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21st March 2017

Dear Shareholder

EXECUTIVE REMUNERATION ARRANGEMENTS

I am writing to you as part of our engagement with major shareholders. This letter summarises our main executive remuneration decisions, full details of which are shown in the Directors' Remuneration Report in our 2016 Annual Report which has been published today.

When I wrote to you in January, I shared our intentions regarding our Remuneration Policy, which is up for renewal at our April 2017 AGM. As previously explained, in light of our proposed merger with Deutsche Börse, we are not amending our policy at this stage and will seek shareholder approval for our existing policy at our AGM. Having shared this approach with you, other key shareholders and governance bodies, I am grateful for the feedback and support received to date.

Should the merger proceed, the new company intends to convene an EGM in 2017 to seek approval for a new Remuneration Policy for the new company, which would be developed through shareholder consultation. In the event that the merger does not take place, we will review our Policy for operation in 2018 to consider good market practice.

Context

The Group has achieved a strong financial and operational performance with growth and investment across all of our core businesses, delivering on a number of new initiatives and developing our customer partnership approach. Total income from continuing operations rose to £1,657.1 million, up 17%. Adjusted operating profit increased 17% to £685.8 million.

This robust performance has been delivered despite the accompanying global market volatility and uncertainty in 2016 and whilst focused on the proposed merger with Deutsche Börse.

Remuneration decisions

There have been no changes to the Remuneration Policy during the financial period, a copy of which is available online at http://www.lseg.com/investor-relations/presentations-and-webcasts/annual-reports. Our remuneration decisions for 2016 were made within the parameters of the shareholder-approved policy.

The following table sets out the salary increases, annual bonus and long-term incentive decisions:

Role		Chief Executive Officer	Chief Financial Officer	CEO of Borsa Italiana & Director of Capital Markets
Name		Xavier Rolet	David Warren	Raffaele Jerusalmi
Previous salary (with effect from 1 April 2016)		£800,000	£465,000	€510,000
Annual salary (with effect from 1 April 2017)		£800,000 (0%)	£488,000 (+5%)	€520,000 (+2%)
FY 2016 bonus	% of maximum	91%	91%	89%
	£ total amount	£1,643,000	£849,000	€910,000
	Of which 50% is deferred	£821,500	£424,500	€455,000
Maximum bonus opportunity		225%	200%	200%
2017 LTIP award (subject to performance)		300% of salary (£2,400,000)	300% of salary (£1,464,000)	275% of salary (€1,430,000)

1. Salary review

During the year, the Committee conducted its annual review of the base salary levels of our Executive Directors. In light of his contribution and in recognition of the scale, scope and responsibilities of the Chief Financial Officer's role, the Committee has decided to increase David Warren's salary from £465,000 to £488,000 (5% increase). David did not receive a salary increase in 2016 and has only received one prior increase since his appointment in 2012. David has been an exemplary CFO since his appointment and has helped deliver significant shareholder value, growing the Group to a market capitalisation of £10bn. He has delivered superior results and has led the focus on cost discipline while investing for growth, focusing on new opportunities and achieving the benefits of recent acquisitions. He was central to the successful sale of Russell Investment Management and has been vital in the ongoing M&A activity, such as XTF and Mergent in the Information Services Division, in addition to committing substantial focus and effort on the proposed merger with Deutsche Börse.

The Committee has decided to increase the salary of Raffaele Jerusalmi, CEO of Borsa Italiana and Director of Capital Markets from €510,000 to €520,000 (2% increase), which is below average employee increases of 2.5%.

There is no change to the salary of Xavier Rolet, the Chief Executive Officer.

2. Bonus outcomes

The Executive Directors' awards are funded from the Group bonus pool. Their individual awards are based on an assessment of their contribution weighted 55% against Group AOP, 35% against strategic deliverables and 10% delivery against personal objectives as determined by the Board. This 'hardwiring' of the Executive

Directors' awards to the Group results is new for FY2016 and was introduced following shareholder consultation and feedback.

As a result of the Group's performance and individual performance, the Committee determined that the Executive Directors will be awarded bonuses of between 89% and 91% of their maximum opportunity, as shown in the table.

As per previous years, we have prospectively disclosed our LTIP metrics and stretching targets and retrospectively disclosed our annual bonus targets. This year, we have strengthened our bonus disclosure. Specifically, we have enhanced transparency by adding AOP values to the threshold, target and maximum bonus targets and added information showing the percentage of maximum assessment of each component of the Executive Directors' bonus awards.

3. Long Term Incentive Plan (LTIP) awards

As it is not yet known whether the merger will proceed, Xavier Rolet will be granted a conditional LTIP award of 300% of salary in 2017, consistent with previous years. Should the merger complete, this LTIP would be waived upon completion. Should the merger not proceed, Xavier will continue to be aligned with the long-term performance of the Group and the incentive arrangements of his Executive Committee.

David Warren will be granted a LTIP award of 300% of salary in 2017, reflecting his critical role in the Group and his valuable contribution. It will provide strong alignment to the performance of the Group.

Raffaele Jerusalmi will be granted a LTIP award of 275% of salary in 2017, consistent with previous years.

Departure arrangements for the CEO, should the merger proceed

The Committee has carefully considered the departure arrangements of the CEO should the proposed merger proceed and discussed them in detail with key governance bodies. We are grateful for their feedback, all of which has been incorporated. The terms are consistent with the approved shareholder policy and are fully disclosed in our 2016 Directors' Remuneration Report and attached as an appendix.

We look forward to receiving your support at the forthcoming AGM. If you have any comments or queries about the Remuneration Policy or any other executive remuneration matters, we would welcome your views. Please contact me or Tim Jones, Group Head of Human Resources (tjones@lseg.com or +44 (0) 207 7797 4210) if you would like to discuss the above.

Yours sincerely

Jacques Aigrain
Chairman of the Remuneration Committee

London Stock Exchange Group

Appendix: CEO departure terms, should the merger proceed

Departure arrangements for the Chief Executive Officer, should the merger proceed:
The Committee has carefully considered the departure arrangements of the CEO should the proposed merger proceed and discussed them in detail with key governance bodies. The Committee was grateful for their suggestions, which have been taken into account.

Should the merger with Deutsche Börse complete, Xavier Rolet will step down from his role as CEO and Director of LSEG plc upon close of the transaction. He will remain an employee and will continue to receive salary and contractual benefits during his notice period. His terms are in accordance with the shareholder-approved Remuneration Policy:

– Notice period – Xavier's leadership is required to run LSEG until such time as the transaction completes and, as such, his twelve month notice period will commence once it is certain the transaction will complete. If his employment terminates before the end of the notice period, any remaining notice period would be paid in instalments and be subject to a reduction to reflect any alternative employment income.

– Annual bonus – He will be eligible for a bonus for time worked during 2017, which will be pro-rated for time accordingly and subject to performance and deferral.

– Deferred bonus – he will be granted 'good leaver' status and awards will vest, in line with vesting schedules, in March 2018 and 2019.

– LTIP – his 2014 and 2015 LTIP awards will vest in August 2017 and April 2018 respectively. Both awards vest within his anticipated twelve month notice period. Should his notice period terminate earlier than April 2018, the 2015 award will not be time pro-rated. Upon completion, shares will 'roll over' into shares of the new entity and will vest, subject to the performance outcomes as they are determined in that new entity, on the third anniversary of grant and in accordance with the leaver provisions of the Plan.

– Xavier was awarded a LTIP in 2016 after the proposed merger was announced. He will waive his entitlement to the LTIP award for 2016 which is due to vest in March 2019 and would have been granted 'good leaver' status by the Committee.

– As it is not yet known whether the merger will proceed, Xavier will be granted a conditional LTIP award of 300% of salary in 2017. Should the merger proceed, this LTIP would be waived upon completion.

– Should Xavier's notice period terminate earlier than April 2018 and his 2015 LTIP award not be pro-rated, his net position will be negative due to relinquishing his 2016 and 2017 LTIP awards. The gain via not pro-rating the 2015 award (which will be zero if he remains in employment through April 2018) would be significantly exceeded by the loss arising from waiving the 2016 and 2017 awards. This is demonstrated in the table below, which assumes 100% achievement of performance conditions and is based on the share price as at 30 December 2016.

Illustrative gain/loss[1] based on potential termination date[2] assuming full vesting

Award	Vesting date	30 Oct 2017	30 April 2018
2015 LTIP	3 April 2018	£446,566	£0
2016 LTIP	18 March 2019	(£1,286,075)	(£1,692,204)
Estimated net position		**(£839,510)**	**(£1,692,204)**

1. Illustration uses MMQ of £29.14 as at 30 December 2016.
2. As the exact timing is not yet known, an indicative commencement of notice date of 30 April 2017 is shown with subsequent termination dates at six and twelve months to illustrate the potential impact on LTIP vesting.
3. As the 2017 LTIP is yet to be granted, it has not been valued.

– Should the merger not proceed, the above treatment will not apply. Any outstanding awards will vest in accordance with the rules of each respective Plan.