracts.

The minimum lease payments from operating leases for buildings during the years ended 31 December 2015, 2014 and 2013 was as follows:

	Year ended 31 December		
	2015	2014	2013
	(EUR million)		
Up to one year . . . . .	67.6	60.5	61.0
One to five years . . . . .	193.7	192.4	160.0
More than five years . . . . .	155.4	185.6	225.3
<b>Total</b> . . . . .	<u>416.7</u>	<u>438.5</u>	<u>446.3</u>

Operating leases for buildings, some of which are sublet, have terms of between one and 11 years. Such leases usually terminate automatically when the lease expires. The Deutsche Börse Group has options to extend some of its leases.

Deutsche Börse AG has a 15 year lease on its principal office in Eschborn which is due to expire in 2025 with options to extend. Deutsche Börse AG's principal office is approximately 55,000 square meters.

The rental income from sublease contracts during the years ended 31 December 2015, 2014 and 2013 was as follows:

	Year ended 31 December		
	2015	2014	2013
	(EUR million)		
Up to one year . . . . .	0.9	1.1	1.3
One to five years . . . . .	0.7	1.1	0.3
<b>Total</b> . . . . .	<u>1.6</u>	<u>2.2</u>	<u>1.6</u>

## 12. Investments

### *Acquisitions and other transactions*

In the year ended 31 December 2015, the Deutsche Börse Group made acquisitions and other transactions amounting to EUR1,428.4 million (2014: EUR153.6 million, 2013: EUR30.0 million). During this period, the Deutsche Börse Group acquired shares or increased its existing shareholding in the following companies:

- *Powernext SA, EPEX Spot SE, EPEX Spot Schweiz AG and JV Epex-Soops B.V.*: On 1 January 2015, EEX acquired a 53.34 per cent. interest in Powernext SA in exchange for 36.75 per cent. of the shares of EPEX Spot SE. As a result of the acquisition, all of EEX's natural gas activities have been combined with Powernext. EEX has subsequently increased its interest in Powernext SA to 87.73 per cent. Since Powernext held a 50 per cent. interest in EPEX Spot SE ("EPEX"), EEX also obtained a controlling interest in EPEX and its two subsidiaries, EPEX Spot Schweiz AG and JV Epex-Soops B.V.
- *APX Holding*: On 4 May 2015, Deutsche Börse AG acquired a 100 per cent. interest in APX Holding in order to expand its spot power business, including trading and clearing. APX Holding, which covers the Netherlands, United Kingdom and Belgian spot markets, was integrated with EPEX.
- *360T*: On 15 October 2015, Deutsche Börse AG acquired 360T for a purchase price of EUR704 million. 360T is a leading global FX trading platform catering to a broad range of customers including corporates, buy-side firms and banks. Since its incorporation in 2000, 360T has experienced double-digit annual revenue growth.
- *STOXX Ltd., STOXX Australia Pty. Ltd. and Indexium AG*: On 31 July 2015, the Deutsche Börse Group acquired 49.9 per cent. of the shares of STOXX Ltd. and 50.1 per cent. of the shares of Indexium AG from SIX Group AG. Prior to the acquisitions, Deutsche Börse AG had had control over STOXX Ltd. and included the company in its consolidated financial statements. Following the transaction, Deutsche Börse AG had a 100 per cent. shareholding in STOXX Ltd., its subsidiary STOXX Australia Pty. Ltd. and Indexium AG.

In the first quarter of 2016 no significant acquisitions were carried out. With regard to the increase of interests in associates an amount of EUR0.1 million was invested.

### *Software Investments*

The amount invested for purchased and internally developed software was EUR112.1 million in 2015 (2014: EUR102.9 million, 2013 EUR99.0 million). In the first quarter of 2016 an amount of EUR25.9 million was invested. Over the last three financial years and in the first quarter of 2016, the Deutsche Börse Group's key software investments included:

- Creation of a common technological trading and clearing infrastructure;



- Development of Eurex Clearing Prisma, a technological solution for a portfolio-based margining approach;
- Creation of clearing solutions for the OTC derivatives business to reduce systemic risks and increase the integrity of financial markets;
- Supporting the growing usage of collateralised lending and borrowing of cash and securities; and
- Improvements to the speed, capacity and reliability, and an overall enhancement of existing products, such as the core software releases for the systems of Xetra, Eurex and Clearstream.

#### ***Building Improvements, Computer and Office Equipment***

The amount invested in building improvements was EUR10.3 million in 2015 (2014: EUR5.7 million, 2013: EUR3.6 million). The amount invested in fixtures and furnishing was EUR32.0 million in 2015 (2014: EUR24.9 million, 2013: 25.0 million).

#### ***Investments Currently in Progress***

Approximately 80 per cent. to 90 per cent. of the Deutsche Börse Group's 2016 investment budget of EUR150 million has been assigned to ongoing projects, including:

- *Eurex*: New clearing infrastructure and clearing OTC derivatives;
- *Eurex*: Further improvements for OptimISE and Risk Engine;
- *Eurex*: New release for CCP securities lending, T2S CCP and Rappidd T7;
- *Eurex*: Trading and Clearing of power and gas products;
- *Eurex/Clearstream*: Expansion of liquidity and risk management hub; and
- *Clearstream*: Cross-border settlement of securities ("T2S") and investment funds.

The Deutsche Börse Group expects to finance these investments primarily through its cash-flows. None of these investments could be finalised in the current financial year.

#### ***Planned Investments***

Under its 2016 investment budget, the Deutsche Börse Group intends to invest approximately 32 per cent. of its investment budget in IT infrastructure, 7 per cent. in building improvements and 61 per cent. in software releases. In addition to the ongoing projects, the following key investment projects are planned in Europe:

- *Xetra*: Migration of Cash Trading to new group wide technical landscape;
- *Eurex*: Trading and Clearing of FX-products; and
- *MD+S*: Globalisation of index business.

Deutsche Börse Group expects to finance these investments primarily through its cash flows.

### **13. Insurance**

As a risk mitigation measure, Deutsche Börse AG has entered into a group-wide insurance portfolio. Various insurance policies with reputable insurance carriers are contracted, which include among others: comprehensive crime and professional liability insurance, criminal proceedings insurance, premises and transport insurance, property insurance, terror coverage insurance, general and environmental liability insurance, employment practices liability insurances, workers compensation and employers' liability. Additionally, Deutsche Börse AG has subscribed to various specific employee benefit insurance policies, including life, accident and assistance policies.

A directors' and officers' liability insurance policy ("D&O") is in force to cover members of the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board. It also captures all of their other mandates within the Deutsche Börse Group entities. This D&O has a sub-limit for outside directorship liability exposures. In accordance with their standard terms and with market practice, a number of insurance policies are entered into on a yearly basis and thus expire at the end of each December or

March. This includes for example the D&O liability insurance policy, the comprehensive crime and professional liability insurance policy and the premises and transport insurance policy.

Deutsche Börse AG's insurance portfolio aims to reduce Deutsche Börse AG's worldwide risks and comprises master and/or primary underlying policies in line with "non admitted" regulations as applicable in the different countries Deutsche Börse AG is operating. Deutsche Börse AG believes that its exposures are appropriately covered with regard to the nature of its business activities as well as the related risks in the context of the available insurance offerings. However, it is impossible to exclude the possibility that Deutsche Börse AG will incur damages that are not covered by insurance policies or that exceed the coverage limits of these insurance policies. Moreover, there can be no guarantee that it will be possible for Deutsche Börse AG to obtain adequate insurance coverage in the future.

#### 14. Certain Relationships and Related-Party Transactions

Related parties, as defined by IAS 24, include members of Deutsche Börse AG's executive bodies, companies classified as its associates, other investors and investees, and companies that are controlled or significantly influenced by members of Deutsche Börse AG's executive bodies.

##### *Breakdown of other Transactions with Related Parties*

The following table shows transactions entered into with companies classified as related parties for the years ended 31 December 2015, 2014 and 2013. From 1 January 2016 to 31 March 2016, all related party transactions occurred in relation to Deutsche Börse AG's general business activities. As at 31 March 2016, there were no significant changes to the sum of the outstanding balances.

	Amount of the transactions revenues as at 31 December			Amount of the transactions expenses as at 31 December		
	2015	2014	2013	2015	2014	2013
	(EUR million)					
Associates . . . . .	14.0	10.0	16.0	(9.5)	(9.2)	(12.7)
Joint Ventures . . . . .	0.2	0.0	0.0	0.0	0.0	0.0
Other Shareholdings . . . . .	0.0	0.0	0.0	(1.2)	0.0	0.0
<b>Total sum of business transactions . . . . .</b>	<b>14.2</b>	<b>10.0</b>	<b>16.0</b>	<b>(10.7)</b>	<b>(9.2)</b>	<b>(12.7)</b>

	Outstanding balances receivables as at 31 December			Outstanding balances liabilities as at 31 December		
	2015	2014	2013	2015	2014	2013
	(EUR million)					
Associates . . . . .	4.7	2.1	3.2	(0.6)	(1.5)	(1.6)
Joint Ventures . . . . .	0.0	0.0	0.0	0.0	0.0	0.0
Other Shareholdings . . . . .	0.0	0.0	0.0	(1.2)	0.0	0.0
<b>Total sum of business transactions . . . . .</b>	<b>4.7</b>	<b>2.1</b>	<b>3.2</b>	<b>(1.8)</b>	<b>(1.5)</b>	<b>(1.6)</b>

In 2015, European Commodity Clearing Luxembourg S.à.r.L. paid approximately EUR60,000 for management services under a managing director agreement with ffp Conseils SARL to pmi Beratung GmbH.

##### *German Corporate Governance Code*

Deutsche Börse AG complies with the provisions of the German Corporate Governance Code as adopted by the "Regierungskommission Deutscher Corporate Governance Kodex" in February 2002 and last amended on 5 May 2015 (the "**German Corporate Governance Code**"), save as disclosed below. According to the declaration of conformity by the Deutsche Börse Management Board and the Deutsche Börse

Supervisory Board dated 8 December 2015, Deutsche Börse AG deviates from the German Corporate Governance Code in respect of the following recommendations:

*Agreement of severance payment caps when concluding Deutsche Börse Management Board contracts (no. 4.2.3 (5) of the German Corporate Governance Code)*

Severance payment caps agreed upon in all current contracts with the members of the Deutsche Börse Management Board complied and will continue to comply with the recommendation no. 4.2.3 (5) of the German Corporate Governance Code. As in the past, however, the Deutsche Börse Supervisory Board reserves the right to deviate from no. 4.2.3 (5) of the German Corporate Governance Code in the future under certain circumstances. The Deutsche Börse Supervisory Board is of the opinion that a deviation may become necessary in extraordinary cases.

*Cap on total amount of compensations (no. 4.2.3 (2) (sentence 6) of the German Corporate Governance Code) and disclosure in the compensation report (no. 4.2.5 (3) of the German Corporate Governance Code)*

No. 4.2.3 (2) (sentence 6) of the German Corporate Governance Code recommends that the amount of management compensation shall be capped, both overall and for individual components. In the future, Deutsche Börse AG will deviate from this recommendation.

Effective as of 1 January 2016, a new compensation system was implemented, inter alia, for the Deutsche Börse Management Board. Within the framework of this new compensation system, the long-term variable compensation elements are share-based. Even though the new compensation system provides for a cap in relation to the number of shares which are allocated to the members of the Deutsche Börse Management Board, no cap is foreseen on the maximum achievable bonus amount as the development of the share price remains uncapped. In the opinion of the Deutsche Börse Supervisory Board, a cap on the achievable amount would be inconsistent with the rationale of a share-based compensation system which aims to achieve an adequate participation in the economic risks and chances of the company by the members of the Deutsche Börse Management Board.

No. 4.2.5 (3) (subitem 1) of the German Corporate Governance Code recommends, inter alia, to present the maximum achievable compensation for variable compensation components for financial years starting after 31 December 2013. As there will be no cap in relation to the share-based variable compensation components, the maximum achievable compensation cannot be presented as recommended in no. 4.2.5 (3) (subitem 1) of the German Corporate Governance Code. Therefore, the deviation from the German Corporate Governance Code results from the fact that there is no cap on the maximum achievable compensation.

## **15. Share Capital and Shareholder Structure**

Deutsche Börse AG is registered as a German stock corporation (*Aktiengesellschaft*) with the commercial register of the Local Court (*Amtsgericht*) of Frankfurt am Main under the commercial register number HRB 32232 with its registered seat in Frankfurt am Main and business address in Mergenthalerallee 61, 65760 Eschborn, Germany (+49 (0) 692110).

### ***Share Capital***

Deutsche Börse AG's current share capital is EUR193,000,000.00 divided into 193,000,000 registered ordinary shares with no par value. There are no other classes of shares and there are no non-voting shares.

Deutsche Börse AG's shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange and, simultaneously, in the sub-segment thereof with additional post-admission obligations (Prime Standard).

Subject to the agreement of the Deutsche Börse Supervisory Board, the Deutsche Börse Management Board is entitled to increase the subscribed share capital by the following amounts and corporate actions:

	Amount in EUR	Date of authorisation by the shareholders	Expiry date	Existing shareholders' pre-emptive rights may be excluded for fractioning and/or may be excluded if the share issue is:
Authorised capital I <sup>(1)</sup> . . . . .	13,300,000	11 May 2016	10 May 2021	• No exclusion
Authorised capital II <sup>(1)</sup> . . . . .	19,300,000	13 May 2015	12 May 2020	• In cash capital increases if the issue price is not significantly lower than the stock exchange price and up to a maximum amount of 10 per cent. of the nominal capital  • In capital increases against contribution in kind for the purpose of acquiring companies, parts of companies, interests in companies, or other assets.
Authorised capital III <sup>(1)</sup> . . . . .	38,600,000	13 May 2015	12 May 2020	• No exclusion
Authorised capital IV . . . . .	6,000,000	16 May 2012	15 May 2017	• For the issuance of up to 900,000 new shares per year to Executive Board members and employees of the company, as well as to the management and employees of affiliated companies within the meaning of sections 15 <i>et seq.</i> AktG.
Contingent capital . . . . .	19,300,000	15 May 2014	14 May 2019	(i) only for the exercise of option / conversion rights or the satisfaction of such obligations or (ii) to the extent shares are tendered and no other means of performance are used to service such rights or obligations

**Note:**

- (1) Shares may only be issued provided that the aggregate amount of the newly issued shares, excluding shareholders' pre-emptive rights, during the term of the authorisation (including under other authorisations) does not exceed 20 per cent. of the issued share capital.

**Shareholder Structure**

Out of Deutsche Börse AG's 193,000,000 issued shares, 6,276,014 are held in treasury by Deutsche Börse AG, with 186,723,986 shares currently outstanding. As of 31 December 2015, institutional investors held approximately 95 per cent. of all outstanding Deutsche Börse Shares. The remaining shares were held by private investors.

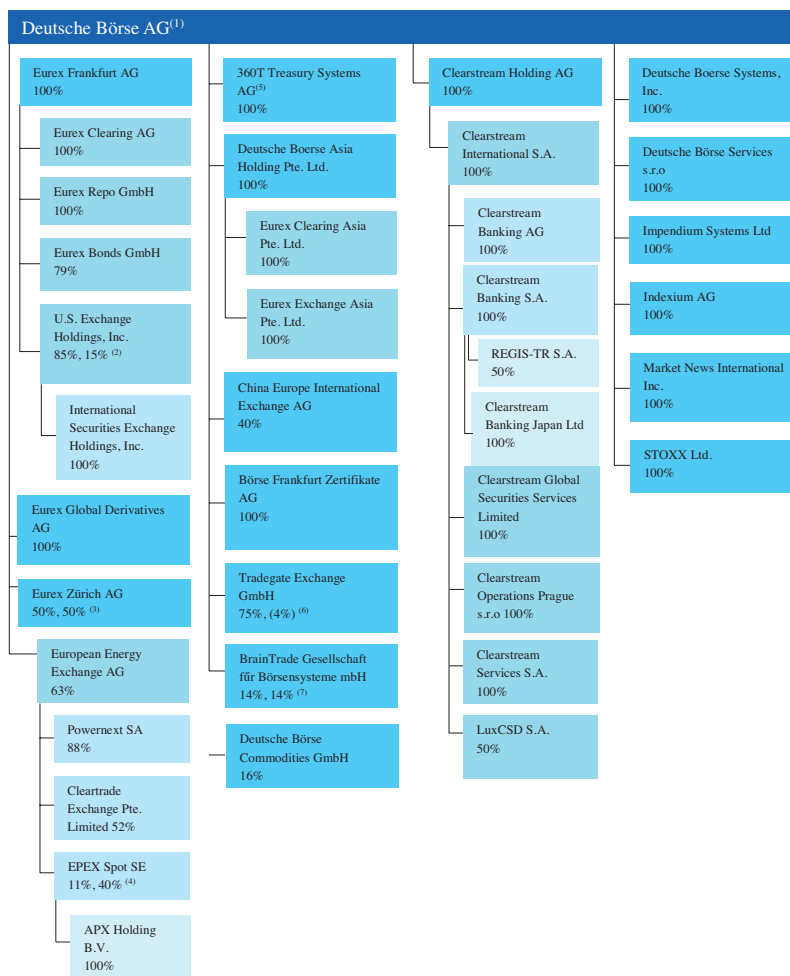
The following table sets out the amount and percentage of voting rights in Deutsche Börse AG's share capital attributable to principal shareholders as disclosed by such shareholders in accordance with Section 21 *et seq* of the German Securities Trading Act:

Shareholder	Publication date <sup>(1)</sup>	Voting rights					
		Directly held <sup>(2)</sup>		Attributed		Total	
		( per cent.)	( per cent.)	( per cent.)	( per cent.)	( per cent.)	( per cent.)
Mr Eric R. Colson, Charles J. Daley, Gregory K. Ramirez . . . . .	7 March 2016	—	—	3.21	6,188,272	3.21	6,188,272
Jupiter Fund Management plc UK London, UK . . . . .	3 February 2016	—	—	3.07	5,929,315	3.07	5,929,315
BlackRock, Inc. Wilmington, DE, USA	7 December 2015	—	—	5.64	10,890,057	5.64	10,890,057
Invesco Limited, Hamilton, Bermuda .	11 June 2015	—	—	5.02	9,696,489	5.02	9,696,489
Invesco Advisors Inc., Wilmington, DE, USA . . . . .	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
Invesco Group Services Inc., Wilmington, DE, USA . . . . .	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
Invesco Holding Company Limited, Henley, Oxon, UK . . . . .	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
Invesco Management Group Inc., Wilmington, DE, USA . . . . .	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
Invesco North American Holdings Inc., Wilmington, DE, USA . . . . .	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
IVZ UK Limited, Henley, Oxon, UK. .	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518
IVZ Inc., Wilmington, DE, USA . . . .	2 November 2015	—	—	3.01	5,804,518	3.01	5,804,518



## 16. Corporate Structure

The Deutsche Börse Group is comprised of Deutsche Börse AG and its subsidiaries. The following illustration provides an overview of Deutsche Börse AG's simplified shareholding structure as at 1 May 2016.



- (1) Simplified presentation of main shareholdings (rounded values) as at 27 May 2016.
- (2) Direct equity interest Eurex Frankfurt AG: 85%, direct equity interest Deutsche Börse AG: 15%.
- (3) Direct equity interest Deutsche Börse AG: 50%, direct equity interest Eurex Global Derivatives AG: 50%.
- (4) Direct equity interest European Energy Exchange AG: 11%, direct equity interest Powernext SA: 40%.
- (5) 100% indirectly held through 360T Beteiligungs GmbH and 360T Verwaltungs GmbH.
- (6) Direct equity interest Deutsche Börse AG: 75%, equity interest of 4%, which is held indirectly via Tradegate AG Wertpapierhandelsbank.
- (7) Direct equity interest Deutsche Börse AG: 14%, direct equity interest Börse Frankfurt Zertifikate AG: 14%.

## 17. Supervisory Board and Management Board

Deutsche Börse AG has a two-tier governance structure with a supervisory board, composed of non-executive members, and a management board, composed of Deutsche Börse AG's senior executive officers.

*Deutsche Börse Supervisory Board*

The Deutsche Börse Supervisory Board appoints, supervises and advises the Deutsche Börse Management Board and is directly involved in key decisions affecting the Deutsche Börse Group. Members of the Deutsche Börse Supervisory Board are appointed for a period of approximately three years, subject to a shorter term upon election. The Deutsche Börse Supervisory Board currently consists of 12 members and,

due to the number of employees of the Deutsche Börse Group, is subject to a one-third co-determination regime (which requires one-third of the members of the supervisory board at a given time to have been appointed by the employees).

The following table sets out the members of the Deutsche Börse Supervisory Board as at the Latest Practicable Date.

<u>Name</u>	<u>Board Position</u>
Joachim Faber . . . . .	Chairman
Richard Berliand . . . . .	Deputy Chairman
Karl-Heinz Flöther . . . . .	Member
Marion Fornoff . . . . .	Staff member
Hans-Peter Gabe . . . . .	Staff member
Craig Heimark . . . . .	Member
Monica Mächler . . . . .	Member
Ann-Kristin Achleitner . . . . .	Member
Erhard Schipporeit . . . . .	Member
Jutta Stuhlfauth . . . . .	Staff member
Johannes Witt . . . . .	Staff member
Amy Yip . . . . .	Member

The business address of each of the members of the Deutsche Börse Supervisory Board is Mergenthalerallee 61, 65760 Eschborn, Germany.

The composition of the Deutsche Börse Supervisory Board is currently subject to so-called status proceedings (*Statusverfahren*) before the Higher Regional Court of Frankfurt am Main. These proceedings were initiated by one of Deutsche Börse AG's shareholders in order to assess whether the Deutsche Börse Supervisory Board is properly constituted pursuant to the applicable co-determination regime. Deutsche Börse AG takes the view that the Deutsche Börse Supervisory Board is constituted as required by law and, therefore, the status proceedings will have no prospect of success. Deutsche Börse AG currently expects the court to issue a final decision in this matter or, alternatively, an intermediate procedural order regarding the further course of the status proceedings shortly.

#### ***Deutsche Börse Management Board***

The Deutsche Börse Management Board is responsible for managing the Deutsche Börse Group and the implementation of its business strategy. Activities of the Deutsche Börse Management Board's members are coordinated by the Chief Executive Officer. The Deutsche Börse Management Board currently consists of five members. As at 30 April 2016, each member of the Deutsche Börse Management Board had its business address in such capacity at Mergenthalerallee 61, 65760 Eschborn, Germany.

The table below sets out the members of the Deutsche Börse Management Board as at the Latest Practicable Date.

<u>Name</u>	<u>Current Position and Responsibility</u>
Carsten Kengeter . . . . .	Chief Executive Officer
Andreas Preuss . . . . .	Deputy Chief Executive Officer (responsible for IT & Operations, Data & New Asset Classes)
Gregor Pottmeyer . . . . .	Chief Financial Officer
Hauke Stars . . . . .	(responsible for Cash Market, Pre-IPO and Growth Financing)
Jeffrey Tessler . . . . .	(responsible for Clients, Products and Core Markets)

## 18. Legal and other matters

- (1) For a description of material proceedings involving the Deutsche Börse Group, please see paragraph 16.2 of Part XIV (*Additional Information*) of this document.
- (2) Deutsche Börse Group companies are currently party to, or are exposed to, a number of other legal proceedings within the normal course of their business.

The following is a summary of these legal matters as at the date of this document:

### ***Peterson v. Clearstream Banking, S.A., Citibank NA et al. (“Peterson I”) and Heiser vs Clearstream Banking S.A.***

In 2013, Deutsche Börse Group informed about a lawsuit, Peterson vs Clearstream Banking S.A., the first Peterson proceeding, initiated by various plaintiffs seeking turnover of certain customer positions held in Clearstream Banking S.A.’s securities omnibus account with its U.S. depository bank, Citibank NA, and asserting direct claims against Clearstream Banking S.A. for damages of USD250 million. That matter was settled between Clearstream Banking S.A. and the plaintiffs and the direct claims against Clearstream Banking S.A. were abandoned.

In July 2013, the U.S. court ordered turnover of the customer positions to the plaintiffs, ruling that these were owned by Bank Markazi, the Iranian central bank. Bank Markazi appealed, and the decision was affirmed on 9 July 2014 by the Court of Appeals, and then by the U.S. Supreme Court on 20 April 2016. Once the process of distribution of funds to the plaintiffs is complete, a related case, Heiser vs Clearstream Banking S.A., also seeking turnover of the same assets, should be dismissed.

### ***Peterson vs Clearstream Banking S.A. (“Peterson II”)***

On 30 December 2013, a number of U.S. plaintiffs from Peterson I, as well as other U.S. plaintiffs, filed a complaint targeting restitution of certain blocked assets that Clearstream Banking S.A. holds as a custodian in Luxembourg. In 2014, the defendants in this action, including Clearstream Banking S.A., moved to dismiss the case. On 19 February 2015, the U.S. court issued a decision granting the defendants’ motions and dismissing the lawsuit. On 6 March 2015, the plaintiffs appealed the decision to the Second Circuit Court of Appeals, and a hearing is expected to be scheduled in June 2016.

### ***Dispute between MBB Clean Energy AG and end investors***

A dispute has arisen between MBB Clean Energy AG (“**MBB**”), the issuer of a bond eligible in CBF, and end investors. MBB issued a first tranche of the bond in April 2013 and a second tranche of the bond in December 2013. The global certificates for the two tranches of the bond were delivered into CBF by the paying agent of the issuer. The dispute relates to the non-payment of the second tranche of the bond with a nominal value of EUR500 million and the purported lack of validity of the bond. CBF’s role in the dispute on the purported lack of validity of the MBB Clean Energy AG bond is primarily to safekeep the global note, deposited by the paying agent of the issuer, as national central securities depository. At this stage, it is unclear if and to what extent potential damages exist and if so who would ultimately be responsible. Provisional insolvency proceedings have meanwhile been opened in respect of the issuer, MBB Clean Energy AG.

- (3) Deutsche Börse Group companies have received a request for information from the Hessian Authority. The following is a summary of such request as at the date of this document:

On 16 March 2016, HoldCo has informed the Hessian Authority of its intention to acquire an indirect qualifying holding in Deutsche Börse, Börse Frankfurt Zertifikate AG and Eurex Frankfurt AG. Thereupon, Deutsche Börse received a request for information from the Hessian Authority including various questions on the intentions of Deutsche Börse with respect to the Merger as well its implications on their license to operate the Frankfurt Stock Exchange. This request for information shall enable the supervisory authority to assess whether the prerequisites of the law and the exchange licence for an unconditional preservation of Deutsche Börse’s exchange licence are still fulfilled after the acquisition of an interest in Deutsche Börse by HoldCo in the magnitude provided by the Exchange Offer. Answers to the questionnaire are currently being drafted and will be submitted to the regulator shortly.

**PART VIII**  
**HISTORICAL FINANCIAL INFORMATION RELATING TO THE DEUTSCHE BÖRSE GROUP**

The following sets out financial information in respect of Deutsche Börse AG as required by Rules 13.4 and 13.5 of the Listing Rules and Rule 24.3 of the City Code. This information is available free of charge on Deutsche Börse AG's website at <http://www.deutsche-boerse.com>. A person who has received this document may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by contacting [info@deutsche-boerse.com](mailto:info@deutsche-boerse.com) at Deutsche Börse AG, Mergenthalerallee 61, 65760 Eschborn, Germany, telephone: +49 (0) 692110. Save as expressly referred to herein, neither the content of Deutsche Börse AG's website, nor the content of any website accessible from hyperlinks on Deutsche Börse AG's website, is incorporated into, or forms part of, this document.

This Part VIII (*Historical Financial Information relating to the Deutsche Börse Group*) contains:

- In Part A, consolidated unaudited interim financial information for the three months ended 31 March 2016; and
- In Part B, consolidated historical financial information relating to the Deutsche Börse Group for the three years ended 31 December 2015, 2014 and 2013.

In accordance with the requirements of the Listing Rules, the LSEG Directors confirm that no material adjustment needs to be made to the Deutsche Börse Group financial information contained in Part A or Part B of this Part VIII (*Historical Financial Information relating to the Deutsche Börse Group*) to achieve consistency with LSEG plc's accounting policies.

***Part A—Consolidated Unaudited Interim Financial Information Relating to the Deutsche Börse Group for the three months ended 31 March 2016***

The consolidated unaudited historical financial information relating to the Deutsche Börse Group for the three months ended 31 March 2016 are incorporated by reference into this document pursuant to Rules 13.4 and 13.5 of the Listing Rules and Rule 24.15 of the City Code, as described in Part XV (*Documentation Incorporated by Reference*) of this document. The financial information relating to the Deutsche Börse Group for the three months ended 31 March 2016 was prepared in accordance with IFRS.

***Part B—Consolidated Historical Financial Information Relating to the Deutsche Börse Group***

The audited consolidated historical financial information relating to the Deutsche Börse Group for the three years ended 31 December 2015, 2014 and 2013, together with the unqualified independent audit reports thereon as set out in Part [19] of the HoldCo Prospectus are incorporated by reference into this document pursuant to Rules 13.4 and 13.5 of the Listing Rules and Rule 24.15 of the City Code, as described in Part XV (*Documentation Incorporated by Reference*) of this document. The financial information relating to the Deutsche Börse Group for the three years ended 31 December 2015, 2014 and 2013 were prepared in accordance with IFRS.

## PART IX INFORMATION RELATING TO HOLDCO

*The following sets out financial information in respect of HoldCo as required by Rule 24.3 of the City Code. This information is available free of charge on HoldCo's website at [www.mergerdocuments-db-lseg.com](http://www.mergerdocuments-db-lseg.com). A person who has received this document may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by contacting HoldCo at 10 Paternoster Square, London, EC4M 7LS, telephone: +44(0)020 779 1000. Save as expressly referred to herein, neither the content of HoldCo's website, nor the content of any website accessible from hyperlinks on HoldCo's website, is incorporated into, or forms part of, this document.*

This Part IX (Information relating to HoldCo) contains:

- In Part A, further information relating to HoldCo; and
- In Part B, consolidated audited interim financial information for the period from 9 March 2016, being the date of HoldCo's incorporation, to 31 March 2016.

### **Part A**

#### **Structure of the Combined Group**

HoldCo is a public limited company incorporated in the UK. In addition HoldCo will be resident solely in the UK for tax purposes. HoldCo will seek a premium listing for its shares on the Official List and admission to trading on the main market of the London Stock Exchange and a prime standard listing for its shares on the Frankfurt Stock Exchange. It is envisaged that at Completion the HoldCo Shares will be eligible for inclusion in the DAX and FTSE Russell index series. It is also envisaged that HoldCo will seek EUROSTOXX inclusion. HoldCo will seek to ensure the aforementioned index inclusions from Completion, including through seeking to maintain sufficient liquidity in London and Frankfurt as the two primary markets for HoldCo Shares.

The HoldCo Sole Shareholder currently owns 49,999 redeemable preference shares and 1 ordinary share in the capital of HoldCo, representing the entire issued share capital of HoldCo as at the date of this document. It is intended that, at the same time as the issue of the HoldCo Shares pursuant to the Scheme and the Exchange Offer respectively, the ordinary share held by the HoldCo Sole Shareholder will automatically convert to a deferred share in accordance with the HoldCo Articles and will then be repurchased by HoldCo and cancelled. It is also intended that the 49,999 redeemable preference shares owned by the HoldCo Sole Shareholder will be redeemed and cancelled by HoldCo shortly after the Effective Date such that the HoldCo Sole Shareholder ceases to hold any shares in the capital of HoldCo.

On Completion, LSEG in London and Deutsche Börse in Frankfurt would become intermediate subsidiaries of HoldCo. LSEG and Deutsche Börse remain committed to maintaining the strengths and capabilities of their respective operations in London and Frankfurt. As announced, the existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals. LSEG and Deutsche Börse will continue to be subject to tax in their respective countries of incorporation. In particular in relation to LSEG plc's and Deutsche Börse AG's respective post trade businesses, the LSEG Board and the Deutsche Börse Management Board have no intention to move the locations of Eurex or Clearstream from Frankfurt, LCH from London, Paris and the US, Monte Titoli from Milan or CC&G from Rome following Completion. For undertakings, conditions or requirements may need to be offered to regulators, please refer to Part II (*Risk Factors*) of this document—"Completion is subject to a number of conditions which may not be satisfied or waived".

The Combined Group will maintain its headquarters in London and Frankfurt, with an efficient distribution of central corporate functions in both locations. It is the intention of LSEG plc, Deutsche Börse AG and HoldCo that, after Completion, the governance structure of HoldCo, including in respect of the location of meetings and identity of members of the HoldCo Board shall reflect the international nature of the Combined Group. HoldCo will use the euro as its reporting currency for the purposes of its accounts and other financial reports following Completion. The subsidiaries of HoldCo will continue to use their existing reporting currencies for the purposes of their accounts and other financial reports.

#### **HoldCo Board**

HoldCo has been incorporated in the UK and will have a unitary board with equal representation from LSEG plc and Deutsche Börse AG, constituted in accordance with the UK Corporate Governance Code.



LSEG plc will maintain a one-tier-board system, while Deutsche Börse AG will maintain a two-tier-board system subject to applicable co-determination rules.

Initially following Completion, the HoldCo Board will comprise 16 directors with LSEG plc and Deutsche Börse AG nominating seven non-executive directors each (including the Chairman and the Deputy Chairman and Senior Independent Director of HoldCo, who are identified below). It is expected that the HoldCo Board will subsequently be reduced to 14 directors as a non-executive director nominated by each of LSEG plc and Deutsche Börse AG will stand down. The initial composition of the HoldCo Board is as follows:

- Donald Brydon will become Chairman of HoldCo;
- Joachim Faber will become Deputy Chairman and Senior Independent Director of HoldCo;
- Carsten Kengeter will become HoldCo Chief Executive;
- David Warren will become HoldCo CFO; and
- Six further non-executive directors nominated by LSEG plc (being Jacques Aigrain, Paul Heiden, Lex Hoogduin, Andrea Munari, David Nish and Mary Schapiro) and six further non-executive directors nominated by Deutsche Börse AG (being Ann-Kristin Achleitner, Richard Berliand, Christopher Cole, Karl-Heinz Flöther, Erhard Schipporeit and Amy Yip).

On Completion, Xavier Rolet will step down from his role as CEO and director of LSEG plc. On stepping down, Xavier Rolet will become an adviser to the Chairman and Deputy Chairman of HoldCo to assist with a successful transition. It is currently envisaged that this arrangement would last for up to one year following Completion, but the other terms of the appointment are not yet known.

#### **Appointment Rights for the HoldCo Board**

The Chairman of the HoldCo Board will be appointed for a term of three years. After three years, a new Chairman of the HoldCo Board will be nominated by the Deutsche Börse AG nominated non-executive directors and appointed for a three year term by a majority of the HoldCo Board. If Donald Brydon or his successor resigns, retires or is otherwise removed from office as a director during the initial three year term, the LSEG plc nominated non-executive directors will nominate a replacement for the remainder of the initial three year term to be appointed by a majority of the HoldCo Board. If the Deutsche Börse AG nominated new Chairman of HoldCo or his successor resigns, retires or is otherwise removed from office as a director during the subsequent three year term, the Deutsche Börse AG nominated non-executive directors will nominate a replacement to be appointed by a majority of the HoldCo Board. A majority decision of 75 per cent. of the HoldCo Board will be required to remove any Chairman.

The Deputy Chairman and Senior Independent Director of the HoldCo Board will also be appointed for a term of three years. After three years, a new Deputy Chairman of HoldCo will be nominated by the LSEG plc nominated non-executive directors to be appointed by a majority of the HoldCo Board. If such new Deputy Chairman of HoldCo is not also nominated as Senior Independent Director, a Senior Independent Director will be nominated by the LSEG plc nominated non-executive directors. If Joachim Faber or his successor resigns, retires or is otherwise removed from office as a director during the initial three year term, the Deutsche Börse AG nominated non-executive directors will nominate a replacement for the remainder of the initial three-year term to be appointed by a majority of the HoldCo Board. If the LSEG plc nominated new Deputy Chairman and Senior Independent Director of HoldCo (or if the roles are separated, the Deputy Chairman of HoldCo or the Senior Independent Director of HoldCo) nominated by LSEG plc or his successor resigns, retires or is otherwise removed from office as a director during the subsequent three year term, the LSEG plc nominated non-executive directors will nominate a replacement to be appointed by a majority of the HoldCo Board. A majority decision of 75 per cent. of the HoldCo Board will be required to remove any Deputy Chairman of HoldCo.

The HoldCo Chief Executive may only be removed by a majority decision of 75 per cent. of the HoldCo Board. In the event that the HoldCo Chief Executive or his successor resigns, retires or is otherwise removed from office as a director within five years of Completion, the Deutsche Börse AG nominated non-executive directors will nominate a replacement to be appointed by a majority of the HoldCo Board. The Deutsche Börse AG nominated non-executive directors shall have this nomination right for five years from Completion. Thereafter the HoldCo Chief Executive will be nominated and appointed in accordance with customary UK corporate governance practice.

The HoldCo CFO may only be removed by a majority decision of the HoldCo Board. In the event the HoldCo CFO or his successor resigns, retires or is otherwise removed from office as a director within three years of Completion, the LSEG plc nominated non-executive directors will nominate a replacement to be appointed by a majority of the HoldCo Board (and including the support of the HoldCo Chief Executive). Thereafter the HoldCo CFO will be nominated and appointed in accordance with customary UK corporate governance practice.

The non-executive directors appointed at Completion will be appointed for an initial term of three years. In the event that any of the non-executive directors resigns, retires or is otherwise removed from office as a director within four years of Completion, Deutsche Börse AG or LSEG plc (as appropriate) will have the right to nominate a replacement to be appointed by a majority of the HoldCo Board.

Except in relation to the appointment of the HoldCo Chief Executive, the Chairman and the Deputy Chairman of HoldCo, all nomination rights reserved to either the LSEG plc nominated non-executive directors or the Deutsche Börse AG nominated non-executive directors will terminate after four years from Completion.

Notwithstanding the foregoing, all directors of the HoldCo Board who intend to remain on the HoldCo Board during the following year will be required to submit themselves for annual re-election in accordance with the UK Corporate Governance Code.

### **HoldCo Board Committees**

It is contemplated that there will be audit, risk, remuneration and nomination committees of the HoldCo Board. In advance of Completion, the chairman for each committee will be selected as follows:

- the initial chairman of the audit committee will be Erhard Schipporeit;
- the initial chairman of the risk committee will be Richard Berliand;
- the initial chairman of the remuneration committee will be Jacques Aigrain; and
- the initial chairman of the nomination committee will be Donald Brydon.

A summary of the Referendum Committee is set out below.

### **Reserved matters**

Following Completion, pursuant to the articles of association of HoldCo, certain matters will require approval from a majority of 75 per cent. of the HoldCo Board, including:

- changes to the articles in the articles of association detailing the board composition and nomination rights structure described in the section “Appointment rights for the HoldCo Board” above, except for any changes concerning the nomination rights in the first five years for the office of the HoldCo Chief Executive, which require unanimity;
- material changes to the Combined Group’s holding company structure, its corporate and organisational operating structure (including (i) the jurisdiction of incorporation of HoldCo or any company which is to become the holding company of the Combined Group or of any member of the Combined Group; or (ii) the tax residence of HoldCo or any company which is to become the holding company of the Combined Group) or its regulatory template including, in each case, from the position as described in the Announcement;
- the appointment and removal of directors of the boards of directors of LSEG plc or Deutsche Börse AG, provided that any appointments to those boards of directors shall require a recommendation from the HoldCo Chief Executive before becoming effective and that in respect of Deutsche Börse AG this shall only apply to the supervisory board;
- any material acquisitions and disposals (including joint ventures, partnerships and other equivalent structures) to be entered into by HoldCo or any member of the Combined Group that would result in a percentage ratio of 10 per cent. or more under any one of the Class Tests set out in Chapter 10 of the Listing Rules;
- any action that would be contrary to the Combined Group’s operating strategy, as described in the Announcement namely that (i) the LCH Group will continue to be committed to a horizontal, open access clearing model; and (ii) the Combined Group will meet transparent and non-discriminatory

open access provisions across all relevant businesses in compliance with European regulation from time to time (including MiFID II and MiFIR);

- any proposal to vary or disapply the terms of reference for the audit committee, nomination committee, remuneration committee, risk committee or Referendum Committee of HoldCo; and
- any proposal to the shareholders of HoldCo seeking to vary, disapply or remove any article of association of HoldCo requiring an approval of at least 75 per cent. of the HoldCo Board.

The requirement for a majority of 75 per cent. of the HoldCo Board applies notwithstanding that any matter is required to be voted on by the shareholders of HoldCo pursuant to applicable legislation, the Listing Rules or other rules to which HoldCo is subject.

### **Referendum Committee**

LSEG plc and Deutsche Börse AG have established a Referendum Committee (which following Completion will become a committee of the HoldCo Board), whose purpose is to consider the ramifications of any vote for the United Kingdom to leave the European Union (if this is the outcome chosen by the electorate of the United Kingdom) for the Combined Group. The Referendum Committee has been tasked with reviewing the potential impact on the business of the Combined Group of the United Kingdom leaving the European Union, including any issues that LSEG plc and Deutsche Börse AG and, following Completion, the HoldCo Board specifically requests the Referendum Committee to consider, and to make recommendations to LSEG plc and Deutsche Börse AG and, following Completion, the HoldCo Board in the context of this remit. Recommendations made by the Referendum Committee to LSEG plc and Deutsche Börse AG and, following Completion, the HoldCo Board will not be binding. The directors of LSEG plc and Deutsche Börse AG and, following Completion, the HoldCo Board, will each give serious consideration to the advice and recommendations put forward by the Referendum Committee.

The guiding principle for the Referendum Committee is that its sole concern is the best interests of clients and shareholders of the Combined Group.

The initial composition of the Referendum Committee is as follows:

- Joachim Faber, who has been nominated by Deutsche Börse AG and will act as Chairman of the Referendum Committee and, in the event of any votes of the Referendum Committee being deadlocked, will have a casting vote;
- Erhard Schipporeit and Ann-Kristin Achleitner, who have been nominated by Deutsche Börse AG to serve on the Referendum Committee; and
- Donald Brydon, Jacques Aigrain and Paul Heiden, who have been nominated by LSEG plc to serve on the Referendum Committee.

The Referendum Committee will meet as frequently as the Chairman of the Referendum Committee decides and in any event at least quarterly. It shall continue to meet and consider matters within its remit, as described above, following Completion.

The appointment of each of the members of the Referendum Committee has been made for a maximum of three years, although the committee members may be replaced from time to time, provided that each of LSEG plc and Deutsche Börse AG nominated non-executive directors may nominate a maximum of three committee members at any one time.

The Referendum Committee will be dissolved in the event of a vote in favour of the United Kingdom remaining in the European Union.

### **Executive Committee, Regulatory Advisory Group and Technology Advisory Group**

Following Completion, the HoldCo Chief Executive will chair an executive committee responsible for the day-to-day management of the Combined Group's business. The executive committee will report to the HoldCo Chief Executive who will, among other things, be responsible for the strategy of the Combined Group. The HoldCo Chief Executive shall appoint and remove members of the executive committee, provided that he shall closely consult with the Chairman and the HoldCo Board on any proposed appointment or removals of executive committee members and take into account the views of the HoldCo Board when appointing the members of the executive committee.

With effect from Completion, the HoldCo Board intends to establish a regulatory advisory group and a technology advisory group. The members of these groups may include HoldCo Board members and non-HoldCo Board members and also employees of the Deutsche Börse Group or LSEG and will be selected by agreement of the Chairman and Deputy Chairman of HoldCo.

### **HoldCo Listing**

HoldCo will seek a listing for the HoldCo Shares in each of London and Frankfurt. Applications will be made to the UK Listing Authority, and to the London Stock Exchange respectively for the HoldCo Shares to be admitted to listing on the premium listing segment of the Official List of the FCA, trading on the London Stock Exchange's main market for listed securities and separately to the Frankfurt Stock Exchange for the HoldCo Shares to be admitted for prime standard listing and trading on the regulated market segment of the Frankfurt Stock Exchange. It is envisaged that at Completion the HoldCo Shares will be eligible for inclusion in the DAX and FTSE Russell index series. It is also envisaged that HoldCo will seek EUROSTOXX inclusion. HoldCo will seek to ensure the aforementioned index inclusions from Completion, including through seeking to maintain sufficient liquidity in London and Frankfurt as the two primary markets for HoldCo Shares.

### **Insurance**

From Completion, HoldCo will maintain a directors' and officers' liability insurance policy in line with usual market practice.

### ***Part B—Consolidated audited interim financial information for the period from 9 March 2016 to 31 March 2016***

The consolidated audited historical financial information relating to HoldCo for the period from 9 March 2016, being the date of HoldCo's incorporation, to 31 March 2016, together with the unqualified independent audit report thereon as set out in Part [18] of the HoldCo Prospectus are incorporated by reference into this document pursuant to Rules 13.4 and 13.5 of the Listing Rules and Rule 24.15 of the City Code, as described in Part XV (*Documentation Incorporated by Reference*) of this document. The financial information relating to relating to HoldCo for the period from 9 March 2016, being the date of HoldCo's incorporation, to 31 March 2016 was prepared in accordance with IFRS.

**PART X**  
**HISTORICAL FINANCIAL INFORMATION RELATING TO LSEG**

*Financial information in respect of LSEG plc as required by Rule 24.3 of the City Code, the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the City Code, as described in Part XV (Documentation Incorporated by Reference) of this document.*



**PART XI**  
**UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE COMBINED GROUP**

**Part A—Unaudited pro forma financial information**

The unaudited pro forma statement of net assets and pro forma income statement (together “**Unaudited Pro Forma Financial Information**”) of the Combined Group set out below have been prepared in accordance with Annex II of the Prospectus Regulation and on the basis of the notes set out below. The pro forma income statement and statement of net assets are presented in Euro, the proposed functional currency of HoldCo. The Unaudited Pro Forma Financial Information has been prepared on the basis of the financial statements of LSEG plc and Deutsche Börse AG as at and for the period ended 31 December 2015, the most recent date for which financial information for both entities was prepared. The unaudited pro forma income statement has been prepared to illustrate the effect on the earnings of HoldCo as if the proposed Merger had taken place on 1 January 2015. The unaudited pro forma statement of net assets has been prepared to illustrate the effect on the net assets of HoldCo as if the proposed Merger had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the HoldCo or the Combined Group’s actual financial position or results.

The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted by LSEG plc in its audited consolidated financial statements for the year ended 31 December 2015.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. The Unaudited Pro Forma Financial Information does not purport to represent what the Combined Group’s financial position and results of operations actually would have been if the Merger had been completed on the dates indicated nor do they purport to represent the results of operations for any future period or the financial condition at any future date. LSEG Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part XI (*Unaudited Pro Forma Financial Information for the Combined Group*). KPMG LLP’s report on the Unaudited Pro Forma Financial Information is set out on Part B of this Part XI (*Unaudited Pro Forma Financial Information for the Combined Group*).

Information for HoldCo is not included in the Unaudited Pro Forma Financial Information because HoldCo did not exist at any time during the period ended 31 December 2015 and, even if it were assumed to have been in existence, would not have had a meaningful or material impact on the Unaudited Pro Forma Financial Information.

Unaudited pro forma Income Statement					
	LSEG Year Ended 31-Dec-15 (Note 1) EURm	Deutsche Börse Year ended 31-Dec-15 (Note 2) EURm	Pro forma adjustments		Pro Forma Combined Group EURm
			Transaction costs (Note 4) EURm	Tax benefit of transaction costs (Note 5) EURm	
<b>Revenue</b>					
<b>Total income</b> . . . . .	<b>1,955.1</b>	<b>2,797.0</b>	—	—	<b>4,752.1</b>
Cost of sales . . . . .	(173.0)	(429.6)	—	—	(602.6)
<b>Gross profit</b> . . . . .	<b>1,782.1</b>	<b>2,367.4</b>	—	—	<b>4,149.5</b>
<b>Expenses</b>					
Operating expenses before amortisation of purchased intangible assets and non-recurring items . . . . .	(976.3)	(1,243.4)	—	—	(2,219.7)
Amortisation of purchased intangible assets and non-recurring items . . . . .	(249.2)	(131.4)	(308.4)	—	(689.0)
Gain on disposal of asset . . . . .	0.7	—	—	—	0.7
<b>Operating profit</b> . . . . .	<b>557.3</b>	<b>992.6</b>	<b>(308.4)</b>	—	<b>1,241.5</b>
Net interest expense . . . . .	(94.1)	(42.4)	—	—	(136.5)
Income taxes . . . . .	(66.3)	(249.0)	—	78.5	(236.8)
<b>Profit from continuing operations</b> . .	<b>396.9</b>	<b>701.2</b>	<b>(308.4)</b>	<b>78.5</b>	<b>868.2</b>
Profit attributable to non-controlling interests . . . . .	39.1	35.7	—	—	74.8
Profit attributable to equity holders .	357.8	665.5	(308.4)	78.5	793.4
<b>Profit from continuing operations</b> . .	<b>396.9</b>	<b>701.2</b>	<b>(308.4)</b>	<b>78.5</b>	<b>868.2</b>
<b>Add back:</b>					
Continuing Non-recurring items (Note 6) . . . . .	42.3	128.5	308.4	—	479.2
Continuing Amortisation and depreciation (Note 7) . . . . .	287.4	143.7	—	—	431.1
Continuing Taxation . . . . .	66.3	249.0	—	(78.5)	236.8
Continuing Net interest expense . .	94.1	42.4	—	—	136.5
<b>Adjusted EBITDA from continuing operations</b> . . . . .	<b>887.0</b>	<b>1,264.8</b>	—	—	<b>2,151.8</b>
<b>Profit from discontinued operations</b>	95.2	—	—	—	95.2
<b>Add back:</b>					
Discontinued Non-recurring items . .	30.7	—	—	—	30.7
Discontinued Amortisation and depreciation . . . . .	9.8	—	—	—	9.8
Discontinued Taxation . . . . .	39.3	—	—	—	39.3
Discontinued Net interest income . .	(2.9)	—	—	—	(2.9)
<b>Adjusted EBITDA from discontinued operations</b> . . . . .	<b>172.1</b>	—	—	—	<b>172.1</b>
<b>Adjusted EBITDA</b> . . . . .	<b>1,059.1</b>	<b>1,264.8</b>	—	—	<b>2,323.9</b>
<b>Dividends</b>					
Interim paid . . . . .	51.7	—	—	—	51.7
Final proposed . . . . .	120.9	420.1	—	—	541.0
<b>Total</b> . . . . .	<b>172.6</b>	<b>420.1</b>	—	—	<b>592.7</b>

*Unaudited pro forma Net Assets Statement*

	LSEG as at 31-Dec-15 (Note 1) EURm	Deutsche Börse as at 31-Dec-15 (Note 2) EURm	Elimination of purchased intangibles and goodwill (Note 3) EURm	Pro forma Adjustments Estimated excess of purchase consideration over net assets acquired (Note 3) EURm	Transaction costs (Note 4) EURm	Tax benefits of transaction costs (Note 5) EURm	Pro Forma Combined Group EURm
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment . . . . .	127.8	109.7	—	—	—	—	237.5
Intangible assets . . . . .	5,039.6	4,633.0	(9,024.9)	29,049.2	—	—	29,696.9
Investments in associates . . . . .	0.4	38.5	—	—	—	—	38.9
Deferred tax assets . . . . .	47.1	148.3	—	—	—	—	195.4
Derivative financial instruments . . . . .	30.5	32.3	—	—	—	—	62.8
Receivables and securities from banking business . . . . .	—	2,018.6	—	—	—	—	2,018.6
Financial instruments held by CCPs . . .	—	7,175.2	—	—	—	—	7,175.2
Available for sale investments . . . . .	83.0	219.4	—	—	—	—	302.4
Retirement benefit asset . . . . .	34.3	—	—	—	—	—	34.3
Other non-current assets . . . . .	62.6	11.9	—	—	—	—	74.5
	<u>5,425.3</u>	<u>14,386.9</u>	<u>(9,024.9)</u>	<u>29,049.2</u>	<u>—</u>	<u>—</u>	<u>39,836.4</u>
<b>Current assets</b>							
Inventories . . . . .	5.0	—	—	—	—	—	5.0
Trade and other receivables . . . . .	450.7	1,581.1	—	—	—	—	2,031.8
Derivative financial instruments . . . . .	34.7	—	—	—	—	—	34.7
CCP financial assets . . . . .	582,626.4	126,289.6	—	—	—	—	708,916.0
CCP cash and cash equivalents (restricted) . . . . .	38,698.3	26,870.0	—	—	—	—	65,568.3
CCP clearing business assets . . . . .	621,324.7	153,159.6	—	—	—	—	774,484.3
Receivables and securities from banking business . . . . .	—	10,142.9	—	—	—	—	10,142.9
Current tax . . . . .	9.8	94.2	—	—	—	—	104.0
Assets held at fair value . . . . .	13.5	—	—	—	—	—	13.5
Cash and cash equivalents . . . . .	1,257.0	711.1	—	—	—	—	1,968.1
	<u>623,095.4</u>	<u>165,688.9</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>788,784.3</u>
Assets held for sale . . . . .	1,732.7	—	—	—	—	—	1,732.7
<b>Total assets</b> . . . . .	<u>630,253.4</u>	<u>180,075.8</u>	<u>(9,024.9)</u>	<u>29,049.2</u>	<u>—</u>	<u>—</u>	<u>830,353.4</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables . . . . .	615.5	549.1	—	—	308.4	—	1,473.0
Derivative financial instruments . . . . .	—	—	—	—	—	—	—
CCP clearing business liabilities . . . . .	621,290.4	152,875.5	—	—	—	—	774,165.9
Liabilities from banking business . . . . .	—	11,681.4	—	—	—	—	11,681.4
Current tax . . . . .	4.8	316.7	—	—	—	(78.5)	243.0
Borrowings . . . . .	1,265.5	42.2	—	—	—	—	1,307.7
Other current provisions . . . . .	—	330.4	—	—	—	—	330.4
Provisions . . . . .	2.0	—	—	—	—	—	2.0
	<u>623,178.2</u>	<u>165,795.3</u>	<u>—</u>	<u>—</u>	<u>308.4</u>	<u>(78.5)</u>	<u>789,203.5</u>
<b>Non-current liabilities</b>							
Borrowings . . . . .	923.4	2,546.5	—	—	—	—	3,469.9
Derivative financial instruments . . . . .	—	—	—	—	—	—	—
Deferred income . . . . .	3.0	—	—	—	—	—	3.0
Financial instruments held by CCPs . . .	—	7,175.2	—	—	—	—	7,175.2
Deferred tax liabilities . . . . .	851.1	581.3	—	—	—	—	1,432.4
Retirement benefit obligation . . . . .	55.2	140.7	—	—	—	—	195.9
Other non-current liabilities . . . . .	148.0	10.0	—	—	—	—	158.0
Provisions . . . . .	12.7	131.7	—	—	—	—	144.4
	<u>1,993.4</u>	<u>10,585.4</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,578.8</u>
Liabilities held for sale . . . . .	733.3	—	—	—	—	—	733.3
<b>Total liabilities</b> . . . . .	<u>625,904.9</u>	<u>176,380.7</u>	<u>—</u>	<u>—</u>	<u>308.4</u>	<u>(78.5)</u>	<u>802,515.6</u>
<b>Net assets</b> . . . . .	<u>4,348.5</u>	<u>3,695.1</u>	<u>(9,024.9)</u>	<u>29,049.2</u>	<u>(308.4)</u>	<u>78.5</u>	<u>27,837.8</u>

## Notes:

### 1. LSEG financial information for the year ended 31 December 2015

The IFRS information for LSEG was extracted without material adjustment from the audited consolidated financial statements of LSEG for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

An average rate of exchange of EUR1.3782 = GBP1 and a spot rate of EUR1.3605 = GBP1 have been used to convert the financial information for LSEG into Euro for the year ended 31 December 2015 and 31 December 2015 spot rate respectively.

### 2. Deutsche Börse Group financial information for the year ended 31 December 2015

The IFRS information for Deutsche Börse Group was extracted without material adjustment from the audited consolidated financial statements of Deutsche Börse for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU. The accounting policies adopted by the Deutsche Börse Group are consistent with those used to prepare the financial statements of LSEG.

For the purposes of the Deutsche Börse Group net asset statement “Other equity investments” have been included in “available for sale investments”, “Trade and other receivables” is the combination of “Trade receivables”, “other current assets” and “Receivables from related parties”, “trade and other payables” is the combination of “trade payables”, “other current provisions” and “liabilities to related parties” and “CCP clearing business liabilities” is the combination of “financial instruments held by central counterparties” and “cash deposits by market participants”.

### 3. Estimated Excess of Purchase Consideration over net assets acquired

Estimated purchase consideration and related excess purchase consideration over book value of net assets acquired are as follows:

#### *Pro forma adjustments*

Estimated Excess of Purchase Consideration over net assets acquired	EURm	EURm	Notes
<b>Estimated Purchase Consideration</b> . . . . .		<b>28,067.7</b>	i
Less: LSEG Group book value of net assets acquired . . . . .	(4,348.3)		
Less: Deutsche Börse Group book value of net assets acquired . . . . .	(3,695.1)		
Total book value of net assets acquired . . . . .		(8,043.4)	
Add back: LSEG Group purchased goodwill and intangibles . . . . .	4,769.8		ii
Add back: Deutsche Börse Group purchased goodwill and intangibles . . . .	4,255.1		iii
Total purchased goodwill and intangibles . . . . .		9,024.9	
<b>Excess of purchase consideration over book value of net assets acquired</b> . .		<b>29,049.2</b>	iv

- (i) Estimated purchase consideration is EUR28.1 billion (£21.4 billion) at an exchange rate of EUR1.3146 = GBP1 on 27 May 2016, being the Latest Practicable Date;
- (ii) For the purposes of the pro forma analysis, acquisition goodwill and intangible assets of LSEG of EUR4.8 billion (£3.5 billion) have been added back to the “book value of net assets acquired”. These balances will then be re-evaluated alongside the acquisition goodwill and intangible assets of LSEG as part of the Combined Group’s consolidated accounts. The EUR4.8 billion (£3.5 billion) consists of goodwill of EUR1.9 billion (£1.4 billion), and EUR2.9 billion (£2.1 billion) of definite life customer relationship, brand and intellectual property intangibles;
- (iii) For the purposes of the pro forma analysis, acquisition goodwill and intangible assets of Deutsche Börse Group of EUR4.3 billion (£3.1 billion) have been added back to the “book value of net assets acquired”. These balances will then be re-evaluated alongside the acquisition goodwill and intangible assets of Deutsche Börse Group as part of the Combined Group’s consolidated accounts. The EUR4.3 billion (£3.1 billion) consists of goodwill of EUR2.9 billion (£2.1 billion), and EUR1.4 billion (£1.0 billion) of definite life customer relationship, brand and intellectual property intangibles;
- (iv) The gross difference of EUR29.0 billion (£22.1 billion) between “the book value of net assets acquired” and the estimated consideration has, therefore, been presented as a single value in

goodwill. Following Completion, the assets and liabilities of LSEG and the Deutsche Börse Group will be subject to fair value restatement.

#### **4. Transaction costs**

LSEG and the Deutsche Börse Group expect to incur transaction related costs that do not qualify to be capitalised as part of the estimated purchase consideration. None of these items were recorded as expenses in LSEG's or Deutsche Börse Group's income statement to 31 December 2015. Therefore an adjustment of EUR308.4 million has been made to include these expenses incurred because the pro forma income statement has been prepared as if the transaction had been completed on 1 January 2015. These expenses are non-recurring in nature and are not expected to have a continuing impact on the consolidated results.

#### **5. Estimated tax benefit of transaction costs**

The estimated tax benefits of the above adjustments are EUR78.5 million. The estimates reflect the 2015 effective tax rates of LSEG Group and Deutsche Börse Group and tax jurisdictions in which the pro forma adjustments were assumed to occur (UK: 24.9 per cent., Germany: 26.2 per cent.).

#### **6. Non-recurring items**

##### **LSEG plc**

Continuing non-recurring items of £30.7 million (EUR42.3 million) has been calculated by deducting the continuing amortisation of purchased intangible items of £149.6 million from the amount of continuing amortisation of purchased intangible assets and non-recurring items of £180.3 million, in each case as disclosed in LSEG's financial statements for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

##### **Deutsche Börse AG**

Non-recurring items of EUR128.5 million represent the difference between reported EBIT of EUR992.6 million and EBIT adjusted for non-recurring items of EUR1,124.0 million less the difference in reported depreciation, amortisation and impairment losses of EUR143.7 million and depreciation, amortisation and impairment losses adjusted for non-recurring items of EUR140.8 million, in each case as disclosed in the Deutsche Börse Group's preliminary results announcement for the year ended 31 December 2015.

#### **7. Amortisation and depreciation**

##### **LSEG plc**

Continuing amortisation and depreciation of GBP208.5 million (EUR287.3 million) has been calculated by adding the continuing amortisation of purchased intangible items of GBP149.6 million to the continuing depreciation and non-acquisition software amortisation of GBP58.9 million in each case as disclosed in LSEG plc's financial statements for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

##### **Deutsche Börse AG**

Amortisation and depreciation of EUR143.7 million has been extracted without material adjustment from the income statement of Deutsche Börse AG for the year ended 31 December 2015.

#### **8. Other adjustments**

- (a) Other than Merger-related costs the pro forma income statement and net asset statement do not reflect any performance related costs that may crystallise on acquisition; and
- (b) No adjustment has been made to reflect the trading results of LSEG or the Deutsche Börse Group since 31 December 2015 or any other change in the financial position in this period.



## Additional pro forma financial information

### 1. Segmental analysis of revenue

	LSEG EURm <sup>(a)</sup>	Deutsche Börse Group EURm <sup>(b)</sup>	Adjustments <sup>(c)</sup>	Pro-forma EURm	Pro-forma Percentage of total revenue
Capital Markets . . . . .	455.2	—	—	455.2	
Xetra . . . . .	—	211.1	(41.3)	169.8	
<b>Total capital markets . . . . .</b>	<b>455.2</b>	<b>211.1</b>	<b>(41.3)</b>	<b>625.0</b>	<b>14 per cent.</b>
LCH. Clearnet . . . . .	416.4	—	52.4	468.8	
Eurex . . . . .	—	1,208.7	41.3	1,250.0	
<b>Total derivatives trading and clearing</b>	<b>416.4</b>	<b>1,208.7</b>	<b>93.7</b>	<b>1,718.8</b>	<b>38 per cent.</b>
Post-trade services . . . . .	123.8	—	(52.4)	71.4	
Clearstream . . . . .	—	901.1	—	901.1	
<b>Total settlement, custody and collateral management . . . . .</b>	<b>123.8</b>	<b>901.1</b>	<b>(52.4)</b>	<b>972.5</b>	<b>21 per cent.</b>
Information services . . . . .	713.1	—	—	713.1	
Technology Services . . . . .	111.1	—	—	111.1	
Market data and services . . . . .	—	447.9	—	447.9	
<b>Total Information services and technology . . . . .</b>	<b>824.2</b>	<b>447.9</b>	<b>—</b>	<b>1,272.1</b>	<b>28 per cent.</b>
Other, including consolidation adjustments . . . . .	6.2	(46.0)	—	(39.8)	
<b>Total revenue . . . . .</b>	<b>1,825.8</b>	<b>2,722.8</b>	<b>—</b>	<b>4,548.6</b>	<b>100 per cent.</b>

(a) Figures for LSEG Group were extracted without material adjustment from Note 4 to the audited consolidated financial statements of LSEG for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU. An average rate of exchange of EUR1.3782 = GBP1 has been used to convert this information into Euro.

(b) Figures for Deutsche Börse Group were extracted without material adjustment from Note 4 to the audited consolidated financial statements of Deutsche Börse for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

(c) The adjustments are to reallocate Deutsche Börse Group's Xetra clearing fees (disclosed in Note 4 as explained in (b) above) and LSEG CC&G to derivatives trading and clearing. Figures for the LSEG adjustment were extracted without material adjustment from the Section titled 'Financial review' of the Strategic Report included in the annual report of LSEG for the year ended 31 December 2015. An average rate of exchange of EUR1.3782 = GBP1 has been used to convert this information into Euro.

### 2. Further analysis of Information Services and Technology revenue:

	LSEG EURm <sup>(a)</sup>	Deutsche Börse Group EURm <sup>(b)</sup>	Pro-forma EURm	Pro-forma Percentage of information services revenue
Index revenue . . . . .	480.9	114.0	594.9	<b>59 per cent.</b>
Information revenue . . . . .	113.3	181.2	294.5	<b>29 per cent.</b>
Other information services revenue . . . . .	118.9	—	118.9	<b>12 per cent.</b>
<b>Total information services revenue . . . . .</b>	<b>713.1</b>	<b>295.2</b>	<b>1,008.3</b>	<b>100 per cent.</b>
Technology revenue . . . . .	111.1	152.7	263.8	
<b>Total information services and technology revenue . . . . .</b>	<b>824.2</b>	<b>447.9</b>	<b>1,272.1</b>	

(a) Figures for LSEG Group were extracted without material adjustment from the Section titled 'Financial review' of the Strategic Report included in the annual report of LSEG for the year ended 31 December 2015. An average rate of exchange of EUR1.3782 = £1 has been used to convert this information into Euro.

(b) Figures for Deutsche Börse Group were extracted without material adjustment from Note 4 to audited consolidated financial statements of Deutsche Börse for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

### 3. Geographical analysis of revenue

	<b>LSEG EURm<sup>(a)</sup></b>	<b>Deutsche Börse Group EURm<sup>(b)</sup></b>	<b>Pro-forma EURm</b>	<b>Pro-forma Percentage of total revenue</b>
<b>Total Europe</b> . . . . .	<b>1,512.9</b>	<b>2,212.8</b>	<b>3,725.7</b>	<b>82 per cent.</b>
<b>Total Americas</b> . . . . .	<b>216.0</b>	<b>429.6</b>	<b>645.6</b>	<b>14 per cent.</b>
<b>Other</b> . . . . .	96.9	126.4	223.3	5 per cent.
<b>Consolidation adjustments</b> . . . . .	—	(46.0)	(46.0)	
<b>Total revenue</b> . . . . .	<b><u>1,825.8</u></b>	<b><u>2,722.8</u></b>	<b><u>4,548.6</u></b>	<b>100 per cent.</b>

(a) Figures for LSEG were extracted without material adjustment from Note 4 to the audited consolidated financial statements of LSEG for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU. An average rate of exchange of EUR1.3782 = £1 has been used to convert this information into Euro. The “other” category for LSEG may include countries in Europe or Americas falling outside top four countries by revenue.

(b) Figures for the Deutsche Börse Group were extracted without material adjustment from Note 35 to the audited consolidated financial statements of Deutsche Börse for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

### 4. Leverage ratio

	<b>LSEG<sup>(a)</sup></b>	<b>Deutsche Börse Group<sup>(b)</sup></b>	<b>Group</b>
Net debt (EURm) . . . . .	500.4		
Cash and cash equivalents set aside for regulatory and operational purposes (EURm) . . . . .	1,296.3		
Interest bearing liabilities (EURm) . . . . .		2,246.5	
Commercial paper (EURm) . . . . .		95.0	
<b>Total (A) EURm</b> . . . . .	<b>1,769.7</b>	<b>2,341.5</b>	<b>4,138.2</b>
<b>Adjusted EBITDA (B) EURm</b> . . . . .	<b>1,059.1</b>	<b>1,264.8</b>	<b>2,323.9</b>
<b>Leverage ratio (A/B)</b> . . . . .	<b>1.7</b>	<b>1.9</b>	<b>1.8</b>

(a) Figures for LSEG were extracted without material adjustment from the audited consolidated financial statements of LSEG for the year ended 31 December 2015. A spot rate of EUR1.3605 = £1 has been used to convert the figures.

(b) Figures for the Deutsche Börse Group were extracted without material adjustment from the Section titled ‘Report on economic position’ of the Management Report included in the annual report of Deutsche Börse for the year ended 31 December 2015. On 30 July 2015 Deutsche Börse placed a hybrid bond maturing in 2041, with a total nominal value of EUR600 million, on the market. Given the quasi-equity characteristics of the hybrid bond, only 50 per cent of its total nominal amount is included when calculating interest bearing liabilities.

**Part B—Accountants’ Report on the Unaudited Pro Forma Financial Information**



KPMG LLP  
15 Canada Square  
London  
E14 5GL  
United Kingdom

The Directors  
London Stock Exchange Group plc  
10 Paternoster Square  
London EC4M 7LS  
Ladies and Gentlemen

**London Stock Exchange Group plc**

We report on the pro forma financial information (the “**Pro forma financial information**”) set out in Part A of Part XI of the Class 1 circular dated 1 June 2016, which has been prepared on the basis described below, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by London Stock Exchange Group plc (“**LSEG plc**”) in preparing the financial statements for the period ended 31 December 2015. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of LSEG plc to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have ordinary shareholders as a result of the inclusion of this report in the Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of LSEG plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of LSEG plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of LSEG plc.

Yours faithfully

## PART XII RATINGS INFORMATION

### **Part A: LSEG plc Ratings Information**

Prior to the commencement of the Offer Period, LSEG plc had been assigned long term ratings of Baa1 (outlook stable) by Moody's and BBB+ (outlook stable) by S&P Global Ratings.

Since the commencement of the Offer Period to the Latest Practicable Date, Moody's has moved its outlook for the rating to positive and S&P Global Ratings has placed LSEG plc's outlook on 'CreditWatch positive' with a potential for a three notch upgrade for LSEG plc, on the basis that the Combined Group will be given a higher credit rating than LSEG plc has currently been assigned. Both agencies took these actions on 17 March 2016.

Prior to the commencement of the Offer Period, the LCH Group had been assigned a long term rating of A+ (outlook stable) by S&P Global Ratings. As part of the S&P Global Ratings' rating action, it has placed the LCH Group on 'Credit Watch negative' with the potential for a one notch downgrade, subject to certain events materialising and, in the view of S&P Global Ratings, those events having a negative impact on the LCH Group's credit standing.

### **Part B: Deutsche Börse AG Ratings Information**

Prior to the commencement of the Offer Period, Deutsche Börse AG had been assigned a long term rating of AA by S&P Global Ratings. In addition, Clearstream Banking S.A had been assigned a long term rating of AA from both Fitch Ratings and S&P Global Ratings.

Since the commencement of the Offer Period to the Latest Practicable Date, there has not been any change to this rating. However, on 17 March 2016 S&P Global Ratings placed Deutsche Börse AG outlook on 'CreditWatch negative', on the basis of its assessment of the announced terms of the Merger. S&P Global Ratings' provisional evaluation that the Combined Group will be given a lower credit rating than Deutsche Börse AG has currently been assigned, which was based on its assessment of information available at the time of the announcement and S&P Global Ratings' expectation that, following Completion, leverage should reduce steadily through 2017-2018, subject to additional acquisitions and/or borrowing, and other execution risks related to implementation of the Merger. A final determination of S&P Global Ratings' rating is not expected to be made until Completion. In the same statement, S&P Global Ratings reaffirmed the Clearstream Banking S.A rating of AA. Fitch Ratings has not made a statement regarding Clearstream Banking S.A's rating since the date of the Announcement.

### **Part C: HoldCo Ratings Information**

As HoldCo was incorporated on 9 March 2016 and was formed solely for the purpose of effecting the Merger, no financial information is available or has been published in respect of HoldCo. HoldCo has not traded since its date of incorporation, nor has it entered into any obligations, save for obligations relating to the Merger.

There are no current ratings or outlooks publicly accorded to HoldCo by rating agencies however on 17 March 2016, S&P Global Ratings' announced that it considers "*the group credit profile (GCP) of the combined group would most likely be 'aa -', which is a notch lower than Deutsche Börse AG's current GCP and three notches higher than LSEG plc's*".

## **PART XIII TAXATION**

### **OVERVIEW**

All shareholders of LSEG plc and prospective shareholders of HoldCo regardless of where they are resident for tax purposes are encouraged to read the section headed “UK Taxation” below, especially the paragraphs in the part entitled “UK tax consequences in respect of HoldCo Shares” with the headings “Taxation of dividends”, “Taxation on a subsequent disposal of the HoldCo Shares”, “Stamp duty and stamp duty reserve tax” and “Inheritance tax”, as they may be applicable to all shareholders regardless of where they are resident for tax purposes. US Holders (as defined below) will also find the section headed “US Taxation” of relevance to them. The statements below are made on the basis that HoldCo will be resident solely in the UK for tax purposes. See Part II (*Risk Factors*) of this document.

### **UK TAXATION**

The following statements are intended only as a summary of certain limited aspects of the UK tax treatment of LSEG Shareholders in respect of the Scheme and in respect of the HoldCo Shares received by LSEG Shareholders, who are resident and, in the case of an individual, domiciled for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents) and to whom split year treatment does not apply, who hold their LSEG Shares and HoldCo Shares as an investment (other than under a self-invested personal pension or in an individual savings account) and who are the absolute beneficial owners thereof. (In particular, shareholders holding shares via a depositary receipt system or clearance service should note that they may not always be the absolute beneficial owners thereof.) The tax position of certain categories of LSEG Shareholders who are subject to special rules (such as persons acquiring their LSEG Shares or HoldCo Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

The statements summarise the current position and are intended as a general guide only and do not purport to be a complete analysis of all potential UK tax consequences of disposing of the LSEG Shares or of acquiring, holding or disposing of HoldCo Shares. They are based on current UK legislation as applied in England and Wales and what is understood to be the current practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect. They assume that the Finance Bill 2016 will be enacted in the form ordered to be printed on 19 May 2016.

**LSEG Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.**

#### **UK tax consequences of the Scheme**

##### **1. Taxation of dividends**

LSEG Shareholders should be subject to the same tax treatment in respect of any dividends paid on their LSEG Shares as part of the Scheme as in respect of dividends paid on their HoldCo Shares.

See the sub-section entitled “UK tax consequences in respect of HoldCo Shares” on pages 128 to 132 for detail of the tax treatment of dividends paid in respect of HoldCo Shares.

##### **2. UK taxation on chargeable gains: general**

###### **(i) Receipt of HoldCo Shares**

The exchange of LSEG Shares for HoldCo Shares should be treated as a reorganisation for the purposes of UK capital gains tax or corporation tax on chargeable gains (as applicable) (“CGT”). Accordingly, LSEG Shareholders should not be treated as having made a disposal of their LSEG Shares for CGT purposes as a result of the exchange, and the HoldCo Shares issued to them should be treated as the same asset, and as having been acquired at the same time and for the same consideration, as the relevant LSEG Shares. The HoldCo Shares should therefore have the same base cost for CGT purposes as the LSEG Shares they replace.

In the case of an LSEG Shareholder who, alone or together with persons connected with him, holds more than 5 per cent. of shares in or debentures of LSEG plc, the above treatment will apply only if the exchange is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is an avoidance of a liability to capital gains tax or



corporation tax. LSEG Shareholders are advised in this regard that HMRC has granted clearance under section 138 of the Taxation of Chargeable Gains Act 1992. Accordingly, any such LSEG Shareholder should be treated in the manner described in the preceding paragraph.

*(ii) Receipt of cash consideration*

To the extent that an LSEG Shareholder receives cash in respect of the sale of fractional entitlements to HoldCo Shares, the expectation is that such cash will be “small” (under current HMRC practice). Accordingly, the cash generally should not give rise to a charge to UK tax, and should instead be deducted from the base cost otherwise attributable to the HoldCo Shares for CGT purposes.

Under current HMRC practice, any cash payment of GBP3,000 or less or which is 5 per cent. or less of the market value of an LSEG Shareholder’s holding of LSEG Shares immediately prior to the disposal should generally be treated as small for these purposes. Any chargeable gain on a disposal or part disposal of a holding of LSEG Shares should be computed on the basis of an apportionment of the allowable cost of the holding by reference to the market value of the holding at the time of disposal.

### **3. UK stamp duty and stamp duty reserve tax (“SDRT”)**

#### **3.1. General**

No UK stamp duty or SDRT should be payable by LSEG Shareholders on the exchange of their LSEG Shares for HoldCo Shares under the Scheme. The transfer of the LSEG Shares will be liable to a stamp duty/SDRT charge of 0.5 per cent. on the aggregate value of LSEG Shares (rounded up to the nearest GBP5 in the case of stamp duty), and HoldCo will be responsible for the payment of such charge.

#### **3.2. Form of Election to receive HoldCo Shares in CBF**

To the extent that an LSEG Shareholder makes a valid election to receive HoldCo Shares in CBF under the Scheme, the issue of the HoldCo Shares in registered form into CBF should not give rise to a charge to UK stamp duty or SDRT (whereas if the HoldCo Shares were issued into CREST and subsequently transferred into CBF a charge to SDRT at the rate of 1.5 per cent. of the consideration given for, or the value of, the HoldCo Shares transferred could arise).

Subsequent dealings in the HoldCo Shares on the Frankfurt Stock Exchange within CBF should be exempt from SDRT (provided that the HoldCo Shares are not held via an account to which a Section 97A Election (as defined below) applies). LSEG Shareholders who wish to make an election to receive HoldCo Shares in CBF are recommended to consult their broker in completing their Form of Election in order to ensure that their HoldCo Shares are received within CBF through an appropriate account structure.

The stamp duty and SDRT consequences of dealings in HoldCo Shares are described further under “*UK tax consequences in respect of HoldCo Shares—3. Stamp duty and SDRT*” below.

### **UK tax consequences in respect of HoldCo Shares**

#### **1. Taxation of dividends**

##### **1.1 Withholding tax**

Dividend payments to HoldCo Shareholders in respect of their HoldCo Shares may be made without withholding or deduction for or on account of UK income tax (whether or not such shareholders are resident in the UK).

##### **1.2 Direct taxation of dividends paid to UK resident individuals**

Significant changes have been made to the income tax treatment of dividends with effect from 6 April 2016. The changes principally: (i) abolished the UK tax credit previously available to UK income tax payers in respect of dividend income; and (ii) introduced new rates of income tax on dividends, being 0 per cent. for the first GBP5,000 of dividend income in any tax year (the “**dividend nil rate band**”) and otherwise 7.5 per cent. for dividend income within the basic rate band, 32.5 per cent. for dividend income within the higher rate band and 38.1 per cent. for dividend income within the additional rate band. Dividend income includes UK and non UK source dividends and certain other distributions in respect of shares.

Under the new rules, an individual HoldCo Shareholder who is resident for tax purposes in the UK and who receives a dividend from HoldCo will not be liable to UK tax on the dividend to the extent that the

dividend (together with any other dividend income received by the HoldCo Shareholder in the tax year) falls within the dividend nil rate band.

To the extent that the total dividend income received by such a HoldCo Shareholder in a tax year exceeds the maximum amount that may fall within the dividend nil rate band, it will be subject to income tax at 7.5 per cent. (to the extent it is within the basic rate band), 32.5 per cent. (to the extent it is within the higher rate band) or 38.1 per cent. (to the extent it is within the additional rate band). For the purposes of determining the income tax rate applicable to dividend income which falls outside the dividend nil rate band, dividend income will be treated as the top slice of an individual HoldCo Shareholder's income and dividend income within the nil rate band will be taken into account in determining whether the individual HoldCo Shareholder's income exceeds the basic or higher rate limits (as applicable).

### ***1.3 Direct taxation of dividends paid to UK resident corporate HoldCo Shareholders***

It is likely that most dividends paid on the HoldCo Shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

## **2. Taxation of a subsequent disposal of the HoldCo Shares**

A disposal or deemed disposal of HoldCo Shares by a HoldCo Shareholder who is resident in the UK for tax purposes may, depending upon the HoldCo Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

HoldCo Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of HoldCo Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate HoldCo Shareholder, a permanent establishment) in connection with which the HoldCo Shares are used, held or acquired. Non-UK tax resident HoldCo Shareholders may be subject to non-UK taxation on any gain under local law.

An individual HoldCo Shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as resident outside the UK for the purposes of a double tax treaty ("**Treaty non-resident**") for a period of five years or less (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident or becomes Treaty non-resident for a period of less than five tax years) and who disposes of all or part of his HoldCo Shares during that period may be liable to capital gains tax on his return to the UK, subject to any available exemptions or reliefs.

If an individual HoldCo Shareholder who is subject to income tax at either the higher rate or the additional rate becomes liable to UK capital gains tax on the disposal of HoldCo Shares, the applicable rate will be 20 per cent. for the 2016-2017 tax year. The rate would be 10 per cent. for an individual HoldCo Shareholder subject to basic rate income tax.

## **3. Stamp duty and SDRT**

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. The statements apply both to UK residents and non-UK residents. Special rules apply to agreements made by, amongst others, intermediaries.

### ***3.1 Issue of HoldCo Shares***

The initial issue of HoldCo Shares in registered form will not generally give rise to stamp duty or SDRT. In the case of HoldCo Shares issued to HoldCo Shareholders who hold their shares through a clearance service or depositary receipt system, this is as a result of EU case law which has been accepted by HMRC.

### ***3.2 Subsequent transfers of HoldCo Shares in certificated form***

Stamp duty at the rate of 0.5 per cent. (rounded up to the nearest GBP5.00) of the amount or value of the consideration given is generally payable on an instrument transferring HoldCo Shares. The liability to pay stamp duty is generally satisfied by the purchaser or transferee.

An exemption from stamp duty is available on an instrument transferring HoldCo Shares where the amount or value of the consideration is GBP1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds GBP1,000.

A charge to SDRT will also arise on an unconditional agreement to transfer HoldCo Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. SDRT is generally payable by the purchaser or transferee.

### ***3.3 Subsequent transfers of HoldCo Shares within CREST***

Paperless transfers of HoldCo Shares, within CREST, are generally liable to SDRT rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of HoldCo Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

### ***3.4 Subsequent transfers of HoldCo Shares into and through clearance systems (including CBF) and depositary receipt arrangements***

#### ***(i) 1.5 per cent. regime***

Special rules apply where HoldCo Shares are transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts within section 67 or section 93 of the Finance Act 1986 or a person providing a clearance service within section 70 or section 96 of the Finance Act 1986 under which SDRT or stamp duty may be charged at a rate of 1.5 per cent. of the consideration given for, or of the value of, the HoldCo Shares.

This charge is currently being challenged in litigation. Accordingly, specific professional advice should be sought before incurring a 1.5 per cent. stamp duty or SDRT charge.

Except in relation to clearance services that have made an election under section 97A(1) of the Finance Act 1986 (to which the special rules outlined below apply), no stamp duty or SDRT is payable in respect of transfers of HoldCo Shares within clearance services or depositary receipt systems.

#### ***(ii) Section 97A Election regime***

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a person providing a clearance service where that person has made and maintained in force an election under section 97A(1) of the Finance Act 1986 which has been approved by HMRC (a “**Section 97A Election**”) which applies to the relevant transfer. In circumstances where such an election applies, a 0.5 per cent. SDRT charge will arise on any transfer of HoldCo Shares into such a service, and on subsequent agreements to transfer HoldCo Shares within such a service.

#### ***(iii) CBF***

HoldCo understands that HMRC regard CBF as a clearance service for this purpose and that CBF has not itself made a Section 97A Election as at the date of this document. Provided that no such election is made by CBF, and provided that HoldCo Shares are not held by a HoldCo Shareholder within CBF through another clearance service which has made a Section 97A Election that applies to the relevant HoldCo Shares (as to which see below), the 1.5 per cent. regime (described above) would apply with the result that transfers (but not issues, as a result of the EU case law referred to above) of HoldCo Shares to CBF (or its nominee) may be subject to SDRT at 1.5 per cent. but transfers of HoldCo Shares within CBF will not be subject to SDRT.

HoldCo understands that Clearstream Banking, Luxembourg (“**CBL**”) has made a Section 97A Election which may apply to HoldCo Shares held in CBL depending on the CBL account structure chosen by shareholders or their brokers. Where HoldCo Shares are held within CBF through CBL, the applicable

SDRT treatment would depend on the relevant account structure through which the HoldCo Shares are held.

HoldCo shareholders and prospective HoldCo shareholders who are in any doubt as to the SDRT consequences of transferring HoldCo Shares into CBF or acquiring HoldCo Shares within CBF, or as to the appropriate account structure through which to hold HoldCo Shares, are recommended to consult their broker or seek professional advice, in light of their circumstances.

*(iv) General*

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service or system, which does arise will strictly be a liability of the clearance service or depositary receipt system operator or their nominee, as the case may be, but the charge will, in practice, be borne by the purchasing participant in the clearance service or depositary receipt system.

#### **4. Inheritance tax**

HoldCo Shares which are held in certificated form or through CREST will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules may also apply to close companies and to trustees of settlements who hold HoldCo Shares in this manner, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than market value or intend to hold any HoldCo Shares through trust arrangements.

There might be an argument that HoldCo Shares which are held within CBF (or through another non-UK clearance service) are not assets situated in the UK for the purposes of UK inheritance tax. Shareholders who are neither domiciled nor deemed to be domiciled in the UK for inheritance tax purposes should seek professional advice as to the UK inheritance tax treatment of shares held in this manner.

Shareholders should also seek professional advice in a situation where there is potential for a charge to both UK inheritance tax and an equivalent tax in another jurisdiction, or if they are in any doubt as to their UK inheritance tax position.

#### **US TAXATION**

The following statements are intended only as a summary of certain limited aspects of the US federal income tax treatment of LSEG Shareholders in respect of the Scheme and in respect of the HoldCo Shares received by LSEG Shareholders pursuant to the Scheme, who are US Holders (as defined below), who hold their Scheme Shares, and will hold their HoldCo Shares, as capital assets and who use the US dollar as their functional currency. The statements below as regards “**FATCA Withholding**” also applies to Non-US Holders (as defined below).

These statements are based on current law as at the date of this document. These statements are not a complete description of all tax considerations that may be relevant to a particular US Holder (as defined below). They do not address the tax treatment of persons subject to special rules, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers, traders in securities that elect to mark-to-market, tax-exempt entities, persons owning directly, indirectly or constructively 5 per cent. or more of LSEG plc’s share capital (or who will own directly, indirectly or constructively 5 per cent. or more of HoldCo’s share capital after the Scheme), US expatriates, persons liable for alternative minimum tax, persons that hold Scheme Shares or will hold the HoldCo Shares as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction or persons that acquired their Scheme Shares in connection with employment or that hold Scheme Shares or will hold the HoldCo Shares in connection with a permanent establishment or fixed base outside the United States. They also do not address US federal taxes other than income tax (e.g., estate and gift taxes), US state and local, or non-US tax considerations.

As used in this section “**US Holder**” means a beneficial owner of Scheme Shares (or, after the Scheme, HoldCo Shares) that is, for US federal income tax purposes (i) a citizen or individual resident of the

United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or one of its political subdivisions, (iii) a trust that (x) is subject to the control of one or more US Persons and the primary supervision of a US court or (y) has made a valid election under applicable US Treasury regulations to be treated as a US Person or (iv) an estate the income of which is subject to US federal income tax without regard to its source. As used in this section “**Non-US Holder**” means a beneficial owner of Scheme Shares (or, after the Scheme, HoldCo Shares) that is neither a US Holder nor an entity or arrangement treated as a partnership for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds Scheme Shares (or, after the Scheme, HoldCo Shares) generally will depend on the status of the partner and the activities of the partnership. Scheme Shareholders that are partnerships should consult their own tax advisers regarding the specific US federal income tax consequences to them and their partners of the partnership’s exchange of Scheme Shares for HoldCo Shares pursuant to the Scheme and the ownership and disposition of HoldCo Shares.

**THIS DISCUSSION OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL US HOLDERS OF SCHEME SHARES SHOULD CONSULT THEIR TAX ADVISER REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND NON-US TAX CONSEQUENCES TO THEM OF THE EXCHANGE OF SCHEME SHARES FOR HOLDCO SHARES PURSUANT TO THE SCHEME.**

**LSEG Shareholders who are in any doubt as to their tax position or who may be subject to tax other than US federal income tax are strongly recommended to consult their own professional advisers.**

#### **US tax consequences of the Scheme**

LSEG plc does not believe that it has been, or will be at the time the Scheme becomes effective, a passive foreign investment company (“**PFIC**”) and the following discussion assumes that LSEG plc is not, and will not become at any relevant time, a PFIC. However, if LSEG plc is or was at any time during which a US Holder held the LSEG Shares a PFIC, and HoldCo is not treated as a PFIC in the taxable year that includes the day after the Effective Date, such US Holder would recognise gain (but not loss) on the exchange of LSEG Shares for HoldCo Shares pursuant to the Scheme equal to the difference between the US Holder’s tax basis in the LSEG Shares and the value of the HoldCo Shares received pursuant to the Scheme, each amount determined in US dollars. In addition, gain recognised by such US Holder would generally be allocated ratably over the US Holder’s holding period for the LSEG Shares. The amounts allocated to the current taxable year and to any year before LSEG plc became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to US federal income tax at the highest rate in effect in that year for individuals or corporations, as appropriate, and an interest charge would be imposed on the resulting US federal income tax liability. Such US Holder would have a tax basis in the HoldCo Shares received in the Scheme equal to their value on the date the Scheme becomes effective and a holding period for the HoldCo Shares received pursuant to the Scheme that begins on the day after the Scheme becomes effective.

The balance of this discussion assumes that LSEG plc is not, will not be at the time the Scheme becomes effective, and has not been a PFIC at any time during which a US Holder has held LSEG Shares and HoldCo will not become at any relevant time a PFIC.

#### **1. Taxation of dividends**

Dividends with respect to Scheme Shares, including dividends paid on LSEG Shares as part of the Scheme, will generally be included in a US Holder’s gross income as foreign source ordinary dividend income when actually or constructively received. The dividends will not be eligible for the dividends received deduction generally allowed to US corporations, but should be eligible to qualify for the preferential tax rates applicable to “**qualified dividend income**” provided that US Holders satisfy specified holding period and certain other requirements, LSEG plc is eligible for the benefits of the US-UK treaty and was not, at any relevant time prior to the year in which such dividend is paid, and is not in such year, a PFIC.

Dividends paid in non-US currency will be included in the income of a US Holder in a US dollar amount calculated by reference to the exchange rate in effect on the date of receipt by the US Holder, regardless of whether the payment is in fact converted into US dollars at that time. Any gain or loss realised on a



conversion or other disposition of currency other than the US dollar generally will be treated as US source ordinary income or loss.

## **2. US taxation of the receipt of HoldCo Shares**

### ***Receipt of HoldCo Shares***

LSEG plc and Deutsche Börse AG intend that the Scheme and the Exchange Offer, taken together, will qualify as a transaction described in Section 351(a) of the US Internal Revenue Code of 1986, as amended (the “Code”). In addition, LSEG plc believes the Scheme will qualify as a reorganisation within the meaning of Section 368(a) of the Code. Assuming that the Scheme and the Exchange Offer taken together or the Scheme taken alone so qualify, and subject to the discussion below relating to the receipt of cash in lieu of fractions of shares, a US Holder that exchanges LSEG Shares for HoldCo Shares (i) will not recognise any gain or loss upon the exchange of LSEG Shares for HoldCo Shares, (ii) will have a tax basis in the HoldCo Shares received in the Scheme equal to their tax basis in the LSEG Shares exchanged therefor and (iii) will have a holding period for the HoldCo Shares received in the Scheme that includes its holding period for its LSEG Shares. Provided that the Scheme constitutes a reorganisation within the meaning of Section 368(a) of the Code, a US Holder that acquired blocks of LSEG Shares at different times and at different prices would determine its tax basis and holding period in HoldCo Shares with reference to each block of LSEG Shares.

### ***Receipt of cash consideration***

To the extent that a US Holder receives cash in respect of the sale of fractions of HoldCo Shares, such holder generally will realise a capital gain equal to the excess of the US dollar value of the cash received over such US Holder’s adjusted tax basis in the fractions of HoldCo Shares. Any gain or loss generally will be treated as arising from US sources and will be long-term capital gain or loss if the US Holder has held the Scheme Shares for more than one year on the Effective Date of the Scheme. Preferential tax rates may apply to long-term capital gains of a US Holder that is an individual, estate or trust. Deductions for capital losses are subject to limitations.

## **US federal income taxation of HoldCo Shares**

HoldCo does not expect to be a PFIC following the Merger, and, except where expressly otherwise noted, the following discussion assumes that HoldCo will not become at any relevant time a PFIC. As discussed in greater detail under “Passive Foreign Investment Company rules” below, if HoldCo were to become a PFIC, materially different US federal income tax consequences than those described herein could result.

### **1. Taxation of dividends**

Distributions, if any, made with respect to HoldCo Shares will constitute dividends for US federal income tax purposes to the extent of HoldCo’s current or accumulated earnings and profits as determined for US federal income tax purposes. The amount of dividends that a US Holder receives generally will be subject to US federal income taxation as foreign source dividend income and will not be eligible for the dividends-received deduction generally allowed to US corporations. Dividends received by individuals and certain other non-corporate US Holders that satisfy specified holding period and certain other requirements generally should be eligible for the preferential rate applicable to qualified dividend income as long as HoldCo is eligible for benefits of a comprehensive income tax treaty with the United States and HoldCo was not, at any relevant time prior to the year in which the dividend is paid, and is not in the year in which the dividend is paid, a PFIC. US Holders of HoldCo Shares should consult their own tax advisors regarding the availability to them of the reduced dividend tax rate in light of their particular circumstances.

To the extent that a distribution exceeds HoldCo’s current or accumulated earnings and profits as determined for US federal income tax purposes, such distribution will be treated as a non-taxable return of capital to the extent of the US Holder’s tax basis in the shares (with a corresponding reduction in such tax basis), and thereafter will be treated as capital gain. Such capital gain will be long-term capital gain if the US Holder’s holding period for the HoldCo Shares exceeds one year. Shareholders who hold HoldCo Shares with differing bases or holding periods should consult their tax advisors as to the application of these rules. HoldCo does not expect to maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by HoldCo with respect to shares will be reported as dividend income. US Holders of HoldCo Shares should

consult their own tax advisors with respect to the appropriate US federal income tax treatment of any distribution received from HoldCo.

Assuming dividends are paid to a US Holder in the non-US currency in which they are declared, the dividends will be included in the income of a US Holder in a US dollar amount calculated by reference to the exchange rate in effect on the date of receipt by the US Holder, regardless of whether the payment is in fact converted into US dollars at that time. Any gain or loss realised on a conversion or other disposition of currency other than the US dollar generally will be treated as US source ordinary income or loss.

US Holders who elect to receive dividends in a non-US currency other than the currency in which the dividends were declared should consult their own tax advisor regarding the amount of the dividend that is included in income and the calculation of foreign currency gain or loss on such dividend.

## **2. Taxation of a subsequent disposal of the HoldCo Shares**

Upon a sale or other disposition of HoldCo Shares, US Holders generally will recognise capital gain or loss in an amount equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder's tax basis. Such capital gain or loss will be long-term capital gain or loss if the US Holder's holding period for the HoldCo Shares exceeds one year. Long-term capital gain recognised by certain non-corporate US Holders, including individuals, generally is eligible for reduced rates of US federal income taxation. There are limitations on the deductibility of capital losses.

The amount realised on the sale or other disposition of HoldCo Shares for an amount in a non-US currency generally will be the US dollar value of this amount on the date of the sale or other disposition. On the settlement date, the US Holder generally will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of the sale or other dispositions and the settlement date. However, in the case of HoldCo Shares traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised on such date.

## **3. Passive Foreign Investment Company rules**

HoldCo does not expect to be a PFIC for US federal income tax purposes following the Merger. In general, a non-US corporation, such as HoldCo, will be classified as a PFIC for any taxable year in which either (i) 75 per cent. or more of its gross income is passive income (such as, for example, dividends, interest, rents, royalties or gains from the disposition of investment assets) or (ii) at least 50 per cent. of the quarterly average value of its assets consists of passive assets (i.e. assets that produce or are held for the production of passive income). Certain exceptions may apply to treat otherwise passive assets as active assets (e.g. certain property held by securities dealers in their capacity as a dealer in such property are treated as active assets). For purposes of applying the PFIC tests, the non-US corporation is deemed to own its proportionate share of the assets of, and to receive directly its proportionate share of the income of, any other corporation in which the non-US corporation owns, directly or indirectly, at least 25 per cent. by value of the stock. Accordingly, HoldCo will be deemed to earn the income and own the assets of both LSEG and Deutsche Börse Group following the Merger.

Each of Deutsche Börse Group and LSEG hold a variety of assets, a substantial amount of which consists of collateral and financial assets held in connection with their respective businesses. HoldCo believes, however, that a vast majority of these collateral and financial assets should not be treated as beneficially owned by either Deutsche Börse Group or LSEG, and accordingly should not be counted in determining whether HoldCo is a PFIC, because HoldCo believes that neither Deutsche Börse Group nor LSEG should be treated as possessing the benefits and burdens of ownership of such assets for US federal income tax purposes. If, however, the IRS were to successfully challenge these beliefs, and were to successfully assert that no exceptions are applicable to treat such collateral and financial assets as active assets, then HoldCo would be treated as a PFIC following the Merger. In addition, because the tests for determining PFIC status are applied annually and after the close of each taxable year, and it is difficult to accurately predict future income and assets relevant to this determination, there can be no assurance that HoldCo will not become a PFIC.

Classification of a non-US corporation as a PFIC can have various materially adverse US federal income tax consequences to US Holders. These consequences include taxation of gain on a sale or other

disposition of the stock of the corporation and taxation of distributions (including distributions that would otherwise be treated as qualified dividend income) at maximum ordinary income tax rates for taxable years during which a US Holder held the corporation's shares and the imposition of a punitive interest charge on tax on such gain and certain distributions. US Holders of HoldCo Shares should consult their own tax advisors regarding the PFIC rules, including the availability of certain shareholder elections and the imposition of certain additional reporting requirements.

#### **4. Medicare Surtax on Net Investment Income**

Certain non-corporate US Holders whose income exceeds certain thresholds generally will be subject to a 3.8 per cent. surtax on their "net investment income" up to the amount of such excess. Dividends on the Scheme Shares, and dividends on or gain or loss recognised on the exchange of HoldCo Shares will be included in a US Holder's net investment income for purposes of this tax. Non-corporate US Holders should consult their own tax advisers regarding the possible effect of such tax on their ownership of Scheme Shares or HoldCo Shares.

#### **5. Information Reporting and backup withholding**

Dividends on the Scheme Shares and dividends on and proceeds from the sale or other disposition of HoldCo Shares paid to an account in the United States or through certain US-related financial intermediaries may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding (currently, at a rate of 28 per cent.) may apply to reportable payments unless the holder makes the required certification, including providing its taxpayer identification number, or otherwise establishes a basis for exemption. Any amount withheld is not an additional tax and may be credited against the holder's US federal income tax liability or refunded to the extent it exceeds the holder's liability, provided the required information is furnished to the IRS in a timely manner. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of HoldCo Shares.

Certain US Holders may be required to report information relating to their ownership of HoldCo Shares, unless the HoldCo Shares are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-US financial institutions). US Holders should consult their tax advisers regarding their reporting obligations with respect to their HoldCo Shares.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR LSEG SHAREHOLDER. EACH US HOLDER OF SCHEME SHARES IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF DISPOSING OF THE SCHEME SHARES AND OF OWNING AND DISPOSITION OF NEW HOLDCO SHARES IN LIGHT OF SUCH HOLDER'S OWN CIRCUMSTANCES.**

#### **FATCA Withholding**

Pursuant to certain provisions of the Code, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. It is expected that HoldCo will be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the HoldCo Shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the HoldCo Shares are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the HoldCo Shares, such withholding would not apply prior to 1 January 2019. US Holders and Non-US Holders of HoldCo should consult their own tax advisors regarding how these rules may apply to their investment in the HoldCo Shares.

**PART XIV**  
**ADDITIONAL INFORMATION**

**1. Responsibility**

- 1.1 LSEG plc and the LSEG Directors, whose names are set out in paragraph 5.1 of this Part XIV (*Additional Information*), accept responsibility for the information contained in this document. To the best of the knowledge and belief of LSEG plc and the LSEG Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Deutsche Börse Management Board and the Deutsche Börse Chairman, whose names are set out in paragraph 5.2 of this Part XIV (*Additional Information*), accept responsibility for the information contained in this document relating to the Deutsche Börse Group, the Deutsche Börse Management Board, the Deutsche Börse Supervisory Board, the Deutsche Börse Chairman, their respective immediate families, related trusts and other connected persons and persons acting in concert with Deutsche Börse AG. To the best of the knowledge and belief of the Deutsche Börse Management Board and the Deutsche Börse Chairman (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The HoldCo Directors and the HoldCo Proposed Directors, whose names are set out in paragraphs 5.3 and 5.4 of this Part XIV (*Additional Information*), accept responsibility for the information contained in this document relating to HoldCo and the HoldCo Directors and the HoldCo Proposed Directors, their immediate families, related trusts and other connected persons and persons acting in concert with HoldCo. To the best of the knowledge and belief of the HoldCo Directors and the HoldCo Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. LSEG plc Information**

- 2.1 LSEG plc was incorporated and registered in England and Wales on 18 February 2005 under the Companies Act 1985 as a private company limited by shares with registered number 05369106 and with the name Milescreen Limited. On 16 November 2005, it changed its name to London Stock Exchange Group Limited. On 7 December 2005, it re-registered as a public limited company pursuant to section 43 of the Companies Act 1985 and changed its name to London Stock Exchange Group plc.
- 2.2 The registered and head office of the Company is 10 Paternoster Square, London EC4M 7LS. The telephone number is +44 (0)207 797 1000.
- 2.3 The principal legislation under which the Company operates is the Companies Act.

**3. Information about the HoldCo Shares**

- 3.1 The HoldCo Shares to be issued pursuant to the Scheme and Exchange Offer will be ordinary shares in registered form and may be held in certificated form or in uncertificated form. HoldCo Shares held in uncertificated form will be issued to Scheme Shareholders and Deutsche Börse Shareholders through CREST and CBF as described below.

HoldCo Shares will be admitted to listing on the premium listing segment of the Official List; admitted to trading on the London Stock Exchange's main market for listed securities and admitted for prime standard listing and trading on the regulated market segment of the Frankfurt Stock Exchange. Accordingly, HoldCo Shares will be eligible for settlement through CREST and CBF.

It is envisaged that at Completion the HoldCo Shares will be eligible for inclusion in the DAX and FTSE Russell index series. It is also envisaged that HoldCo will seek EuroStoxx inclusion. HoldCo will seek to ensure the aforementioned index inclusions from Completion, including through seeking to maintain sufficient liquidity in London and Frankfurt as the two primary markets for HoldCo Shares.

Title to uncertificated HoldCo Shares can be transferred by means of a relevant system (as defined in the CREST Regulations). As described more fully below, initial issuance into CBF and transfers between CREST and CBF will take place via the CREST account of a nominee entity and a chain of custodians on behalf of CBF. LSEG and Deutsche Börse envisage engaging with Euroclear and CBF with a view to establishing a direct settlement link between CREST and CBF rather than using the existing nominee entity and chain of custodians. It is considered that this direct settlement link would provide the optimal outcome for stakeholders in the long term.

#### *Settlement of HoldCo Shares to be issued to Scheme Shareholders*

HoldCo Shares to be issued to the Scheme Shareholders and held through CREST only will be issued into the CREST accounts of the Scheme Shareholders (or that of their nominees). In addition, Scheme Shareholders who hold their Scheme Shares in uncertificated form can elect to have their HoldCo Shares delivered into a securities account in CBF. Where a Scheme Shareholder elects accordingly, such Scheme Shareholder will receive—in the same manner as Deutsche Börse Shareholders—a credit on securities account (*Gutschrift in Wertpapierrechnung*) in respect of the HoldCo Shares to the securities account in CBF specified by them. As a result, such Scheme Shareholder will have a beneficial interest only in the HoldCo Shares which will be held through the chain specified below in relation to Deutsche Börse Shareholders.

#### *Settlement of HoldCo Shares to be issued to Deutsche Börse Shareholders*

HoldCo Shares to be issued to the Deutsche Börse Shareholders and held through CREST and CBF will be delivered into the securities accounts of Deutsche Börse Shareholders through CBF by an established chain of nominees and custodians.

HoldCo Shares will be issued into the CREST account of a nominee entity. Such nominee will hold the HoldCo Shares through a chain of custodians on behalf of CBF, which will hold the beneficial interest in the HoldCo Shares on behalf of the financial institutions participating in its settlement system. These financial institutions will hold the beneficial interests on behalf of the Deutsche Börse Shareholders. Deutsche Börse Shareholders will receive a credit on securities account (*Gutschrift in Wertpapierrechnung*) in respect of the HoldCo Shares to their securities accounts. Deutsche Börse Shareholder accepting the Exchange Offer will therefore hold a beneficial interest in the HoldCo Shares.

#### *Exercise of rights attaching to HoldCo Shares*

Persons holding legal title to the HoldCo Shares will be able to exercise rights attaching to the HoldCo Shares in their own right. Where persons hold a beneficial interest in the HoldCo Shares through a chain of nominees and custodians, such persons will be entitled to rights attaching to HoldCo Shares in accordance with the terms and conditions of the various nominees and custodians and arrangements that have been put in place by such nominees and custodians. In respect of HoldCo Shares held through CBF, HoldCo will also appoint a central registration agent to facilitate the exercise of shareholder rights, including processing administrative tasks in connection with attending and voting at general meetings.

## **4. Resolutions**

- 4.1 As described in paragraph 13 of Part I (*Letter from the Chairman of LSEG plc*) of this document, the following resolutions will be proposed at the LSEG General Meeting:

#### *Merger Resolution*

The Merger Resolution, set out as Resolution 1 in the Notice of General Meeting in Part XVIII (*Notice of General Meeting*) of this document, proposes that: (i) the Deutsche Börse Acquisition be approved and (ii) the LSEG Directors be authorised to take all steps as may be necessary, expedient or desirable to implement the Deutsche Börse Acquisition and the Merger.

#### *Special Resolution*

The Special Resolution, set out as Resolution 2 in the Notice of General Meeting in Part XVIII (*Notice of General Meeting*) of this document, proposes that: (i) the LSEG Board be authorised to



take all necessary action to carry the Scheme into effect; and (ii) LSEG plc's Articles be amended to ensure that any LSEG Shares issued under the LSEG Share Plans or otherwise after the Scheme Voting Record Time in respect of the Court Meeting and on or prior to the Scheme Record Time will be subject to the Scheme. It is also proposed to amend LSEG plc's Articles so that any LSEG Shares issued to any person other than HoldCo or its nominee after the Scheme Record Time will be automatically acquired by HoldCo in exchange for the allotment and issue to such person of an amount of HoldCo Shares to which they would otherwise have been entitled to under the Scheme in accordance with the LSEG Exchange Ratio and a cash payment in respect of fractions of HoldCo Shares. These provisions will avoid any person (other than HoldCo or its nominee) being left with LSEG Shares after dealings in such shares have ceased on the London Stock Exchange. The full terms of the proposed amendments to LSEG plc's Articles are set out Paragraph 2 of the Special Resolution set out in the Notice of General Meeting in Part XVIII (*Notice of General Meeting*) of this document. The full terms of the proposed amendments to LSEG plc's Articles will be available for inspection during normal business hours at the office of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26-28 Tudor Street, London, EC4Y 0BQ from the date of this document until the end of the LSEG General Meeting.

- 4.2 Resolution 1 (*the Merger Resolution*) will be proposed as an ordinary resolution. This resolution must be approved by LSEG Shareholders who together represent a simple majority (50 per cent. plus one share) of the LSEG Shares being voted (whether in person or by proxy) on the resolution at the LSEG General Meeting. Resolution 2 (*the Special Resolution*) will be proposed as a special resolution. This resolution must be approved by LSEG Shareholders who together represent 75 per cent. of the LSEG Shares being voted (whether in person or by proxy) at the LSEG General Meeting.
- 4.3 The Scheme, the Deutsche Börse Acquisition and the Merger will not proceed unless both Resolution 1 (*the Merger Resolution*) and Resolution 2 (*the Special Resolution*) are passed.

## 5. Directors

- 5.1 The LSEG Directors and their respective functions are as follows:

<u>Director</u>	<u>Function</u>
Donald Brydon CBE . . . . .	Chairman
Xavier Rolet KBE . . . . .	Chief Executive
David Warren . . . . .	Chief Financial Officer
Paul Heiden . . . . .	Senior Independent Director
Jacques Aigrain . . . . .	Non-Executive Director
Lex Hoogduin . . . . .	Non-Executive Director
Raffaele Jerusalmi . . . . .	Executive Director
Andrea Munari . . . . .	Non-Executive Director
David Nish . . . . .	Non-Executive Director
Stephen O'Connor . . . . .	Non-Executive Director
Mary Schapiro . . . . .	Non-Executive Director

- 5.2 Deutsche Börse AG has a two-tiered board system comprising the Deutsche Börse Management Board and the Deutsche Börse Supervisory Board. Each of the directors of Deutsche Börse AG and their respective functions are as follows:

### Deutsche Börse Management Board

<u>Director</u>	<u>Function</u>
Carsten Kengeter . . . . .	Chief Executive Officer
Andreas Preuss . . . . .	Deputy Chief Executive Officer
Gregor Pottmeyer . . . . .	Chief Financial Officer
Hauke Stars . . . . .	(responsible for Cash Market, Pre-IPO and Growth Financing)
Jeffrey Tessler . . . . .	(responsible for Clients, Products and Core Markets)

## Deutsche Börse Supervisory Board

<u>Director</u>	<u>Function</u>
Joachim Faber . . . . .	Chairman
Richard Berliand . . . . .	Deputy Chairman
Ann-Kristin Achleitner . . . . .	Member
Karl-Heinz Flöther . . . . .	Member
Marion Fornoff . . . . .	Staff member
Hans-Peter Gabe . . . . .	Staff member
Craig Heimark . . . . .	Member
Monica Mächler . . . . .	Member
Erhard Schipporeit . . . . .	Member
Jutta Stuhlfauth . . . . .	Staff member
Johannes Witt . . . . .	Staff member
Amy Yip . . . . .	Member

Deutsche Börse AG is a German stock corporation (*Aktiengesellschaft*) with its registered legal seat in Frankfurt am Main, Germany and its principal office in Eschborn, near Frankfurt am Main, Germany. It is registered with the commercial register of the Local Court Frankfurt am Main under HRB 32232 and listed on the Frankfurt Stock Exchange

5.3 The HoldCo Directors and their respective functions from Completion are as follows:

<u>Director</u>	<u>Function</u>
Carsten Kengeter . . . . .	Chief Executive Officer
David Warren . . . . .	Chief Financial Officer

HoldCo's registered office is at: 10 Paternoster Square, London, EC4M 7LS.

5.4 The HoldCo Proposed Directors and their respective functions from Completion are as follows:

<u>Director</u>	<u>Function</u>
Donald Brydon CBE . . . . .	Chairman
Joachim Faber . . . . .	Deputy Chairman and Senior Independent Director
Ann-Kristin Achleitner . . . . .	Non-Executive Director
Jacques Aigrain . . . . .	Non-Executive Director
Richard Berliand . . . . .	Non-Executive Director
Christopher Cole . . . . .	Non-Executive Director
Karl-Heinz Flöther . . . . .	Non-Executive Director
Paul Heiden . . . . .	Non-Executive Director
Lex Hoogduin . . . . .	Non-Executive Director
Andrea Munari . . . . .	Non-Executive Director
David Nish . . . . .	Non-Executive Director
Mary Schapiro . . . . .	Non-Executive Director
Erhard Schipporeit . . . . .	Non-Executive Director
Amy Yip . . . . .	Non-Executive Director

## 6. Persons acting in concert

6.1 In addition to the LSEG Directors (together with their close relatives and related trusts) and members of LSEG plc (and their related pension schemes), the persons who, for the purposes of

the City Code, are acting in concert with LSEG plc in respect of the Merger and which are required to be disclosed are:

<u>Name</u>	<u>Registered office</u>	<u>Relationship with LSEG plc</u>
Robey Warshaw . . . . .	31 Saint James's Place London SW1A 1NR	Connected adviser
Barclays . . . . .	5 The North Colonnade Canary Wharf E14 4BB	Connected adviser
Goldman Sachs . . . . .	Peterborough Court 133 Fleet Street London EC4A 2BB	Connected adviser
J.P. Morgan Cazenove . . . . .	25 Bank Street Canary Wharf London E14 5JP	Connected adviser
RBC Capital Markets . . . . .	Riverbank House 2 Swan Lane London EC4R 3BF	Connected adviser
Société Générale . . . . .	29 boulevard Haussmann, 75009, Paris France	Connected adviser
UBS . . . . .	1 Finsbury Avenue, London EC2M 2PP	Connected adviser

- 6.2 In addition to the Deutsche Börse Directors (together with their close relatives and related trusts), the persons who, for the purposes of the City Code, are acting in concert with Deutsche Börse AG in respect of the Merger and which are required to be disclosed are:

<u>Name</u>	<u>Registered office</u>	<u>Relationship with HoldCo</u>
Perella Weinberg Partners . . . . .	18–20 Grafton Street London W1S 4DZ	Connected adviser
Merrill Lynch International . . . . .	2 King Edward Street London EC1A 1HQ	Connected adviser
Deutsche Bank . . . . .	Große Gallusstraße 10-14 60311 Frankfurt am Main Germany	Connected adviser
HSBC Bank plc . . . . .	8 Canada Square London E14 5HQ	Connected adviser
Lazard . . . . .	50 Stratton Street London W1J8LL	Connected adviser

- 6.3 In addition to the HoldCo Directors (together with their close relatives and related trusts), the persons who, for the purposes of the City Code, are acting in concert with HoldCo in respect of the Merger and which are required to be disclosed are as follows (in each case, together with:

(i) their close relatives and related trusts; or (ii) such persons as are controlling, controlled by or under the same control as such persons, as applicable):

<u>Name</u>	<u>Registered office</u>	<u>Relationship with HoldCo</u>
Stichting HLDCO123 . . . . .	10 Paternoster Square London United Kingdom EC4M 7LS	Shareholder of HoldCo
Barclays . . . . .	5 The North Colonnade Canary Wharf E14 4BB	Connected adviser
Deutsche Bank . . . . .	Große Gallusstraße 10-14 60311 Frankfurt am Main Germany	Connected adviser
Deutsche Börse AG . . . . .	The Cube, Mergenthalerallee 61 65760 Eschborn, Germany	Offeror for the purposes of the City Code
Deutsche Börse Directors . . . . .	—	Concert parties of Deutsche Börse AG
Perella Weinberg Partners . . . . .	18–20 Grafton Street London W1S 4DZ	Concert party of Deutsche Börse AG
Merrill Lynch International . . . . .	2 King Edward Street London EC1A 1HQ	Concert party of Deutsche Börse AG
HSBC Bank plc . . . . .	8 Canada Square London E14 5HQ	Concert party of Deutsche Börse AG
Lazard . . . . .	50 Stratton Street London W1J8LL	Concert party of Deutsche Börse AG

## 7. Market quotations

7.1 The following table shows the Closing Price for one LSEG Share on the London Stock Exchange on:

- (a) 22 February 2016, being the last Business Day prior to the commencement of the Offer Period;
- (b) the first Business Day of each of the six months immediately before the date of this document; and
- (c) 27 May 2016, being the latest practicable date prior to the publication of this document.

<u>Date</u>	<u>LSEG Share</u> <u>(pence)</u>
1 December 2015 . . . . .	2,654
4 January 2016 . . . . .	2,645
1 February 2016 . . . . .	2,461
22 February 2016 . . . . .	2,313
1 March 2016 . . . . .	2,870
1 April 2016 . . . . .	2,827
3 May 2016 . . . . .	2,689
27 May 2016 . . . . .	2,724

7.2 The shares in HoldCo in issue as at the date of this document are not admitted to trading; the HoldCo Shares to be issued pursuant to the Scheme and the Exchange Offer have not yet been allotted and issued.

8. **Interests and dealings in relevant securities**

8.1 Definitions used in this section

(a) For the purposes of this paragraph 8:

**“acting in concert”** with HoldCo or LSEG plc or Deutsche Börse AG, as the case may be, means any such person acting or deemed to be acting in concert with HoldCo or LSEG plc or Deutsche Börse AG, as the case may be, for the purposes of the City Code;

**“arrangement”** includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments and letters of intent to vote in favour of the Scheme and/or related resolutions, details of which are set out in paragraph 9 of this Part XIV (*Additional Information*));

**“connected adviser”** has the meaning given to it in the City Code;

**“connected person”** in relation to a director of HoldCo or LSEG plc or Deutsche Börse AG includes: (a) such director’s spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such director and/or any person mentioned in (a); (c) any company in which such director and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such director or any such person; and (d) any other person whose interests in shares are taken to be interests of such director pursuant to Part 22 of the Companies Act;

**“control”** means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest(s) give(s) de facto control;

**“dealing”** has the meaning given to it in the City Code and **“dealt”** has the corresponding meaning;

**“Deutsche Börse relevant securities”** means relevant securities (such term having the meaning given in the City Code in relation to an offeror) of Deutsche Börse AG, including Deutsche Börse Shares, equity share capital of Deutsche Börse AG, and securities of Deutsche Börse AG carrying conversion or subscription rights into Deutsche Börse Shares or equity share capital of Deutsche Börse AG;

**“derivative”** includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

**“Disclosure Date”** means the close of business on 27 May 2016, being the latest practicable date prior to the publication of this document;

**“Disclosure Period”** means the period commencing on 23 February 2015 (being the date 12 months prior to the date of commencement of the Offer Period) and ending on the Disclosure Date;

**“exempt principal trader”** have the meanings given to them in the City Code;

**“financial collateral arrangements”** are arrangements of the kind referred to in note 4 on Rule 4.6 of the City Code;

**“HoldCo relevant securities”** means relevant securities (such term having the meaning given in the City Code in relation to an offeror) of HoldCo, including HoldCo Shares, equity share capital of HoldCo, and securities of HoldCo carrying conversion or subscription rights into HoldCo Shares or the equity share capital of HoldCo.

**“interest”** in relevant securities has the meaning given to it in the City Code and for the purposes of this paragraph 8, references to HoldCo, Deutsche Börse AG or LSEG Directors having an interest in relevant securities shall include all interests of any other person whose interest in such relevant securities the HoldCo, Deutsche Börse AG or LSEG Directors (as the case may be) are taken to be interested in pursuant to Part 22 of the Companies Act;

**“LSEG relevant securities”** means relevant securities (such term having the meaning given in the City Code in relation to an offeree) of LSEG plc, including LSEG Shares, equity share capital of



LSEG plc and securities of LSEG plc carrying conversion or subscription rights into LSEG Shares or equity share capital of LSEG plc;

“**Offer Period**” means in this context the period commencing on 23 February 2016 and ending on the Disclosure Date; and

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

## 8.2 Interests in relevant securities of LSEG plc

### *LSEG plc*

- (a) As at the Disclosure Date, the interests of the LSEG Directors and their connected persons (within the meaning of Section 346 of the Act) in LSEG relevant securities (apart from options, which are described in paragraph (c) below) were as follows:

<b>LSEG Director</b>	<b>Number of LSEG Shares beneficially held</b>	<b>Percentage of LSEG plc issued share capital (excluding treasury shares)</b>
Donald Brydon CBE . . . . .	5,000	0.0014 per cent.
Xavier Rolet KBE . . . . .	519,069	0.1489 per cent.
David Warren . . . . .	24,342	0.0070 per cent.
Paul Heiden . . . . .	3,818	0.0011 per cent.
Jacques Aigrain . . . . .	0	0 per cent.
Lex Hoogduin . . . . .	0	0 per cent.
Raffaele Jerusalmi . . . . .	52,130	0.015 per cent.
Andrea Munari . . . . .	0	0 per cent.
David Nish . . . . .	0	0 per cent.
Stephen O'Connor . . . . .	0	0 per cent.
Mary Schapiro . . . . .	0	0 per cent.
<b>TOTAL . . . . .</b>	<b>604,359</b>	<b>0.1734 per cent.</b>

- (b) As at the Disclosure Date, the LSEG Directors held the following outstanding options and awards over LSEG Shares under the LSEG Share Plans:

<b>Name</b>	<b>Share Plan</b>	<b>Grant Date</b>	<b>Price at Grant (£)*</b>	<b>Exercise price per Share (£)</b>	<b>Shares in respect of which options granted</b>
Raffaele Jerusalmi . . . . .	LTIP (2004)	12-June-2013	13.88	Nil	55,530
	LTIP (2014)	27-Aug-2014	20.36	Nil	58,638
	LTIP (2014)	2-Apr-2015	24.47	Nil	40,659
	LTIP (2014)	17-Mar-2016	28.70	Nil	37,860
Xavier Rolet KBE . . . . .	LTIP (2004)	12-June-2013	13.88	Nil	165,421
	LTIP (2014)	27-Aug-2014	20.36	Nil	117,250
	LTIP (2014)	2-Apr-2015	24.47	Nil	91,949
	Deferred Bonus Plan	2-Apr-2015	24.47	Nil	22,476
	SAYE	10-Jan-2014	17.84	11.64329**	772
	SAYE	5-May-2015	25.23	20.42	440
	LTIP (2014)	17-Mar-2016	28.70	Nil	83,623
David Warren . . . . .	Deferred Bonus Plan	17-Mar-2016	28.70	Nil	27,874
	LTIP (2004)	12-Jun-2013	13.88	Nil	58,659
	LTIP (2014)	27-Aug-2014	20.36	Nil	39,989
	LTIP (2014)	2-Apr-2015	24.47	Nil	52,104
	Deferred Bonus Plan	2-Apr-2015	24.47	Nil	11,238
	LTIP (2014)	17-Mar-2016	28.70	Nil	44,555
	Deferred Bonus Plan	17-Mar-2016	28.70	Nil	13,937

\* Closing price at the award date

\*\* Adjusted option price further to the 2014 Rights Issue, further to the original grant at £12.64.

- (c) As at the Disclosure Date, the interests of persons acting in concert with LSEG plc in LSEG relevant securities were as follows:

<u>Name</u>	<u>Number of LSEG Shares</u>	<u>Percentage of LSEG plc existing issued share capital (excluding treasury shares)</u>
Computershare Trustees (Jersey) Limited . . . . .	498,315	0.14297 per cent.

***Deutsche Börse AG***

- (d) As at the Disclosure Date, the interests of Deutsche Börse AG, the Deutsche Börse Directors (including members of their immediate families, close relatives and related trusts) or any persons acting in concert with Deutsche Börse AG in any LSEG relevant securities were as follows:

<u>Name</u>	<u>Number of LSEG Shares</u>	<u>Percentage of LSEG plc existing issued share capital (excluding treasury shares)</u>
Bank of America Merrill Lynch . . . . .	1,284,817	0.3686 per cent.
Bank of America Merrill Lynch . . . . .	– 1,048,126	– 0.3007 per cent.

<u>Name</u>	<u>Number of LSEG ADRs</u>
Bank of America Merrill Lynch . . . . .	10,150 (or 2,538 shares, being 0.0007 per cent. of the LSEG plc existing issued share capital excluding treasury shares)

***HoldCo***

- (e) As at the Disclosure Date, the interests of the HoldCo Directors and their connected persons in LSEG relevant securities were as follows:

<u>HoldCo Director</u>	<u>Number of LSEG Shares</u>	<u>Percentage of LSEG plc existing issued share capital (excluding treasury shares)</u>
Carsten Kengeter . . . . .	0	Nil
David Warren . . . . .	24,342	0.0070 per cent.

- (f) As at the Disclosure Date, David Warren also held the outstanding options and awards over LSEG Shares under the LSEG Share Plans as set out in paragraph 8.2 (b) above.
- (g) As at the Disclosure Date, as Deutsche Börse AG, the Deutsche Börse Directors (including members of their immediate families, close relatives and related trusts), any persons acting in concert with Deutsche Börse AG and Barclays Bank PLC are acting in concert with HoldCo, disclosures of interests and dealings by these persons should also be regarded as disclosures in their capacity as persons acting in concert with HoldCo.

**8.3 Interests in relevant securities of Deutsche Börse AG**

***LSEG plc***

- (a) As at the Disclosure Date, none of LSEG plc nor the LSEG Directors (including members of their immediate families, close relatives and related trusts) were interested in or had a right to subscribe for any Deutsche Börse relevant securities.

As at the Disclosure Date, the interests of persons acting in concert with LSEG plc in Deutsche Börse relevant securities were as follows:

<u>Name</u>	<u>Number of Deutsche Börse Shares</u>	<u>Percentage of Deutsche Börse AG issued share capital (excluding treasury shares)</u>
Russell . . . . .	184,540	0.099 per cent.
RBC (Barbados) Trading Bank Bahamas Branch . . . . .	374	0.0002 per cent.
Barclays Capital Luxembourg S.à r.l . . . . .	1,012,940	0.5 per cent.
Goldman, Sachs & Co. . . . .	22	0.00001 per cent.
Goldman, Sachs & Co. . . . .	– 16	– 0.00001 per cent.

**Deutsche Börse AG**

- (b) As at the Disclosure Date, the interests of the Deutsche Börse Directors and their connected persons (within the meaning of Section 346 of the Act) in Deutsche Börse Shares (apart from options which are described in paragraph (b) below) were as follows:

<u>Name</u>	<u>Number of Deutsche Börse Shares</u>	<u>Percentage of existing issued share capital (excluding treasury shares)</u>
<b>Deutsche Börse Supervisory Board</b>		
Joachim Faber . . . . .	7,555	0.00405 per cent.
Ann-Kristin Achleitner <sup>(1)</sup> . . . . .	0	Nil
Karl-Heinz Flöther . . . . .	2,000	0.00107 per cent.
Marion Fornoff . . . . .	1,490	0.00080 per cent.
Hans-Peter Gabe . . . . .	200	0.00011 per cent.
Gerhard Roggemann <sup>(2)</sup> . . . . .	4,000	0.00216 per cent.
Jutta Stuhlfauth . . . . .	427	0.00023 per cent.
Johannes Witt . . . . .	300	0.00016 per cent.
<b>Deutsche Börse Management Board</b>		
Carsten Kengeter . . . . .	60,000	0.03213 per cent.
Andreas Preuß . . . . .	60	0.00003 per cent.

**Note:**

- (1) Ann-Kristin Achleitner was elected to the Deutsche Börse Supervisory Board on 11 May 2016.  
(2) Gerhard Roggemann resigned from the Deutsche Börse Supervisory Board effective as of 11 May 2016.

- (c) As at the Disclosure Date, the Deutsche Börse Directors held the following outstanding options and awards over Deutsche Börse Shares under the Deutsche Börse Share Plans:

<u>Director</u>	<u>Share Plan</u>	<u>Grant date</u>	<u>Shares in respect of which award granted</u>	<u>Vesting date</u>
Carsten Kengeter .	Performance Share Plan as effective from 1 January 2016	1-Jan-2016	16,593	31-Dec-2020
	Performance Share Plan as effective from 1 January 2016—Co-Performance Shares	1-Jan-2016	68,987	31-Dec-2019
Andreas Preuß . . .	Performance Share Plan as effective from 1 January 2016	1-Jan-2016	8,952	31-Dec-2020
Gregor Pottmeyer .	Performance Share Plan as effective from 1 January 2016	1-Jan-2016	7,148	31-Dec-2020
Jeffrey Tessler . . .	Performance Share Plan as effective from 1 January 2016	1-Jan-2016	7,105	31-Dec-2020
Hauke Stars . . . . .	Performance Share Plan as effective from 1 January 2016	1-Jan-2016	6,595	31-Dec-2020

- (d) As at the Disclosure Date, the interests of persons acting in concert with Deutsche Börse AG in Deutsche Börse relevant securities were as follows:

<u>Name</u>	<u>Number of Deutsche Börse Shares</u>	<u>Percentage of existing issued share capital (excluding treasury shares)</u>
Oppenheim Asset Management Services S.à r.l . . . . .	2,000	0.00107 per cent.
The Hongkong and Shanghai Banking Corporation Limited (controlled by HSBC Bank, a connected advisor of Deutsche Börse AG) . . . . .	53,043	0.02982 per cent.
HSBC International Trustee Limited . . . . .	1,552 (held in a discretionary capacity)	0.0008 per cent.
HSBC Trustee (Hong Kong) Limited . . . . .	457 (held in a discretionary capacity)	0.0002 per cent.
Bank of America Merrill Lynch . . . . .	275,451	0.1427 per cent.
Bank of America Merrill Lynch . . . . .	–411,178	–0.2130 per cent.

<u>Name</u>	<u>Number of Deutsche Börse ADRs</u>
Bank of America Merrill Lynch . . . . .	3,265,592 (or 326,559 shares, being 0.1692 per cent. of the issued share capital of Deutsche Börse excluding treasury shares)

#### **HoldCo**

- (e) As at the Disclosure Date, the interests of the HoldCo Directors and their connected persons in Deutsche Börse relevant securities were as follows:

<u>HoldCo Director</u>	<u>Number of Deutsche Börse Shares</u>	<u>Percentage of Deutsche Börse AG issued share capital (excluding treasury shares)</u>
Carsten Kengeter . . . . .	60,000	0.03213 per cent.
David Warren . . . . .	0	0 per cent.

- (f) As at the Disclosure Date, as Deutsche Börse AG, the Deutsche Börse Directors (including members of their immediate families, close relatives and related trusts), any persons acting in concert with Deutsche Börse AG and Barclays Bank PLC are acting in concert with HoldCo, disclosures of interests and dealings by these persons should also be regarded as disclosures in their capacity as persons acting in concert with HoldCo.

## **8.4 Interests in relevant securities of HoldCo**

### **LSEG plc**

- (a) As at the Disclosure Date, none of LSEG plc, the LSEG Directors (including members of their immediate families, close relatives and related trusts) or any persons acting in concert with LSEG plc were interested in or had a right to subscribe for any HoldCo relevant securities.

### **Deutsche Börse AG**

- (b) As at the Disclosure Date, none of Deutsche Börse AG, the Deutsche Börse Directors (including members of their immediate families, close relatives and related trusts) or any persons acting in concert with Deutsche Börse AG were interested in or had a right to subscribe for any HoldCo relevant securities.

### **HoldCo**

- (c) As at the Disclosure Date, save for the HoldCo Sole Shareholder, none of HoldCo, the HoldCo Directors (including members of their immediate families, close relatives and

related trusts) or any persons acting in concert with HoldCo were interested in or had a right to subscribe for any HoldCo relevant securities. The HoldCo Sole Shareholder is the sole shareholder of HoldCo, holding one ordinary share with a nominal value of £1.00 and 49,999 redeemable preference shares of £1.00 each, representing the entire issued share capital of HoldCo.

## 8.5 Dealings in relevant securities in LSEG plc

### *LSEG plc*

- (a) During the Offer Period, the following dealings in LSEG relevant securities by LSEG Directors, their connected persons and persons acting in concert with LSEG plc have taken place:

- (i) LSEG Directors

<u>Name of Director</u>	<u>Date</u>	<u>Nature of dealings</u>	<u>Number of LSEG Shares</u>	<u>Price (GBP)*</u>
Raffaele Jerusalmi . . . . .	17-Mar-2016	Grant of options—LTIP	37,860	28.70
Xavier Rolet KBE . . . . .	17-Mar-2016	Grant of options—LTIP	83,623	28.70
Xavier Rolet KBE . . . . .	17-Mar-2016	Grant of options—DBP	27,874	28.70
David Warren . . . . .	17-Mar-2016	Grant of options—LTIP	44,555	28.70
David Warren . . . . .	17-Mar-2016	Grant of options—DBP	13,937	28.70

\* Closing price at the award date. Awards were granted as nil-cost options



(ii) Persons acting in concert with LSEG plc

<u>Name of Party</u>	<u>Date</u>	<u>Nature of dealings</u>	<u>Number of LSEG Shares</u>	<u>Price per unit (£)</u>
Computershare Trustees (Jersey) Limited	17-Mar-2016	Purchase	85,814	28.847950
	17-Mar-2016	Transfer of shares to satisfy vested awards under the LSEG Restricted Share Award Plan	40,899	N/A
	17-Mar-2016	Transfer of shares to satisfy awards exercised under the LSEG SAYE	2,431	N/A
	17-Mar-2016	Transfer of shares to satisfy vested awards under the LCH.C Retention Plan 2014	27,717	N/A
	17-Mar-2016	Transfer of shares to satisfy awards exercised under the LSEG Employee Share Option Plan	1,416	N/A
	17-Mar-2016	Transfer of shares to satisfy vested awards under the LSEG LTIP 2014	55,862	N/A
	18-Mar-2016	Purchase	41,811	29.019257
	21-Mar-2016	Purchase	46,740	28.418127
	21-Mar-2016	Transfer of shares to satisfy awards exercised by departing employees under the LSEG SAYE	950	N/A
	5-Apr-2016	Transfer of shares in satisfaction of awards exercised by employees under the Employee Share Option Plan	436	N/A
	18-Apr-2016	Purchase	6,948	27.903243
	18-Apr-2016	Transfer of shares in satisfaction of awards exercised by employees under the Employee Share Option Plan	3,347	N/A
	19-Apr-2016	Transfer of shares in satisfaction of awards exercised by departing employee under the LSEG SAYE	2,203	N/A
	12-May-2016	Purchase	2,933	25.752832
	12-May-2016	Transfer of shares in satisfaction of awards vesting or exercised by departing employees under the LSEG SAYE and LSEG LTIP	7,627	N/A

- (b) During the Offer Period, LSEG plc has not redeemed nor purchased any LSEG relevant securities.
- (c) Save as disclosed in this document, during the Offer Period:
- (i) the LSEG Directors (including members of their immediate families, close relatives and related trusts) have not dealt in LSEG relevant securities; and
  - (ii) none of the persons acting, or presumed to be acting, in concert with LSEG plc have dealt in LSEG relevant securities.

***Deutsche Börse AG***

- (d) During the Disclosure Period, the following dealings in LSEG relevant securities by Deutsche Börse AG, Deutsche Börse Directors, their connected persons and persons acting in concert with Deutsche Börse AG have taken place:

<u>Name of Party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of LSEG Shares</u>	<u>Low Price (USD)</u>	<u>High Price (USD)</u>
Bank of America Merrill Lynch	23-Feb-2015 to 22-May-2015	Purchase	1,359	36.7700	39.3000
	23-Feb-2015 to 22-May-2015	Sale	3,746	35.6000	39.6000
	23-May-2015 to 22-Aug-2015	Purchase	545	36.8600	41.7500
	23-May-2015 to 22-Aug-2015	Sale	40,659	36.5900	42.0500
	23-Aug-2015 to 22-Nov-2015	Purchase	4,934	36.2500	39.4000
	23-Aug-2015 to 22-Nov-2015	Sale	8,593	36.5000	40.0600
	23-Nov-2015 to 22-Dec-2015	Purchase	7,677	37.7000	40.1600
	23-Nov-2015 to 22-Dec-2015	Sale	10,556	38.9500	40.1672
	23-Dec-2015 to 22-Jan-2016	Purchase	66,740	33.8100	40.2000
	23-Dec-2015 to 22-Jan-2016	Sale	8,510	34.1700	41.3167
	23-Jan-2016 to 22-Feb-2016	Purchase	525	31.4500	34.6500
	23-Jan-2016 to 22-Feb-2016	Sale	80,102	31.7500	35.0500
	23-Feb-2016 to 27-May-2016	Purchase	417	35.2100	38.8300
	23-Feb-2016 to 27-May-2016	Sale	301	36.5378	39.3400

<u>Name of Party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of LSEG ADRs</u>	<u>Low Price (USD)</u>	<u>High Price (USD)</u>
Bank of America Merrill Lynch	23-Feb-2015 to 22-May-2015	Purchase	—	—	—
	23-Feb-2015 to 22-May-2015	Sale	—	—	—
	23-May-2015 to 22-Aug-2015	Purchase	—	—	—
	23-May-2015 to 22-Aug-2015	Sale	—	—	—
	23-Aug-2015 to 22-Nov-2015	Purchase	1,767	9.0000	9.7800
	23-Aug-2015 to 22-Nov-2015	Sale	218,778	9.5800	10.0000
	23-Nov-2015 to 22-Dec-2015	Purchase	12,742	9.2500	10.1700
	23-Nov-2015 to 22-Dec-2015	Sale	3,538	9.5400	10.3200
	23-Dec-2015 to 22-Jan-2016	Purchase	2,719	8.3000	10.2800
	23-Dec-2015 to 22-Jan-2016	Sale	10,036	8.5500	10.3900
	23-Jan-2016 to 22-Feb-2016	Purchase	5,391	7.7000	8.8900
	23-Jan-2016 to 22-Feb-2016	Sale	506	7.7900	8.9500
	23-Feb-2016 to 27-May-2016	Purchase	275	8.8500	9.2000
	23-Feb-2016 to 27-May-2016	Sale	39	9.0600	9.1100

***HoldCo***

- (e) During the Disclosure Period:
- (i) HoldCo has not dealt in LSEG plc relevant securities;

- (ii) the following dealings in LSEG plc relevant securities by HoldCo Directors, their connected persons and persons acting, or presumed to be acting, in concert with HoldCo have taken place:

Name of Director	Date	Nature of dealings	Number of LSEG Shares	Price (GBP)*
David Warren . . . . .	2-Apr-2015	Grant of options—LTIP	52,104	24.47
David Warren . . . . .	2-Apr-2015	Grant of options—DBP	11,238	24.47
David Warren . . . . .	13-Oct-2015	Exercise of options	45,954	23.80
David Warren . . . . .	13-Oct-2015	Sale of shares to meet withholdings	21,612	23.80
David Warren . . . . .	17-Mar-2016	Grant of options—LTIP	44,555	28.70
David Warren . . . . .	17-Mar-2016	Grant of options—DBP	13,937	28.70

\* In respect of grants of options and awards to David Warren, the price reflects the closing price at the award date. Awards were granted as nil-cost options

- (iii) as Deutsche Börse AG, the Deutsche Börse Directors (including members of their immediate families, close relatives and related trusts) and any persons acting in concert with Deutsche Börse AG and Barclays Bank PLC are acting in concert with HoldCo, disclosures of interests and dealings by these persons should also be regarded as disclosures in their capacity as persons acting in concert with HoldCo.

## 8.6 Dealings in relevant securities of Deutsche Börse AG

### *LSEG plc*

- (a) During the Offer Period:
- (i) LSEG plc and the LSEG Directors (including members of their immediate families, close relatives and related trusts) have not dealt in Deutsche Börse relevant securities; and
- (ii) the following dealings in Deutsche Börse relevant securities by persons acting, or presumed to be acting, in concert with LSEG plc have taken place:

Name of party	Date	Nature of dealings	Number of Deutsche Börse Shares	Price per unit (EUR)
Russell . . . . .	23-Mar-2016	Sale	5,846	73.584
Russell . . . . .	30-Mar-2016	Sale	2,150	74.74
Russell (RICPLC CEEF Quality Income Fund) . . .	4-Apr-2016	Sale	15,922	74.002
Russell (MSMM Eurozone Aggressive Equity Quality Income Fund) . . . . .	4-Apr-2016	Sale	6,857	74.002
Russell (RIC Select International Equity Fund) . . .	8-Apr-2016	Sale	3,115	71.680
Russell (RIC Russell Multi Strategy Income Fund)	11-Apr-2016	Sale	225	71.046
Russell (RIC PLC Old Mutual Emulated Opportunities Global Equity Fund) . . . . .	13-Apr-2016	Sale	11,057	71.273
Russell (RIC PLC Old Mutual Emulated Opportunities Global Equity Fund) . . . . .	21-Apr-2016	Sale	3,083	74.380
Russell . . . . .	26-Apr-2016	Sale	1,240	74.80

Name of party	Date	Nature of dealings	Number of Deutsche Börse Shares	Price per unit (USD)
Goldman, Sachs & Co. . . . .	29-Mar-2016	Purchase	49	83.3476
Goldman, Sachs & Co. . . . .	29-Mar-2016	Sale	49	83.3476

<u>Name of party</u>	<u>Date</u>	<u>Nature of dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Price per unit (EUR)</u>
Goldman, Sachs & Co. . . . .	22-Apr-2016	Purchase	300	75.3113
	22-Apr-2016	Sale	300	75.3113
	27-Apr-2016	Purchase	200	75.4771
	27-Apr-2016	Sale	200	75.4771
	3-May-2016	Purchase	500	70.6131
	3-May-2016	Sale	500	70.6131

<u>Name of Party</u>	<u>Date</u>	<u>Nature of dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Low Price (EUR)</u>	<u>High Price (EUR)</u>
RBC (Barbados) Trading Bank Bahamas Branch . . . . .	23-Feb-2016 to 27-May-2016	Purchase	9,510	74.72	81.23
	23-Feb-2016 to 27-May-2016	Sale	8,907	75.69	79.94

<u>Name of Party</u>	<u>Date</u>	<u>Nature of dealings</u>	<u>Number of Deutsche Börse ADRs</u>	<u>Low Price (USD)</u>	<u>High Price (USD)</u>
Barclays Capital Inc. . .	23-Feb-2016 to 27-May-2016	Purchase	34,219	8.09	8.65
Barclays Capital Inc. . .	23-Feb-2016 to 27-May-2016	Sale	34,219	8.09	8.65

**Deutsche Börse AG**

(b) During the Disclosure Period, the following dealings in Deutsche Börse relevant securities by Deutsche Börse Directors including members of their immediate families, close relatives and related trusts) and the persons acting, or presumed to be acting, in concert with Deutsche Börse AG have taken place:

(i) Deutsche Börse Directors

<u>Name of Director</u>	<u>Dates</u>	<u>Nature of dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Price (EUR)</u>
Joachim Faber . . . . .	9-June-15	Purchase	1960	71.3449
Marion Fornoff . . . . .	4-July-15	Purchase	100	43.69
Carsten Kengeter . . . . .	14-Dec-15	Purchase	20,000	75.00
	14-Dec-15	Purchase	20,000	75.05
	14-Dec-15	Purchase	20,000	75.10
Gerhard Roggemann <sup>(1)</sup> . . . . .	29-May-15	Purchase	1,000	74.71
Jutta Stuhlfauth . . . . .	3-June-15	Purchase	100	43.60
Johannes Witt . . . . .	4-July-15	Purchase	100	43.69

**Note:**

(1) Gerhard Roggemann resigned from the Deutsche Börse Supervisory Board effective as of 11 May 2016.

(ii) Persons acting in concert with Deutsche Börse AG

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Price per unit (EUR)</u>
Deutsche Bank Aktiengesellschaft, Madrid Branch . .	4-Mar-15	Sale	55	69.89
	4-Mar-15	Sale	45	69.90
	10-Apr-15	Sale	100	80.00
	15-Dec-15	Sale	120	74.29
	23-Dec-15	Sale	75	78.24
	23-Dec-15	Sale	25	78.24
	23-Dec-15	Sale	200	78.25
	23-Dec-15	Sale	75	78.24
	23-Dec-15	Sale	25	78.24
	23-Dec-15	Sale	200	78.25
	8-Feb-16	Sale	40	73.13
	8-Feb-16	Sale	85	73.13

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Price per unit (MXN)</u>	<u>Price per unit (EUR)<sup>(1)</sup></u>
Deutsche Securities, S.A. de C.V., Casa de Bolsa . . . . .	1-Apr-15	Purchase	3,300	1,240.27	76.18
	1-Apr-15	Sale	3,300	1,240.27	76.18
	1-Apr-15	Purchase	3,300	1,240.27	76.18
	1-Apr-15	Sale	3,300	1,240.27	76.18
	1-Apr-15	Purchase	3,300	1,240.27	76.18
	1-Apr-15	Sale	3,300	1,240.27	76.18
	1-Apr-15	Purchase	3,300	1,240.27	76.18
	1-Apr-15	Sale	3,300	1,240.27	76.18
	1-Apr-15	Purchase	3,300	1,240.27	76.18
	1-Apr-15	Sale	3,300	1,240.27	76.18
	1-Apr-15	Purchase	3,300	1,240.27	76.18
	1-Apr-15	Sale	3,300	1,240.27	76.18
	9-Apr-15	Sale	11,500	1,250.79	77.64
	9-Apr-15	Purchase	11,500	1,250.79	77.64
	9-Apr-15	Sale	11,500	1,250.79	77.64
	9-Apr-15	Purchase	11,500	1,250.79	77.64
	12-Oct-15	Sale	600	1,416.52	75.95
	12-Oct-15	Purchase	600	1,416.52	75.95
	12-Oct-15	Sale	600	1,416.52	75.95
	12-Oct-15	Purchase	600	1,416.52	75.95
	26-Oct-15	Sale	12,400	1,518.74	83.37
	26-Oct-15	Purchase	12,400	1,518.74	83.37
	26-Oct-15	Sale	12,400	1,518.74	83.37
	26-Oct-15	Purchase	12,400	1,518.74	83.37

(1) Prices in Mexican Pesos have been converted to Euro at spot on the date of dealing

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Price per unit (EUR)</u>
Oppenheim Asset Management Services S.a.r.l . . . . .	25-Apr-16	Sale	1,000	75.53

<u>Name of Party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Low Price (USD)</u>	<u>High Price (USD)</u>
Bank of America Merrill Lynch . .	23-Feb-2015 to 22-May-2015	Purchase	271	76.1140	83.8677
	23-Feb-2015 to 22-May-2015	Sale	31	82.7113	83.7563
	23-May-2015 to 22-Aug-2015	Purchase	120	85.9500	85.9500
	23-May-2015 to 22-Aug-2015	Sale	—	—	—
	23-Aug-2015 to 22-Nov-2015	Purchase	40	90.0100	90.0100
	23-Aug-2015 to 22-Nov-2015	Sale	—	—	—
	23-Nov-2015 to 22-Dec-2015	Purchase	—	—	—
	23-Nov-2015 to 22-Dec-2015	Sale	—	—	—
	23-Dec-2015 to 22-Jan-2016	Purchase	—	—	—
	23-Dec-2015 to 22-Jan-2016	Sale	—	—	—
	23-Jan-2016 to 22-Feb-2016	Purchase	—	—	—
	23-Jan-2016 to 22-Feb-2016	Sale	—	—	—
	23-Feb-2016 to 27-May-2016	Purchase	—	—	—
	23-Feb-2016 to 27-May-2016	Sale	—	—	—



<u>Name of Party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Deutsche Börse ADRs</u>	<u>Low Price (USD)</u>	<u>High Price (USD)</u>
Bank of America Merrill Lynch . .	23-Feb-2015 to 22-May-2015	Purchase	1,658,050	7.5300	8.4500
	23-Feb-2015 to 22-May-2015	Sale	818,762	7.5400	8.4700
	23-May-2015 to 22-Aug-2015	Purchase	202,023	7.8600	9.3900
	23-May-2015 to 22-Aug-2015	Sale	544,253	7.8800	9.4100
	23-Aug-2015 to 22-Nov-2015	Purchase	153,849	8.3300	9.2900
	23-Aug-2015 to 22-Nov-2015	Sale	435,935	8.3700	9.3600
	23-Nov-2015 to 22-Dec-2015	Purchase	87,691	8.1100	8.6981
	23-Nov-2015 to 22-Dec-2015	Sale	70,898	8.1300	8.7200
	23-Dec-2015 to 22-Jan-2016	Purchase	63,917	7.8600	8.8500
	23-Dec-2015 to 22-Jan-2016	Sale	50,326	7.8900	8.8000
	23-Jan-2016 to 22-Feb-2016	Purchase	515,619	7.8700	8.7700
	23-Jan-2016 to 22-Feb-2016	Sale	40,084	7.9288	8.8000
	23-Feb-2016 to 27-May-2016	Purchase	156,702	8.1600	8.9600
	23-Feb-2016 to 27-May-2016	Sale	8,394	8.2000	8.7400

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Securities</u>	<u>Price per unit (EUR)</u>	<u>Security name</u>	<u>Notional value (EUR)</u>
The Hongkong and Shanghai Banking Corporation Limited, Private Banking Division, Hong Kong . . . . .	26-May-2015	Purchase	1	99.30	3M FCN DB1 + ALV	1,000,000.00

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Securities</u>	<u>Price per unit (USD)</u>	<u>Security name</u>	<u>Notional value (USD)</u>
The Hongkong and Shanghai Banking Corporation Limited, Private Banking Division, Hong Kong . . . . .	04-Mar-2015	Purchase	1	99.75	3M FCN DTE+DB1	1,000,000.00

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Securities</u>	<u>Price per unit</u>	<u>Security name</u>	<u>Notional value</u>
The Hongkong and Shanghai Banking Corporation Limited, Private Banking Division, Hong Kong . . . . .	04-Mar-2015	Purchase	1	99.75 USD	3M FCN VOD+DB1	1,000,000.00 USD

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Price per unit (EUR)</u>
HSBC International Trustee Limited, Singapore . . . . .	12-Mar-2015	Purchase	266	73.44
	12-Mar-2015	Purchase	120	73.57
	12-Mar-2015	Purchase	419	73.29
	12-Mar-2015	Purchase	281	73.42
	18-Mar-2015	Purchase	122	75.51
	12-Oct-2015	Purchase	232	76.98
	20-Nov-2015	Purchase	112	82.79

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Price per unit (EUR)</u>
HSBC Trustee (Cook Islands) Limited . . . . .	12-Mar-2015	Purchase	274	73.43
	12-Mar-2015	Purchase	202	73.57
	19-Mar-2015	Sale	274	74.11
	06-July-2015	Purchase	195	77.15
	02-Oct-2015	Sale	397	78.45

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Price per unit (EUR)</u>
HSBC Trustee (Hong Kong) Limited . . . . .	12-Mar-2015	Purchase	88	73.57
	12-Mar-2015	Purchase	116	73.57
	12-Mar-2015	Purchase	141	73.57
	12-Mar-2015	Purchase	112	73.57

<u>Name of party</u>	<u>Date</u>	<u>Nature of dealings</u>	<u>Number of Deutsche Börse Shares</u>	<u>Maximum price per unit (EUR)</u>	<u>Minimum price per unit (EUR)</u>
The Hongkong and Shanghai Banking Corporation Limited, Private Banking Division, Hong Kong . . . . .	23-Feb-2015 to 22-May-2015	Purchase	64,398	75.77	72.85
	23-Feb-2015 to 22-May-2015	Sale	7,996	79.12	72.95
	23-May-2015 to 22-Aug-2015	Purchase	1,646	83.17	72.04
	23-May-2015 to 22-Aug-2015	Sale	1,023	77.47	72.99
	23-Aug-2015 to 22-Nov-2015	Purchase	2,218	84.37	76.34
	23-Aug-2015 to 22-Nov-2015	Sale	1,209	80.07	78.91
	23-Nov-2015 to 22-Dec-2015	Purchase	—	—	—
	23-Nov-2015 to 22-Dec-2015	Sale	518	81.25	78.92
	23-Dec-2015 to 22-Jan-2016	Purchase	97	79.34	79.34
	23-Dec-2015 to 22-Jan-2016	Sale	394	78.10	74.39
	23-Jan-2016 to 22-Feb-2016	Purchase	407	73.35	73.35
	23-Jan-2016 to 22-Feb-2016	Sale	960	79.91	75.01
	23-Feb-2016 to 27-May-2016	Purchase	82	77.65	77.65
	23-Feb-2016 to 27-May-2016	Sale	3,361	76.43	72.6919

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Securities</u>	<u>Price per unit (EUR)</u>	<u>Security name</u>	<u>Notional value (EUR)</u>
The Hongkong and Shanghai Banking Corporation Limited, Private Banking Division, Hong Kong . . . . .	20-Jan-2016	Purchase	1	98.85	DEUTSCHE BOERSE ELN STK65.9906	400,000.00

<u>Name of party</u>	<u>Date</u>	<u>Nature of Dealings</u>	<u>Number of Securities</u>	<u>Price per unit (EUR)</u>	<u>Security name</u>	<u>Notional value (EUR)</u>
The Hongkong and Shanghai Banking Corporation Limited, Private Banking Division, Hong Kong . . . . .	4-Dec-2015	Purchase	1	98.79	DEUTSCHE BOERSE ELN STK74.3660	500,000.00

- (c) During the Disclosure Period, Deutsche Börse AG has not redeemed nor purchased any Deutsche Börse relevant securities.
- (d) Save as disclosed in this Document, during the Disclosure Period:
  - (i) the Deutsche Börse Directors (including members of their immediate families, close relatives and related trusts) have not dealt in Deutsche Börse relevant securities; and
  - (ii) none of the persons acting, or presumed to be acting, in concert with Deutsche Börse AG have dealt in Deutsche Börse relevant securities.

***HoldCo***

- (e) During the Disclosure Period:
  - (i) Subject to (iii), HoldCo and the HoldCo Directors (including members of their immediate families, close relatives and related trusts) have not dealt in Deutsche Börse relevant securities; and

- (ii) The following dealings in Deutsche Börse relevant securities by the persons acting, or presumed to be acting, in concert with HoldCo have taken place.

Name	Date	Nature of dealings	Number of Deutsche Börse ADRs	Low Price (USD)	High Price (USD)
Barclays Capital Inc. . . . .	23-Feb-2015 to 22-May-2015	Purchase	7,851,346	7.56	8.42
	23-Feb-2015 to 22-May-2015	Sale	7,851,346	7.56	8.42
	23-May-2015 to 22-Aug-2015	Purchase	1,982,963	7.89	9.40
	23-May-2015 to 22-Aug-2015	Sale	1,982,963	7.89	9.40
	23-Aug-2015 to 22-Nov-2015	Purchase	47,366	8.41	9.17
	23-Aug-2015 to 22-Nov-2015	Sale	47,366	8.41	9.17
	23-Nov-2015 to 22-Dec-2015	Purchase	10,327	8.15	8.68
	23-Nov-2015 to 22-Dec-2015	Sale	10,327	8.15	8.68
	23-Dec-2015 to 22-Jan-2016	Purchase	13,365	7.93	8.85
	23-Dec-2015 to 22-Jan-2016	Sale	13,365	7.93	8.85
	23-Jan-2016 to 22-Feb-2016	Purchase	19,266	7.87	8.68
	23-Jan-2016 to 22-Feb-2016	Sale	19,266	7.87	8.68
	23-Feb-2016 to 27-May-2016	Purchase	34,219	8.09	8.65
	23-Feb-2016 to 27-May-2016	Sale	34,219	8.09	8.65

- (iii) As Deutsche Börse AG, the Deutsche Börse Directors (including members of their immediate families, close relatives and related trusts) and any persons acting in concert with Deutsche Börse AG are acting in concert with HoldCo, disclosures of interests and dealings by these persons should also be regarded as disclosures in their capacity as persons acting in concert with HoldCo.

## 8.7 Dealings in relevant securities in HoldCo

### *LSEG plc*

- (a) During the Offer Period:
- (i) LSEG plc and the LSEG Directors (including members of their immediate families, close relatives and related trusts) have not dealt in HoldCo relevant securities; and
  - (ii) none of the persons acting, or presumed to be acting, in concert with LSEG plc have dealt in HoldCo relevant securities.

### *Deutsche Börse AG*

- (b) During the Disclosure Period:
- (i) Deutsche Börse AG and the Deutsche Börse Directors (including members of their immediate families, close relatives and related trusts) have not dealt in HoldCo relevant securities; and
  - (ii) none of the persons acting, or presumed to be acting, in concert with Deutsche Börse AG have dealt in HoldCo relevant securities.

### *HoldCo*

- (c) During the Disclosure Period:
- (i) HoldCo and the HoldCo Directors (including members of their immediate families, close relatives and related trusts) have not dealt in HoldCo relevant securities;
  - (ii) none of the persons acting, or presumed to be acting, in concert with HoldCo have dealt in HoldCo relevant securities; and
  - (iii) HoldCo has not redeemed nor purchased any HoldCo relevant securities.

## 8.8 General

- (a) Save as disclosed in this document, as at the Disclosure Date, none of:
- (i) any director of LSEG plc or any connected person of any such director;
  - (ii) any other person acting in concert with LSEG plc;
  - (iii) Deutsche Börse AG;
  - (iv) any Deutsche Börse Director or any connected person of any such director;
  - (v) any other person acting in concert with Deutsche Börse AG;
  - (vi) HoldCo;
  - (vii) any director of HoldCo or any connected person of any such director; or
  - (viii) any other person acting in concert with HoldCo,
- had any interest in, right to subscribe in respect of, or short position in respect of LSEG relevant securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery.
- (b) Save as disclosed in this document, as at the Disclosure Date, none of:
- (i) LSEG plc;
  - (ii) any director of LSEG plc or any connected person of any such director;
  - (iii) any other person acting in concert with LSEG plc;
  - (iv) any Deutsche Börse Director or any connected person of any such director;
  - (v) any other person acting in concert with Deutsche Börse AG;
  - (vi) HoldCo;
  - (vii) any director of HoldCo or any connected person of any such director; or
  - (viii) any other person acting in concert with HoldCo,
- had any interest in, right to subscribe in respect of, or short position in respect of Deutsche Börse relevant securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery.
- (c) Save as disclosed in this document, as at the Disclosure Date, none of:
- (i) LSEG plc;
  - (ii) any director of LSEG plc or any connected person of any such director;
  - (iii) any other person acting in concert with LSEG plc;
  - (iv) Deutsche Börse AG;
  - (v) any director of Deutsche Börse AG or any connected person of any such director;
  - (vi) any other person acting in concert with Deutsche Börse AG;
  - (vii) any director of HoldCo or any connected person of any such director; or
  - (viii) any other person acting in concert with HoldCo,
- had any interest in, right to subscribe in respect of, or short position in respect of HoldCo relevant securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery.
- (d) none of LSEG plc, Deutsche Börse AG or HoldCo or any person acting in concert with LSEG plc, Deutsche Börse AG or HoldCo had borrowed or lent any relevant securities of

LSEG plc (including any financial collateral arrangements), save for borrowed shares which have been either on-lent or sold;

- (e) none of LSEG plc, Deutsche Börse AG or HoldCo nor any person acting in concert with LSEG plc, Deutsche Börse AG or HoldCo had borrowed or lent any relevant securities of Deutsche Börse AG (including any financial collateral arrangements), save for borrowed shares which have been either on-lent or sold; and
- (f) none of LSEG plc, Deutsche Börse AG or HoldCo nor any person acting in concert with LSEG plc, Deutsche Börse AG or HoldCo had borrowed or lent any relevant securities of HoldCo (including any financial collateral arrangements), save for borrowed shares which have been either on-lent or sold.

## 9. Irrevocable undertakings

### 9.1 LSEG Shares

HoldCo has received irrevocable undertakings from the following LSEG Directors to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the LSEG General Meeting in respect of their own beneficial holdings totalling 604,359 LSEG Shares, representing in aggregate approximately 0.1735 per cent. of LSEG plc's issued share capital as at 27 May 2016 being the latest practicable date prior to publication of this document, comprised as follows:

<u>Name of LSEG Director</u>	<u>Number of LSEG Shares</u>	<u>Percentage of existing issued ordinary share capital of LSEG plc</u>
Donald Brydon CBE .....	5,000	0.0014 per cent.
Paul Heiden .....	3,818	0.0011 per cent.
Raffaele Jerusalmi .....	52,130	0.0150 per cent.
Xavier Rolet KBE .....	519,069	0.1489 per cent.
David Warren .....	24,342	0.0070 per cent.
<b>TOTAL .....</b>	<b>604,359</b>	<b>0.173 per cent.</b>

The undertakings from the directors of LSEG plc will cease to be binding if the Scheme lapses or is withdrawn or if the LSEG Board the Deutsche Börse Supervisory Board or the Deutsche Börse Management Board changes or withdraws its recommendation (or its intention to recommend).

### 9.2 Deutsche Börse Shares

In respect of the Exchange Offer, HoldCo has received, in total, irrevocable undertakings from the members of the Deutsche Börse Management Board who are holders of Deutsche Börse Shares to accept the offer in respect of 60,060 Deutsche Börse Shares, representing approximately 0.032 per cent. of Deutsche Börse AG's registered share capital (excluding shares held in treasury) as at 27 May 2016 being the latest practicable date prior to publication of this document, comprised as follows:

<u>Name of Deutsche Börse Director</u>	<u>Number of Deutsche Börse Shares</u>	<u>Percentage of existing registered share capital of Deutsche Börse AG (excluding shares held in treasury)</u>
Carsten Kengeter .....	60,000	0.03213 per cent.
Andreas Preuß .....	60	0.00003 per cent.
<b>TOTAL .....</b>	<b>60,060</b>	<b>0.032 per cent.</b>

The undertakings from the directors of the Deutsche Börse Management Board will cease to be binding if the Exchange Offer lapses or is withdrawn or if the LSEG Board, the Deutsche Börse Supervisory Board or the Deutsche Börse Management Board changes or withdraws its recommendation (or its intention to recommend).



**10. Service contracts and letters of appointment of the LSEG Directors**

**10.1 LSEG Executive Directors**

- 10.1.1 The LSEG Executive Directors have entered into service agreements with LSEG as summarised below:

*Xavier Rolet KBE*

- 10.1.2 Xavier Rolet is employed by London Stock Exchange plc under the terms of a service agreement dated 25 February 2009 and was appointed with effect from 16 March 2009. The service agreement may be terminated by Mr Rolet or London Stock Exchange plc by either party giving not less than 12 months' notice. Alternatively, London Stock Exchange plc may terminate the contract by payment in lieu of notice of a sum equal to 12 months' salary, pension, flexible benefits allowance, life and private medical insurance (but excluding bonus and share incentives) paid in a lump sum or, at the discretion of London Stock Exchange plc's remuneration committee, on a monthly basis. If Mr Rolet commences alternative employment, is appointed as a non-executive director or provides services pursuant to a consultancy agreement within 12 months after leaving LSEG, the payment in lieu of notice instalments will be reduced by one-twelfth of the annual remuneration earned from the alternative employment, directorship or consultancy. Mr Rolet's annual salary was increased from GBP750,000 to GBP800,000 with effect from 1 April 2016.
- 10.1.3 Mr Rolet receives benefits in kind, principally health care and life assurance. In addition, Mr Rolet (in common with all LSEG staff) participates in a flexible benefit plan whereby he receives an allowance of GBP20,000 per annum from which he can purchase additional benefits or receive all or a portion as a cash supplement. This flexible benefit allowance is not used to calculate bonus payments or pension contributions. Mr Rolet is entitled to a cash supplement in lieu of contribution to a pension plan, equal to 25 per cent. of his basic salary.
- 10.1.4 Mr Rolet is eligible to participate in the LSEG plc annual bonus plan. Cash bonus awards are approved by the LSEG plc remuneration committee and are based on annual financial targets, strategic objectives and individual performance. Mr Rolet is eligible to participate in the LSEG Deferred Bonus Plan 2014, the LSEG Long Term Incentive Plan 2014 and the LSEG SAYE Option Scheme. Mr Rolet also holds an outstanding award under the LSEG Long Term Incentive Plan 2004.

On Completion, Xavier Rolet will step down from his role as CEO of LSEG plc. On stepping down as CEO, Xavier Rolet will become an adviser to the Chairman and Deputy Chairman of HoldCo to assist with a successful transition. It is currently envisaged that this arrangement would last for up to one year following Completion, but the other terms of the appointment are not yet known.

*David Warren*

- 10.1.5 Mr Warren is employed by London Stock Exchange plc under the terms of a service agreement dated 11 June 2012 and was appointed with effect from 2 July 2012. The service agreement may be terminated by Mr Warren or London Stock Exchange plc on not less than 12 months' written notice. Alternatively, London Stock Exchange plc may terminate the contract by payment in lieu of notice of a sum equal to 12 months' salary and the pension, flexible benefits and insurance benefits described below (but excluding bonus and share incentives). Any payment in lieu of notice will be paid in 12 monthly instalments from the date of termination, unless this would result in less favourable treatment for Mr Warren under US tax laws. If Mr Warren commences alternative employment, is appointed as a non-executive director or provides services pursuant to a consultancy agreement within 12 months after leaving LSEG, the payment in lieu of notice instalments will be reduced by one-twelfth of the annual remuneration earned from the alternative employment, directorship or consultancy. Mr Warren's annual salary is GBP465,000.
- 10.1.6 Mr Warren receives benefits in kind, principally health care and life assurance. Mr Warren (in common with all LSEG staff) participates in a flexible benefit plan whereby he receives an allowance equal to five per cent. of his basic salary capped at GBP20,000 per annum from which he can purchase additional benefits or receive the benefits allowance as a cash payment. This flexible benefit is not used to calculate bonus payments or pension contributions. Mr Warren is

eligible to receive a contribution of 25 per cent. of his salary into a pension arrangement. Where such contribution would exceed relevant allowances, a cash equivalent will be paid to Mr Warren.

- 10.1.7 Each year Mr Warren is entitled to tax preparation and filing assistance in the US and the UK. London Stock Exchange plc will meet the costs of repatriating Mr Warren's effects back to the US if it terminates his employment other than in circumstances such as serious misconduct which would justify summary termination. Mr Warren is entitled to an allowance to cover the cost of renting accommodation in the UK until October 2016. London Stock Exchange plc will cover the cost of up to six return business class flights a year for Mr Warren and his partner or children to travel between London and New York up to an annual cost of GBP30,000.
- 10.1.8 Mr Warren is eligible to participate in the LSEG plc annual bonus plan. Cash bonus awards are approved by the LSEG plc remuneration committee and are based on annual financial targets, delivery of strategic objectives and individual performance. Mr Warren is eligible to participate in the LSEG Deferred Bonus Plan 2014, the LSEG Long Term Incentive Plan 2014 and the LSEG SAYE Option Scheme. Mr Warren also holds an outstanding award under the LSEG 2004 LTIP.

*Raffaele Jerusalmi*

- 10.1.9 Raffaele Jerusalmi entered into a service contract with Borsa Italiana S.p.A. on 1 October 2001, amended on 3 May 2011, and a service agreement with London Stock Exchange Group Holdings (Italy) Limited Italian Branch, which reflects his period of continuous service from 1 October 2001. On 1 April 2013, Raffaele Jerusalmi's employment contract transferred from London Stock Exchange Group Holdings (Italy) Limited Italian Branch to London Stock Exchange Group Holdings Italia S.p.A.
- 10.1.10 The terms of his employment with each company are substantially the same. The contracts state that no collective agreement applies to his employment and accordingly the terms applying to the termination of his employment under both contracts are governed by Italian law. If Mr Jerusalmi is dismissed, his notice period will be equal to eight months (if the length of service is between nine and 15 years) or nine months (if the length of service is 15 years or more). If Mr Jerusalmi resigns he is required to give three months' notice. On termination of either employment for any reason, Mr Jerusalmi is entitled to severance payments under Italian law.
- 10.1.11 Mr Jerusalmi has an entitlement under Italian law to: (a) trattamento di fine rapporto, which Mr Jerusalmi has elected to transfer to his private pension plan on a monthly basis since August 2007 and is equal to 7.4 per cent. (including solidarity tax at the current rate of 0.49 per cent. which does not count towards Mr Jerusalmi's contributions to his private pension plan) of all sums paid to Mr Jerusalmi during his employment; (b) pro-rated supplementary monthly payments (the annual salary is normally paid in 12 instalments plus two supplementary monthly payments); and (c) payment in lieu of untaken holidays, if any. Where no just cause for termination exists, a payment in lieu of notice is payable if the employment is terminated with immediate effect. The payment in lieu of notice is paid in addition to the payments at (a), (b) and (c) above and is equal to the overall salary due to Mr Jerusalmi during the notice period. For these purposes monthly salary includes base salary, the average of any bonuses or commissions paid during the last 36 months of the employment relationship and benefits in kind. Mr Jerusalmi's annual salary was increased from EUR500,000 to EUR510,000 with effect from 1 April 2016.
- 10.1.12 Mr Jerusalmi receives health care, life assurance, disability insurance, accident insurance cover, luncheon vouchers and car and fuel benefit. Mr Jerusalmi is eligible to participate in LSEG plc's annual bonus plan. Cash bonus awards are approved by the LSEG plc remuneration committee and are based on annual financial targets, strategic objectives and individual performance. Mr Jerusalmi is also eligible to participate in LSEG Deferred Bonus Plan 2014 and the LSEG Long Term Incentive Plan 2014. Mr Jerusalmi also holds an outstanding award under the LSEG Long Term Incentive Plan 2004.

## 10.2 The Chairman and the other LSEG Non-Executive Directors

The Chairman and the other LSEG Non-Executive Directors have entered into letters of appointment with LSEG as summarised below:

*Donald Brydon (Chairman) CBE*

- 10.2.1 Mr Brydon is appointed under a letter of appointment with London Stock Exchange plc dated 22 June 2015, under which he receives an annual fee of GBP400,000. His appointment may be terminated by either party on six months' written notice. Mr Brydon is also Chairman of London Stock Exchange plc, for which he does not receive an additional fee.

*Non-Executive Directors*

- 10.2.2 The LSEG Non-Executive Directors (apart from the Senior Independent Director) are each engaged under a letter of appointment with LSEG plc, under which they receive an annual basic fee of GBP70,000 and GBP30,000 to certain other LSEG Non-Executive Directors for acting as the Chairman of a board committee. The Senior Independent Director is engaged under a letter of appointment with LSEG plc, under which he receives an annual basic fee of GBP140,000. The annual basic fees that were paid prior to 1 January 2016 are described on page 79 of LSEG plc's Annual Report and Accounts for the year ended 31 December 2015.
- 10.2.3 The LSEG Non-Executive Directors have no right to compensation on termination of their appointments.

## 10.3 Other service contracts

Save as disclosed above, there are no service contracts between any LSEG Director and any member of LSEG and no such contract has been entered into or amended within the six months preceding the date of this document. There are also no service contracts between any person who has resigned as a director of LSEG plc in the period between the Announcement and publication of this document, and no such contract has been entered into or amended within the six months preceding the date of this document.

## 11. Impact of transaction on emoluments of the Deutsche Börse Directors

Under the pre-existing rules of the Performance Bonus Plan as effective from 1 January 2016, the Deutsche Börse Supervisory Board may reflect strategic mergers and acquisitions undertaken by Deutsche Börse AG, which may include the Merger, in determining annual bonus awards to the Deutsche Börse Management Board members, subject to existing caps on payments which can be made under the plan. Otherwise, and subject to the impact of the Merger on their outstanding awards/interests under the Deutsche Börse Share Plans as described in paragraph 7 of Part III (*Explanatory Statement*) of this document, the transaction will have no effect on the remuneration of Deutsche Börse AG's Supervisory, or Management Boards.

## 12. Service contracts and letters of appointment of the HoldCo Directors

*Executive directors*

As previously announced, Carsten Kengeter will become the HoldCo Chief Executive and David Warren will become the HoldCo CFO. The intention is that with effect from Completion, Mr Kengeter and Mr Warren will each enter into a new service contract with HoldCo, the terms of which are anticipated to be compliant with the UK Corporate Governance Code in all material respects.

HoldCo will undertake a review of the remuneration arrangements for directors of the HoldCo Board. HoldCo intends to adopt a remuneration policy, which it expects to put to its shareholders for approval at its first annual general meeting. A consultation process on the remuneration policy with significant shareholders of both LSEG plc and Deutsche Börse AG is expected to be undertaken in due course.

*Non-executive directors*

Donald Brydon and Joachim Faber will become Chairman and Deputy Chairman of HoldCo, respectively. Mr Faber will also become the Senior Independent Director. 12 further non-executive directors will be nominated; six by LSEG plc and six by Deutsche Börse AG. Each of these non-executive directors will

enter into an appointment letter with HoldCo in due course, the terms of which are anticipated to be compliant with the UK Corporate Governance Code in all material respects.

### 13. Significant Shareholders

As at the close of business on the Latest Practicable Date, so far as the LSEG Directors are aware, no person other than those listed below was interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

<u>Name</u>	<u>Number of LSEG Shares as at the Latest Practicable Date</u>	<u>Percentage of existing LSEG plc issued share capital as at the Latest Practicable Date</u>
Qatar Investment Authority . . . . .	35,970,000	10.32 per cent.
BlackRock, Inc. . . . .	30,477,457	8.74 per cent.
Invesco Limited . . . . .	18,558,960	5.32 per cent.
Lindsell Train Limited . . . . .	17,390,195	4.99 per cent.
TCI Fund Management Limited . . . . .	14,801,548	4.25 per cent.
Veritas Asset Management Limited . . . . .	11,578,991	3.32 per cent.

### 14. Material contracts

#### 14.1 LSEG plc Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by LSEG plc or another member of LSEG during the period commencing two years before the commencement of the Offer Period up to the latest Practicable Date, and are, or may be, material or have been entered into at any time by LSEG plc or any member of LSEG and contain provisions under which LSEG plc or any member of LSEG has an obligation or entitlement which is, or may be, material to LSEG plc or any member of LSEG as at the date of this document:

##### 14.1.1 *Co-operation Agreement*

See paragraph 15.4 below for details of the Co-operation Agreement between LSEG plc, Deutsche Börse AG and HoldCo.

##### 14.1.2 *LSEG Sponsor's Agreement*

See paragraph 15.5 below for details of the LSEG Sponsor's Agreement entered into between LSEG plc and Barclays on or around the date of this document.

##### 14.1.3 *HoldCo Sponsors' Agreement*

See paragraph 15.6 below for details of the HoldCo Sponsors' Agreement entered into between LSEG plc, Deutsche Börse AG, HoldCo, Barclays and Deutsche Bank AG, London Branch dated on or around the date of this document.

##### 14.1.4 *Confidentiality Agreement*

See paragraph 15.1 below for details of the confidentiality agreement entered into between LSEG plc and Deutsche Börse AG in connection with the Merger on 19 January 2016.

##### 14.1.5 *Confidentiality and Joint Defence Agreement*

See paragraph 15.2 below for details of the confidentiality and joint defence agreement entered into between LSEG plc and Deutsche Börse AG in connection with the Merger on 18 February 2016.

##### 14.1.6 *Clean Team Non-Disclosure Agreement*

See paragraph 15.3 below for details of the clean team non-disclosure agreement entered into between LSEG plc and Deutsche Börse AG in connection with the Merger on 3 March 2016.

#### 14.1.7 *LSEG banking facilities*

LSEG (as borrower) has entered into two syndicated, committed, revolving facility agreements dated 25 June 2014 and 9 November 2015 respectively which provide an aggregate GBP1.2 billion of flexible financing capacity. The facilities are partially drawn. Both of LSEG plc's existing revolving credit facilities are unsecured, multi-currency, facilities available for general corporate purposes and are provided by two syndicates which comprise both UK and international banks. The facilities are documented on consistent terms, customary for companies with a public listing and an investment grade credit rating. The borrowers under both facility arrangements are LSEG plc, LSEGH (Luxembourg) Limited and London Stock Exchange Group Holdings (Italy) Limited, with a mechanism to introduce additional borrowers.

##### (i) *2014 Revolving Credit Facility*

On 25 June 2014 LSEG entered into a GBP600 million revolving credit facility with The Bank of Tokyo-Mitsubishi UFJ, Ltd, Abbey National Treasury Services plc, Barclays, HSBC Bank plc, Royal Bank of Canada and The Royal Bank of Scotland plc for a term of two years plus an extension option at LSEG plc's option of one year, which has been exercised. The facility has a floating rate of interest based on an interest rate margin of 0.60 per cent. per annum over LIBOR/EURIBOR. The facility is guaranteed by LSEG plc, LSEGH (Luxembourg) Limited and London Stock Exchange Group Holdings (Italy) Limited.

##### (ii) *2015 Revolving Credit Facility*

On 9 November 2015, LSEG plc entered into an additional GBP600.0 million revolving facility agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd, HSBC Bank plc, The Royal Bank of Scotland plc, Abbey National Treasury Services plc, Barclays, China Construction Bank Corporation London Branch, Royal Bank of Canada and Wells Fargo Bank, National Association, London Branch for a term of five years plus a series of two consecutive one year extension options available at the lenders' option upon LSEG plc's request. The facility has a floating rate of interest based on an interest rate margin of 0.45 per cent. per annum over LIBOR/EURIBOR. The facility is guaranteed by LSEG plc.

#### 14.1.8 *Sale and purchase agreement relating to the sale of Russell Investments*

On 8 October 2015, Frank Russell Company ("**Russell**"), Emerald Acquisition Limited ("**Emerald**"), an acquisition vehicle of funds controlled by TA Associates and Reverence Capital Partners, and LSEG plc entered into a stock and asset purchase agreement (the "**SAPA**") providing for the sale of Russell's asset management business ("**Russell Investments**") to TA Associates and Reverence Capital Partners for gross proceeds of USD1,150 million in cash, subject to customary closing adjustments and the satisfaction or waiver of a number of customary conditions (including regulatory and other required approvals). LSEG plc is a party to the SAPA, in its capacity as the parent company of Russell, in respect of certain specified provisions only. Certain funds controlled by TA Associates and Reverence Capital Partners separately provided limited guarantees of certain of Emerald's obligations under the SAPA. The SAPA is governed by the laws of New York State.

The base purchase price in respect of the sale of Russell Investments is USD1,150,000,000, which is subject to certain customary adjustments at and following closing. The transaction is expected to close shortly. USD1,000 million will be paid in cash on completion, with the balance of USD150 million paid annually in four equal cash instalments, starting from 31 December 2017. The consideration payable by TA Associates and Reverence Capital to LSEG plc is subject to customary closing adjustments, including a downward price adjustment if the fee revenues of the business decline in the period to closing below an agreed buffer amount. The percentage of revenue decline covered by the adjustment mechanism is capped. The SAPA may be terminated prior to closing by Emerald and Russell in certain circumstances.

Russell agreed that prior to closing, unless otherwise agreed to in writing by Emerald and subject to certain other exceptions, the business of Russell Investments will be conducted in all material respects in the ordinary course. In addition, Russell agreed to certain customary restrictions regarding the conduct of the business of Russell Investments in the period to closing. Following the proposed sale, subsidiaries of LSEG plc will enter into certain licence agreements with Russell Investments.



#### 14.1.9 *Merger agreement relating to acquisition of Russell*

On 26 June 2014, LSEG plc, Russell, Northwestern Mutual and an indirect subsidiary of LSEG plc (“**Merger Sub**”) entered into a merger agreement providing for the acquisition of the entire issued share capital of Russell by LSEG plc to be effected pursuant to a merger of Merger Sub with and into Russell, with Russell being the surviving corporation of the merger and a wholly-owned indirect subsidiary of LSEG plc. LSEG plc announced the completion of the acquisition on 3 December 2014.

The merger agreement was governed by New York law, except to the extent that the Washington Business Corporation Act was mandatorily applicable to the acquisition and the rights of Russell’s pre-completion equity holders. The base consideration in respect of the acquisition under the merger agreement was USD2.7 billion.

#### 14.1.10 *Underwriting agreement relating to LSEG plc’s 2014 rights issue in connection with the acquisition of Russell*

On 22 August 2014, LSEG plc entered into an underwriting agreement (the “**Underwriting Agreement**”) with Barclays, Greenhill & Co. International LLP, RBC Europe Limited, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, Banca IMI S.p.A., Banco Santander S.A., HSBC Bank plc and Mitsubishi UFJ Securities International plc (together, the “**Rights Issue Banks**”) in connection with its 3 for 11 rights issue of 74,347,813 new LSEG Shares at 1,295 pence per new LSEG Share as announced on 22 August 2014 (the “**Rights Issue**”).

Under the terms of the Underwriting Agreement, the underwriting banks agreed severally to procure acquirers for, or failing which themselves acquire, New Shares not taken up under the Rights Issue, in each case at the issue price of 1,295 pence per new LSEG Share. In consideration of their services under the Underwriting Agreement, the underwriting banks were paid a base commission fee of 2.125 per cent. of the aggregate value of 1,295 pence multiplied by the aggregate number of new LSEG Shares issued under the Rights Issue (less the number of new LSEG Shares with respect to which the underwriting banks have procured committed sub-underwriting); plus a commission of 1.50 per cent. of the aggregate value at the 1,295 pence multiplied by the aggregate number of new LSEG Shares issued under the Rights Issue with respect to which the underwriting banks have procured committed sub-underwriting, in each case, whether or not they are called upon to acquire or procure acquirers for any of the new LSEG Shares under the Underwriting Agreement.

LSEG plc also agreed to pay all costs and expenses of, or in connection with, the Rights Issue including (but not limited to) the Financial Conduct Authority and the London Stock Exchange and trading fees, other regulatory fees and expenses, printing and advertising costs, postage, the registrar’s charges, its own and the Rights Issue Banks’ properly incurred legal and other out of pocket expenses (subject in each case to a pre-agreed cap).

#### 14.1.11 *CC&G Credit Facility Agreements*

Certain credit facility agreements are provided by commercial banks specifically to CC&G as CCP to the Italian markets. These facilities are to support CC&G’s liquidity requirements and are also available to meet certain needs that may arise in the case of certain events, such as the management of participant insolvency or to meet CC&G obligations to central securities depositories and ICSDs.

The CC&G credit facilities are provided by Intesa San Paolo, BNP Paribas, Unicredit, Mediobanca, Cariparma, and Banco Desio. The facilities comprise an aggregate of approximately EUR420 million of bi-lateral commitments, with the majority requiring a pledge of government securities as eligible collateral to allow drawings. They are rarely called upon.

#### 14.1.12 *Bond Issues*

LSEG plc has issued the following notes:

**2016 Notes**—on 4 July 2006 LSEG plc issued GBP250 million in aggregate principal amount of 5.875 per cent. notes due on 7 July 2016. The 2016 Notes are constituted by a trust deed dated

7 July 2006 made between LSEG plc and HSBC Trustee (C.I.) Limited and the coupon-holders. The 2016 Notes were issued on the following terms:

- (a) interest on the 2016 Notes is payable semi-annually in arrears in equal amounts on 7 January and 7 July of each year, at the rate of 5.875 per cent. of the principal amount. Under the terms of the 2016 Notes, the interest payable on the 2016 Notes will be increased or decreased in the event of a change in the credit rating assigned to the 2016 Notes (at present the interest payable is at the rate of 5.875 per cent. per annum of the principal amount);
- (b) the 2016 Notes may be redeemed at the option of LSEG plc, in whole but not in part, at any time at a price which is the higher of the principal amount of the 2016 Notes and an amount calculated by reference to the yield of the 4.75 per cent. UK Government Treasury Stock 2015;
- (c) if a change of control in LSEG plc or LSE plc occurs and, within 120 days thereafter, the credit rating of the 2016 Notes is downgraded from an investment grade credit rating to a non-investment grade credit rating or withdrawn, each 2016 Note may be redeemed at the option of each note-holder at a price which is the higher of the principal amount of the 2016 Note and an amount calculated by reference to the yield of the 4.75 per cent. UK Government Treasury Stock 2015, plus 1.18 per cent.;
- (d) the 2016 Notes are unsecured and unsubordinated obligations of LSEG plc and rank equally in right of payment with LSEG plc's existing and future unsecured and unsubordinated obligations;
- (e) the net proceeds from the issue were available to be used by LSEG plc in order to refinance its indebtedness and for LSEG plc's general corporate purposes; and
- (f) the terms and conditions applicable to the 2016 Notes also contain, inter alia, a negative pledge, redemption and purchase provisions and events of default.

The 2016 Notes are governed by English law.

**2019 Notes**—on 16 June 2009, LSEG plc issued GBP250 million in aggregate principal amount of 9.125 per cent. notes due on 18 October 2019. The 2019 Notes are constituted by a trust deed dated 18 June 2009 made between LSEG plc and HSBC Corporate Trustee Company (UK) Limited and the coupon-holders. The 2019 Notes were issued on the following terms:

- (a) interest on the 2019 Notes is payable semi-annually in arrears in equal amounts on 18 April and 18 October of each year, at the rate of 9.125 per cent. of the principal amount. Under the terms of the 2019 Notes, the interest payable on the 2019 Notes will be increased or decreased in the event of a change in the credit rating assigned to the 2019 Notes (at present the interest payable is at the rate of 9.125 per cent. per annum of the principal amount);
- (b) the 2019 Notes may be redeemed at the option of LSEG plc in whole but not in part at any time at a price which is the higher of the principal amount of the 2019 Notes and an amount calculated by reference to the yield of the 4.5 per cent. UK Government Treasury Stock 2019;
- (c) if a change of control in LSEG plc or LSE plc occurs and, within 120 days thereafter, the credit rating of the 2019 Notes is downgraded from an investment grade credit rating to a non-investment grade credit rating or withdrawn, each 2019 Note may be redeemed at the option of each note-holder at a price which is the higher of the principal amount of the 2019 Notes and an amount calculated by reference to the yield of the 4.5 per cent. UK Government Treasury Stock 2019 plus 5.15 per cent.;
- (d) the 2019 Notes are unsecured and unsubordinated obligations of LSEG plc and rank equally in right of payment with LSEG plc's existing and future unsecured and unsubordinated obligations;
- (e) the net proceeds from the issue were available to be used by LSEG plc in order to refinance its indebtedness and for LSEG plc's general corporate purposes; and

- (f) the terms and conditions applicable to the 2019 Notes also contain, inter alia, a negative pledge, redemption and purchase provisions and events of default.

The 2019 Notes are governed by English law.

**2021 Notes**—on 2 November 2012, LSEG plc issued GBP300 million sterling denominated 4.75 per cent. bonds due 2 November 2021 under its GBP1 billion Euro Medium Term Note Programme. The 2021 retail bonds were issued on the following terms:

- (a) interest on the 2021 retail bonds is payable semi-annually in arrears at the rate of 4.75 per cent. each year on the face value of the Bond for a period of nine years from their date of issue;
- (b) the 2021 retail bonds are admitted to trading on the London Stock Exchange's regulated market and through the London Stock Exchange's order book for retail bonds and listed on the Official List of the UKLA with effect from 2 November 2012;
- (c) unless previously repaid or purchased and cancelled by LSEG plc, the 2021 retail bonds will mature on 2 November 2021 and will be repayable by LSEG plc at their face value;
- (d) the 2021 retail bonds may also be repaid early in a number of circumstances and for a number of reasons, including (but not limited to):
  - if LSEG plc is obliged to pay additional amounts in respect of the 2021 retail bonds pursuant to their terms as a result of a change in, or in the application or official interpretation of, United Kingdom tax law, the 2021 retail bonds may be repaid early (in whole but not in part) at the option of LSEG plc at the face value of the 2021 retail bonds together with accrued interest;
  - in the event that LSEG plc defaults on its obligations under the 2021 retail bonds or in certain other circumstances described as 'events of default' in the terms and conditions of the 2021 retail bonds, the 2021 retail bonds may become due and repayable (in whole but not in part). The amount due will be the face value of the 2021 retail bonds together with accrued interest; and
  - if, during the life of the 2021 retail bonds, another company were to take over, or otherwise assume control of, LSEG plc or if LSEG plc were to be taken over or have control assumed by a company other than LSEG plc and either change of control had a negative impact on the credit ratings assigned to the 2021 retail bonds (for example, if such credit ratings were lowered to certain levels or withdrawn) or meant that LSEG plc could not obtain a rating for the 2021 retail bonds in a pre-defined period, then a holder of 2021 retail bonds would have the option to require LSEG plc to repay early or to purchase the 2021 retail bonds of that holder at their face value together with accrued interest;
- (e) the 2021 retail bonds are direct, unconditional, unsubordinated and (subject to the provisions therein) unsecured obligations of LSEG plc rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) equally in right of payment with LSEG plc's existing and future unsecured (subject as aforesaid) and unsubordinated obligations but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights;
- (f) the net proceeds from the issue were available to be used by LSEG plc in order to refinance its indebtedness and for LSEG plc's general corporate purposes; and
- (g) the terms and conditions applicable to the 2021 retail bonds also contain, inter alia, a negative pledge.

The 2021 retail bonds are governed by English law.

#### 14.1.11 *Relationship Agreement with LCH*

On 1 May 2013, LSEG plc and LCH entered into a relationship agreement regarding the governance arrangements of the LCH Group following completion of the acquisition by LSEG plc of a majority stake in LCH.

The relationship agreement sets out the composition of the boards of various companies within the LCH Group and the rights of LSEG plc, clearing members and markets that use the LCH Group's clearing services to appoint directors to such boards. LSEG plc is entitled to appoint and remove up to four directors to the LCH board, including the chief executive officer. The agreement provides that the composition of the LCH Group boards will also be subject to changes required from time to time as a result of regulatory requirements. Similarly, the relationship agreement sets out the composition of various board committees of LCH and its subsidiaries, including audit, nomination, remuneration and risk committees.

Pursuant to the relationship agreement, the parties agree that the LCH Group's business will be run independently of LSEG plc and LSEG plc has agreed certain restrictions on its rights as a majority shareholder in LCH, including that it will not remove certain directors from the LCH board in circumstances where it would not be reasonable to do so and consulting with the LCH board before removing the chief executive officer. Any dealings or contracts between the LCH Group and LSEG plc will be on bona fide arm's length commercial terms and will be subject to the prior approval of a committee of the LCH board consisting solely of independent directors.

The relationship agreement includes certain provisions on the operation of the LSEG plc and LCH Group businesses:

- (a) the LCH Group and LSEG plc will 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, LSEG plc intends to conduct all of its CCP services through the LCH Group;
- (b) in the event of an acquisition by LSEG plc of a clearing business as part of a merger or acquisition, LSEG plc is obliged, subject to certain exceptions, to offer it for sale to LCH. This provision does not apply in relation to the Merger. These arrangements will terminate on the earlier of five years after completion or LSEG plc ceasing to hold 40 per cent. of the issued share capital of LCH;
- (c) LSEG plc has agreed not to introduce any SwapClear, ForexClear and CDSClear business products onto its exchange or other execution platforms without the approval of the governance committee relating to the relevant product, subject to certain exceptions;
- (d) LCH undertakes to provide LSEG plc with sufficient financial and other information reasonably required by LSEG plc to meet any applicable reporting requirements or standards and for LSEG plc's budgeting and forecasting processes in a timely fashion;
- (e) the LCH board must apply certain "core operating principles" in managing the business of LCH relating to compliance with legal and regulatory obligations, the preservation of the SwapClear, ForexClear and CDSClear businesses structure, an agreed dividend policy, preservation of the RepoClear operating model and arrangements in all material respects and arm's length contractual arrangements between any LCH Group company and any LSEG plc company;
- (f) the day-to-day management of the LCH Group and implementation of the business plan and the budget will be delegated by the LCH board to the chief executive officer on the terms of the executive delegation, under which the chief executive officer has certain authorities in relation to expenditure not exceeding GBP10 million and within 10 per cent. of budget, general corporate actions and exploratory discussions for transactions in excess of agreed limits.

The relationship agreement includes various corporate matters that cannot be passed without the consent of certain parties:

- (a) "LSEG plc consent matters" that will require the written consent of LSEG plc. Material amendments to the LSEG plc consent matters can only be made by special resolution and with minority shareholder approval;
- (b) "Push matters" that LSEG plc or any of the directors appointed by LSEG plc may require to be put to LCH shareholders to be validly approved by at least: (a) 60 per cent. of the votes attaching to the LCH shares cast by LCH shareholders; and (b) 25 per cent. of the votes attaching to the LCH shares cast by user shareholders; and

- (c) “Minority protection reserved matters”, which require the approval of LCH shareholders holding at least 80 per cent. of the votes attaching to the LCH shares cast on the relevant resolution at an LCH shareholder meeting.

LSEG plc will lose certain of its key rights under the relationship agreement in certain circumstances:

- (a) a number of LSEG plc’s key rights (including the right to appoint and remove the chief executive officer, the LSEG plc consent matters and the push matters) will be lost if LSEG plc no longer holds 40 per cent. or more of the issued share capital of LCH; and
- (b) in certain limited material circumstances such as the termination by LSEG plc of its clearing agreement with LCH other than for cause or if LSEG plc exercises its statutory voting rights to appoint directors to, or remove directors from, the LCH board such that LSEG plc obtains an overall majority, LSEG plc’s rights under the Relationship Agreement will cease.

#### **14.1.12 *Deed of Guarantee in relation to LCH preferred securities***

LCH entered into a Deed of Guarantee, dated 18 May 2007, for the benefit of the holders of the preferred securities issued by LCH.Clearnet Funding LP.

Pursuant to the Deed of Guarantee executed as a deed poll by LCH on 18 May 2007, LCH provides a subordinated guarantee in favour of the holders of the preferred securities issued by LCH.Clearnet Funding LP, in respect of:

- (a) any declared but unpaid non-cumulative distributions in respect of the preferred securities which have accrued from the date of issue of the preferred securities, being 18 May 2007;
- (b) payments on redemption of the preferred securities; and
- (c) any additional amounts the holders are entitled to receive as may be necessary to ensure that the net amount of distributions received by the holders, after applicable withholding or deduction for any UK tax, shall equal the amounts which would have been received in respect of the preferred securities in the absence of such withholding or deduction.

The subordinated guarantee ranks junior to all other liabilities of LCH, including subordinated liabilities, other than parity securities with which the guarantee ranks *pari passu*, and senior only to the holders of the LCH shares.

Currently, LCH has EUR180 million of preferred securities outstanding of the initial EUR200 million, having repurchased EUR20 million in the market.

#### **14.2 *Deutsche Börse Material Contracts***

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by Deutsche Börse AG or another member of the Deutsche Börse Group during the period commencing two years before the commencement of the Offer Period up to the Latest Practicable Date, and are, or may be, material or have been entered into at any time by Deutsche Börse AG or any member of the Deutsche Börse Group and contain provisions under which Deutsche Börse AG or any member of the Deutsche Börse Group has an obligation or entitlement which is, or may be, material to Deutsche Börse AG or any member of the Deutsche Börse Group as at the date of this document:

##### **14.2.1 *Co-operation Agreement***

See paragraph 15.4 below for details of the Co-operation Agreement between LSEG plc, Deutsche Börse AG and HoldCo.

##### **14.2.2 *HoldCo Sponsors’ Agreement***

See paragraph 15.6 below for details of the HoldCo Sponsors’ Agreement between LSEG plc, Deutsche Börse AG, HoldCo, Barclays and Deutsche Bank AG, London Branch.



#### 14.2.3 *Confidentiality Agreement*

See paragraph 15.1 below for details of the confidentiality agreement between LSEG plc and Deutsche Börse AG in connection with the Merger.

#### 14.2.4 *Confidentiality and Joint Defence Agreement*

See paragraph 15.2 below for details of the confidentiality and joint defence agreement between LSEG plc and Deutsche Börse AG in connection with the Merger.

#### 14.2.5 *Clean Team Non-Disclosure Agreement*

See paragraph 15.3 below for details of the clean team non-disclosure agreement between LSEG plc and Deutsche Börse AG in connection with the Merger.

#### 14.2.6 *Agreement relating to the acquisition of outstanding shares in STOXX AG and Indexium AG*

On 27 July 2015, Deutsche Börse AG acquired all outstanding shares from SIX Group AG in the joint venture companies STOXX AG and Indexium AG for a purchase price of CHF 650 million, turning the two companies into fully-owned subsidiaries of Deutsche Börse AG. Transfer of the shares and payment of the purchase price occurred on 31 July 2015.

As part of the transaction, Deutsche Börse AG and SIX Group AG entered into a reciprocal transitional services agreement. Under this agreement SIX Group AG will continue to provide reciprocal services to STOXX AG and Indexium AG, and vice versa, following the closing of the transaction. Depending on the type of service provided, the term of the transitional services agreement runs until either 31 March 2016 or until 31 December 2017. In general, the agreed terms of the agreements for individual services do not extend beyond 31 December 2017, but STOXX AG has an option to extend its service from Six Swiss Exchange Act until 31 December 2018.

#### 14.2.7 *Agreement relating to the acquisition of 360T*

On 26 July 2015, Deutsche Börse AG and the shareholders of 360T signed an agreement regarding the full acquisition of the shares in 360T by Deutsche Börse AG for a purchase price of EUR704 million. 360T is a leading global FX trading platform catering to a broad customer base including corporates, buy-side firms, and banks. 360T has direct and indirect subsidiaries in Germany, the US, Singapore, Dubai and India. Transfer of the shares and payment of the purchase price occurred on 15 October 2015.

#### 14.2.8 *Letter of Comfort in favour of Eurex Clearing AG*

Deutsche Börse AG has issued a letter of comfort agreeing to provide Eurex Clearing AG with up to EUR700 million to cover any remaining losses from on-exchange transactions, once all other lines of defence of Eurex Clearing AG have been exhausted and prior to the utilisation of Eurex Clearing AG's remaining equity.

Deutsche Börse AG intends to replace the existing letter of comfort in 2016 with a new letter of comfort with a maximum coverage of EUR600 million. The letter of comfort will be available to cover any losses of Eurex Clearing AG. As a measure of adjustment of its capital structure, Eurex Clearing AG plans to increase its own clearing fund contribution by EUR50 million in 2016 and by a further EUR50 million in 2017.

#### 14.2.9 *Bonds and other financial instruments issued by Deutsche Börse AG*

As at 31 December 2015, the Deutsche Börse Group had committed undrawn bank lines of EUR2,217 million. Deutsche Börse Group's total available cash on hand (excluding cash required for regulatory purposes) was EUR711.1 million. As at 31 December 2015, gross debt: EBITDA had increased to 1.9 times (2014: 1.47).

<u>Refinancing of maturing bonds</u>	<u>Issue volume</u>	<u>2015</u>	<u>Issue date</u>	<u>Maturity Date</u>	<u>Interest rate p.a.</u>
	<u>(EUR million)</u>				<u>(per cent)</u>
Fixed-rate bearer bond (10-year term) . . . . .	600	14.8	2012	5/10/2022	2.375
Fixed-rate bearer bond (5-year term) . . . . .	600	7.4	2013	26/3/2018	1.125
Hybrid bond . . . . .	600	3.5	2015	5/2/2041	2.750
Fixed-rate bearer bond (10-year term) . . . . .	500	2.0	2015	8/10/2025	1.625

In 2015, two bond issues placed to finance the full acquisition of STOXX (including Indexium), as well of 360T, with an aggregate volume of EUR1.1 billion.

#### *15/41 Hybrid Bond*

On 30 July 2015, Deutsche Börse AG successfully placed a hybrid bond maturing in 2041, with a total nominal value of EUR600 million, on the market (the 15/41 Hybrid Bond). Until the first repayment date in February 2021, the bond had an annual coupon of 2.75 per cent. After this date, it will have a variable-rate coupon which will be re-set in February of each year. The terms of the 15/41 Hybrid Bond provide Deutsche Börse AG with a termination right in the event of a change of control which, if exercised, entitles Deutsche Börse AG to redeem the bonds at par, plus accrued interest. If Deutsche Börse AG does not exercise this termination right, the affected bonds' coupon will increase by 5 percentage points. A change of control will take place if a person or a group of persons acting in concert, or third parties acting on their behalf, has or have acquired more than 50 per cent. of the shares of Deutsche Börse AG or the number of Deutsche Börse AG shares required to exercise more than 50 per cent. of the voting rights at annual general meetings of Deutsche Börse AG and is accompanied by a downgrade to a sub-investment grade rating given to Deutsche Börse AG by Moody's Investors Services, Inc., S&P Global Ratings or Fitch Ratings Limited.

#### *13/18 Fixed-rate Bond*

In March 2013, Deutsche Börse AG successfully placed a corporate bond maturing in 2018 (the 13/18 Fixed-Rate Bonds). Under the terms of the 13/18 fixed-rate bonds, amounting to EUR600 million issued by Deutsche Börse AG, cancellation rights apply in the case of a change of control. If they are exercised, the bonds will be repayable at par plus any accrued interest. A change of control is deemed to have occurred if one person, several persons acting in concert, or third parties acting on their behalf has or have acquired more than 50 per cent. of the shares of Deutsche Börse AG or the number of Deutsche Börse AG shares required to exercise more than 50 per cent. of the voting rights at the annual general meetings of Deutsche Börse AG and is accompanied by a downgrade to a sub-investment grade rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Moody's, S&P Global Ratings or Fitch.

#### *12/22 Fixed-rate Bond*

In September 2012, Deutsche Börse AG successfully placed a corporate bond maturing in 2022 (the 12/22 Fixed-Rate Bonds). Under the terms of the 12/22 fixed-rate bonds, amounting to EUR600.0 million issued by Deutsche Börse AG, cancellation rights apply in the case of a change of control. If they are exercised, the bonds will be repayable at par plus any accrued interest. A change of control is deemed to have occurred if one person, several persons acting in concert, or third parties acting on their behalf has or have acquired more than 50 per cent. of the shares of Deutsche Börse AG or the number of Deutsche Börse AG shares required to exercise more than 50 per cent. of the voting rights at the annual general meetings of Deutsche Börse AG and is accompanied by a downgrade to a sub-investment grade rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Moody's, S&P Global Ratings or Fitch.

#### *15/25 Fixed-rate Bond*

On 1 October 2015, Deutsche Börse AG placed a senior unsecured bond maturing in 2025, with a total nominal amount of EUR500 million (the 15/25 Fixed-rate Bond). This bond has an annual 1.625 per cent. coupon. The terms of the 15/25 Fixed-rate Bond provide Deutsche Börse AG with a termination right in the event of a change of control. If these cancellation rights are exercised, the bonds are repayable at par plus any accrued interest. A change of control is deemed to have occurred if one person, several persons acting together, or third parties acting on their behalf has or have acquired more than 50 per cent. of the shares of Deutsche Börse AG or the number of shares required to exercise more than 50 per cent. of the voting rights at the annual general meetings of Deutsche Börse AG and is accompanied by a ratings decline below Baa3 by Moody's or BBB – by S&P Global Ratings or Fitch.

### *US Private Placement*

If a change of control occurs, there is also a right to require repayment of two bonds issued by Deutsche Börse AG in 2008 under a US private placement. The change of control must also lead to a ratings decline given to one of Deutsche Börse AG's senior unsecured long-term obligations below Baa3 by Moody's or BBB- by S&P Global Ratings or Fitch Ratings Limited. The provisions contained in the applicable terms correspond to the conditions specified for the 13/18, 12/22 and 15/25 fixed-rate bonds. The bonds issued under the private placement are as follows: USD220 million due on 12 June 2018 and USD70 million due on 12 June 2020.

The Merger is not expected to trigger change-of-control provisions applicable to any of the aforementioned bonds issued by Deutsche Börse AG because Deutsche Börse AG does not expect the combination to adversely affect the credit ratings given to the unsecured debt instruments of Deutsche Börse AG.

### *Commercial Paper*

A commercial paper programme offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of EUR2.5 billion in various currencies. As at 31 December 2015, commercial paper with a nominal value of EUR95.0 million had been issued (2014: EUR60.0 million) under Deutsche Börse AG's commercial paper programme. Clearstream Banking S.A. also has a commercial paper programme with a programme limit of EUR1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2015, commercial paper with a nominal value of EUR286.5 million had been issued (2014: EUR193.2 million) under Clearstream Banking S.A.'s commercial paper programme.

#### **14.2.10 *Agreement relating to the proposed sale of U.S. Exchange Holdings, Inc. to NASDAQ, Inc.***

On 9 March 2016, Deutsche Börse AG and Eurex Frankfurt AG (as sellers) and NASDAQ, Inc. (as purchaser) signed a definitive agreement regarding the full acquisition of the shares in Exchange Holdings, Inc. and some of its subsidiaries and minority interests in the U.S. and Luxembourg (U.S. Exchange Holdings, Inc. together with the included direct and indirect subsidiaries, the "**ISE Group**") by NASDAQ, Inc. for a purchase price of USD 1.1 billion to be paid in cash. The ISE Group operates the three electronic stock options exchanges International Securities Exchange, LLC, ISE Gemini, LLC and ISE Mercury, LLC in the U.S. which together account for more than 15 per cent. of U.S. volumes.

The closing of the sale and transfer of the shares in U.S. Exchange Holdings, Inc. is subject to customary closing conditions, in particular the approval of the merger control authorities and the SEC, and is expected to occur in mid 2016. Prior to the closing, the sellers shall use their reasonable best efforts to transfer certain subsidiaries and minority interests (including, in particular, participations in BATS Global Markets, Inc., Digital Assets Holdings, LLC, and ICE US Holding Company L.P.) to Deutsche Börse AG or one of its affiliates.

The share purchase agreement contains customary representations, indemnifications and corresponding limitations on liability, covenants and termination rights, including a termination fee amounting to USD70 million to be paid by NASDAQ, Inc. to the sellers under certain conditions.

#### **14.3 *HoldCo Material Contracts***

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by HoldCo during the period commencing two years before the commencement of the Offer Period up to the Latest Practicable Date, and are, or may be, material or have been entered into at any time by UK and contain provisions under which HoldCo has an obligation or entitlement which is, or may be, material to HoldCo as at the date of this document:

##### **14.3.1 *Co-operation Agreement***

See paragraph 15.4 below for details of the Co-operation Agreement between LSEG plc, Deutsche Börse AG and HoldCo.

#### 14.3.2 ***HoldCo Sponsors' Agreement***

See paragraph 15.6 below for details of the HoldCo Sponsors' Agreement between LSEG plc, Deutsche Börse AG, HoldCo, Barclays and Deutsche Bank AG, London Branch.

### 15. **Merger-related arrangements and agreements**

#### 15.1 **Confidentiality Agreement**

LSEG plc and Deutsche Börse AG have entered into a confidentiality agreement dated 19 January 2016 pursuant to which each of LSEG plc and Deutsche Börse AG has undertaken, amongst other things, to: (a) keep confidential information relating to the Merger and the other party and not to disclose it to third parties (other than certain permitted parties) unless required by law or regulation; and (b) use the confidential information for the sole purpose of evaluating, negotiating, advising on or implementing the Merger. These obligations remain in force until 12 months after the completion of the parties' negotiations, whether or not the Merger is implemented. The agreement also contains certain provisions pursuant to which each party has agreed not to solicit certain employees of the other party, subject to customary carve-outs, for a period of 12 months.

#### 15.2 **Confidentiality and Joint Defence Agreement**

LSEG plc and Deutsche Börse AG have also entered into a Confidentiality and Joint Defence Agreement dated 18 February 2016, the purpose of which is to ensure that the exchange and disclosure of certain materials relating to the parties and between their respective merger control and regulatory legal counsel and economic advisers preserves the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

#### 15.3 **Clean Team Non-Disclosure Agreement**

LSEG plc and Deutsche Börse AG have also entered into a Clean Team Non-Disclosure Agreement dated 3 March 2016. Pursuant to this agreement, the exchange and disclosure of certain sensitive materials between the parties (beyond their respective merger control and regulatory legal counsel and economic advisers) is limited to specified groups who require access to those materials in order to evaluate, negotiate, advise on or implement the Merger.

#### 15.4 **Co-operation Agreement**

On 16 March 2016, LSEG plc, Deutsche Börse AG and HoldCo entered into the Co-operation Agreement in connection with the Merger, which sets out certain mutual commitments between the parties to implement the Merger. The parties amended the Co-operation Agreement on 1 June 2016. The following sets out a summary of the key terms of the Co-operation Agreement.

##### *Information and assistance*

- Each of LSEG plc, Deutsche Börse AG and HoldCo has agreed to work co-operatively and reasonably with the other parties to the Co-operation Agreement and their respective professional advisers to satisfy the Conditions relating to merger control and regulatory clearances.
- Each of Deutsche Börse AG and HoldCo has agreed to provide information and other assistance to LSEG plc in the preparation of the Scheme Document.
- Each of Deutsche Börse AG and LSEG plc has agreed to provide information to HoldCo to the extent required for the purposes of obtaining approval of the Exchange Offer Document and the HoldCo Prospectus for the listing of the HoldCo Shares.
- HoldCo has undertaken to apply for admission at Completion of the HoldCo Shares to (i) premium listing on the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange; and (ii) prime standard listing and trading on the regulated market of the Frankfurt Stock Exchange.

### *Implementation*

- The Co-operation Agreement reflects the intentions of Deutsche Börse AG and LSEG plc to implement the LSEG Acquisition by way of the Scheme. However, HoldCo may implement the LSEG Acquisition by way of a Takeover Offer if LSEG plc and Deutsche Börse AG consent; and Deutsche Börse AG may implement the LSEG Acquisition by way of a Takeover Offer if (i) a third party announces a firm intention to make an offer for LSEG plc which is recommended by the directors of LSEG plc; or (ii) the LSEG Board withdraws its unanimous recommendation of the LSEG Acquisition.
- Until Completion or termination of the Co-operation Agreement, Deutsche Börse AG has agreed that it will not take certain actions (relating to (i) the issuance of Deutsche Börse Shares, other than in the ordinary course in relation to Deutsche Börse AG's existing employee incentive plans; and (ii) entering into material acquisitions, disposals, joint ventures and material non-ordinary course contracts) without the prior consent of LSEG plc (not to be unreasonably withheld, delayed or conditioned).

### *Governance*

- The parties to the Co-operation Agreement have agreed that, prior to Completion, the HoldCo Board and the board of the HoldCo Sole Shareholder will at all times comprise an equal number of nominated representatives from each of LSEG plc and Deutsche Börse AG.
- On Completion, HoldCo has agreed to take certain actions required to implement the agreed governance structure for the Combined Group with effect from Completion, including the agreed composition of the HoldCo Board and arrangements in respect of the Referendum Committee, as described in further detail in Part IX (*Information relating to HoldCo*) of this document. The schedules to the Co-operation Agreement include the agreed articles of association of HoldCo with effect from Completion and the terms of reference for certain committees of HoldCo, including the Referendum Committee and the nomination committee.
- The parties have agreed not to amend under any circumstances the following elements of the agreed governance structure for the Combined Group on Completion: (i) the holding company of the Combined Group being HoldCo; (ii) HoldCo being incorporated in England and Wales; (iii) the HoldCo Shares being admitted to the premium listing segment of the Official List and to trading on the regulated market of the London Stock Exchange and the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange; (iv) the intended inclusion of the shares in HoldCo in the DAX, EURO STOXX 50 and FTSE Russell index series; (v) HoldCo complying with the principles and practice of good corporate governance that apply for similar FTSE 100, DAX and/or EURO STOXX international companies; (vi) the Combined Group maintaining its headquarters in London and Frankfurt; and (vii) HoldCo being tax resident solely in the United Kingdom.

### *Termination*

- The Co-operation Agreement shall be terminated with immediate effect if: (i) all of the parties so agree; (ii) any Condition becomes incapable of satisfaction, and has not been waived or is otherwise invoked, prior to the Long Stop Date; (iii) Completion has not occurred by the Long Stop Date; or (iv) if the LSEG Acquisition or the Exchange Offer lapses, terminates or is withdrawn.
- LSEG plc and Deutsche Börse AG may each terminate the Co-operation Agreement if: (i) the Court Meeting and the LSEG General Meeting are not held by specified dates, and in any event by the end of the Acceptance Period; (ii) the Scheme is not approved, or the relevant resolutions to approve the Merger are not passed, by the LSEG Shareholders at the Court Meeting and the LSEG General Meeting respectively; (iii) the Scheme Court Hearing is not held by specified dates; (iv) the Court does not sanction the Scheme; (v) the LSEG Board withdraws or modifies its recommendation for the LSEG Acquisition; (vi) the Deutsche Börse Supervisory Board or the Deutsche Börse Management Board withdraws or modifies its positive reasoned statement for the Exchange Offer; (vii) a third party announces



a firm intention to make an offer for either Deutsche Börse AG or LSEG plc which either is recommended by the Deutsche Börse Supervisory Board and the Deutsche Börse Management Board or the LSEG Board, as applicable, or becomes or is declared unconditional in all respects or is completed.

#### *Employees*

The Co-operation Agreement also contains provisions that apply in respect of the Deutsche Börse Share Plans and the LSEG Share Plans and directors' and officers' liability insurance.

### 15.5 **LSEG Sponsor's Agreement**

On or around the date of this document, LSEG plc and Barclays entered into a sponsor's agreement pursuant to which Barclays has agreed, subject to certain conditions, to act as LSEG plc's sponsor in relation to the Deutsche Börse Acquisition (the "**LSEG Sponsor's Agreement**"). LSEG plc is providing Barclays with (i) certain undertakings which will require it to either consult with or obtain the prior consent of Barclays before taking certain actions; and (ii) certain warranties in relation to LSEG. In addition, LSEG plc is providing Barclays with certain indemnities which, again, are customary for an agreement of this nature. The liability of LSEG plc under the LSEG Sponsor's Agreement is unlimited by both time and amount. Pursuant to the terms of the LSEG Sponsor's Agreement, Barclays may terminate the LSEG Sponsor's Agreement on the occurrence of certain customary events including a material breach of the LSEG Sponsor's Agreement or a material misstatement in or omission from this document.

The Company has agreed to bear all fees, costs, charges and expenses of, or which are incidental to the Deutsche Börse Acquisition, including without limitation, the fees and expenses of professional advisers, the costs of preparation, printing and distribution of this document and all other documents in connection with the Deutsche Börse Acquisition and any charges by CREST and the fees of the FCA and the London Stock Exchange.

### 15.6 **HoldCo Sponsors' Agreement**

On or around the date of this document, LSEG plc, Deutsche Börse AG, HoldCo, Barclays and Deutsche Bank AG, London Branch entered into a joint sponsors' agreement pursuant to which Barclays and Deutsche Bank AG, London Branch have agreed, subject to certain conditions, to act as joint sponsors of HoldCo in relation to Admission on the London Stock Exchange (the "**HoldCo Sponsors' Agreement**"). LSEG plc, Deutsche Börse AG and HoldCo are each providing Barclays and Deutsche Bank AG, London Branch with (i) certain undertakings which will require them to either consult with or obtain the prior consent of Barclays or Deutsche Bank AG, London Branch before taking certain actions; and (ii) certain warranties in relation to LSEG, the Deutsche Börse Group, HoldCo and the Combined Group. The undertakings and warranties provided by LSEG plc, Deutsche Börse AG and HoldCo pursuant to the HoldCo Sponsors' Agreement are customary for an agreement of this nature. In addition, LSEG plc, Deutsche Börse AG and HoldCo are providing Barclays and Deutsche Bank AG, London Branch with certain indemnities which, again, are customary for an agreement of this nature. The liability of LSEG plc, Deutsche Börse AG and HoldCo under the HoldCo Sponsors' Agreement is unlimited by both time and amount. Pursuant to the terms of the HoldCo Sponsors' Agreement, the Joint Sponsors may (acting jointly or separately) terminate the HoldCo Sponsors' Agreement on the occurrence of certain customary events including a material breach of the HoldCo Sponsors' Agreement or a material misstatement in or omission from the Prospectus.

HoldCo has agreed to bear all fees, costs, charges and expenses of, or which are incidental to Admission on the London Stock Exchange, including without limitation, the fees and expenses of professional advisers, the costs of preparation, printing and distribution of this document and all other documents in connection with Admission on the London Stock Exchange and any charges by CREST and the fees of the FCA and the London Stock Exchange.

## 16. **Litigation**

### 16.1 **LSEG plc**

Except as set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which LSEG plc is aware), during the previous twelve months which may have, or have had in the recent past, significant effects on LSEG's financial position or profitability.

- (a) Freeman Investment Management Co., LLC ("**Freeman**") filed a complaint with a request for a jury trial against Russell in November 2013 in the US federal court for the Southern District of California. The complaint relates to Freeman's efforts in late 2009 and early 2010 to license to Russell a set of volatility index analyses it had developed. Freeman alleges that Russell improperly took its trade secret analyses and incorporated them into the Russell Stability Indexes. Freeman has alleged damages based on alleged profits made by Russell and Freeman's loss of profit. The LSEG Directors do not believe that there are grounds to establish or quantify damages of any significant amount, if at all. The LSEG Directors also believe that they have strong grounds to defend this claim on the merits and continue to do so on this basis.
- (b) The LCH Group has had correspondence and discussions with the joint special administrators of MFG (the "**Administrators**") in relation to a default management exercise that took place prior to LCH's acquisition by LSEG. The Administrators made an application to the English High Court seeking an Order to compel disclosure of certain documents and information which was rejected by the High Court. Separately, proceedings were filed in the Paris Commercial Court by the Administrators seeking to assess any losses suffered by MFG in connection with the close-out of MFG's positions at the time of its default and to establish the extent (and quantum) of LCH SA's liability for such losses, if any. These claims were rejected by the Paris Commercial Court in May 2016 on the basis that the proceedings were in any event time-barred under LCH SA's rulebook. Whilst the decision is capable of being appealed, LCH SA is not aware of any basis for a successful claim and firmly rejects any allegations of potential liability.

### 16.2 **Deutsche Börse AG**

Except as set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Deutsche Börse AG is aware), during the previous twelve months which may have, or have had in the recent past, significant effects on the Deutsche Börse Group's financial position or profitability.

- (a) On 2 April 2014, Clearstream Banking S.A. was informed that the United States Attorney for the Southern District of New York has opened a grand jury investigation against Clearstream Banking S.A. due to Clearstream Banking S.A.'s conduct with respect to Iran and other countries subject to US sanction laws. The investigation includes, but is not limited to, the conduct which formed the basis for Clearstream Banking S.A.'s January 2014 settlement with the US Department of the Treasury's Office of Foreign Assets Control. Clearstream Banking S.A. is cooperating with the US attorney. While it is not possible to predict the outcome of the investigation at this stage, possible outcomes range from a decision by the U.S. attorney to take no action, a decision to pursue criminal charges, an agreed-upon resolution with associated penalties, or a forfeiture of funds.
- (b) On 12 November 2012, the Chicago Board Options Exchange ("**CBOE**") filed a patent infringement law suit against the ISE (the "**CBOE Litigation**"). In the CBOE Litigation, CBOE alleges USD525 million in damages for infringement of three patents, which relate to systems and methods for limiting market-maker risk. ISE believes that CBOE's damages claim lacks merit because it is unsupported by the facts and the law. ISE intends to vigorously defend itself in this lawsuit. Upon ISE's motion, the case was stayed, pending the outcome of certain petitions filed by ISE with the U.S. Patent and Trademark Office ("**USPTO**") in which ISE sought to invalidate the CBOE patents. On 2 March 2015, the USPTO has partially granted ISE's petitions and has issued decisions determining that all three CBOE patents are at least insofar invalid as they constitute

unpatentable abstract ideas. These decisions have been appealed by CBOE to the U.S. Court of Appeals for the Federal Circuit.

On 25 March 2016 the US Court of Appeals for the Federal Circuit (“CAFC”) confirmed a prior decision of the USPTO that all CBOE’s patents on which CBOE based its patent infringement case against ISE are invalid as they constitute, non-patentable, abstract ideas and thus these patents have to be revoked. The two options for CBOE to overcome this decision would be (i) a rehearing of the entire court to overrule the panel decision and (ii) an appeal to the US Supreme Court. It is not clear yet, if CBOE will use either of these options.

**17. Related Party Transactions**

The related party transactions between LSEG plc and its subsidiaries that were entered into during the financial year ended 31 December 2015, the nine months ended 31 December 2014, the financial year ended 31 March 2014 and the financial year ended 31 March 2013 are incorporated into this document by reference to the Annual Report and Accounts for financial year ended 31 December 2015, the nine months ended 31 December 2014, the financial year ended 31 March 2014 and the financial year ended 31 March 2013, as described in Part XV (*Documentation Incorporated by Reference*) of this document. With the exception of a dividend payment of GBP82.3 million by London Stock Exchange plc to LSEG plc in March 2016, there were no new related party transactions between 1 January 2016 and the Latest Practicable Date that were material to LSEG plc.

**18. Significant change**

18.1 There has been no significant change in the financial or trading position of LSEG since 31 December 2015 being the date to which LSEG plc’s last published accounts were prepared.

18.2 There has been no significant change in the financial or trading position of the Deutsche Börse Group since 31 March 2016, being the date to which Deutsche Börse AG’s last published interim accounts were prepared.

18.3 There has been no significant change in the financial or trading position of HoldCo since 31 March 2016, being the date to which the latest audited interim financial information in relation to HoldCo was prepared.

**19. Combined Group working capital statement**

LSEG plc is of the opinion that, taking into account the cash resources and bank facilities available to the Combined Group, the Combined Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of publication of this document.

**20. Deutsche Börse Share Plans**

Participants in the Deutsche Börse Share Plans will be contacted regarding the effect of the Exchange Offer on their rights and appropriate proposals will be made to such participants in due course. Details of these proposals will be set out in the Exchange Offer Document and in separate letters to be sent to participants in the Deutsche Börse Share Plans.

**21. Deutsche Börse Directors and the effect of the Merger on their interests**

Details of the interests of the Deutsche Börse Directors in the share capital of LSEG plc and Deutsche Börse AG, and options and awards in respect of such share capital, are set out in paragraph 8 of Part XIV (*Additional Information*) of this document. LSEG Shares held by the Deutsche Börse Directors will be subject to the Scheme, and Deutsche Börse Shares held by the Deutsche Börse Directors will be subject to the Exchange Offer.

HoldCo has received irrevocable undertakings from the directors of the Deutsche Börse Management Board who hold Deutsche Börse Shares to accept the offer in respect of 60,060 Deutsche Börse Shares, representing approximately 0.032 per cent. of Deutsche Börse AG’s registered share capital (excluding shares held in treasury) on the Disclosure Date, being the latest practicable date prior to publication of this document.

The effect of the Exchange Offer on the interests of the Deutsche Börse Directors does not differ from the effect of the Scheme on the like interests of any other Deutsche Börse Shareholder.

22. **Sources and bases of selected financial information**

22.1 All references to LSEG Shares are to LSEG plc ordinary shares of 6<sup>79</sup>/<sub>86</sub> pence each, references to HoldCo Shares are to HoldCo ordinary shares of EUR1.00 each.

22.2 The value attributed to the existing issued and to be issued share capital of LSEG plc is based upon the 348,541,231 LSEG Shares in issue on the Latest Practicable Date: and,

- (a) As at 27 May 2016, 7,605,933 shares that have been awarded under long term incentive plans. Awards vest (and options become exercisable at no cost) under these plans subject to certain conditions;
- (b) As at 27 May 2016, 973,511 outstanding share options that have been granted by LSEG plc under the sharesave plans with a weighted average exercise price of GBP 17.20;
- (c) As at 27 May 2016, 281,777 outstanding share options that have been granted by LSEG plc under other share option plans, of which the majority are nil cost except 29,565 with a weighted average exercise price of GBP8.02. Options become exercisable under these plans subject to certain conditions; and
- (d) As at 27 May 2016, 498,315 ordinary shares were held by LSEG plc's Employee Benefit Trust.

There are no LSEG Shares held in treasury by LSEG plc.

As at the Latest Practicable Date this implies 356,280,674 LSEG Shares outstanding on a fully diluted basis.

22.3 LSEG Shareholders will be entitled to receive 0.4421 HoldCo Shares in exchange for each LSEG Share and Deutsche Börse Shareholders will be entitled to receive one HoldCo Share in exchange for each Deutsche Börse AG share.

22.4 The value attributed to the existing issued and to be issued ordinary share capital of Deutsche Börse AG is based upon the 193,000,000 Deutsche Börse Shares in issue on 27 May 2016 (except for 6,276,014 Deutsche Börse Shares held as treasury shares on such date), and nil Deutsche Börse Shares which are issuable (except out of treasury) to satisfy awards or options granted under the Deutsche Börse Share Plans. As at 27 May 2016 this implies 186,723,986 Deutsche Börse Shares outstanding on a fully diluted basis. The value attributed to the existing issued and to be issued ordinary share capital of LSEG plc is set out in paragraph 17.1 above.

22.5 Assuming 100 per cent. acceptance of the Exchange Offer, LSEG Shareholders will be entitled to receive in aggregate up to 157,829,700 HoldCo Shares and Deutsche Börse Shareholders will be entitled to receive in aggregate up to 187,089,886 HoldCo shares, implying HoldCo ownership of approximately 45.8 per cent. by LSEG plc shareholders and approximately 54.2 per cent. by Deutsche Börse AG shareholders. For the purposes of the calculation of proportionate shareholding contained in this document, no account has been taken of the treatment of fractions under the LSEG Acquisition. The implied ownership assumes no change in treasury shares for either Deutsche Börse AG or LSEG plc.

22.6 The fully diluted share capital of LSEG plc of 356,280,674 LSEG Shares is calculated on the basis of:

- (a) LSEG plc's issued share capital as at the close of business on the 27 May 2016 of 348,541,231 LSEG Shares (LSEG plc held no shares in treasury as at the Latest Practicable Date); and
- (b) 7,739,443 LSEG Shares which may be issued on or after the date of this document on the exercise of options or vesting of awards under the LSEG Share Plans, as at the close of business on the Latest Practicable Date.

22.7 As at the close of business on the Latest Practicable Date, HoldCo holds no ordinary shares in treasury.

22.8 Unless otherwise stated, all prices quoted for LSEG Shares have been derived from the Daily Official List of the London Stock Exchange and represent closing middle market prices on the relevant date.

- 22.9 Unless otherwise stated:
- (a) historic financial information relating to HoldCo has been extracted or derived (without material adjustment) from HoldCo's management sources;
  - (b) historic financial information relating to Deutsche Börse AG has been extracted or derived (without material adjustment) from the audited financial statements of Deutsche Börse AG contained in Deutsche Börse AG's Annual Report and Accounts for the financial years ended 31 December 2015, 2014 and 2013 and from Deutsche Börse AG's consolidated unaudited interim financial information for the three months ending 31 March 2016; and
  - (c) historic financial information relating to LSEG plc has been extracted or derived (without material adjustment) from the audited financial statements of LSEG plc contained in LSEG plc's Annual Report and Accounts for the financial year ended 31 December 2015, LSEG plc's Annual Report and Accounts for the nine months ended 31 December 2014, LSEG plc's Annual Report and Accounts for the financial years ended 31 March 2014 and 2013 and from LSEG plc's interim management statements.
- 22.10 Where amounts are shown in both Euro and sterling in this document, unless otherwise stated an exchange rate of 1.3146 has been used, which was derived from data provided by Bloomberg as at 5:00 p.m. London Time on the Latest Practicable Date.
- 22.11 Certain figures included in this document have been subject to rounding adjustments.
23. **Other information**
- 23.1 Save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangement) between HoldCo or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of LSEG plc, or any person interested or recently interested in LSEG Shares, having any connection with or dependence on or which is conditional upon the outcome of the Offer.
- 23.2 Save for the irrevocable undertakings described in paragraph 9 of this Part XIV (*Additional Information*), there are no arrangements of the kind referred to in Note 11 of the definition of acting in concert in the City Code which exist between HoldCo, or any person acting in concert with HoldCo, and any other person or between LSEG plc, or any person acting in concert with LSEG plc, and any other person.
- 23.3 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the LSEG Shares to be acquired by HoldCo will be transferred to any other person, save that HoldCo reserves the right to transfer any such shares to any member of the HoldCo group.
- 23.4 Save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangement) between Deutsche Börse AG or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Deutsche Börse AG, or any person interested or recently interested in Deutsche Börse Shares, having any connection with or dependence on or which is conditional upon the outcome of the Offer.
- 23.5 Save for the irrevocable undertakings described in paragraph 9 of this Part XIV (*Additional Information*), there are no arrangements of the kind referred to in Note 11 of the definition of acting in concert in the City Code which exist between Deutsche Börse AG, or any person acting in concert with Deutsche Börse AG, and any other person or between LSEG plc, or any person acting in concert with LSEG plc, and any other person.
- 23.6 Settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien or right of set-off, counterclaim or other analogous right to which HoldCo may otherwise be or claim to be, entitled against any such Scheme Shareholder.



- 23.7 The aggregate fees and expenses which are expected to be incurred by HoldCo in connection with the Merger are estimated to amount to approximately GBP504,000 plus applicable VAT and other taxes. This aggregate number consists of the following categories:

<u>Category</u>	<u>GBP (low)</u>	<u>GBP (high)</u>	<u>EUR (low)</u>	<u>EUR (high)</u>
Financial and corporate broking advice . . . . .	—	—	—	—
Legal advice . . . . .	—	—	—	—
Accounting advice . . . . .	—	—	—	—
Public relations advice . . . . .	—	—	—	—
Other . . . . .	<u>489,000</u>	<u>504,000</u>	<u>643,000</u>	<u>663,000</u>
<b>Total . . . . .</b>	<b>489,000</b>	<b>504,000</b>	<b>643,000</b>	<b>663,000</b>

- 23.8 The aggregate fees and expenses which are expected to be incurred by LSEG in connection with the Merger are estimated to amount to approximately GBP135.624 million plus applicable VAT. This aggregate number consists of the following categories:

<u>Category</u>	<u>GBP (low)</u>	<u>GBP (high)</u>	<u>EUR (low)</u>	<u>EUR (high)</u>
Financial and corporate broking advice . . . . .	76,300,000	85,600,000	100,304,000	112,530,000
Legal advice . . . . .	28,425,000	37,500,000	37,368,000	49,298,000
Accounting advice . . . . .	2,226,000	3,203,000	2,926,000	4,211,000
Public relations advice . . . . .	1,315,000	1,725,000	1,729,000	2,268,000
Other . . . . .	<u>5,871,000</u>	<u>7,596,000</u>	<u>7,718,000</u>	<u>9,986,000</u>
<b>Total . . . . .</b>	<b>114,137,000</b>	<b>135,624,000</b>	<b>150,044,000</b>	<b>178,291,000</b>

- 23.9 The aggregate fees and expenses which are expected to be incurred by Deutsche Börse AG in connection with the Merger are estimated to amount to approximately GBP98.494 million plus applicable VAT. This aggregate number consists of the following categories:

<u>Category</u>	<u>GBP (low)</u>	<u>GBP (high)</u>	<u>EUR (low)</u>	<u>EUR (high)</u>
Financial and corporate broking advice . . . . .	45,284,000	46,242,000	59,530,000	60,790,000
Legal advice . . . . .	22,676,000	30,945,000	29,810,000	40,680,000
Accounting advice . . . . .	2,997,000	3,971,000	3,940,000	5,220,000
Public relations advice . . . . .	2,366,000	2,822,000	3,110,000	3,710,000
Other . . . . .	<u>11,266,000</u>	<u>14,514,000</u>	<u>14,810,000</u>	<u>19,080,000</u>
<b>Total . . . . .</b>	<b>84,588,000</b>	<b>98,494,000</b>	<b>111,200,000</b>	<b>129,480,000</b>

- 23.10 Save as disclosed in this document, the emoluments of the LSEG Directors, Deutsche Börse Directors and the HoldCo Directors will not be affected by the Merger or any other associated transaction.

- 23.11 There is no agreement or arrangement to which HoldCo or Deutsche Börse AG is a party which relates to the circumstances in which it may or may not invoke a condition to the Scheme.

## 24. Consents

- 24.1 KPMG LLP has given and not withdrawn its consent to the inclusion in this document of its report in Part XI (*Unaudited Pro forma Financial Information for the Combined Group*) of this document, in the form and context in which it is included.

- 24.2 Deloitte LLP has given and not withdrawn its consent to the inclusion in this document of its report in Appendix 2 (*Quantified Financial Benefits Statement*), in the form and context in which it is included.

- 24.4 Robey Warshaw LLP, which is authorised and regulated by the Financial Conduct Authority, has provided financial advice to LSEG plc in relation to the Merger and has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

- 24.5 Barclays Bank PLC, acting through its Investment Bank has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.
- 24.6 Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, has provided financial advice to LSEG plc in relation to the Merger and has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 24.7 RBC Capital Markets has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 24.8 Société Générale has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 24.9 UBS has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 24.10 J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 24.11 Deutsche Bank AG has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- 24.12 Perella Weinberg Partners UK LLP, which is regulated by the Financial Conduct Authority has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

**25. Documents available for inspection**

Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier) copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26-28 Tudor Street, London, EC4Y 0BQ, via the link on LSEG plc's website at: [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger) and on HoldCo's website at: [www.mergerdocuments-db-lseg.com](http://www.mergerdocuments-db-lseg.com), and will also be available for inspection at the LSEG General Meeting for at least 15 minutes prior to and during the LSEG General Meeting until it ends:

- 25.1 LSEG plc's Articles;
- 25.2 the proposed amendments to LSEG plc's Articles pursuant to the Special Resolution set out in the Notice of General Meeting in Part XVIII (*Notice of General Meeting*) of this document;
- 25.3 the articles of association of HoldCo;
- 25.4 the articles of association of Deutsche Börse AG;
- 25.5 the Announcement;
- 25.6 the HoldCo Prospectus;
- 25.7 the Exchange Offer Document;
- 25.8 copies of the letters of irrevocable undertaking referred to at paragraph 9 of this Part XIV (*Additional Information*);
- 25.9 copies of the Confidentiality Agreement, Confidentiality and Joint Defence Agreement, the Clean Team Non-Disclosure Agreement and the Co-operation Agreement (as amended) referred to at paragraph 15 of this Part XIV (*Additional Information*);
- 25.10 the audited consolidated financial statements of LSEG for the financial year ended 31 December 2015, nine months ended 31 December 2014, and years ended 31 March 2014 and 31 March 2013;

- 25.11 the unaudited interim management statement of LSEG for the three month period ended 31 March 2016;
- 25.12 the audited consolidated financial statements of the Deutsche Börse Group for the financial years ended 31 December 2015, 2014 and 2013 and the unaudited interim condensed consolidated financial statements of the Deutsche Börse Group for the three months ended 31 March 2016;
- 25.13 copies of the written consents from KPMG LLP, Deloitte LLP, Robey Warshaw, Barclays, Goldman Sachs, RBC Capital Markets, Société Générale, UBS, J.P. Morgan Cazenove, Deutsche Bank and Perella Weinberg Partners referred to at paragraph 24 of this Part XIV (*Additional Information*);
- 25.14 copies of the LSEG Directors' service contracts and letters of appointment referred to at paragraph 10.1 of this Part XIV (*Additional Information*);
- 25.15 this document (including the reports of each KPMG LLP and Deloitte LLP set out in Appendices 1 and 2 to this document respectively) and the Forms of Proxy; and
- 25.16 the documents incorporated by reference into this document as described in Part XV (*Documentation Incorporated by Reference*) of this document.

The HoldCo Prospectus is also available at HoldCo's website at [www.mergerdocuments-db-lseg.com](http://www.mergerdocuments-db-lseg.com).

**PART XV**  
**DOCUMENTATION INCORPORATED BY REFERENCE**

*Parts of other documents are incorporated by reference in, and form part of, this document. The following documentation, which was sent to LSEG Shareholders at the relevant time and/or is available as described below, contains information that is relevant to the Deutsche Börse Acquisition and the Merger:*

<b>Reference document</b>	<b>Information incorporated by reference</b>	<b>Page number in reference document</b>
LSEG plc's interim management statement for the three month period ended 31 March 2016		N/A
LSEG plc's Annual Report and Accounts for the year ended 31 December 2015	Executive Management Team . . . . .	18–19
	Segmental Review . . . . .	20–35
	Our Wider Responsibility . . . . .	36
	Financial Review . . . . .	38–43
	Risk management oversight . . . . .	44–45
	Principal risks and uncertainties . . . . .	46–53
	Board of Directors . . . . .	54–56
	Corporate Governance Report . . . . .	57–60
	Report of the Nomination Committee . . . . .	61–63
	Report of the Audit Committee . . . . .	64–67
	Report of the Risk Committee . . . . .	68–69
	Directors' Remuneration Report . . . . .	70–87
	Independent Auditors' Report . . . . .	92–97
	Consolidated income statement . . . . .	98
	Consolidated statement of comprehensive income . . . .	99
	Balance Sheets . . . . .	100
	Cash flow statements . . . . .	101
	Statements of changes in equity . . . . .	102
	Notes to the financial statements . . . . .	103–149
LSEG plc's Annual Report and Accounts for the nine months ended 31 December 2014	Segmental Review . . . . .	22–41
	Financial Review . . . . .	42–49
	Independent Auditors' Report . . . . .	114–117
	Consolidated income statement . . . . .	118
	Consolidated statement of comprehensive income . . . .	118
	Balance Sheets . . . . .	119
	Cash flow statements . . . . .	120
	Statements of changes in equity . . . . .	121
	Notes to the financial statements . . . . .	122–163
LSEG plc's Annual Report and Accounts for the year ended 31 March 2014	Segmental Review . . . . .	23–35
	Financial Review . . . . .	38–43
	Independent Auditors' Report . . . . .	102–105
	Consolidated income statement . . . . .	106
	Consolidated statement of comprehensive income . . . .	106
	Balance Sheets . . . . .	107
	Cash flow statements . . . . .	108
	Statements of changes in equity . . . . .	109
	Notes to the financial statements . . . . .	110–141
LSEG plc's Annual Report and Accounts for the year ended 31 March 2013	Segmental Review . . . . .	19–32
	Financial Review . . . . .	34–39
	Independent Auditors' Report . . . . .	76
	Consolidated income statement . . . . .	77
	Consolidated statement of comprehensive income . . . .	77
	Balance Sheets . . . . .	78
	Cash flow statements . . . . .	79
	Statements of changes in equity . . . . .	80
	Notes to the financial statements . . . . .	81–109

Reference document	Information incorporated by reference	Page number in reference document
HoldCo Prospectus	Audited consolidated financial statements of the Deutsche Börse Group for the years ended 31 December 2015, 2014 and 2013 and the audit reports thereon . . . . .	315–618
	Consolidated audited interim financial information of HoldCo for the period from 9 March 2016, being the date of HoldCo’s incorporation, to 31 March 2016 . . .	208

These documents are available free of charge on LSEG plc’s website at [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger). If you have received this document in electronic form, you may request a hard copy of this document, the HoldCo Prospectus and/or any information incorporated into this document by reference to another source by contacting LSEG plc’s registrars, Equiniti, at Aspect House, Spencer Road, Lancing Business Park, Lancing, West Sussex BN99 6DA or between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday (excluding English and Welsh public holidays), on 0330 123 5505 from within the UK or on +44(0)121 415 0902 if calling from outside the UK (calls from outside the UK will be charged at the applicable international rate), with your full name and the full address to which the hard copy may be sent (calls may be recorded and monitored for training and security purposes). You may also request that all future documents, announcements and information to be sent to you in relation to the Merger should be in hard copy form. Please note that calls may be monitored or recorded and Equiniti cannot provide legal, tax or financial advice or advice on the merits of the Scheme or the Merger.

Where the documents listed above in this Part XV (*Documentation Incorporated by Reference*) make reference to other documents, such other documents are not incorporated into and do not form part of this document. Parts of the document incorporated by reference which are not set out above are either not relevant or are covered elsewhere in this document. Save as expressly referred to herein, neither the content of LSEG plc’s website, nor the content of any website accessible from hyperlinks on LSEG plc’s website, is incorporated into, or forms part of, this document.



## PART XVI DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

<b>1000 Companies to Inspire Britain</b> . .	1000 Companies to Inspire Britain, the report which is available at: <a href="http://www.lseg.com/resources/1000-companies-inspire-britain">http://www.lseg.com/resources/1000-companies-inspire-britain</a>
<b>360T</b> . . . . .	360T Beteiligungs GmbH
<b>3-Month Average Price</b> . . . . .	has the meaning given to it in Part A of Part V ( <i>Details of the Exchange Offer</i> ) of this document
<b>Acceptance Period</b> . . . . .	the period for acceptance of the Exchange Offer by the Deutsche Börse Shareholders pursuant to Sec. 16 para. 1 sent. 1 WpÜG, which commences on 1 June 2016 and ends on 12 July 2016 (subject to extension in accordance with WpÜG and the terms of the Exchange Offer Document)
<b>ACPR</b> . . . . .	Autorité de contrôle prudentiel et de résolution, France
<b>Administrators</b> . . . . .	joint special administrators of MFG
<b>Admission</b> . . . . .	admission of the HoldCo Shares to: (a) (i) the premium listing segment of the Official List (in accordance with the Listing Rules and FSMA); and (ii) trading on the main market of the London Stock Exchange (in accordance with the Admission and Disclosure Standards of London Stock Exchange plc); and (b) trading on the regulated market of the Frankfurt Stock Exchange and the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange
<b>Admission and Disclosure Standards</b> .	the requirements contained in the publication “Admission and Disclosure Standards” (as amended from time to time) published by the London Stock Exchange containing, among other things, the requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities
<b>Announcement</b> . . . . .	the announcement made on 16 March 2016 under Rule 2.7 of the City Code in relation to HoldCo’s firm intention to make an offer to acquire all of the issued and to be issued shares of LSEG plc
<b>Appropriate Committee</b> . . . . .	means, as the context requires, the Deutsche Börse Supervisory Board or the relevant governance committee of the Deutsche Börse Group deciding upon the remuneration of individual employees and Deutsche Börse Management Board members within the Deutsche Börse Group or parts thereto
<b>AUC</b> . . . . .	assets under custody
<b>AUM</b> . . . . .	assets under management
<b>BaFin</b> . . . . .	the German Federal Financial Supervisory Authority ( <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> )
<b>Barclays</b> . . . . .	Barclays Bank PLC, acting through its Investment Bank
<b>Boards</b> . . . . .	the LSEG Board and the Deutsche Börse Management Board
<b>Borsa Italiana</b> . . . . .	Borsa Italiana S.p.A
<b>BRRD</b> . . . . .	Bank Recovery and Resolution Directive
<b>Business Day</b> . . . . .	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for normal business in London

<b>CAFC</b> .....	US Court of Appeals for the Federal Circuit
<b>Capital Requirement Regulation</b> ....	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013
<b>CBF</b> .....	Clearstream Banking AG, Frankfurt
<b>CBL</b> .....	Clearstream Banking, Luxembourg
<b>CBOE</b> .....	Chicago Board Options Exchange
<b>CBOE Litigation</b> .....	the litigation referred to in paragraph 16.2(b) of Part XIV ( <i>Additional Information</i> ) of this document
<b>CC&amp;G</b> .....	Cassa di Compensazione e Garanzia
<b>CCP</b> .....	a central clearing counterparty that intermediates, and therefore takes the risk, of the obligations of transactions between its clearing members (or other CCPs through interoperability arrangements) under the transactions entered into by those clearing members (or by their clearing customers) that are cleared through it
<b>CEINEX</b> .....	The joint venture between the Deutsche Börse Group, the Shanghai Stock Exchange and the China Financial Futures Exchange ( <i>China Europe International Exchange</i> )
<b>certificated or in certificated form</b> ...	shares not recorded on the relevant shareholder as being in uncertificated form in CREST
<b>City Code</b> .....	the City Code on Takeovers and Mergers as from time to time amended and interpreted by the Panel
<b>Closing Price</b> .....	the closing middle market quotations of a share derived from the Daily Official List of the London Stock Exchange
<b>Code</b> .....	the US Internal Revenue Code of 1986, as amended
<b>Code Offer</b> .....	a takeover offer (as defined in Section 974 of the Act) governed by the City Code to be made if the LSEG Acquisition is implemented by way of a contractual takeover offer
<b>Combined Group</b> .....	the Deutsche Börse Group, LSEG and HoldCo following Completion
<b>Companies Act</b> .....	the Companies Act 2006, as amended from time to time
<b>Completion</b> .....	completion of the Merger
<b>Conditions</b> .....	as set out in Part IV ( <i>Conditions to and further terms of the Scheme and the LSEG Acquisition</i> ) and Part V ( <i>Details of the Exchange Offer</i> ) of this document and the Deutsche Börse Conditions and the LSEG Conditions, and “ <b>Condition</b> ” shall mean any one of them
<b>Co-operation Agreement</b> .....	the co-operation agreement entered into by LSEG plc, Deutsche Börse AG and HoldCo on 16 March 2016 in connection with the Merger
<b>Court</b> .....	the High Court of Justice of England and Wales
<b>Court Meeting</b> .....	the meeting (or any adjournment thereof) of the Scheme Shareholders to be convened by order of the Court pursuant to Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme (with or without modification), notice of which is set out in Part XVII ( <i>Notice of Court Meeting</i> ) of this document (including any adjournment thereof)

<b>CREST</b> . . . . .	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 / 3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form
<b>CREST Manual</b> . . . . .	the CREST Manual published by Euroclear, as amended from time to time
<b>CREST Regulations</b> . . . . .	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time
<b>CSD</b> . . . . .	central securities depositaries
<b>Daily Official List</b> . . . . .	the daily official list of the London Stock Exchange
<b>DCO</b> . . . . .	Derivatives Clearing Organisation
<b>Dealing Disclosure</b> . . . . .	an announcement pursuant to Rule 8 of the City Code containing details of dealings in interests in relevant securities of a party to an offer
<b>Deferred Bonus Plan Awards</b> . . . . .	awards over LSEG Shares under the LSEG Deferred Bonus Plan 2014 granted on 2 April 2015 and 17 March 2016
<b>Deutsche Bank</b> . . . . .	Deutsche Bank AG
<b>Deutsche Börse 2018 Guidance</b> . . . . .	has the meaning given to it in Appendix 1 of this document
<b>Deutsche Börse Acquisition</b> . . . . .	the proposed acquisition by HoldCo of Deutsche Börse AG pursuant to the Exchange Offer which constitutes a Class 1 transaction by LSEG plc under the Listing Rules
<b>Deutsche Börse AG</b> . . . . .	Deutsche Börse AG
<b>Deutsche Börse Board or Deutsche Börse Management Board</b> . . . . .	the Deutsche Börse Directors who sit on the Deutsche Börse AG management board of directors as set out in paragraph 5.2 of Part XIV ( <i>Additional Information</i> ) of this document
<b>Deutsche Börse Chairman</b> . . . . .	means the Chairman of the Deutsche Börse Supervisory Board, who, at the Disclosure Date is Joachim Faber
<b>Deutsche Börse Conditions</b> . . . . .	the conditions to the implementation of the Exchange Offer as set out in Part V ( <i>Details of the Exchange Offer</i> ) of this document
<b>Deutsche Börse Directors</b> . . . . .	the directors of Deutsche Börse AG who sit on either the Deutsche Börse Board or the Deutsche Börse Supervisory Board at the date of this document or, where the context so requires, the directors of Deutsche Börse AG from time to time
<b>Deutsche Börse Exchange Ratio</b> . . . . .	means the exchange ratio applicable to the Deutsche Börse Acquisition of one HoldCo Share for every one Deutsche Börse Share
<b>Deutsche Börse Group</b> . . . . .	Deutsche Börse AG and its subsidiaries
<b>Deutsche Börse LSI / RSU Schemes</b> . . . . .	means: (i) the Long-term Sustainable Instrument and the Restricted Stock Units for Risk Takers 2016 of Deutsche Börse Group; each applicable to level six and other selected employees; (ii) the Long-term Sustainable Instrument for Group Risk Takers 2016 of Deutsche Börse Group, applicable to level 5 employees and below; and (iii) the Long-term Sustainable Instrument for Group Risk Takers 2014/2015 of Deutsche Börse Group; the Long-term Sustainable Instrument for Group Risk Takers 2014/2015 of Eurex Clearing AG and identical plans for Clearstream entities; each applicable to employees below the Deutsche Börse Management Board identified as risk takers

<b>Deutsche Börse Profit Forecast</b> . . . . .	the profit forecast of Deutsche Börse AG as set out in Appendix 1 ( <i>Deutsche Börse Profit Forecast</i> ) of this document
<b>Deutsche Börse Share Plans</b> . . . . .	<ul style="list-style-type: none"> <li>(i) the Performance Share Plan as effective from 1 January 2016 and the Performance Bonus Plan as effective from 1 January 2016 for Deutsche Börse Management Board members;</li> <li>(ii) the Performance Share Plan as of February 2016 and the Performance Bonus Plan as of February 2016; each applicable to level six and other selected employees, who are not considered risk-takers;</li> <li>(iii) the Deutsche Börse LSI / RSU Schemes;</li> <li>(iv) the Stock Bonus Plan of Deutsche Börse AG; and</li> <li>(v) the Group Share Plan of Deutsche Börse AG</li> </ul>
<b>Deutsche Börse Shareholders</b> . . . . .	the holders of Deutsche Börse Shares from time to time
<b>Deutsche Börse Shares</b> . . . . .	the registered no-par-value shares in the share capital of Deutsche Börse AG, each representing a pro-rata amount in the share capital of Deutsche Börse AG of EUR1.00 per share
<b>Deutsche Börse Supervisory Board</b> . .	the Deutsche Börse Directors who sit on the Deutsche Börse AG supervisory board of directors as set out in paragraph 5.2 of Part XIV ( <i>Additional Information</i> ) of this document
<b>Disclosure and Transparency Rules</b> . .	the disclosure rules made by the FCA and forming part of the FCA's handbook of rules and guidance, as amended from time to time
<b>D&amp;O</b> . . . . .	directors' and officers' liability insurance policy
<b>EBIT</b> . . . . .	adjusted earnings before interest and tax
<b>EBITDA</b> . . . . .	earnings before interest, taxes, depreciation and amortisation
<b>ECB</b> . . . . .	the European Central Bank
<b>Effective Date</b> . . . . .	the date on which the Scheme becomes effective
<b>Election Return Time</b> . . . . .	the latest time by which any Form of Election may be received by the Receiving Agent, being 6:30 p.m. on the business day prior to the Scheme Court Hearing
<b>Emerald</b> . . . . .	Emerald Acquisition Limited
<b>EMIR</b> . . . . .	Regulation (EU) No 648/2012
<b>EPEX</b> . . . . .	EPEX Spot SE
<b>EPTA</b> . . . . .	European Free Trade Association
<b>Equiniti</b> . . . . .	Equiniti Limited, LSEG plc's registrar and part of the Equiniti group of companies
<b>ETF</b> . . . . .	exchange-traded fund
<b>Euroclear</b> . . . . .	Euroclear UK & Ireland Limited
<b>Exchange Offer</b> . . . . .	the securities exchange offer made to all shareholders of Deutsche Börse AG by HoldCo in connection with the Merger
<b>Exchange Offer Document</b> . . . . .	the document published pursuant to § 14 para. 1 WpÜG containing and setting out the full terms and conditions of the Exchange Offer

<b>Excluded Shares</b> . . . . .	(i) any LSEG Shares beneficially owned by HoldCo or any other member of the Combined Group; and (ii) any LSEG Shares held in treasury by LSEG plc
<b>FCA</b> . . . . .	the UK Financial Conduct Authority
<b>FHC</b> . . . . .	a financial holding company as defined in Article 4(20) of EU Regulation No.575/2013 on prudential requirements for credit institutions and investment firms
<b>foreign passthru payments</b> . . . . .	has the meaning given to it in Part XIII ( <i>Taxation</i> )
<b>Form(s) of Proxy</b> . . . . .	the BLUE Form of Proxy for use at the Court Meeting and the WHITE Form of Proxy for use at the LSEG General Meeting (or either of them as the context may require), which are being sent to LSEG Shareholders with this document
<b>Form of Election</b> . . . . .	an election made in accordance with instructions and documentation (whether by hard copy or electronic) to be provided by LSEG plc in due course, by a Scheme Shareholder who holds Scheme Shares in uncertificated form immediately prior to the Election Return Time to receive some or all of the HoldCo Shares to which he is entitled through a securities account in Clearstream Banking AG
<b>Freeman</b> . . . . .	Freeman Investment Management Co., LLC
<b>FSMA</b> . . . . .	the Financial Services and Markets Act 2000, as amended
<b>FTCC</b> . . . . .	fixed currencies income, and commodities
<b>FTE</b> . . . . .	full-time equivalent
<b>FTSE</b> . . . . .	FTSE International Limited and its subsidiaries
<b>German Corporate Governance Code</b> . . . . .	the German Corporate Governance Code as adopted by the “Regierungskommission Deutscher Corporate Governance Kodex” in February 2002 and last amended on 5 May 2015
<b>German FUSA</b> . . . . .	German Federal Agency for Financial Market Stabilisation
<b>globeSettle</b> . . . . .	globeSettle S.A.
<b>Goldman Sachs</b> . . . . .	Goldman Sachs International
<b>GRM</b> . . . . .	group risk monitoring
<b>GSP 2016</b> . . . . .	has the meaning given to it in paragraph 10 of Part VII ( <i>Information on the Deutsche Börse Group</i> ) of this document
<b>Hessian Authority</b> . . . . .	the Hessian Exchange Supervisory Authority
<b>HMRC</b> . . . . .	HM Revenue & Customs
<b>HoldCo</b> . . . . .	HLDCO123 plc, a new holding company incorporated in England and Wales with registered number 10053870 that will acquire each of LSEG plc and Deutsche Börse AG in connection with the Merger
<b>HoldCo Articles</b> . . . . .	the articles of association of HoldCo to be adopted conditional on Completion (as amended from time to time)
<b>HoldCo Board</b> . . . . .	the board of directors of HoldCo from time to time.
<b>HoldCo CFO</b> . . . . .	the chief financial officer of HoldCo
<b>HoldCo Chief Executive</b> . . . . .	the chief executive officer of HoldCo
<b>HoldCo Directors</b> . . . . .	the directors of HoldCo as at the date of this document, being Carsten Kengeter and David Warren or, where the context so requires, the directors of HoldCo from time to time



<b>HoldCo Proposed Directors</b> . . . . .	the proposed directors of HoldCo who will become directors of HoldCo on or prior to Admission of the HoldCo Shares, being Donald Brydon, Joachim Faber, Ann-Kristin Achleitner, Jacques Aigrain, Richard Berliand, Christopher Cole, Karl-Heinz Flöther, Paul Heiden, Lex Hoogduin, Andrea Munari, David Nish, Mary Schapiro, Erhard Schipporeit, and Amy Yip
<b>HoldCo Prospectus</b> . . . . .	the prospectus document being published by HoldCo on the same date of the publication of this document in respect of the HoldCo Shares to be issued to LSEG Shareholders and Deutsche Börse Shareholders in connection with the Merger and for the purpose of Admission
<b>HoldCo Shareholders</b> . . . . .	holders of HoldCo Shares
<b>HoldCo Shares</b> . . . . .	ordinary shares of EUR1.00 each in the capital of HoldCo
<b>HoldCo Sole Shareholder</b> . . . . .	the sole shareholder of HoldCo as at the date hereof, being Stichting HLDCO123, a foundation formed under the law of the Netherlands and having its official seat in the municipality of Amsterdam, the Netherlands
<b>HoldCo Sponsors' Agreement</b> . . . . .	the sponsors agreement entered into on or around the date of this document between LSEG plc, Deutsche Börse AG, HoldCo, Barclays and Deutsche Bank AG, London Branch, pursuant to which Barclays and Deutsche Bank have agreed to act, subject to certain conditions, as joint sponsors of HoldCo in relation to Admission on the London Stock Exchange
<b>holder</b> . . . . .	a registered holder (including any person(s) entitled by transmission)
<b>HSBC</b> . . . . .	HSBC Bank plc
<b>IFRS</b> . . . . .	International Financial Reporting Standards
<b>IGAs</b> . . . . .	intergovernmental agreements with the United States to implement the Code
<b>Interconditionality</b> . . . . .	has the meaning given in Part B ( <i>Conditions to and further terms of the Exchange Offer</i> ) of Part V ( <i>Details of the Exchange Offer</i> ) of this document
<b>IRS</b> . . . . .	the US Internal Revenue Service
<b>ISE Group</b> . . . . .	U.S. Exchange Holdings, Inc. together with the included direct and indirect subsidiaries of U.S. Exchange Holdings, Inc.
<b>J.P. Morgan Cazenove</b> . . . . .	J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove
<b>Latest Practicable Date</b> . . . . .	27 May 2016, being the latest practicable date prior to the publication of this document
<b>Lazard</b> . . . . .	Lazard & Co., Limited
<b>LCH</b> . . . . .	LCH.Clearnet Group Limited, a company incorporated in England and Wales (registered number 04743602), whose registered office is at Aldgate House, 33 Aldgate High Street, London EC3N 1EA
<b>LCH Group</b> . . . . .	LCH and its subsidiaries
<b>LCH Limited</b> . . . . .	LCH.Clearnet Limited
<b>LCH LLC</b> . . . . .	LCH.Clearnet LLC
<b>LCH SA</b> . . . . .	Banque Centrale de Compensation S.A.

<b>Leave Decision</b> . . . . .	a decision by the United Kingdom electorate to leave the European Union
<b>Listing Rules</b> . . . . .	the rules and regulations made by the FCA in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority's publication of the same name
<b>Long Stop Date</b> . . . . .	30 June 2017
<b>LSE plc</b> . . . . .	London Stock Exchange plc
<b>LSEG</b> . . . . .	LSEG plc and its subsidiaries and subsidiary undertakings
<b>LSEG 2014 LTIPs</b> . . . . .	has the meaning given to it in paragraph 7 of Part III ( <i>Explanatory Statement</i> ) of this document
<b>LSEG Acquisition</b> . . . . .	the acquisition by HoldCo of the entire issued and to be issued ordinary share capital of LSEG plc which is to be effected pursuant to the Scheme or, if HoldCo so elects and LSEG plc and the Panel each consents, by means of a Code Offer
<b>LSEG Board</b> . . . . .	the board of directors of LSEG plc as at the date of this document
<b>LSEG Conditions</b> . . . . .	the conditions to the implementation of the Scheme and the LSEG Acquisition as set out in Part IV ( <i>Conditions to and further terms of the Scheme and the LSEG Acquisition</i> )
<b>LSEG Defined Benefit Schemes</b> . . . . .	the London Stock Exchange Retirement Plan and the LCH Pension Scheme
<b>LSEG Directors</b> . . . . .	the directors of LSEG plc as at the date of this document or, where the context so requires, the directors of LSEG plc from time to time
<b>LSEG Exchange Ratio</b> . . . . .	means the exchange ratio applicable to the LSEG Acquisition of 0.4421 of a HoldCo Share for every one LSEG Share
<b>LSEG ESOP</b> . . . . .	has the meaning given to it in paragraph 7 of Part III ( <i>Explanatory Statement</i> ) of this document
<b>LSEG Executive Directors</b> . . . . .	Xavier Rolet, David Warren and Raffaele Jerusalmi
<b>LSEG General Meeting</b> . . . . .	the general meeting (or any adjournment thereof) of the LSEG Shareholders to be convened in connection with the Scheme, the Deutsche Börse Acquisition and the Merger, expected to be held as soon as the preceding Court Meeting shall have been concluded or adjourned, to consider and, if thought fit, pass the LSEG Resolutions
<b>LSEG Non-Executive Directors</b> . . . . .	Donald Brydon, Paul Heiden, Jacques Aigrain, Lex Hoogduin, Andrea Munari, David Nish, Stephen O'Connor and Mary Schapiro
<b>LSEG plc or the Company</b> . . . . .	London Stock Exchange Group plc, incorporated in England and Wales with registered number 5369106
<b>LSEG plc's Articles</b> . . . . .	the articles of association of LSEG plc as amended from time to time
<b>LSEG Resolutions</b> . . . . .	the resolutions to be proposed by LSEG plc at the LSEG General Meeting, as set out in the Notice of General Meeting, in connection with, amongst other things, the approval of the Scheme, the Merger Resolution and the alteration of LSEG plc's Articles

<b>LSEG RSAP</b> .....	has the meaning given to it in paragraph 7 of Part III ( <i>Explanatory Statement</i> ) of this document
<b>LSEG Share Plans</b> .....	the LSEG Long Term Incentive Plan 2014, the LSEG Long Term Incentive Plan 2004, the LSEG Deferred Bonus Plan 2014, the LSEG SAYE Option Scheme, the LSEG International Sharesave Plan 2008, the LSEG Performance Aligned Restricted Share Plan 2010, the LSEG Restricted Share Award Plan 2008, the LCH.Clearnet Group Limited Long Term Incentive Plan 2014 and any other share incentive plan or arrangement operated by LSEG plc
<b>LSEG Shareholders</b> .....	the registered holders of LSEG Shares from time to time
<b>LSEG Shares</b> .....	the ordinary shares of 6 <sup>79</sup> / <sub>86</sub> pence each in the capital of LSEG plc
<b>LSEG Sharesave Options</b> .....	has the meaning given to it in paragraph 7 of Part III ( <i>Explanatory Statement</i> ) of this document
<b>LSEG Sponsor's Agreement</b> .....	has the meaning given to it in paragraph 15 of Part XIV ( <i>Additional Information</i> ) of this document
<b>MBB</b> .....	MBB Clean Energy AG
<b>Meeting(s)</b> .....	the Court Meeting and/or the LSEG General Meeting, as the case may be
<b>Merger</b> .....	the LSEG Acquisition and the Deutsche Börse Acquisition which, taken together, will, when implemented form the Combined Group
<b>Merger Resolution</b> .....	the resolution numbered 1 set out in the Notice of General Meeting
<b>MiFID</b> .....	Markets in Financial Instruments Directive 2004/39/EC
<b>MiFID II</b> .....	Markets in Financial Instruments Directive II
<b>MiFIR</b> .....	Markets in Financial Instruments Regulation
<b>MillenniumIT</b> .....	Millennium Information Technologies (Private) Limited, LSEG's trading surveillance and post trade technology business
<b>Monte Titoli</b> .....	Monte Titoli S.p.A.
<b>MOT</b> .....	Mercato Obbligazionario Telematico
<b>MTF</b> .....	Multilateral Trading Facility
<b>Nearshore</b> .....	any territory that is a member state of the European Economic Area as at the date of this document
<b>Non-US Holder</b> .....	a beneficial owner of Scheme Shares (or, after the Scheme, HoldCo Shares) that is neither a US Holder nor an entity or arrangement treated as a partnership for US federal income tax purposes
<b>Notice of Court Meeting</b> .....	the notice of the Court Meeting included at Part XVII ( <i>Notice of Court Meeting</i> ) of this document
<b>Notice of General Meeting</b> .....	the notice of the LSEG General Meeting included at Part XVIII ( <i>Notice of General Meeting</i> ) of this document

<b>Offer Period</b> . . . . .	the period commencing on 23 February 2016 and ending on: (i) the earlier of the Effective Date and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide); or (ii) the earlier of the date on which the LSEG Acquisition has become or has been declared unconditional as to acceptances and/or the date on which the LSEG Acquisition lapses or is withdrawn (or such other date as the Panel may decide), in each case other than where such lapsing or withdrawal is a result of HoldCo exercising its right to implement the LSEG Acquisition by way of a Takeover Offer or a Scheme (as appropriate), provided that references to the Offer Period in paragraph 8 of Part XIV ( <i>Additional Information</i> ) of this document are to the Offer Period up to the close of business on the Latest Practicable Date
<b>Official List</b> . . . . .	the official list maintained by the UK Listing Authority
<b>Offshore</b> . . . . .	any territory other than a Nearshore territory
<b>Options</b> . . . . .	options and/or awards over LSEG Shares granted under the LSEG Share Plans
<b>ORB</b> . . . . .	LSEG's order book for retail bonds
<b>OTC</b> . . . . .	over the counter
<b>Overseas Shareholders</b> . . . . .	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom or who are nominees of, or custodians or trustees for, citizens or nationals of countries other than the United Kingdom
<b>Panel</b> . . . . .	the UK Panel on Takeovers and Mergers including the following bodies: the Executive, Hearings Committee and Takeover Appeal Board
<b>Panel Statement</b> . . . . .	the Panel having published a statement on its website ( <a href="http://www.thetakeoverpanel.org.uk">www.thetakeoverpanel.org.uk</a> ) that HoldCo is required to treat the relevant LSEG Condition as having been satisfied because either: (i) in accordance with Rule 13.5(a) of the City Code, no circumstances have arisen that are finally determined by the Panel to be of material significance to LSEG plc in the context of the LSEG Acquisition; or (ii) in accordance with Rule 13.5(b) of the City Code, the Panel has finally determined that HoldCo has not used all reasonable efforts to ensure the satisfaction of the relevant LSEG Condition
<b>PD Regulation</b> . . . . .	Commission Regulation (EC) No.809/2004
<b>Perella Weinberg Partners</b> . . . . .	Perella Weinberg Partners UK LLP
<b>Permitted Deutsche Börse Dividend</b> . . . . .	the dividend to Deutsche Börse Shareholders permitted under the terms of the Merger of EUR2.25 per Deutsche Börse Share for the 12 month period ended 31 December 2015, which was paid on 12 May 2016
<b>Permitted LSEG Dividends</b> . . . . .	Each of the dividends to LSEG Shareholders permitted under the terms of the Merger of: <ul style="list-style-type: none"> <li>• 25.2 pence per LSEG Share for the six month period ended 31 December 2015, to be paid on 1 June 2016; and</li> <li>• 12.0 pence in respect of the six month period ending 30 June 2016 in line with LSEG plc's existing dividend policy, scheduled to be paid in September 2016</li> </ul>

<b>Peterson I</b> . . . . .	the dispute referred to as such in paragraph 18 Part VII ( <i>Information on the Deutsche Börse Group</i> ) of this document
<b>Peterson II</b> . . . . .	the dispute referred to as such in paragraph 18 Part VII of this document
<b>PFIC</b> . . . . .	passive foreign investment company
<b>Possible Capital Reduction</b> . . . . .	the possible capital reduction referred to as such in paragraph 5 of Part III ( <i>Explanatory Statement</i> ) of this document
<b>Prospectus Directive Regulation</b> . . . .	Commission Regulation (EC) No. 809/2004 of 29 April 2004
<b>Quantified Financial Benefits Statement</b> . . . . .	the quantified financial benefits statement set out in Appendix 1 ( <i>Quantified Financial Benefits Statement</i> ) of this document
<b>RBC Capital Markets</b> . . . . .	RBC Europe Limited, trading as RBC Capital Markets
<b>Receiving Agent</b> . . . . .	Equiniti Limited
<b>Referendum</b> . . . . .	the vote by the United Kingdom electorate on the continuing membership of the United Kingdom of the European Union
<b>Referendum Committee</b> . . . . .	a joint committee made up of LSEG plc and Deutsche Börse AG representatives established to consider the potential impact on the business of the Combined Group of a Leave Decision
<b>Registrar of Companies</b> . . . . .	the Registrar of Companies in England and Wales
<b>Regulation</b> . . . . .	Council Regulation (EC) 139/2004 (as amended)
<b>Regulatory Information Service</b> . . . .	any of the services authorised by the FCA from time to time for the purpose of disseminating regulatory announcements
<b>Reporting Accountant(s)</b> . . . . .	each of KPMG LLP of 15 Canada Square, London, E14 5GL and Deloitte LLP of 2 New Street Square, London, EC4A 3BZ
<b>Resolutions</b> . . . . .	the Merger Resolution and the Special Resolution
<b>Restricted Jurisdiction</b> . . . . .	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to LSEG Shareholders in that jurisdiction
<b>Restricted Share Awards</b> . . . . .	has the meaning given to it in paragraph 7 of Part III ( <i>Explanatory Statement</i> ) of this document
<b>Rights Issue</b> . . . . .	LSEG plc's 3 for 11 rights issue of 74,347,813 new LSEG Shares at 1,295 pence per new LSEG Share, announced on 22 August 2014
<b>Rights Issue Banks</b> . . . . .	Barclays, Greenhill & Co. International LLP, RBC Europe Limited, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, Banca IMI S.p.A., Banco Santander S.A., HSBC Bank plc and Mitsubishi UFJ Securities
<b>Robey Warshaw</b> . . . . .	Robey Warshaw LLP
<b>Russell</b> . . . . .	Frank Russell Company, which was acquired by LSEG in 2014
<b>Russell Investments</b> . . . . .	the asset management business of Russell
<b>SAG</b> . . . . .	the German Recovery and Resolution Act ( <i>Sanierungs- und Abwicklungsgesetz</i> )
<b>SAPA</b> . . . . .	the stock and asset purchase agreement entered into on 8 October 2015 between Russell, Emerald, LSEG plc and an acquisition vehicle of funds controlled by TA Associates and Reverence Capital Partners, for the sale of Russell Investments to TA Associates and Reverence Capital Partners



<b>Scheme Court Hearing</b> . . . . .	the hearing of the Court to sanction the Scheme by no later than the expiration of the Long Stop Date
<b>Scheme Court Order</b> . . . . .	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act by no later than the expiration of the Long Stop Date
<b>Scheme Document</b> . . . . .	this document
<b>Scheme or Scheme of Arrangement</b> . .	the proposed scheme of arrangement made under Part 26 of the Companies Act between LSEG plc and the LSEG Shareholders (with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by HoldCo and LSEG plc) particulars of which are set out in Part XIV ( <i>Additional Information</i> ) of this document, in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by LSEG plc and HoldCo
<b>Scheme Record Time</b> . . . . .	6:30 p.m. (London time) on the date that is the Business Day after the date of the Scheme Court Hearing
<b>Scheme Shareholder</b> . . . . .	a holder of Scheme Shares
<b>Scheme Shares</b> . . . . .	LSEG Shares: <ul style="list-style-type: none"> <li>(i) in issue at the date of this document;</li> <li>(ii) (if any) issued after the date of this document but before the Scheme Voting Record Time; and</li> <li>(iii) (if any) issued at or after the Scheme Voting Record Time and at or prior to the Scheme Record Time on terms that the holders will be bound by the Scheme</li> </ul> but in each case other than the Excluded Shares
<b>Scheme Voting Record Time</b> . . . . .	6:30 p.m. (London time) on the day which is two Business Days prior to the date of Court Meeting or, if the Court Meeting is adjourned, 6:30 p.m. (London time) on the date which is two Business Days before the date fixed for the adjourned meeting
<b>SEC</b> . . . . .	the United States Securities and Exchange Commission
<b>Section 97A Election</b> . . . . .	election under section 97A(1) of the Finance Act 1986 which has been approved by HMRC
<b>Securities Act</b> . . . . .	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
<b>Sharesave</b> . . . . .	the LSEG plc SAYE Option Scheme
<b>SMEs</b> . . . . .	small and medium-size enterprises
<b>SORT</b> . . . . .	stamp duty reserve tax
<b>Special Resolution</b> . . . . .	means the resolution numbered 2 set out in the Notice of General Meeting
<b>subsidiary</b> . . . . .	has the meaning given in section 1159 of the Companies Act 2006
<b>subsidiary undertaking</b> . . . . .	has the meaning given in section 1162 of the Companies Act 2006
<b>T2S</b> . . . . .	TARGET2-Securities, the ECB's centralised platform for securities settlement

<b>Takeover Offer</b> . . . . .	should the LSEG Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act in the circumstances described in this document, the offer to be made by or on behalf of HoldCo to acquire the entire issued and to be issued share capital of LSEG plc and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>Third Party</b> . . . . .	any central bank, government, government department or governmental, quasi governmental, supranational, statutory, regulatory, environmental or investigative body, authority (including any national or supranational anti trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel
<b>Turquoise</b> . . . . .	Turquoise Global Holdings Limited
<b>UBS</b> . . . . .	UBS Limited
<b>UK or United Kingdom</b> . . . . .	the United Kingdom of Great Britain and Northern Ireland
<b>UKLA or UK Listing Authority</b> . . . . .	the FCA acting in its capacity as the competent authority for listing under the Financial Services and Markets Act 2000
<b>uncertificated or in uncertificated form</b> . . . . .	recorded on the relevant register of members as being held in uncertificated form and title to which may, by virtue of the CREST Regulations, be transferred by means of CREST
<b>Underwriting Agreement</b> . . . . .	the underwriting agreement entered into between LSEG plc and the Rights Issue Banks in connection with the Rights Issue, dated 22 August 2014
<b>United States or US</b> . . . . .	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Exchange Act</b> . . . . .	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
<b>US Holder</b> . . . . .	a beneficial owner of Scheme Shares (or, after the Scheme, HoldCo Shares) that is, for US federal income tax purposes (i) a citizen or individual resident of the United States; (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or one of its political subdivisions; (iii) a trust that (a) is subject to the control of one or more US Persons and the primary supervision of a US court; or (b) has made a valid election under applicable US Treasury regulations to be treated as a US Person; or (iv) an estate the income of which is subject to US federal income tax without regard to its source
<b>US Persons</b> . . . . .	US Persons as defined in Regulation S under the US Securities Act
<b>USPTO</b> . . . . .	U.S. Patent and Trademark Office
<b>US Securities Act</b> . . . . .	the United States Securities Act of 1933, and the rules and regulations promulgated thereunder
<b>VaR</b> . . . . .	value at risk
<b>VAT</b> . . . . .	value added tax
<b>WpÜG</b> . . . . .	German Securities Acquisition and Takeover Act ( <i>Wertpapiererwerbs- und Übernahmegesetz</i> )

All times referred to are London time unless otherwise stated.

All references to “**GBP**”, “**pence**”, “**sterling**”, “**£**” or “**p**” are to the lawful currency of the United Kingdom.

All references to “**EUR**”, “**Euro**” or “**€**” are to the single currency established for members of the European Economic and Monetary Union from 1 January 1999.

All references to “**US dollar**”, “**USD**” or “**US\$**” are to the lawful currency of the United States.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

**PART XVII**  
**NOTICE OF COURT MEETING**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**CR-2016-1756**

**Registrar Baister**

**IN THE MATTER OF LONDON STOCK EXCHANGE GROUP PLC**

**and**

**IN THE MATTER OF THE COMPANIES ACT 2006**

**NOTICE IS HEREBY GIVEN** that, by an Order dated 27 May 2016 made in the above matters, the Court has given permission for a meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares (as defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made pursuant to Part 26 of the Companies Act 2006 (the “**Act**”) between London Stock Exchange Group plc (“**LSEG plc**” or the “**Company**”), and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) and that the Court Meeting will be held at the offices of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26-28 Tudor Street, London, EC4Y 0BQ on 4 July 2016, at 10:00 a.m., at which place and time all holders of Scheme Shares are requested to attend.

Copies of the Scheme of Arrangement and of the explanatory statement required to be published pursuant to section 897 of the Act are incorporated in the document of which this Notice forms part.

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

*Right to Appoint a Proxy; Procedure for Appointment*

**Holders of Scheme Shares entitled to attend and vote at the Court Meeting may vote in person at such meeting or they may appoint another person or persons, whether a member of the Company or not, as their proxy or proxies, to exercise all or any of their rights to attend, speak and vote at the Court Meeting.**

**A BLUE Form of Proxy, for use at the Court Meeting, is enclosed with this notice. Instructions for its use are set out on the form. It is requested that the BLUE Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to LSEG plc’s registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by post or (during normal business hours only) by hand, not later than 10:00 a.m. (London time) on 2 July 2016 or, in the case of an adjournment of the Court Meeting, 48 hours before the time appointed for the adjourned meeting. However, if not so lodged, BLUE Forms of Proxy (together with any such authority, if applicable) may be handed to a representative of LSEG plc’s registrar, Equiniti Limited, on behalf of the Chairman of the Court Meeting, before the start of the Court Meeting.**

As a member of the Company you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote on your behalf at the Court Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company but they must attend the Court Meeting to represent you. If you require additional proxy forms, please contact LSEG plc’s registrar, Equiniti Limited, on 0330 123 5505 from within the UK or +44(0)121 415 0902 if calling from outside the UK. Calls to the Shareholder Helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Merger nor give any financial, legal or tax advice.

Members who hold their shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual.

In order for a proxy appointment made using CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear’s specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it

constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 10:00 a.m. (London time) on 2 July 2016 (or if the Court Meeting is adjourned, 48 hours before the time fixed for the adjourned Court Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Alternatively, Electronic Proxy Appointment ("EPA") is available for the Court Meeting whereby you can lodge your votes electronically. If you have not registered with the Equiniti online portfolio service, Shareview, and would prefer to use the EPA system, please visit [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the procedure are shown. The Voting ID, Task ID and Shareholder Reference Number shown on the Form of Proxy will be required to complete the procedure. If you have already registered with Shareview, you may complete the EPA via your portfolio at [www.shareview.co.uk](http://www.shareview.co.uk). EPA will not be valid if received after 10:00 a.m. on 2 July 2016 (or if the Court Meeting is adjourned, 48 hours before the time fixed for the adjourned Court Meeting), and will not be accepted if found to contain a computer virus. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

**Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST or EPA (or any other procedure described in paragraph 20 of Part III (*Explanatory Statement*) of this document of which this Notice forms part), will not prevent a holder of Scheme Shares from attending, speaking and voting in person at the Court Meeting, or any adjournment thereof, if such Shareholder wishes and is entitled to do so.**

#### *Voting Record Time*

Entitlement to attend, speak and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast at the Court Meeting, will be determined by reference to the register of members of the Company at 6:30 p.m. (London time) on 30 June 2016 or, if the Court Meeting is adjourned, 6:30 p.m. (London time) on the date which is two Business Days before the date fixed for the adjourned meeting. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

#### *Joint Holders*

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

#### *Corporate Representatives*

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

By the said Order, the Court has appointed Chairman or, failing him, any other director of the Company to act as chairman of the Court Meeting and has directed the chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 1 June 2016  
Freshfields Bruckhaus Deringer LLP  
65 Fleet Street  
London EC4Y 1HS  
*Solicitors for the Company*

#### **Nominated Persons**

Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") does not, in that capacity, have a right to appoint a proxy, such right only being exercisable by shareholders of the Company. However, Nominated Persons may, under agreement with the shareholder who nominated them, have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting.



**PART XVIII**  
**NOTICE OF GENERAL MEETING**

**NOTICE OF GENERAL MEETING OF LONDON STOCK EXCHANGE GROUP PLC**

Notice is hereby given that a general meeting of London Stock Exchange Group plc (the “**Company**”) will be held at the offices of Freshfields Bruckhaus Deringer LLP at the Northcliffe House entrance, 26-28 Tudor Street, London, EC4Y 0BQ on 4 July 2016 at 10:15 a.m. (London time) (or as soon thereafter as the Court Meeting (as defined in the scheme of arrangement circular to shareholders published by the Company on 1 June 2016 (the “**Scheme Document**”) of which this notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions.

Capitalised terms used in this Notice of General Meeting (the “**Notice**”) which are not defined herein shall have the meanings ascribed to them in the Scheme Document of which this Notice forms part.

Resolution 1 will be proposed as an ordinary resolution. Resolution 2 will be proposed as a special resolution.

**ORDINARY RESOLUTION**

**1. THAT:**

- (a) the proposed acquisition by HoldCo of Deutsche Börse AG, substantially on the terms and subject to the conditions set out in the Scheme Document (the “**Deutsche Börse Acquisition**”), and the associated and ancillary arrangements described in the Scheme Document, be and are hereby approved; and
- (b) the directors of the Company (the “**Directors**”) (or any duly constituted committee thereof) be and are hereby authorised to take all necessary or appropriate steps and to do all necessary or appropriate things to implement, complete or to procure the implementation or completion of the Deutsche Börse Acquisition and the Merger and give effect thereto with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments of a material nature) as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate in connection with the Deutsche Börse Acquisition and the Merger.

**SPECIAL RESOLUTION**

**2. THAT:**

- (a) for the purpose of giving effect to the scheme of arrangement dated 1 June 2016 between the Company and the holders of the Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and for the purpose of identification signed by the chairman hereof, in its original form or subject to any modification, addition or condition agreed between the Company, Deutsche Börse AG and HoldCo and approved or imposed by the Court (the “**Scheme**”) the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (b) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new articles 215 and 216:

**“215 SCHEME OF ARRANGEMENT**

215.1 For the purposes of this Article 215 and Article 216:

- “**LSEG Scheme**” means the scheme of arrangement dated 1 June 2016 under Part 26 of the 2006 Act between the Company and the Scheme Shareholders (as defined in the LSEG Scheme), in its original form or with or subject to any modification, addition or condition approved or imposed by the High Court of Justice of England and Wales;
- “**LSEG Share Plans**” means the London Stock Exchange Group Long Term Incentive Plan 2014, the London Stock Exchange Group Long Term Incentive Plan 2004, the London Stock Exchange Group Deferred Bonus Plan 2014, the London Stock Exchange Group SAYE Option Scheme, the London Stock Exchange Group International Sharesave Plan 2008, the London Stock Exchange Group Performance Aligned Restricted Share Plan 2010, the London Stock Exchange

Group Restricted Share Award Plan 2008, the LCH.Clearent Group Limited Long Term Incentive Plan 2014 and any other share incentive plan or arrangement operated by LSEG plc;

- “**Scheme Shares**” means the LSEG Shares:
  - (i) in issue at the date of this document;
  - (ii) (if any) issued after the date of this document but before the Scheme Voting Record Time; and
  - (iii) (if any) issued at or after the Scheme Voting Record Time and at or prior to the Scheme Record Time on terms that the holders will be bound by the Scheme,but in each case other than the Excluded Shares;
- “**HoldCo**” means HLDCO123 plc, a company incorporated in England and Wales (company number 10053870) whose registered office is at 10 Paternoster Square, London, EC4M 7LS; and
- “**HoldCo Shares**” means ordinary shares of EUR1.00 each in the capital of HoldCo, which have the rights set out in the articles of association of HoldCo.

## 216 SCHEME OF ARRANGEMENT

- 216.1 Notwithstanding any other provision of these articles, if the Company issues any shares (other than to HoldCo, any subsidiary of HoldCo or any nominee(s) of HoldCo) after the adoption of this article and at or prior to the Scheme Record Time (as defined in the LSEG Scheme), such shares shall be issued subject to the terms of the LSEG Scheme and the holders of such shares shall be bound by the LSEG Scheme accordingly.
- 216.2 Notwithstanding any other provision of these articles, subject to the LSEG Scheme becoming effective, any shares issued, or transferred pursuant to article 216.3 below, to any person (other than to HoldCo, any subsidiary of HoldCo or any nominee(s) of HoldCo) after the Scheme Record Time (a “**New Member**”) (each a “**Post-Scheme Share**”) shall be issued on terms that they shall (on the Effective Date (as defined in the LSEG Scheme) or, if later, on issue (but subject to the terms of articles 216.3 and 216.5 below)), be immediately transferred to HoldCo (or to such other person as it may direct) (the “**Purchaser**”), who shall be obliged to acquire each Post-Scheme Share in consideration for the issue or transfer of a number of HoldCo Shares equal to the share consideration to which a New Member would have been entitled under the Scheme had such Post-Scheme Share been a Scheme Share.
- 216.3 Any New Member (other than, for the avoidance of doubt, a person who becomes a New Member by virtue of a transfer pursuant to this article 216.3) may, prior to the issue of Post-Scheme Shares to him or her pursuant to the exercise of an option or satisfaction of an award under one of the LSEG Share Plans, give not less than two business days’ written notice to the Company in such manner as the board shall prescribe of his or her intention to transfer some or all of such Post-Scheme Shares to his or her spouse or civil partner and may, if such notice has been validly given, on such Post-Scheme Shares being issued to him or her, immediately transfer to his or her spouse or civil partner any such Post-Scheme Shares, provided that such Post-Scheme Shares will then be immediately transferred by that spouse or civil partner (as applicable) to the Purchaser pursuant to article 216.2 above. If notice has been validly given pursuant to this article 216.3 but the New Member does not immediately transfer to his or her spouse or civil partner the Post-Scheme Shares in respect of which notice was given, such shares will be transferred to the Purchaser and/or its nominee(s) pursuant to article 216.2 above.
- 216.4 The HoldCo Shares allotted and issued or transferred to a New Member pursuant to article 216.2 shall be credited as fully paid and shall rank equally in all respects with all other fully paid HoldCo Shares in issue at that time (other than as regards any dividend or other distribution payable by reference to a record date preceding the date of allotment or transfer).
- 216.5 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the consideration per Post-Scheme Share due under article 216.2 shall be adjusted by the Company in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this article to such shares shall, following such adjustment, be construed accordingly.

- 216.6 HoldCo Shares allotted and issued or transferred to any New Member pursuant to article 216.2 shall not be allotted and issued or transferred as fractions of shares but any fraction of a share to which the New Member would otherwise have been entitled shall be rounded down to the nearest whole number of shares (which may be zero). Any fraction of a HoldCo Share to which a New Member would otherwise have become entitled shall be aggregated with the fractional entitlements of any other New Members whose shares are being transferred under this article on the same date and sold in the market and the net proceeds of sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to the persons entitled thereto in due proportions, except that individual entitlements of GBP5.00 or less shall be retained by HoldCo.
- 216.7 To give effect to any transfer of Post-Scheme Shares required pursuant to article 216.2, the Company may appoint any person as attorney and/or agent for the New Member to transfer the Post-Scheme Shares to the Purchaser and/or its nominees and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. The Purchaser shall settle the consideration due to the New Member pursuant to article 216.2 above by sending a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder) for the purchase price of such Post-Scheme Shares and entering the New Member in the Purchaser's register of shareholders within 14 days of the date on which the Post-Scheme Shares are issued to the New Member.
- 216.8 Notwithstanding any other provision of this article 216, if, in respect of any holder of Scheme Shares, HoldCo is advised that the allotment and issue and/or transfer of HoldCo Shares pursuant to this article 216 would or may infringe the laws of any jurisdiction, or would or may require HoldCo to comply with any governmental or other consent or any registration or filing or other formality with which HoldCo is unable to comply or compliance with which HoldCo regards as unduly onerous, HoldCo may in its sole discretion determine that such HoldCo Shares shall be sold on behalf of the person entitled thereto, by instructing a broker to obtain the best price which can reasonably be obtained in the market at the time of sale and the net proceeds of such sale (having deducted all expenses) shall be paid to such person.
- 216.9 If the LSEG Scheme shall not have become effective by the applicable date referred to in clause of the LSEG Scheme, article 215 and this article 216 shall cease to be of any effect.
- 216.10 Notwithstanding any other provision of these articles, both the Company and the board shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date."

*By order of the board of directors of the Company*

**Lisa Condron**  
Company Secretary

1 June 2016

Registered office:

London Stock Exchange Group plc  
10 Paternoster Square  
London EC4M 7LS

Registered in England & Wales No. 5369106

## Notes to the Notice of General Meeting

1. The right to attend and vote at the meeting is determined by reference to the Company's register of shareholders. Only a shareholder entered in the register of shareholders at 6:30 pm on 30 June 2016 (or, in the event that the LSEG General Meeting is adjourned, on the register of shareholders at 6:30 pm two Business Days prior to the adjourned meeting) is entitled to attend and vote at the meeting and a shareholder may vote in respect of the number of ordinary shares registered in that shareholder's name at that time. Changes to the entries in the register of shareholders after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the LSEG General Meeting. A shareholder may appoint more than one proxy in relation to the LSEG General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A WHITE Form of Proxy is enclosed with this Notice of General Meeting for use at the LSEG General Meeting.
3. **To be valid, a Form of Proxy, duly completed, signed or sealed (as appropriate) and dated, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be returned to the Company's registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive no later than 10:15 a.m. on 2 July 2016 or not less than 48 hours before the time of any adjourned meeting or the taking of a poll at which the person named in the Form of Proxy proposes to vote.**
4. The Form of Proxy must be executed by the shareholder or his or her attorney duly authorised in writing and (in the case of an individual) must be signed by the individual or his or her attorney duly authorised in writing or (in the case of a corporation) be executed either under seal on its behalf by a duly authorised officer or attorney of the corporation or in any other manner authorised by its constitution.
5. In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand on the register of shareholders of the Company in respect of the relevant joint holding.
6. Alternatively, Electronic Proxy Appointment ("EPA") is available for the LSEG General Meeting whereby you can lodge your votes electronically. If you have not registered with the Equiniti online portfolio service, Shareview, and would prefer to use the EPA system, please visit [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the procedure are shown. The Voting ID, Task ID and Shareholder Reference Number shown on the WHITE Form of Proxy will be required to complete the procedure. If you have already registered with Shareview, you may complete the EPA via your portfolio at [www.shareview.co.uk](http://www.shareview.co.uk). EPA will not be valid if received after 10:15 a.m. on 2 July 2016 (or if the LSEG General Meeting is adjourned, 48 hours before the time fixed for the adjourned General Meeting), and will not be accepted if found to contain a computer virus.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the LSEG General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (RA19) by no later than 10:15 a.m. on 2 July 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by

CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST personal members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. Any corporation which is a shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers provided that they do not exercise their powers differently in relation to the same shares.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may have a right, under an agreement between him or her and the shareholder by whom he or she was nominated, to be appointed (or to have someone else appointed) as a proxy for the LSEG General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statements of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 to 7 above do not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by shareholders of the Company.

As at 27 May 2016 (being the last practicable date prior to the publication of this document) the Company's issued share capital consists of 348,541,231 ordinary shares of 67<sup>9</sup>/<sub>64</sub>p each, carrying one vote each. Therefore, the total voting rights in the Company as at 26 May 2016 are 348,541,231.

11. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
12. In accordance with section 311A of the Companies Act 2006, the contents of this Notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the LSEG General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice are available to view and to download on the Company's website at: [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger).
13. The results of the voting at the LSEG General Meeting will be announced through a Regulatory Information Service and will appear on the Company's website at: [www.lseg.com/investor-relations/merger](http://www.lseg.com/investor-relations/merger).
14. Save as provided above, any communication with the Company in relation to the LSEG General Meeting, including in relation to proxies, should be sent to the Company's registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. No other means of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice of General Meeting or in any related documents to communicate with the Company for any purposes other than those expressly stated.
15. In order to access shareholder documents from the Company on the website, you will need to have access to a PC or Mac with: (i) Microsoft Internet Explorer version 6.0 (or later version) which can be downloaded from the Microsoft website at: <http://windows.microsoft.com/en-gb/windows/downloads>, or equivalent alternative web browser software; and (ii) Adobe Acrobat Reader which can be downloaded free from the Adobe website at: <http://get.adobe.com/uk/reader/>.



## APPENDIX 1 DEUTSCHE BÖRSE AG PROFIT FORECAST

### Deutsche Börse Profit Forecast

On 17 February 2016, Deutsche Börse AG released its preliminary results announcement for the fourth quarter and full year ended 31 December 2015. On 18 February 2016, Deutsche Börse AG presented its preliminary results for the fourth quarter and full year ended 31 December 2015 in an annual press briefing and an analyst and investor conference call.

Included in the preliminary results announcement, annual press briefing and analyst and investor conference call was the following guidance for the financial year ending 31 December 2016, which for the purposes of Rule 28.1(c) of the City Code constitutes an ordinary course profit forecast pursuant to Note 2(a) on Rule 28.1 of the City Code (the “**Deutsche Börse Profit Forecast**”):

*“2016 Guidance.*

- 5 per cent.–10 per cent. net revenue growth.
- 0 per cent.–5 per cent. operating costs growth, excluding around EUR75m of exceptional items (e.g. restructuring, litigation, M&A integration).
- 5 per cent.–15 per cent. net income growth.”

The Deutsche Börse Profit Forecast, which was released by Deutsche Börse AG prior to announcement of the Merger, relates to net revenue growth, operating cost growth and net income growth, in line with the previous guidance given by Deutsche Börse AG and as means of evaluating the financial and operating performance of the Deutsche Börse Group. Deutsche Börse AG makes a net profit forecast annually. The Deutsche Börse Profit Forecast was originally made in February 2016 and was not made in the context of the Merger which is why it was not made in accordance with ESMA 47. Deutsche Börse AG has a fixed tax rate and the market is therefore able to calculate its profit before tax.

### Basis of preparation

The Deutsche Börse Profit Forecast is based on the preliminary results of the Deutsche Börse Group for the fourth quarter and full year ended 31 December 2015 and management account forecasts of the results of the Deutsche Börse Group for the financial year ending 31 December 2016. The profit forecast is required to be presented on a basis consistent with the accounting policies of HoldCo.

### Assumptions

The Deutsche Börse Profit Forecast is based on the following assumptions for the period to which they relate:

*Factors outside the influence or control of the Deutsche Börse Directors:*

- There will be continued recovery of the eurozone and world economies.
- There will be no material changes to the conditions of the markets in which Deutsche Börse AG operates.
- The main exchange rates and inflation and tax rates in Deutsche Börse AG’s principal markets will remain materially unchanged from the prevailing rates.
- There will be no material changes in legislation or regulatory requirements impacting on Deutsche Börse AG’s operations or its accounting policies.
- There will be no material changes to Deutsche Börse AG’s obligations to customers.
- There will be no material change to the competitive environment leading to an adverse impact on consumer preferences or the capacity of the Deutsche Börse AG business to penetrate new markets.

*Factors within the influence and control of the Deutsche Börse Directors:*

- There will be no material impact on Deutsche Börse AG’s ability to negotiate new business.

- There will be no material change to Deutsche Börse AG's customer base or the ability or willingness of the customer base to meet its obligations to Deutsche Börse AG from that currently anticipated by the Deutsche Börse Directors.

### **Deutsche Börse AG 2018 Profit Guidance**

Deutsche Börse AG had also previously given the following guidance with respect to net revenue, EBIT and net income for the period until the financial year ending 31 December 2018 (the “**Deutsche Börse 2018 Guidance**”).

#### “Mid-term guidance

- 5 per cent.–10 per cent. net revenue growth per annum (EUR2,800m–EUR3,200m by 2018).
- 10 per cent.–15 per cent. EBIT growth per annum (EUR1,550m–EUR1,750m by 2018).
- 10 per cent.–15 per cent. net income growth per annum (EUR1,025m–EUR1,175m by 2018).

*EUR2,800m–EUR3,200m indicative net revenue estimated for 2018.*

- Over EUR185m of structural net revenue opportunities from Eurex.
- Over EUR120m of structural net revenue opportunities from Clearstream.
- Over EUR60m of structural net revenue opportunities from Market Data + Services.
- EUR50m–EUR200m of cyclical net revenue opportunities from Eurex.
- EUR50m–EUR200m of cyclical net revenue opportunities from Clearstream.

*Total targeted cost savings: EUR50m in 2016, EUR80m in 2017, EUR100m in 2018.*

- Structural personnel measures: EUR15m in 2016, EUR30m in both 2017 and 2018.
- Structural non-personnel measures: EUR20m in 2016, EUR20m in both 2017 and 2018.
- Continuous improvement process: EUR5m in 2016, EUR20m in 2017, EUR40m in 2018.
- Old efficiency measures: EUR10m in 2016, EUR10m in both 2017 and 2018.”

The Deutsche Börse 2018 Guidance was approved by the Deutsche Börse Management Board in July 2015 and relates to Deutsche Börse on a standalone basis and was based on its continued operation as an independent group. The Deutsche Börse 2018 Guidance does not reflect any synergies, opportunities, reorganisation, restructuring or transaction costs associated with the Merger.

As part of the Combined Group, the actual results of the Deutsche Börse Group for the period until the financial year ending 31 December 2018 will differ significantly from the Deutsche Börse 2018 Guidance for reasons including the following:

- Cost synergy opportunities—as outlined in Appendix 2 (*Quantified Financial Benefits Statement*) of this document, Deutsche Börse AG and LSEG plc expect to generate recurring pre-tax cost synergies of approximately EUR450 million per annum in year three post Completion;
- Pre-tax gross revenue synergy opportunities—as outlined in Appendix 2 (*Quantified Financial Benefits Statement*) of this document, Deutsche Börse AG and LSEG plc believe that there is significant opportunity for pre-tax gross revenue synergies of at least EUR250 million per annum in year five post Completion, driven by the ability of the Combined Group to offer both existing and new innovative products through an expanded global distribution network to both new and existing customers across buy-side and sell-side;
- Transaction costs—Deutsche Börse AG currently estimates that the aggregate amount of expenses it will incur for legal, financial, accounting and other professional advisers related to the Merger will be approximately GBP 98 million and LSEG plc currently estimates that the aggregate amount of such expenses that it will incur will be approximately GBP 136 million, in each case, plus applicable VAT; and
- Other costs—the costs of integration, reorganisation and restructuring to be carried out following completion of the Merger.

Consequently, the Deutsche Börse 2018 Guidance does not reflect the views of the LSEG Board in respect of the future financial performance of the Combined Group following Completion and, therefore, the Deutsche Börse 2018 Guidance is considered by the LSEG Board and the Deutsche Börse Management Board to be no longer be valid in the context of the Merger. As such it is not necessary to reassess such guidance for the purposes of the Listing Rules.

**LSEG**

Not applicable. There is no profit forecast or estimate.

**HoldCo**

Not applicable. There is no profit forecast or estimate.

**Confirmations**

The LSEG Board hereby confirms that as at the Latest Practicable Date, the Deutsche Börse Profit Forecast remains valid and has been properly compiled on the basis of the assumptions stated and that the basis of accounting used is consistent with LSEG plc's accounting policies.

**Notes**

Other than the Deutsche Börse Profit Forecast, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Deutsche Börse AG or LSEG plc, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Deutsche Börse AG or LSEG plc, as appropriate.

## APPENDIX 2

### QUANTIFIED FINANCIAL BENEFITS STATEMENT

This Appendix 2 (*Quantified Financial Benefits Statement*) contains:

- In Part A, the Quantified Financial Benefits Statement (as defined below); and
- In Part B, a report from Deloitte LLP, as reporting accountants to LSEG plc, a joint report from Robey Warshaw, Barclays, Goldman Sachs and J.P. Morgan Cazenove, as financial advisers to LSEG plc, and a joint report from Perella Weinberg Partners and Deutsche Bank, as financial advisers to Deutsche Börse AG, in each case, as required under Rule 28.1(a) of the City Code.

#### **Part A—Quantified Financial Benefits Statement**

Paragraph 3 of Part I (*Letter from the Chairman of LSEG plc*) of this document contains statements of estimated cost savings and synergies arising from the Merger (together, the “**Quantified Financial Benefits Statement**”).

A copy of the Quantified Financial Benefits Statement is set out below:

*The Merger combines two highly complementary businesses, delivering significant long term value creation for shareholders and customers. This includes the delivery of cost synergies of approximately EUR450 million per annum, achieved in year three post Completion and also includes revenue synergies of at least EUR250 million per annum achieved in year five post Completion, of which approximately EUR160 million will be delivered by year three post Completion, with significant opportunity for further revenue growth.*

The Combined Group will be a leading global markets infrastructure company, with a significantly enlarged customer and product base, strong customer relationships and global distribution capability and with core strengths in product development and innovation. The Combined Group will have an enhanced ability to address rapidly evolving industry, customer and regulatory dynamics and be better positioned strategically to compete with other infrastructure providers in a consolidating and globalising market.

The Combined Group will drive significant value creation unlocked through fundamental operating principles of customer-centricity, maximising efficiencies, simplification and harmonisation, as well as the ability to offer both existing and new innovative products through an expanded global distribution network to new and existing customers across the buy-side and sell-side. It is expected that the Merger will be accretive to adjusted cash earnings for both sets of shareholders in the first year post Completion.

The Combined Group will maintain and strengthen its customer partnership and pro customer choice principles, seeking to build or retain a leadership position in every major business in which it operates. Commitment to our customer centric operating model allows us to most effectively service customers’ needs, leading to long term shareholder value creation.

The Combined Group operates in a number of markets where there is strong underlying growth, including due to regulatory-driven requirements, evolving needs for capital formation, technology innovation and systems transformation and the move from active to passive investment. Through the Merger and the consequent combination of knowhow and reputation, innovation, product range and sales and distribution capability, the Combined Group will be in an improved position to compete strongly in these growth markets.

The Combined Group will have the ambition and capability (including global reach, brand strength, financial resources and superior customer centric operating model) to identify and capitalise on the unique growth opportunities across the financial markets infrastructure sector that can offer a superior and distinctive return to shareholders.

The assessment and quantification of synergies has been informed by both companies’ deep industry and customer expertise, as well as their strong track records of driving incremental shareholder value from complex transaction integrations and delivering announced synergies on schedule to complement core business growth.

#### **Cost Synergies**

The Boards having reviewed and analysed the potential benefits of the Merger, believe that the Combined Group will be able to achieve incremental recurring pre-tax cost synergies of approximately EUR450 million per annum in year three post Completion which are reported on under the City Code as

set out in Appendix 2 (*Quantified Financial Benefits Statement*) of this document. These synergies are expected to arise as a direct result of the Merger and could not be achieved independently of the Merger. These cost synergies are split between and would be realised principally from:

- (a) Technology enabled efficiencies, accounting for approximately 50 per cent. of the identified cost synergies:
  - Harmonisation of trading and post trade platforms based on best of breed technology in the Combined Group
  - Reduction of project spending in optimised IT infrastructure
  - Removing duplication of central IT functions
- (b) Corporate centre, accounting for approximately 30 per cent. of the identified cost synergies:
  - Removing duplication and streamlining of governance
  - Harmonisation of support, service functions and corporate systems
  - Reduction of professional fees
- (c) Business segment optimisation, accounting for approximately 20 per cent. of the identified cost synergies:
  - Optimisation of customer-facing organisations
  - Scale efficiencies within each common asset class
  - Integration of Index businesses

The Boards expect that the impact of synergy realisation would be distributed in a balanced manner across LSEG and the Deutsche Börse Group.

The total anticipated cost synergies of EUR450 million per annum are equivalent to approximately 20 per cent. of the Combined Group's 2015 pro forma adjusted operating expenses (before amortisation of purchased intangible assets and non-recurring items) from continuing operations of EUR2.2 billion.

The Boards expect that synergy and saving realisation will take place progressively, whereby approximately 50 per cent. of the total cost synergies will be phased in year one following Completion, rising to 75 per cent. effective in year two and 100 per cent. in year three following Completion.

The Boards expect that realisation of these cost synergies and savings would result in non-recurring costs of approximately EUR600 million by the end of year two following Completion. The phasing will be assessed further and refined as part of the detailed integration planning in due course.

These anticipated cost synergies identified reflect both the beneficial element and relevant costs.

### **Revenue Synergies**

The Boards believe that the Combined Group will be able to achieve incremental recurring pre-tax gross revenue synergies of at least EUR250 million per annum in year five post Completion which are reported on under the City Code as set out in Appendix 2 (*Quantified Financial Benefits Statements*) of this document.

The Boards expect that the quantified revenue synergies will be realised progressively, whereby approximately two-thirds of the total synergies (approximately EUR160 million) would be achieved in year three following Completion, and 100 per cent. achieved in year five following Completion.

This revenue growth will be generated across multiple areas and geographies, including:

- Building on the commercial expertise, IP, complementary geographic footprints and distribution networks of the Combined Group's index and information services business, including FTSE Russell and STOXX, to cross-sell products and align commercial strategies, accounting for approximately 25 per cent. of the quantified revenue synergies;
- Harnessing the benefits of the Combined Group's multiple CCP operations to further develop trading and clearing products in the FICC segment and equity benchmarks, accounting for approximately 25 per cent. of the quantified revenue synergies;



- Creating an enhanced product range and expanding sales across reference data, regulatory reporting and technology related services to the companies' complementary client bases, accounting for approximately 20 per cent. of the quantified revenue synergies;
- Developing enhanced offerings in equity and debt capital formation for listed and pre-IPO companies and trading participants, including the creation of a liquidity bridge for access to markets across the Combined Group, accounting for approximately 15 per cent. of the quantified revenue synergies; and
- Enhancing growth in custody, settlement and collateral management services across a broader customer base within complementary geographies, accounting for approximately 15 per cent. of the quantified revenue synergies.

The synergy assumptions have been risk adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

The total quantified revenue synergies of at least EUR250 million per annum are equivalent to 5.2 per cent. of the Combined Group's pro forma total income from continuing operations for the 12 months ended 31 December 2015 of approximately EUR4.8 billion.

These anticipated revenue synergies are expected to arise as a direct result of the Merger and could not be achieved independently of the Merger.

The Boards expect the realisation of these revenue synergies to result in non-recurring costs of approximately EUR100 million. These costs are expected to be incurred in a phased manner over the first two years following Completion.

The Boards expect that the quantified revenue synergies will be delivered with an aggregate recurring contribution margin of approximately 85 per cent. The level of recurring contribution margin is driven by the Combined Group's ability to utilise existing resources and capabilities across its businesses in delivering the revenue synergies.

The Boards expect to further assess and refine the costs and phasing associated with the revenue synergies as part of the detailed integration planning in due course.

These anticipated revenue synergies identified reflect both the beneficial element and relevant costs.

#### **Significant additional revenue growth opportunities possible**

In addition to the quantified revenue synergies described above in the Quantified Financial Benefits Statement, the Boards are confident of realising significant further value via the delivery of incremental revenue synergies and growth that cannot be quantified for reporting under the City Code at this time.

These include:

- Providing an enhanced trading and clearing product and service offering by unlocking the customer benefits arising from portfolio margining services. This service will improve the competitive positioning of the Combined Group in a EUR6 billion plus global industry revenue pool for derivatives trading and clearing;
- Developing customer centric offerings in high growth areas designed to support industry needs for greater efficiency and transparency across the investment, trading and risk and balance sheet management life cycle, including workflow processing, data services and analytics. The global industry revenue pool for post trade data and analytics is estimated at EUR23 billion to 27 billion; and
- Enhancing the Combined Group's global footprint in North America and Asia, strengthening its reach and distribution in these key markets. The Combined Group will offer superior and differentiated products to customers; positioning the Combined Group as the partner of choice for infrastructure operators, investors and issuers. By 2020, North America and Asia are expected to represent 25 per cent. and 31 per cent. of global nominal GDP, as well as 49 per cent. and 16 per cent. of global AUM respectively.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below.

### ***Bases of belief for the Quantified Financial Benefits Statement***

Following initial discussions regarding the Merger, synergy development teams were established at LSEG plc and Deutsche Börse AG to evaluate and assess the potential synergies available from the Merger.

The teams, which comprise senior strategy, financial and business personnel at LSEG plc and Deutsche Börse AG, have worked to identify and quantify potential synergies as well as estimate any associated costs. The teams have engaged with the relevant functional heads and other personnel at LSEG plc and Deutsche Börse AG to provide input into the development process and to agree on the nature and quantum of the identified synergy initiatives.

In preparing the Quantified Financial Benefits Statement, both LSEG plc and Deutsche Börse AG have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the Merger. In circumstances where data has been limited for commercial or other reasons, the teams have made estimates and assumptions to aid the development of individual synergy initiatives.

The bases used for the quantified exercises are the LSEG plc cost base and total income contained in the LSEG plc Annual Report for the year ended 31 December 2015 combined with the Deutsche Börse AG cost base and total revenue contained in the Deutsche Börse AG Annual Report for the year ended 31 December 2015.

In arriving at the estimate of synergies set out in this document, the Boards made the following operational assumptions:

- the Combined Group will converge to best of breed systems and technologies guided by a ‘one process, one system’ principle;
- policies and procedures will be harmonised according to best practices at LSEG plc and Deutsche Börse AG;
- the Combined Group will, wherever possible, utilise existing resource and capabilities within LSEG plc and Deutsche Börse AG to deliver the revenue synergies; and
- the relative quantum and nature of one-off implementation costs will be similar to those costs incurred in past experience within LSEG plc and Deutsche Börse AG.

The Boards have also assumed that HoldCo will own 100 per cent. of the ordinary share capitals of LSEG plc and Deutsche Börse AG.

The Boards have, in addition, made the following assumptions, all of which are outside the influence of the Boards:

- there will be no material impact on the underlying operations of either company or their ability to continue to conduct their businesses;
- there will be no material change to macroeconomic, political, regulatory or legal conditions in the markets or regions in which LSEG plc and Deutsche Börse AG operate that materially impact on the implementation or costs to achieve the proposed cost and revenue synergies;
- there will be no material change in current foreign exchange rates; and
- there will be no change in tax legislation or tax rates or other legislation or regulation in the countries in which LSEG plc and Deutsche Börse AG operate that could materially impact the ability to achieve any benefits.

Based on the analysis done to date and the facts known at the time of this document, the Boards do not expect material dis-synergies to arise as a direct result of the Merger.

The assessment and quantification of the potential synergies have in turn been informed by the LSEG Board and the Deutsche Börse Management Board’s combined industry experience as well as their experience of executing and integrating past acquisitions.

## Reports and confirmations

1. Deloitte LLP, as reporting accountants to LSEG plc, Deutsche Börse AG and HoldCo provided a report under Rule 28.1(a) of the City Code stating that, in its opinion and subject to the terms of the report, the Quantified Financial Benefits Statement has been properly compiled on the basis stated for the purposes of the City Code.
2. Robey Warshaw, Barclays, Goldman Sachs and J.P. Morgan Cazenove, as financial advisers to LSEG plc, provided a joint report under Rule 28.1(a) of the City Code stating that, in their opinion and subject to the terms of the report, the Quantified Financial Benefits Statement, had been prepared with due care and consideration for the purposes of the City Code.
3. Perella Weinberg Partners and Deutsche Bank, as financial advisers to Deutsche Börse AG, have provided a joint report for the purposes of the City Code.
4. Copies of these reports are set out in Part B of this Appendix 2 (*Quantified Financial Benefits Statement*).

## Notes

1. The statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.
2. Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.
3. No statement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following implementation of the Merger, or in any subsequent period, would necessarily match or be greater than or be less than those of LSEG plc and / or Deutsche Börse AG for the relevant preceding financial period or any other period.

## Part B—Reports on Quantified Financial Benefits Statement

The Board of Directors  
on behalf of HLDCO123 plc  
10 Paternoster Square  
London  
EC4M 7LS  
United Kingdom

The Board of Directors  
on behalf of Deutsche Börse AG  
The Cube  
Mergenthalerallee 61  
65760 Eschborn  
Germany

Deutsche Bank AG  
Große Gallusstraße 10-14  
60311 Frankfurt am Main  
Germany

Barclays Bank PLC, acting through its  
Investment Bank  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB

1 June 2016

Dear Sirs

The Board of Directors  
on behalf of London Stock  
Exchange Group plc  
10 Paternoster Square  
London EC4M 7LS

Perella Weinberg Partners UK LLP  
18–20 Grafton Street  
London W1S 4DZ

Robey Warshaw LLP  
31 St. James's Place  
London SW1A 1NR

J.P. Morgan Limited  
25 Bank Street  
Canary Wharf  
London E14 5JP

### **Recommended all-share merger between London Stock Exchange Group plc and Deutsche Börse AG via a new UK holding company (HLDCO123 plc)**

We report on the joint statement made by the directors of Deutsche Börse AG (“**Deutsche Börse**”), London Stock Exchange Group plc (“**LSEG plc**”) and HLDCO123 plc (“**HoldCo**”) (the “**Directors**”) of synergy benefits set out in Part A of Appendix 2 of the scheme document (the “**Scheme Document**”) jointly issued by Deutsche Börse, LSEG plc and HoldCo (the “**Quantified Financial Benefits Statement**” or the “**Statement**”). The Statement has been made in the context of the disclosures within the Scheme Document setting out, inter alia, the basis of the Directors’ belief (identifying the principal assumptions and sources of information) supporting the Statement and their analysis, explanation and quantification of the constituent elements.

### **Responsibilities**

It is the responsibility of the Directors to prepare the Statement in accordance with Rule 28 of the Takeover Code.

It is our responsibility to form our opinion, as required by Rule 28.1(a) of the Takeover Code, as to whether: the Statement has been properly compiled on the basis stated and to report that opinion to you.

This report is given solely for the purposes of complying with Rule 28.1(a)(i) of the Takeover Code and for no other purpose. Therefore, to the fullest extent permitted by law we do not assume any other responsibility to any person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.3 of the Takeover Code, consenting to its inclusion in the Scheme Document.

## **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom.

Our work included considering whether the Statement has been accurately computed based upon the disclosed bases of belief (including the principal assumptions). Whilst the bases of belief (and the principal assumptions) upon which the Statement is based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the bases of belief (or principal assumptions) adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Statement have not been disclosed or if any basis of belief (or principal assumption) made by the Directors appears to us to be unrealistic. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Statement has been properly compiled on the basis stated.

Since the Statement (and the principal assumptions on which it is based) relates to the future, the actual financial benefits achieved are likely to be different from those anticipated in the Statement and the differences may be material. Accordingly, we can express no opinion as to the achievability of the financial benefits identified by the Directors in the Statement.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. We have not consented to the inclusion of this report and our opinion in any registration statement filed with the SEC under the US Securities Act of 1933 (either directly or by incorporation by reference) or in any offering document enabling an offering of securities in the United States (whether under Rule 144A or otherwise). We therefore accept no responsibility to, and deny any liability to, any person using this report and opinion in connection with any offering of securities inside the United States of America or who makes a claim on the basis they had acted in reliance on the protections afforded by United States of America law and regulation.

## **Opinion**

In our opinion, based on the foregoing, the Statement has been properly compiled on the basis stated.

Yours faithfully

Deloitte LLP  
Chartered Accountants

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**Part C—Report from Robey Warshaw LLP, Barclays Bank PLC, acting through its Investment Bank, Goldman Sachs International, and J.P. Morgan Limited**

The Directors  
London Stock Exchange Group plc  
10 Paternoster Square  
London  
EC4M 7LS

1 June 2016

Dear Ladies and Gentlemen,

**Recommended all-share merger between London Stock Exchange Group plc (“LSEG plc”) and Deutsche Börse AG (“Deutsche Börse”) via a new UK holding company (the “HoldCo”)**

We refer to the Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the “**Statement**”) as set out in Part A of Appendix 2 of the scheme document (the “**Scheme Document**”), for which the Boards of Directors of LSEG, Deutsche Börse and HoldCo (the “**Directors**”) are solely responsible under Rule 28.1(a)(ii) of the City Code on Takeovers and Mergers (the “**Code**”).

We have discussed the Statement (including the assumptions, accounting policies, bases of calculation and sources of information referred to therein), with the Directors and those officers and employees of LSEG plc and Deutsche Börse who have developed the underlying assessment as well as with Deloitte LLP. The Statement is subject to uncertainty as described in the Scheme Document and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by or on behalf of LSEG plc and / or Deutsche Börse, or otherwise discussed with or reviewed by us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any view as to the achievability of the quantified financial benefits identified by the Directors.

We have also reviewed the work carried out by Deloitte LLP and have discussed with it its opinion addressed to you and us on this matter and which is set out in the Scheme Document and the accounting policies and bases of calculation for the Statement.

On the basis of the foregoing, we consider that the Statement, for which the Directors are solely responsible, for the purposes of the City Code, has been prepared with due care and consideration.

This letter is provided to you solely in connection with Rule 28.1(a)(ii) of the City Code and for no other purpose. We accept no responsibility to LSEG plc, Deutsche Börse or their shareholders or any person other than the Directors of LSEG plc in respect of the contents of this letter. We are acting exclusively as financial advisers to LSEG plc and no one else in connection with the merger between LSEG plc and Deutsche Börse and it was for the purpose of complying with Rule 28.1(a)(ii) of the City Code that LSEG requested Robey Warshaw LLP, Barclays Bank PLC, acting through its Investment Bank, Goldman Sachs International and J.P. Morgan Limited to prepare this report on the Statement. No person other than the Directors of LSEG plc can rely on the contents of, or the work undertaken in connection with, this letter, and to the fullest extent permitted by law, we expressly exclude and disclaim all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its contents or the work undertaken in connection with this letter or any of the results that can be derived from this letter or any written or oral information provided in connection with this letter.

Yours faithfully,

Robey Warshaw LLP, Barclays Bank PLC, acting through its Investment Bank, Goldman Sachs International, and J.P. Morgan Limited

**Part D—Report from Perella Weinberg Partners and Deutsche Bank**

The Supervisory Board  
Deutsche Boerse AG  
The Cube  
Mergenthalerallee 61  
65760 Eschborn  
Germany

The Directors  
HLDCO123 plc  
10 Paternoster Square  
London  
EC4M 7LS

1 June 2016

Dear Ladies and Gentlemen,

**Recommended all-share merger of Deutsche Börse AG (“Deutsche Börse”) and London Stock Exchange Group plc (“LSEG plc”) via HLDCO123 plc, a new UK holding company (the “HoldCo”)**

We refer to the Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the “**Statement**”) as set out in Part A of Appendix 2 of the scheme document (the “**Scheme Document**”), for which the directors of Deutsche Börse, LSEG plc and HoldCo (the “**Directors**”) are solely responsible under Rule 28.1(a)(ii) of the City Code on Takeovers and Mergers (the “**City Code**”).

We have discussed the Statement (including the assumptions, accounting policies, bases of calculation and sources of information referred to therein), with the Directors and those officers and employees of Deutsche Börse and / or LSEG plc who have developed the underlying assessment as well as with Deloitte LLP. The Statement is subject to uncertainty as described in the Scheme Document and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by Deutsche Börse and / or LSEG plc, or otherwise discussed with us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any opinion as to the achievability of the quantified financial benefits identified by the Directors.

We have also reviewed the work carried out by Deloitte LLP and have discussed with them the opinion set out in the Scheme Document addressed to you and us on this matter.

This letter is provided to you solely in connection with Rule 28.1(a) (ii) of the City Code and for no other purpose. We accept no responsibility to Deutsche Börse, LSEG plc or their shareholders or any person other than the Directors of each of Deutsche Börse and HoldCo in respect of the contents of this letter. We are acting exclusively as financial advisers to Deutsche Börse and, in the case of Deutsche Bank AG, HoldCo, and no one else in connection with the merger between Deutsche Börse and LSEG plc and it was for the purpose of complying with Rule 28.1(a)(ii) of the City Code that Perella Weinberg Partners UK LLP and Deutsche Bank AG were requested to prepare this report on the Statement. No person other than the Directors of each of Deutsche Börse and HoldCo can rely on the contents of this letter and to the fullest extent permitted by law, we exclude all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its contents or the work undertaken in connection with this letter or any of the results that can be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed, except to the extent that such liability cannot be excluded by law.

On the basis of the foregoing, we consider that the Statement, for which the Directors are solely responsible, has been prepared with due care and consideration.

Yours faithfully,

Perella Weinberg Partners UK LLP

Deutsche Bank AG

