GROWTH, OPPORTUNITY & DIVERSIFICATION

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

12 December 2011
AGENDA

1) Transaction highlights - Xavier Rolet, LSEG CEO

2) FTSE, platform for growth - David Lester, LSEG Director of Information Services, and Mark Makepeace, FTSE CEO

3) Financial overview - Doug Webb, LSEG CFO

4) Summary - Xavier Rolet
High quality, high growth global indices brand with excellent development opportunities

A leading worldwide provider of information solutions, helping users benchmark the performance of their investments and make informed investment decisions

- Calculates over 200,000 indices covering 80 countries
- Over $3 trillion in assets under management linked to FTSE indices worldwide

Comprehensive portfolio of indices covering all major markets and asset classes

- #2 provider of global equity benchmarks to asset owners by revenues
- #3 index provider globally by revenues

Widely used benchmarks, including FTSE All-World, FTSE China A50 and China 25 (leading China ETF indices worldwide), FTSE 100, FTSE All-Share, FTSE EPRA/NAREIT and FTSE MIB

Growing US and Asian presence provides platform for significant further expansion

Notes:
1) FTSE estimates
## Transaction Highlights

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

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

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

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

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

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

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

### Timetable
- Closing is subject to customary conditions and is expected by Q1 2012
Strong Strategic Rationale

- Full ownership of a global indices business with a superior track record of growth
- Expand and accelerate scope and growth of FTSE and LSEG
  
  - Focused strategy, investment and increased resources
- Complements and further diversifies LSEG’s businesses
  
  - Provides greater exposure to, and growth in, indices, data and analytics;
  - Enhances new development opportunities for listed derivatives trading;
  - Offers global reach and material exposure to emerging and growth markets;
  - Increases access to investment management providers
- Growth to be accelerated under full LSEG ownership
- Significant cost and revenue synergies achievable
- Business well known by LSEG through existing JV
FTSE - Rapid Growth and Success since 1995

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

FTSE Revenue Split

- Benchmark Data Sales: 56%
- Funds and ETFs: 29%
- Other: 15%

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

Source: Company Information
FTSE’s Successful Revenue Model

**Subscription Fees**

**Benchmark Indices**
- **c.60% Revenue**
- **Data and services**
  - Annual subscriptions
  - 97% renewal rates
  - High quality data

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

**Asset Based Fees**

**Index Licences**
- **c.40% Revenue**
- **IPR Licensing**
  - Linked to growth in assets, especially alternative
  - Fast growing
  - Builds on success in data

**Users:**
- Passive fund managers (internal and external)
- Sell-side
- Equity and derivative trading venues
FTSE is well positioned to benefit from asset management trends

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

Significant Industry and FTSE Growth Opportunities

**Significant Growth Opportunities**

- Global Equity Benchmarks
- Regional/Domestic Equity Benchmarks
- Index Analytics and Data Services
- Funds and ETFs
- Derivatives
- Portfolio Optimisation
- Performance Attribution
- Risk Models
Complementary Combination will Drive LSEG and FTSE Growth

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

Value and Earnings Enhancement

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

Cost Synergies

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

Revenue Synergies

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

Debt Financed; Prudent Capital Structure

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

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

- Top 3 Global indices provider with widely used benchmark products
- Highly attractive business - strong growth track record and experienced management team
- Increases diversification of LSEG and further extends global reach
- Significant accelerated growth opportunities across product classes and geographies
- Complementary fit within Group, consistent with strategy to develop assets and enhance growth
- Strong financial benefits with significant cost and revenue synergies

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Appendices
### FTSE Financials

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<th>£m</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>CAGR</th>
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<tr>
<td>Revenue</td>
<td>£m</td>
<td>45.1</td>
<td>56.7</td>
<td>70.1</td>
<td>82.0</td>
<td>98.4</td>
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<tr>
<td>Growth</td>
<td></td>
<td>20%</td>
<td>26%</td>
<td>24%</td>
<td>17%</td>
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<tr>
<td>Costs</td>
<td>£m</td>
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<td>37.3</td>
<td>47.2</td>
<td>53.3</td>
<td>60.9</td>
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<tr>
<td>Growth</td>
<td></td>
<td>14%</td>
<td>32%</td>
<td>27%</td>
<td>13%</td>
<td>14%</td>
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<tr>
<td>EBITDA</td>
<td>£m</td>
<td>18.3</td>
<td>20.9</td>
<td>24.6</td>
<td>30.6</td>
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<tr>
<td>Growth</td>
<td></td>
<td>30%</td>
<td>16%</td>
<td>18%</td>
<td>24%</td>
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<tr>
<td>Margin</td>
<td></td>
<td>40%</td>
<td>37%</td>
<td>35%</td>
<td>37%</td>
<td>41%</td>
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- FTSE to be reported as part of Information Services, LSEG will no longer receive JV income (LSEG FY 2011 royalties: £11.3m; £5.0m share of profit)
- FTSE effective tax rate likely to be similar to UK rate
FTSE - A Global Index Provider

FTSE revenue by region as at end 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue £m</th>
<th>% total</th>
</tr>
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<tbody>
<tr>
<td>Asia Pacific</td>
<td>12.4</td>
<td>13%</td>
</tr>
<tr>
<td>EMEA ex UK</td>
<td>12.4</td>
<td>13%</td>
</tr>
<tr>
<td>UK</td>
<td>44.4</td>
<td>45%</td>
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<tr>
<td>North America</td>
<td>29.2</td>
<td>30%</td>
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⭐ FTSE offices and trading venue partnerships
Strong FTSE Governance Unchanged

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