



London
Stock Exchange Group

London Stock Exchange Group plc

(Registered number 5369106, incorporated with limited liability under the laws of England and Wales)

as issuer of

£250,000,000 9.125 per cent. Notes due 2019

Issue price of Notes: 99.548 per cent.

London Stock Exchange Group plc (the "Issuer") is issuing £250,000,000 aggregate principal amount of 9.125 per cent. Notes due 2019 (the "Notes"). Interest on the Notes will be payable semi-annually in arrear in equal amounts on 18 April and 18 October of each year, in the amount of £45.625 per Calculation Amount (as defined in "Terms and Conditions of the Notes — Interest") in respect of any Note, except for the first such payment to be made on 19 October 2009 in respect of the period from and including the Issue Date (as defined in "Terms and Conditions of the Notes — Interest" and ending on but excluding 18 October 2009, which shall be in the amount of £30.42 per Calculation Amount. The Notes may be redeemed by the Issuer in whole but not in part at 100 per cent. of their principal amount, plus accrued and unpaid interest, if the Issuer becomes obliged to pay certain additional amounts and otherwise as described under "Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons". The Notes may be redeemed by the Issuer, at its option, in whole but not in part at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the relevant United Kingdom Government stock, together with accrued and unpaid interest as described under "Terms and Conditions of the Notes — Redemption and Purchase — Redemption at option of the Issuer". Upon the occurrence of certain events as described under "Terms and Conditions of the Notes — Redemption and Purchase — Redemption at option of Noteholders on a change of control", the holder of any Notes may, at its option, require the Issuer to redeem such Notes in whole but not in part at a price which shall be the higher of its principal amount and an amount calculated by reference to the yield of the relevant United Kingdom Government stock plus an additional 5.15 per cent., together with accrued and unpaid interest. Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 18 October 2019.

An investment in the Notes involves certain risks. Prospective Investors should have regard to the factors described under the section headed "Risk Factors" beginning on page 6.

The Notes will be unsecured and unsubordinated obligations of the Issuer and will rank equally in right of payment with the Issuer's existing and future unsecured and unsubordinated obligations (save in certain circumstances as described under "Terms and Conditions of the Notes — Negative Pledge").

Application has been made to (i) the Financial Services Authority (the "FSA") in its capacity as competent authority (the "UK Listing Authority") under the Financial Services and Markets Act 2000 (the "FSMA") for the Notes to be admitted to the official list of the UK Listing Authority (the "Official List"); and (ii) the London Stock Exchange plc (the "London Stock Exchange") for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "Market"). The Market is a regulated market for the purposes of Directive 2004/39/EC (the "Markets in Financial Instruments Directive"). The listing of the Notes is expected to be granted on or around 18 June 2009, subject only to the issue of the Temporary Global Note (as defined below).

The Notes will be initially represented by a temporary global note (the "Temporary Global Note") which will be issued in new global note ("NGN") form and will be delivered to a common safekeeper for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") on or about 18 June 2009 (the "Closing Date"). Interests in the Temporary Global Note will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a permanent global Note (the "Permanent Global Note" and, together with the Temporary Global Note, the "Global Notes"), on or after a date which is expected to be 28 July 2009 upon certification as to non-U.S. beneficial ownership as described herein. The Permanent Global Note will be exchangeable for definitive Notes in bearer form in the limited circumstances set out in the Permanent Global Note. See "Summary of Provisions relating to the Notes while represented by the Global Notes". No payment will be made on the Temporary Global Note unless exchange for interests recorded in the records of Euroclear and Clearstream, Luxembourg in the Permanent Global Note is improperly withheld or refused.

The Notes are expected to be rated "A—" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and "Baa2" by Moody's Investors Service Limited ("Moody's"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

This prospectus (the "Prospectus") constitutes a prospectus for the purposes of Articles 3 and 5 of Directive 2003/71/EC.

Barclays Capital

The Royal Bank of Scotland

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee (as defined below) or the Managers (as defined below). The delivery of this Prospectus at any time does not imply that the information contained herein is correct as at any time subsequent to its date.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Managers or the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Notes. Each person receiving this Prospectus acknowledges that such person has not relied on any of the Managers or the Trustee in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“**U.S. Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be delivered to one of Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

This Prospectus does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Laws in certain jurisdictions may restrict the distribution of this Prospectus and the offer and sale of the Notes. Persons into whose possession this Prospectus or any of the Notes are delivered must inform themselves about, and observe, any such restrictions. Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Prospectus. In addition, each prospective purchaser must obtain any consent, approval or permission required under the regulations in force in any jurisdiction to which it is subject or in which it purchases, offers or sells the Notes. The Issuer shall not have any responsibility for obtaining such consent, approval or permission. In particular there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States (or to or for the account or benefit of U.S. persons) and the United Kingdom. For a description of these further restrictions on offers and sales of the Notes and distribution of this Prospectus, see “Subscription and Sale” beginning on page 46.

In connection with the issue of the Notes, Barclays Bank PLC (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted in accordance with all applicable laws and rules.

Currencies

In this Prospectus, references to “pound sterling”, “sterling”, “£”, “penny” or “pence” are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the “**United Kingdom**” or the “**UK**”) and references to “euro”, or “€” or “cent” are to the currency introduced at the start of the third

stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Definitions

Certain words and expressions used in this Prospectus shall have the meanings set out in “Definitions” on page 49.

Forward Looking Statements

Certain statements contained in this Prospectus, including those under the captions “Risk Factors”, “Overview”, “Use of Proceeds”, “Description of the Issuer” constitute “forward looking statements”. These forward looking statements can be identified by the use of forward looking terminology, including the terms “believe”, “estimate”, “anticipate”, “intend”, “may”, “will” or “should” or in each case their negative, or other variations or comparable terminology. Such forward looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include, among others, general economic and business conditions, industry trends, competition, changes in government regulation, currency fluctuations, changes in business strategy or development, political and economic uncertainty and other risks described in “Risk Factors”. There can be no assurance that the results and events contemplated by the forward looking statements contained in this Prospectus will, in fact, occur.

These forward looking statements speak only as at the date of this Prospectus. The Issuer will not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Prospectus except as required by law or by any appropriate regulatory authority. Any statements made in this Prospectus with regard to the competitive position of the Group are based on the Group’s own internal assessments.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated in, and form part of, this Prospectus (excluding in each case any information incorporated by reference into such documents):

- (a) the audited consolidated financial statements of the Issuer for the year ended 31 March 2009, and the auditors' report thereon (set out on pages 54 to 93 of the Issuer's annual report for 2009); and
- (b) the audited consolidated financial statements of the Issuer for the year ended 31 March 2008, and the auditors' report thereon (set out on pages 56 to 93 of the Issuer's annual report for 2008).

The documents incorporated by reference in this Prospectus have been previously published or are published simultaneously with this Prospectus and have been approved by the Financial Services Authority or filed with it. Such documents shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained from (i) the registered office of the Issuer and/or (ii) the Issuer's website at www.londonstockexchange.com.

The financial statements of the Issuer incorporated by reference herein have been audited without qualification by PricewaterhouseCoopers LLP, Hays Galleria, 1 Hays Lane, London SE1 2RD.

RISK FACTORS

Any investment in the Notes would be subject to a number of risks. Prospective investors should carefully consider, in light of their own financial circumstances and investment objectives, the following risks before making an investment in the Notes. If any of the following risks actually occur, the market value of the Notes may be adversely affected. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

Words and expressions defined in the sections headed “Terms and Conditions of the Notes” and “Definitions” shall have the same meanings in this section.

Risks relating to the industry

Economic environment

Business conditions in the savings market supply chain can affect investment in securities. These conditions are influenced by a variety of factors including: demographic changes including the behaviour of the population in saving to pay for future obligations, the fiscal and monetary policies of governments and central banks and any changes in EU and domestic legislation. Such changes may impact the ability of the Group to achieve its targets. The Group is not in a position to influence these factors directly and it is not always possible to predict or foresee the occurrence or scale of their impact on the business.

Structure of the industry

In response to the gradual liberalisation of, and the current conditions in, world financial markets, participants in the securities market are undergoing a significant level of corporate restructuring. In particular, a high proportion of business in the securities market is becoming increasingly concentrated in a smaller number of institutions and the Group’s revenue may therefore become concentrated in a smaller number of customers. Further restructuring in the global exchange sector, were it to occur, could impact the Group’s ability to implement its strategy.

Regulation

The securities markets have recently been the subject of increasing governmental and public scrutiny in response to the global economic crisis. During the coming months it is possible that there will be significant changes in the regulatory environment of the Group’s markets. In the UK, the FSA’s “Turner Review, A regulatory response to the global banking crisis” and its accompanying Discussion Paper 09/2, “A regulatory response to the global banking crisis” indicate a commitment to revise the FSA’s regulatory philosophy and enhance its supervisory approach.

Risks relating to the business of the Group

Market activity

The Group’s revenues and profitability are dependent upon the levels of activity on its markets. The ongoing recessionary environment could reduce customer demand for the Group’s services and the ability of its customers, lenders and other counterparties to meet their obligations to the Group. During the current recession, the Group has experienced reduced trading values across the Group’s markets and the pace of initial public offerings has declined to levels below those of recent years. The outlook for recovery in the market for initial public offerings is closely tied to the availability of risk capital which may not return to historic levels for some time. The demand for real time data may reduce due to cut-backs in headcount and costs among customers. Furthermore, given that Borsa Italiana Group’s post-trading services are connected with the activity on both its own and third-party markets, the general level of market activity may have an impact on revenues and margins generated by the provision of these services. Such slowdown might adversely affect the Group’s revenues.

RIE regulation

The London Stock Exchange is authorised by the FSA as a Recognised Investment Exchange (“**RIE**”). In order to obtain RIE status, a body must satisfy the Recognition Requirements which include: the provision of proper and orderly markets; sufficiency of financial resources; safeguards for investors; monitoring and enforcement; and investigation of complaints. These requirements apply to all markets operated by the London Stock Exchange. If a RIE fails to continue to meet such Recognition Requirements, or if the RIE fails to comply with any obligation to which it is subject under FSMA, then the FSA has the power to direct compliance by the RIE with such requirements and ultimately to revoke the RIE’s recognition.

Regulation of Borsa Italiana

Borsa Italiana is authorised by Consob, the Italian securities and exchange commission, as the management company of regulated markets in Italy. In order to obtain authorisation to manage regulated markets, certain requirements must be satisfied which include minimum capital and integrity and experience requirements for persons performing administrative and management functions. Borsa Italiana is subject to supervision by Consob in accordance with the provisions of the law on financial intermediation (“**TUF**”). In addition, Consob supervises the regulated markets operated by Borsa Italiana (pursuant to the provisions of TUF) with the aim of ensuring transparency of the markets, orderly conduct of trading and protection of investors. Failure to adhere to Consob requirements could lead to Borsa Italiana’s authorisation being revoked.

The Ministry for the Economy and Finance in Italy has the power to dissolve the administrative and control bodies of the market management company and to confer their powers on a special administrator in the event of serious irregularities in the management of markets or in the administration of market management companies and whenever necessary for the protection of investors. Where such irregularities prove to be particularly serious, the Ministry for the Economy and Finance can issue a decree revoking the authorisation to manage regulated markets.

Borsa Italiana’s subsidiaries are also subject to authorisation and oversight by different regulatory bodies (who ultimately have the power to revoke the authorisations), depending on their activities:

- Società per il Mercato dei Titoli di Stato S.p.A. (“**MTS**”) is authorised by the Ministry for the Economy and Finance, in conjunction with the Bank of Italy, to manage the wholesale market in governmental securities. It is also authorised by Consob to manage the wholesale market for corporate bonds other than government securities.
- Cassa di Compensazione e Garanzia S.p.A. (“**CC&G**”), which manages a clearing system, is authorised and subject to public oversight by the Bank of Italy and Consob.
- Monte Titoli S.p.A. (“**Monte Titoli**”) provides settlement services which are subject to administrative authorisation and to public oversight by the Bank of Italy in agreement with Consob. Furthermore Monte Titoli has been authorised by Consob to provide central depositories services.

Competitive pressure

The terms under which business has been conducted in the European Union have been further liberalised by MiFID, the Markets in Financial Instruments Directive which came into effect on 1 November 2007. This legislation is intended to achieve increased transparency in transactions in securities and requires all business in securities traded on regulated markets to be published via a reporting venue irrespective of where the trade takes place. This legislation presents market participants with the opportunity to conduct and publish trades in different ways and on alternative venues, thereby removing national concentration rules where they exist, such as in Italy. MiFID provides the Group with the opportunity to compete for pan-European trade reporting as well as generating a competitive threat for existing trade reporting revenues earned by the London Stock Exchange and Borsa Italiana, and execution fees earned by Borsa Italiana.

The Group also faces competition from other exchanges as well as from multilateral trading facilities and systematic internalisation by member firms. This competition may intensify in the near future especially as technological advances create pressure to reduce the costs of trading. In addition, a high proportion of the Group’s trading business is concentrated in a small number of market participants which may lead to pressure on pricing.

Competition among trading venues might increase competition to Borsa Italiana and the London Stock Exchange in the business of value added services, such as the provision of data. In addition, the information service vendors might be in a better position to collect and disseminate data, creating a threat to existing information services revenues.

Borsa Italiana Group and the London Stock Exchange are among the signatories of the European Code of Conduct for Clearing and Settlement signed on 7 November 2006 (the “**Code of Conduct**”). The Code of Conduct aims to offer market participants the freedom to choose their preferred provider of services separately at each layer of the transaction chain (trading, clearing and settlement). Competition among post-trading organisations might intensify as a result of the implementation of the provisions of the Code of Conduct leading to a potential loss of market share for Borsa Italiana in Italian equities clearing.

The European Central Bank has indicated a plan to create a centralised settlement mechanism for Eurozone equities (to be known as Target 2 for Securities or T2S). This is expected to reduce barriers for competition in settlement services in Europe, opening up new business opportunities for Monte Titoli although there is a risk that there could be an impact on the settlement revenues of Monte Titoli.

MTS competes with other trading platforms and with brokers for trading in wholesale fixed income products. If competitors are better able to provide a market model to meet evolving customer requirements for trading in these products, this could lead to a loss of trading at MTS with a consequent impact on MTS revenues.

Liquidity shift

A significant shift of liquidity away from the markets of the London Stock Exchange or Borsa Italiana would have a material impact on revenue for all core divisions due to the interdependencies in the London Stock Exchange’s and Borsa Italiana’s respective businesses. A liquidity shift could occur where: a new entrant provides lower pricing and better quality of service, a new entrant can provide these services at low cost, customers are dissatisfied with the incumbent provider, there is a powerful, concentrated customer group, the customer group moves in a co-ordinated fashion, there are no regulatory or political barriers and there is full access to clearing and settlement infrastructure. The Group may also suffer from having a significant overlap of major global intermediaries, should they attempt to execute business away from the platforms within the Group.

IT infrastructure

To compete effectively, the Group must be able to anticipate and respond, in a timely and effective manner, to the need for new and enhanced technology. The markets in which the Group competes are characterised by rapidly changing technology, evolving industry standards, frequent enhancements to existing products and services, the introduction of new services and products and changing customer demands.

The Group’s businesses depend on technology which is secure, stable and performs to high levels of availability and throughput. The Group operates sophisticated technology platforms and service management processes in conjunction with Accenture plc, SIA S.p.A., OMX Technology AB (“**OMX**”) and other strategic technology partners. If the Group’s systems cannot expand to cope with increased demand or otherwise fail to perform, unanticipated disruptions in service, lower response times and delays in the introduction of new products and services could be experienced.

During the coming year, it is planned that EDX London Ltd will migrate from OMX onto the SOLA® Trading platform, in conjunction with TMX. Major IT projects can have high levels of risk attached to them and there is no guarantee that they will deliver the expected benefits. In this event, the strategic flexibility of the Group could be hampered and its ability to respond to customer needs for services or keener pricing could be reduced.

External service providers

The maintenance and operation of efficient IT platforms is critical to the Group’s business. The Group actively manages relationships with key strategic IT suppliers to avoid any breakdown in service provision which could adversely affect the Group’s business. Failure by the outsourced suppliers to meet their obligations could impact the Group’s businesses.

Clearing services

Clearing services for securities on the London Stock Exchange's markets are predominantly provided by LCH.Clearnet, a subsidiary of LCH.Clearnet Group Limited, which, at present, is partly owned by a competitor of the London Stock Exchange. The Issuer has in place detailed contractual provisions designed to ensure the fair treatment of the London Stock Exchange and its customers by LCH.Clearnet. In the event that such contractual arrangements are breached by LCH.Clearnet, this could impact on the efficiency and competitiveness of the London Stock Exchange's markets. Since 12 December 2008, SIX x-clear Ltd also provides central counterparty services for the London Stock Exchange's markets.

Clearing services for securities traded on the Borsa Italiana markets are provided by CC&G. CC&G acts as the central counterparty clearing house which clears business transacted both on its own markets (mainly in Italian equities, equity derivatives and equity index derivatives) and also business executed on other markets, such as Italian government bonds and repo business transacted on MTS and ICAP's BrokerTec platform.

The management and provision of clearing services is regulated, inter alia, by article 77 of TUF and by the implementing legislation (Bank of Italy resolution of 22 October 2002). Article 77 of TUF provides that the provision of clearing services is subject to oversight by the Bank of Italy and Consob. Such authorities may carry out inspections and, if necessary, the Bank of Italy may adopt any measures considered appropriate. In addition, article 77 of TUF provides that the Bank of Italy may act directly in the place of the administrators and managers of the systems and services.

Acting as a central counterparty, CC&G clears a range of equity-related, fixed-income-related and derivative products. It assumes the counterparty risk for all transactions that are cleared through its markets and is exposed to the risk of default by its clearing members. CC&G closely monitors its exposure to clearing members, and addresses this exposure by holding collateral in the form of margin deposits from clearing members and by maintaining default funds of clearing members' contributions. Default by a clearing member could adversely affect the Group's revenues and its customers' goodwill and, in extreme circumstances, could lead to a call on CC&G's own capital, potentially impacting its capacity to continue to do business.

Settlement services

Settlement services for securities traded on Borsa Italiana's markets are provided by Monte Titoli (save for those for which the settlement system is not that referred to in article 69 of TUF). The management and provision of settlement services is regulated by articles 69 and 77 of TUF and by the implementing legislation (Bank of Italy resolution of 8 September 2000). The provision of settlement services must be authorised by the Bank of Italy. Such authorisation can only be issued to a company managing the activity of central depository. The operation of settlement services is subject to the Bank of Italy's and Consob's oversight. If necessary and/or in an emergency, the Bank of Italy may adopt all appropriate measures to ensure the timely closure of settlement, and may act directly in the place of the administrators and managers of the systems and services. The Bank of Italy, in agreement with Consob, in extreme cases may revoke the authorisation.

Credit risk

The Group is exposed to credit risk from third parties, including customers, counterparties and clearing agents. In addition, the Group invests its own cash resources in relation to its regulatory and operational requirements as well as those relating to the operations of its CCP activities, in deposits with banks and financial institutions. These parties may default on their obligations to the Group due to bankruptcy, lack of liquidity or other reasons.

Brand name and reputation

The Group's strong reputation and brand names are a key competitive strength. Damage to the Group's reputation or brand names could have an adverse effect on revenue and can be caused by: litigation; negative publicity; technology failures; failure of market supervision; instances of market abuse; and inaccurate trade information, financial and market data.

Intellectual property rights

The Group protects its intellectual property by relying upon a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements and other contractual arrangements with its affiliates, clients, strategic partners and others. The protective steps the Group has taken may be inadequate to deter misappropriation of its proprietary information. Further, defending its intellectual property rights could result in the expenditure of significant financial and managerial resources, which could adversely affect the Group's business, financial condition and operating results.

Financing

In order to invest in its operations to maintain and grow the existing business, the Board expects that the current capital requirements of the Group will be met from existing cash resources, internally generated funds and access to lending facilities. However, based on a variety of factors, including the rate of market acceptance of new products, the cost of service and technology upgrades, regulatory costs and other costs beyond the control of the Group, capital requirements may vary from those currently planned. There can be no assurance that capital will be available on a timely basis or on favourable terms or at all, particularly if the capital and credit markets continue to experience volatility.

The Issuer has existing borrowings with obligations to meet regular interest payments and comply with associated covenants. If the Group's earnings fall substantially from current levels, this may result in restrictions being placed on future financing and operating activities.

The Group may require additional funds in the future if its current position changes and the Group may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of ordinary shares and any debt financing, if available, may require restrictions to be placed on the Group's future financing and operating activities.

The Group has available to it committed debt facilities with banks. These banks may default on their obligations to the Group due to bankruptcy, lack of liquidity or other reasons, which may limit the capital available to the Group to meet its financing requirements.

Exchange rate fluctuations

The Group will be subject to risks associated with exchange rate fluctuations. The Group files its consolidated financial reports and accounts in sterling and pays dividends to its shareholders in sterling, although Borsa Italiana Group generates its profits in euros. There can be no assurance that the resources which the Group devotes to managing currency risk will be successful in negating the potential impact of risks associated with the volatility in foreign currency rates. Such rates or changes could have an adverse effect on the value of the Group's future cash flow and on its results of operations and financial condition.

Interest rate fluctuations

The Group will be subject to risks associated with interest rate fluctuations. The Group holds a proportion of its borrowings (generally no more than 40 per cent., with the remaining portion held at a fixed rate) and deposits its cash and cash equivalents at floating rates of interest. There can be no assurance that the resources which the Group devotes to managing interest rate risk will be successful in negating the potential impact of risks associated with the volatility in interest rates. Such rates or changes could have an adverse effect on the Group's results and financial condition.

Competition risk

In 2003, following an inquiry into its issuer fees, the London Stock Exchange provided an undertaking to the Office of Fair Trading not to increase UK annual and admission fees for the UK Main Market and AIM by more than the increase in the Office of National Statistics service sector wage index in the period from April 2003 to April 2007. Whilst the undertaking to the Office of Fair Trading expired in April 2007, the Group recognises that competition authorities monitor activities of all commercial organisations on an ongoing basis.

Property

The Group has a portfolio of freehold and leasehold property. Damage or destruction of property or its infrastructure could impair the conduct of the Group's business and adversely impact revenue.

Employees

The calibre and performance of the Group's senior management and other key employees are critical to the success of the Group. The Group's ability to attract and retain key personnel is dependent on a number of factors including prevailing market conditions, compensation packages offered by companies competing for the same talent and any regulatory impact thereon and the impact of share price performance on the Group's share schemes. Failure to attract and retain key personnel may adversely affect the Group's ability to conduct its business through an inability to execute business strategies effectively.

Benefits of new business initiatives

New business initiatives, together with partnerships and joint ventures with third parties, are an important part of the Group's growth strategy. These may require significant resources, result in anticipated losses, costs or liabilities, or fail to achieve the forecast benefits.

Benefits of the merger

The Group may not realise the full expected benefits and synergies from the merger between the Issuer and Borsa Italiana or may encounter difficulties in achieving these anticipated benefits. There can be no assurance that the Group will realise these benefits in the time expected or at all. In addition, there can be no assurance that the costs of the implementation of the expense savings programme will not exceed those estimated. This could have a negative impact on the business, operating profit or overall financial condition of the Group.

Risks related to the structure of the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (1) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (4) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (5) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Intra Group payment of dividends and distributions

The Issuer is a holding company with no material assets other than its equity interests in its subsidiaries. Almost all of the Issuer's operations are carried out through the London Stock Exchange and its subsidiaries and Borsa Italiana and its subsidiaries. The Issuer's principal source of income is, and its ability to meet its financial obligations is therefore dependent upon the level of, dividends, loan repayments, distributions and other intercompany transfers of funds it receives from the London Stock Exchange and Borsa Italiana. There is no contractual obligation for the London Stock Exchange or Borsa Italiana to make regular dividend payments to the Issuer. In addition, the ability of the directors of a

subsidiary of the Issuer to declare dividends or the amount of dividends they may pay will depend on the relevant company's operating results and will be subject to applicable laws and regulations. Claims of creditors of the Issuer's subsidiaries have priority as to the assets of such subsidiaries to the claims of the Issuer. Consequently, the claims of the holders of Notes issued by the Issuer are structurally subordinated, in the event of the insolvency of the Issuer's subsidiaries, to the claims of the creditors of the Issuer's subsidiaries.

Redemption

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any amendment to or change in the laws or regulations of a Relevant Jurisdiction (as defined in Terms and Conditions of the Notes — Taxation) or change in an official interpretation or application of such laws or regulations, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

The Issuer has the option to redeem the Notes in whole but not in part at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield on the relevant United Kingdom Government stock, together with accrued and unpaid interest as described under Condition 6.3. This optional redemption feature is likely to limit the market value of the Notes since the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders: (1) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or provisions of the Trust Deed; or (2) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders); or (3) agree to the substitution of another company as principal debtor under the Notes in place of the Issuer, in the circumstances described in "Terms and Conditions of the Notes — Substitution and — Meetings of Noteholders, Modification, Waiver, Authorisation and Determination".

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or to certain other persons in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax (see Condition 7.1 of the Terms and Conditions of the Notes). For so long as any Note is outstanding, the Issuer undertakes to maintain a Paying Agent in a Member State of the European Union that does not impose an obligation to withhold or deduct tax pursuant to this Directive (see Condition 5.6 of the Terms and Conditions of the Notes).

Change of law

The Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in English law or administrative practice after the date of this Prospectus.

Trading in the clearing systems

The Notes are issued in the denomination of £50,000 and integral multiples of £1,000 in excess thereof, up to and including £99,000. Accordingly, the Notes may be traded in amounts in excess of £50,000 that are not integral multiples of £50,000. In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than £50,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least £50,000 in order to receive a definitive Note.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of £50,000 may be illiquid and difficult to trade.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Notes by making payments to the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Risks related to the market generally

Liquidity of the Notes

The Notes will be new securities for which there currently is no established trading market. No assurance can be given that a liquid market will develop for the Notes, that the Notes can be sold at a particular time or that the price received on the sale of the Notes will be favourable. The Notes are subject to restrictions on transfer, which are described under the “Subscription and Sale” section of this Prospectus. The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of the Notes;
- the Group’s operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market for the Notes; and
- prevailing interest rates.

An active market for the Notes may not develop and, if it develops, it may not continue. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in sterling. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the

Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rates

Fluctuations in interest rates can affect the market values of, and corresponding levels of capital gains or losses on, fixed income securities. During periods of rising interest rates, the prices of fixed income securities, such as the Notes, tend to fall and gains are reduced or losses incurred upon their sale. Accordingly, investment in the Notes involves the risk that changes in market interest rates may adversely affect the value of the Notes.

Credit ratings

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

OVERVIEW

The following is an overview of the terms of the Notes. This overview is derived from, and should be read in conjunction with, the full text of the Terms and Conditions of the Notes (the “**Conditions**”) and the Trust Deed constituting the Notes, which prevail to the extent of any inconsistency with the terms set out in this overview. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the relevant Conditions.

Notes being offered	£250,000,000 9.125 per cent. Notes due 2019 (the “Notes”)						
Issuer	London Stock Exchange Group plc (the “Issuer”)						
Managers	Barclays Bank PLC The Royal Bank of Scotland plc						
Issue price	99.548 per cent.						
Maturity date	18 October 2019						
Yield	9.197 per cent. calculated on a semi annual basis						
Interest rate	The Notes will bear interest at the rate of 9.125 per cent. per annum from and including 18 June 2009.						
Interest rate adjustment	The interest payable on the Notes will be adjusted from and including the next succeeding Interest Payment Date in the event of a change in any credit rating assigned to the Notes on a solicited basis so that the interest rate then payable will be as set out in the table below:						
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Credit Rating</th> <th style="text-align: right; border-bottom: 1px solid black;">Interest Rate</th> </tr> </thead> <tbody> <tr> <td>BBB – /Baa3 or equivalent or better</td> <td style="text-align: right;">9.125 per cent.</td> </tr> <tr> <td>BB+ /Ba1 or equivalent or below (or no credit rating currently assigned)</td> <td style="text-align: right;">10.375 per cent.</td> </tr> </tbody> </table>	Credit Rating	Interest Rate	BBB – /Baa3 or equivalent or better	9.125 per cent.	BB+ /Ba1 or equivalent or below (or no credit rating currently assigned)	10.375 per cent.
Credit Rating	Interest Rate						
BBB – /Baa3 or equivalent or better	9.125 per cent.						
BB+ /Ba1 or equivalent or below (or no credit rating currently assigned)	10.375 per cent.						
Interest payment dates	Interest on the Notes will be payable semi annually in arrear in equal amounts of £45.625 on 18 April and 18 October of each year, except for the first such payment to be made on 19 October 2009 in respect of the period from and including the Issue Date and ending on but excluding 18 October 2009, which shall be in the amount of £30.42.						
Ranking	The Notes will constitute direct, unconditional and (subject to the Negative Pledge) unsecured obligations of the Issuer. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, and subject to the Negative Pledge, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.						
Use of proceeds	It is anticipated that the net proceeds from the issue and sale of the Notes will be approximately £247,495,000 and will be applied by the Issuer in order to refinance indebtedness and for the Group’s general corporate purposes.						
Further issues	The Issuer may from time to time, without the consent of the holders of the Notes, create and issue further notes or bonds either ranking <i>pari passu</i> in all respects (or in all respects save for the first payment of interest thereon) so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or upon such terms as the Issuer may determine at the time of their issue. See “Terms and Conditions of the Notes — Further Issues.”						

Additional amounts	In the event that withholding taxes are required to be withheld or deducted from payments on any of the Notes, the Issuer will, subject to certain exceptions described in this Prospectus, pay such additional amounts as will result, after deduction or withholding of such taxes, in the payment of the amounts which would have been payable in respect of such Notes had no such withholding or deduction been required. See “Terms and Conditions of the Notes — Taxation — Payment without Withholding.”
Optional redemption for tax reasons	The Notes may be redeemed at the option of the Issuer, in whole but not in part, at any time at 100 per cent. of the principal amount thereof plus accrued interest on the date fixed for redemption if certain events occur that would require the Issuer to pay additional amounts, as described under “Terms and Conditions of the Notes — Redemption for Taxation Reasons”.
Redemption at option of Issuer	The Notes may be redeemed at the option of the Issuer in whole but not in part at any time at a price which shall be the higher of the principal amount thereof and an amount calculated by reference to the yield of the 4.5 per cent. U.K. Government Treasury Stock 2019, together with accrued and unpaid interest, as described under “Terms and Conditions of the Notes — Redemption at option of the Issuer”.
Redemption on Change of Control	If a Change of Control (as defined in Condition 6.4) of the Issuer occurs and, within 120 days thereafter (or such longer period as the Notes are under consideration, announced publicly within such 120 day period, for rating review), any credit rating of the Notes is downgraded from a rating of BBB–/Baa3 (or equivalent) or better to a rating of BB+/Ba1 (or equivalent) or below or withdrawn, or at the time of occurrence of a Change of Control the Notes carry a rating of BB+/Ba1 (or equivalent) or below or no credit rating, then each Noteholder shall have the option to require the Issuer to redeem any Note held by the Noteholder at a price which shall be the higher of the principal amount thereof and an amount calculated by reference to the yield of the 4.5 per cent. U.K. Government Treasury Stock 2019, plus 5.15 per cent., together with accrued and unpaid interest, as described under “Terms and Conditions of the Notes — Redemption at option of Noteholders on a change of control”.
Form and denomination	The Notes will be initially issued in the form of a bearer form Temporary Global Note exchangeable for a Permanent Global Note. The Notes will be in the denomination of £50,000 and integral multiples of £1,000 in excess thereof, up to and including £99,000. Definitive Notes will only be available in the limited circumstances specified in the relevant Global Note.
Listing	Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and the London Stock Exchange for the Notes to be admitted to trading on the Market.
Negative Pledge	The terms and conditions of the Notes contain a negative pledge provision as described further in “Terms and Conditions of the Notes — Negative Pledge.”
Events of Default	The terms and conditions of the Notes contain events of default (including a cross acceleration provision) as described further in “Terms and Conditions of the Notes — Events of Default.”
Trustee	HSBC Corporate Trustee Company (UK) Limited is the trustee under the Trust Deed to be dated on or about 18 June 2009.

Principal Paying Agent	HSBC Bank plc.
Governing law	The Notes and the Trust Deed will be governed by, and construed in accordance with, English law.
Risk factors	Prospective purchasers of the Notes should consider carefully all of the information set forth in this Prospectus and, in particular, the information set forth under “Risk Factors” before making an investment in the Notes.
Expected Rating of the Notes	“A-”, S&P , “Baa2”, Moody’s

USE OF PROCEEDS

The net proceeds from the issue of the Notes, expected to amount to approximately £247,495,000, will be used by the Issuer in order to refinance indebtedness and for the Group's general corporate purposes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The £250,000,000 9.125 per cent. Notes due 2019 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with the Notes) of London Stock Exchange Group plc (the “**Issuer**”) are constituted by a Trust Deed to be dated on or about 18 June 2009 (the “**Trust Deed**”) made between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the “**Trustee**”, which expression shall include its successor(s)) as trustee for the holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement to be dated on or about 18 June 2009 (the “**Agency Agreement**”) made between the Issuer, HSBC Bank plc as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor or additional principal paying agent appointed from time to time in connection with the Notes), the other paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any successor or additional paying agent appointed from time to time in connection with the Notes) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. Form, Denomination and Title

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000 with Coupons attached on issue. No definitive Notes will be issued with a denomination above £99,000. Notes of one denomination may not be exchanged for Notes of another denomination.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. Status of the Notes

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other outstanding unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. Negative Pledge

3.1 Negative Pledge

So long as any of the Notes remain outstanding (as defined in the Trust Deed) the Issuer shall not create or permit to be outstanding any mortgage, charge, lien (other than a lien arising by operation of law), pledge or other security interest (each a “**Security Interest**”), upon the whole or

any part of its undertaking or assets, present or future (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by a Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than two thirds of the votes cast thereon) of the Noteholders.

3.2 Interpretation

For the purpose of this Condition 3, “**Relevant Indebtedness**” means (i) any indebtedness for borrowed money having an original maturity of more than one year, which is evidenced by bonds, notes, debentures or other securities which, with the consent of the Issuer, are, or are intended to be, listed or traded on any stock exchange, over-the-counter or other securities market and (ii) any guarantee or indemnity in respect of any such indebtedness.

4. Interest

4.1 Initial Interest Rate and Interest Payment Dates

Subject as provided in Condition 4.4, the Notes bear interest from and including 18 June 2009 (the “**Issue Date**”) at the rate of 9.125 per cent. per annum, (the “**Initial Interest Rate**”) payable semi-annually in arrear in equal amounts on 18 April and 18 October of each year (each, an “**Interest Payment Date**”), except the first such payment to be made on 19 October 2009 in respect of the period from and including the Issue Date and ending on but excluding 18 October 2009, shall be in the amount of £30.42 per Calculation Amount (as defined below). The period commencing on and including one Interest Payment Date (or in the case of the first such period, commencing on and including the Issue Date) and ending on but excluding the immediately following Interest Payment Date is referred to in these Conditions as an “**Interest Period**”.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.3 Calculation of Interest

The amount of interest payable per £1,000 in principal amount of the Notes (the “**Calculation Amount**”) in respect of a full Interest Period shall be calculated on the basis of: (a) multiplying the Calculation Amount by the Interest Rate applicable to the Notes during the relevant Interest Period determined pursuant to Condition 4.4 below; and (b) dividing the result by two, rounding the resulting sterling amount to the nearest penny (half a penny being rounded upwards).

When interest is required to be calculated in respect of a period of less than a full Interest Period, the amount of interest payable per Calculation Amount shall be calculated on the basis of: (a) multiplying the Calculation Amount by the rate of interest applicable to the Notes during the relevant Interest Period determined pursuant to Condition 4.4 below; (b) multiplying the result by the actual number of days in the period from and including the date from which interest begins to accrue (the “**Accrual Date**”) to but excluding the date on which it falls due; (c) dividing the result by the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date; and (d) dividing the result by two, rounding the resulting sterling amount to the nearest penny (half a penny being rounded upwards).

The amount of interest payable in respect of each Note shall be calculated by multiplying the amount of interest payable per Calculation Amount by the principal amount of such Note divided by the Calculation Amount.

4.4 Step Down Rating Change or Step Up Rating Change

- (a) The rate of interest payable on the Notes will be subject to adjustment from time to time in the event, *inter alia*, of a Step Up Rating Change or a Step Down Rating Change, as follows:
- (i) subject to paragraph (iii) below, for so long as the Notes are assigned a credit rating from any Rating Agency of BBB – /Baa3 (or equivalent) or better, and from and including the first Interest Payment Date following the date of a Step Down Rating Change to a credit rating of BBB – /Baa3 (or equivalent) or better, the rate of interest payable on the Notes shall be the Initial Interest Rate. For the avoidance of doubt, the rate of interest payable on the Notes shall remain at the Initial Interest Rate notwithstanding any further increase in the rating assigned to the Notes above BBB – /Baa3 (or equivalent);
 - (ii) subject to paragraph (iii) below, from and including the first Interest Payment Date (1) following the date of a Step Down Rating Change or a Step Up Rating Change to a credit rating of BB+ /Ba1 (or equivalent) or below or (2) following the date on which there is no credit rating assigned to the Notes by any Rating Agency, the rate of interest payable on the Notes shall be the Initial Interest Rate plus 1.25 per cent. per annum, being 10.375 per cent. per annum. For the avoidance of doubt, the rate of interest payable on the Notes shall remain at 10.375 per cent. per annum notwithstanding any further decrease in the rating of the Notes below BB+ /Ba1 (or equivalent); and
 - (iii) if no credit rating is assigned to the Notes by any Rating Agency or if a Step Up Rating Change to a credit rating of BB+ /Ba1 (or equivalent) or below occurs and, subsequently, a Step Down Rating Change to a credit rating of BBB – /Baa3 (or equivalent) or better occurs during the same Interest Period, the rate of interest payable on the Notes shall neither be increased nor decreased as a result of either such event.
- (b) Notwithstanding any other provision of this Condition 4.4, there shall be no adjustment in the rate of interest applicable to the Notes (1) on the basis of any rating assigned to the Notes by any rating agency other than on a basis solicited by or on behalf of the Issuer even if at the relevant time such rating is the only rating then assigned to the Notes and (2) at any time after notice of redemption has been given by the Issuer pursuant to Condition 6.3.
- (c) There shall be no limit on the number of times that adjustments to the rate of interest payable on the Notes may be made pursuant to this Condition 4.4 during the term of the Notes, provided always that at no time during the term of the Notes will the rate of interest payable on the Notes be less than the Initial Interest Rate or more than the Initial Interest Rate plus 1.25 per cent. per annum.
- (d) If the rating designations employed by any of Moody's, Fitch or S&P are changed from those which are described in this Condition 4.4, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of Moody's, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or S&P and Condition 4.4 shall be read accordingly.
- (e) The Trustee is under no obligation to ascertain whether a Step Down Rating Change or a Step Up Rating Change or any event which could lead to the occurrence of or could constitute a Step Down Rating Change or a Step Up Rating Change, has occurred and, until it shall have actual knowledge or notice pursuant to The Trust Deed to the contrary, the Trustee may assume that no Step Down Rating Change or other such event has occurred.
- (g) The Issuer will cause the occurrence of an event giving rise to an adjustment in the rate of interest payable on the Notes pursuant to this Condition 4.4 to be notified to the Trustee and the Principal Paying Agent and notice thereof to be given in accordance with Condition 12 as soon as possible after the occurrence of the relevant event but in no event later than the fourth Business Day in London thereafter.
- (f) In these Conditions:
- “**Fitch**” means Fitch Ratings Ltd., or its successor;
- “**Moody's**” means Moody's Investors Service Limited, or its successor;

“**Rating Agencies**” means Moody’s, Fitch, S&P or any other rating agency selected by the Issuer from time to time with the prior written approval of the Trustee to assign a credit rating to the Notes (a “**Substitute Rating Agency**”) and “**Rating Agency**” means any one of them;

“**S&P**” means Standard and Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., or its successor;

“**Step Down Rating Change**” means the public announcement by any Rating Agency assigning a credit rating to the Notes of an increase in, or confirmation of, the rating of the Notes or, as the case may be, of a credit rating being applied, provided, in each case, that at any time where there is a rating assigned to the Notes by more than one Rating Agency a Step Down Rating Change shall occur upon the relevant public announcement by the last Rating Agency to announce an increase in the rating assigned to the Notes; and

“**Step Up Rating Change**” means the public announcement by any Rating Agency assigning a credit rating to the Notes of a decrease in, or confirmation of, the rating of the Notes or, as the case may be, of a credit rating being applied, provided, in each case that at any time where there is a rating assigned to the Notes by more than one Rating Agency a Step Up Rating Change shall occur upon the relevant public announcement by the first Rating Agency to announce a decrease in the rating assigned to the Notes.

5. Payments

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to a sterling account (or any other account to which sterling may be credited or transferred) specified by the payee or, at the option of the payee, by sterling cheque.

5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8).

5.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7.

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

“**Presentation Date**” means a day which (subject to Condition 8):

- (a) is or falls after the Relevant Date (as defined below);
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

- (c) in the case of payment by credit or transfer to a sterling account as referred to above, is a day (other than a Saturday or Sunday) on which commercial banks are open for business in London.

In these Conditions, “**Business Day**” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

5.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Notes are listed on the official list of the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on London Stock Exchange’s Regulated Market, shall be London; and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent (which may be the Principal Paying Agent) in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

6. Redemption and Purchase

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 18 October 2019.

6.2 Redemption for Taxation Reasons

Unless the Issuer has previously given notice of redemption under Condition 6.3 or a Put Event Notice (as defined in Condition 6.4) has been given pursuant to Condition 6.4, if the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 7; and
- (b) such requirement cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date for redemption), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the requirement referred to in (i) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out

above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

6.3 Redemption at option of the Issuer

Unless a Put Event Notice has been given pursuant to Condition 6.4, the Issuer may at any time, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")) redeem all, but not some only, of the Notes at a redemption price per Note equal to the greater of the following, in each case together with interest accrued to but excluding the Optional Redemption Date:

- (a) 100 per cent. of the principal amount of the Note; and
- (b) the price (as reported in writing to the Issuer and the Trustee by a financial adviser appointed by the Issuer and approved by the Trustee) expressed as a percentage at which the Gross Redemption Yield on the Notes on the Calculation Date is equal to the Gross Redemption Yield at 11.00 a.m. (London time) on the Calculation Date of the 4.5 per cent. U.K. Government Treasury Stock 2019 (or, where such financial adviser advises the Trustee that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend). For such purposes, "**Calculation Date**" means the date which is the second Business Day in London prior to the Optional Redemption Date and "**Gross Redemption Yield**" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Trustee by such financial adviser.

6.4 Redemption at option of Noteholders on a change of control

- (a) A "**Put Event**" will be deemed to occur if:
 - (i) any of the following events occur (any such event being a "**Change of Control**"):
 - (A) any person or persons acting in concert (as defined in the City Code on Takeovers and Mergers in force on the Issue Date), or any persons acting on behalf of such persons (each a "**Relevant Person**"), is/are or becomes/become interested (within the meaning of Part 22 of the Companies Act 2006) in more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or
 - (B) the Issuer enters into a transaction pursuant to which the Issuer issues shares in the Issuer to the shareholders (or equivalent) of another entity in circumstances such that those persons who immediately prior to completion of such transaction held the entire issued or allotted ordinary share capital of the Issuer or such number of shares in the capital of the Issuer carrying all of the voting rights normally exercisable at a general meeting of the Issuer, immediately following completion of such transaction, hold less than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or such number of shares in the capital of the Issuer carrying less than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or
 - (C) London Stock Exchange plc or any successor thereto ceases to be a direct or indirect subsidiary (within the meaning of section 1159 of the Companies Act 2006) of the Issuer,

provided that a Change of Control shall be deemed not to have occurred if (i) all or substantially all of the shareholders of the Relevant Person immediately after the event which would otherwise have constituted a Change of Control were the shareholders of the Issuer with the same (or substantially the same) pro rata economic interests in the share capital of the Relevant Person as such shareholders had in the share capital of the Issuer immediately prior to such event provided that such event is not part of a pre-determined series of events which, taken together, will constitute a Change of Control or (ii) the event which would otherwise have constituted a Change of Control

occurs or is carried out for the purposes of a reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; and

- (ii) at the time of the occurrence of a Change of Control, the Notes carry from any Rating Agency a credit rating of BBB – /Baa3 (or equivalent) (an “**investment grade rating**”) or better, and such rating from any Rating Agency is within a period ending 120 days after announcement of the Change of Control having occurred (or such longer period as the Notes are under consideration, announced publicly within such 120 day period, for rating review) either downgraded to a credit rating of BB+/Ba1, (or equivalent) (a “**non-investment grade rating**”), or below, or withdrawn; and
- (iii) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

Further, (a) if at the time of the occurrence of the Change of Control the Notes carry either a non-investment grade credit rating from each Rating Agency then assigning a credit rating to the Notes or no credit rating from any Rating Agency, a Put Event will be deemed to occur upon the occurrence of a Change of Control alone; and (b) if at the time of the occurrence of the Change of Control the Notes carry a rating from more than one Rating Agency, at least one of which is an investment grade rating, then sub-paragraph (ii) will apply.

- (b) If a Put Event occurs, the holder of each Note will have the option (unless prior to the giving of the relevant Put Event Notice (as defined in paragraph (c) below) the Issuer has given notice of redemption under Condition 6.2 or 6.3) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Put Date (as defined below) at its Special Redemption Amount. Such option (the “**Put Option**”) shall operate as set out below.
- (c) Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall, and at any time following the occurrence of a Put Event the Trustee shall, if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders (subject in each case to being indemnified to its satisfaction), give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 12 specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6.4.
- (d) To exercise the Put Option, if the relevant Notes are held outside Euroclear and Clearstream, Luxembourg, the holder of the Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the “**Put Period**”) of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Change of Control Put Notice**”). The Notes should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the “**Put Date**”), failing which the Paying Agent will require payment of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition shall be treated as if they were Notes. The Issuer shall redeem or, as the case may be, purchase or procure the purchase of the relevant Notes on the Put Date unless previously redeemed or purchased and cancelled.

If the relevant Notes are held through Euroclear Bank S.A./N.V. (“**Euroclear**”) or Clearstream Banking, société anonyme (“**Clearstream Luxembourg**”), to exercise the Put Option the Noteholder must, within the Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Noteholder’s instruction by Euroclear and Clearstream, Luxembourg or any common safekeeper for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

- (e) If the rating designations employed by any of S&P, Moody’s or Fitch are changed from those which are described in paragraph (a)(ii) above, or if a rating is procured from any other rating agency selected by the Issuer from time to time with the prior written approval of the Trustee to assign a credit rating to the Notes (a “**Substitute Rating Agency**”), the Issuer shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of S&P or Moody’s or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P or Moody’s or Fitch and paragraph (a)(ii) shall be read accordingly.
- (f) The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.

“**Special Redemption Amount**” means, in respect of each Note, the greater of the following, in each case together with interest accrued to but excluding the Put Date:

- (a) 100 per cent. of the principal amount of the Note; and
- (b) the price (as reported in writing to the Issuer and the Trustee by a financial adviser appointed by the Issuer and approved by the Trustee) expressed as a percentage at which the Gross Redemption Yield on the Notes on the Calculation Date (assuming for the purpose of calculating the Gross Redemption Yield that the rate of interest then applicable to the Notes is the Initial Interest Rate) is equal to the Gross Redemption Yield at 11.00 a.m. (London time) on the Calculation Date of the 4.5 per cent. U.K. Government Treasury Stock 2019 (or, where such financial adviser advises the Trustee in writing that, for reasons of liquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend) plus 5.15 per cent. For such purposes, “**Calculation Date**” means the date which is the second Business Day in London prior to the Put Date and “**Gross Redemption Yield**” means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Trustee in writing by such financial adviser.

6.5 Purchases

The Issuer, or any of its subsidiaries (within the meaning of section 1159 of the Companies Act 2006) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. All Notes purchased pursuant to this Condition 6.5 may be cancelled or held, reissued or resold at the discretion of the relevant purchaser. The Notes so purchased, while held by or on behalf of the Issuer or any subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9 and 10.

6.6 Cancellations

All Notes which are redeemed will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold.

6.7 Notices Final

Upon the expiry of any relevant notice period as is referred to in Conditions 6.2, 6.3 or 6.4 above the Issuer shall be bound to redeem or, as the case may be, purchase or procure the purchase of the Notes to which the notice refers in accordance with the terms of such Condition.

7. Taxation

7.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Jurisdiction or the jurisdiction in which the Note or Coupon is presented for payment other than the mere holding of the Note or Coupon; or
- (b) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 5).

7.2 Interpretation

In these Conditions:

“**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

“**Relevant Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

7.3 Additional Amounts

Any reference in these Conditions to any amounts of principal or interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

8. Prescription

Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5.

9. Events of Default

9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured to its satisfaction), (but, in the case of the happening of the events described in subparagraphs (b) to (h) below (other than paragraph (f) as it relates to the Issuer), only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events ("**Events of Default**"):

- (a) default is made in the payment of (i) any principal due in respect of the Notes or any of them; or (ii) interest due in respect of the Notes or any of them and the default continues for a period of 7 days; or
- (b) the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such longer period as the Trustee may permit); or
- (c) (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any Material Subsidiary is accelerated by reason of an event of default (however described) and such acceleration has not been rescinded or annulled, except where the Issuer is contesting such default in good faith; (ii) the Issuer or any Material Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or within any originally applicable grace period; (iii) any security given by the Issuer or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable and the holder thereof shall have appointed a receiver, manager or similar officer to take steps to enforce the same; or (iv) default is made by the Issuer or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, except where the Issuer is contesting its liability under such guarantee and/or indemnity in good faith; provided that no Event of Default shall occur pursuant to this subparagraph 9.1(c) unless the aggregate amount of Indebtedness for Borrowed Money or other relative liability due and unpaid to which any of sub-paragraphs (i) to (iv) above apply is at least £20,000,000 (or its equivalent in any other currency); or
- (d) any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any Material Subsidiary, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or in the case of a Material Subsidiary, a solvent winding up of such Material Subsidiary; or
- (e) the Issuer or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (f) (i) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Material Subsidiary or, as the case may be, in relation to the whole or any substantial part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any substantial part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator or an

administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 30 days; or

- (g) the Issuer or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of its creditors generally (or any class of its creditors) save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (h) any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in sub-paragraphs (d) to (g) (inclusive) above.

9.2 Interpretation

For the purposes of this Condition 9:

"Indebtedness for Borrowed Money" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of borrowed money or any liability under or in respect of any acceptance or acceptance credit.

"Material Subsidiary" means any Subsidiary:

- (i) whose net revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated net revenues, or, as the case may be, the consolidated total net assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, the reference to the latest audited financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first mentioned financial statements as if such Subsidiary had been shown in such financial statements by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer after consultation with the Issuer; or
- (ii) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (b) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (i) above.

A report by two of the directors of the Issuer that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders.

"Subsidiary" means any entity whose financial statements at any time are required by law or in accordance with the then generally accepted accounting principles in the United Kingdom to be fully consolidated with those of the Issuer.

10. Enforcement

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed,

the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured to its satisfaction.

10.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. Replacement of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. Notices

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve (it is expected that publication will normally be made in the *Financial Times*) or if published on a Recognised Information Service. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If the Notes are held in a clearing system, notice may also be given through the clearing system as set out in the Notes, in accordance with the standard rules and procedures of such clearing system. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

12.2 Notices from the Noteholders

Save as otherwise provided in these Conditions, notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. Substitution

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of any other company being a subsidiary (within the meaning of section 1159 of the Companies Act 2006), holding company or subsidiary of such holding company, of the Issuer, subject to:

- (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (b) certain other conditions set out in the Trust Deed being complied with.

14. Meetings of Noteholders, Modification, Waiver, Authorisation and Determination

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be two or more persons (or one person if all

Notes are held by one person) present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting two or more persons (or one person if all the Notes are held by one person) present whatever the principal amount of the Notes held or represented by him or them. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error.

14.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution in accordance with these Conditions shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

15. Indemnification of the Trustee and its Contracting with the Issuer

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (a) to enter into business transactions with the Issuer and/or any of the Issuer's subsidiaries (within the meaning of section 1159 of the Companies Act 2006) and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking pari passu in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

17. Governing Law

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with any of them shall be governed by, and will be construed in accordance with, English law.

18. Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions while the Notes are represented by the Global Notes.

1. Nominal Amount and Exchange

The nominal amount of Note shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg and/or any alternative clearing system approved by the Trustee (each a “**relevant Clearing System**”). The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Notes represented by the Temporary Global Note and Permanent Global Note and a statement issued by a relevant Clearing System at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

The Temporary Global Note is exchangeable in whole or in part for interests recorded in the records of the relevant Clearing System in the Permanent Global Note on or after a date which is expected to be 28 July 2009 upon certification as to non-U.S. beneficial ownership. The Permanent Global Note is exchangeable in whole but not in part (free of charge to the holder) for bearer Notes in definitive form (“**Definitive Notes**”) if the Permanent Global Note is held on behalf of a relevant Clearing System and such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available. Thereupon the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and the Principal Paying Agent of its intention to exchange the Permanent Global Note for Definitive Notes on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below), the holder of the Permanent Global Note may surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed.

“**Exchange Date**” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located.

2. Payments

On and after 28 July 2009, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to a relevant Clearing System for communication to the relative Accountholders rather than by publication as required by Condition 12. Any such notice shall be deemed to have been given to the Noteholders on the day which is one business day, being a day on which banks are generally open, in Brussels or Luxembourg, as the case may be, after the date on which such notice is delivered to a relevant Clearing System, as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through a relevant Clearing System and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of a relevant Clearing System, each person (other than a relevant Clearing System) who is for the time being shown in the records of such relevant Clearing System as the holder of a particular principal amount of such Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by the relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 9) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the relevant Clearing System, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 of the Terms and Conditions of the Notes).

6. Cancellation

The Principal Paying Agent will instruct the relevant Clearing System to make appropriate entries in their records to reflect the cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption.

7. Put Option

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of a relevant Clearing System, the option of the Noteholders provided for in Condition 6.4 of the Terms and Conditions of the Notes may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by a relevant Clearing System or any common safekeeper for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised within the time limits set forth in that Condition. The Issuer shall procure that any exercise of any option or any right under the Notes, as the case may be, shall be entered in the records of the relevant Clearing System and upon such entry being made, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

8. Meetings

At any meeting of Noteholders the holder of a Global Note will be treated as having one vote in respect of each £1,000 in principal amount of Notes for which such Global Note may be exchanged.

9. Euroclear and Clearstream, Luxembourg

References in the Global Notes and this summary to a relevant Clearing System shall be deemed to include references to any other clearing system approved by the Trustee in which the Notes are held from time to time.

DESCRIPTION OF THE ISSUER

The financial information discussed below has been extracted without material adjustment from the consolidated financial information for the Issuer in respect of the year ended 31 March 2009 and the year ended 31 March 2008 incorporated by reference herein, see page 5.

The operating information discussed below is derived from the Group's internal operational and financial reporting systems.

THE ISSUER

The Issuer is the ultimate holding company of its main operating subsidiaries, London Stock Exchange plc and Borsa Italiana S.p.A. and their respective subsidiary undertakings. As at 10 June 2009, the Issuer has been notified of the following interests amounting to more than 3 per cent. in the issued share capital of the Issuer in accordance with Sections 791 to 828 of the Companies Act 2006 and the FSA's Disclosure and Transparency rules: Borse Dubai Limited 20.6 per cent., Qatar Investment Authority 15.1 per cent., Horizon Asset Management Inc. 7.2 per cent., Unicredito Italiano S.p.A. 6.0 per cent., Intesa Sanpaolo S.p.A. 5.3 per cent. and Kinetics Asset Management Inc. 3.1 per cent..

Corporate information

London Stock Exchange Group 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 5369106 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. On 15 May 2006 it became the holding company of London Stock Exchange plc pursuant to a scheme of arrangement made under section 425 of the Companies Act 1985 and replaced London Stock Exchange plc as the listed entity. On 1 October 2007 it became the holding company of Borsa Italiana pursuant to the terms of a combination agreement entered into between the Issuer and Borsa Italiana on 23 June 2007. On 20 January 2009, the Issuer acquired London Stock Exchange Group Holdings (Italy) Ltd, following which, on 31 March 2009, London Stock Exchange Group plc disposed of Borsa Italiana S.p.A. to London Stock Exchange Group Holdings (Italy) Ltd.

The registered and head office of London Stock Exchange Group plc is 10 Paternoster Square, London, EC4M 7LS. Its telephone number is +44 (0) 20 7797 1000. The principal legislation under which London Stock Exchange Group plc operates is the Companies Acts 1985 and 2006.

Xavier Rolet took over from Clara Furse as Chief Executive on 20 May 2009. Clara Furse will leave the Board on 15 July 2009. At the date hereof, the directors of London Stock Exchange Group plc (in such capacities, each having their business address at 10 Paternoster Square, London, EC4M 7LS) are as follows:

Directors

Chris Gibson-Smith	Chairman
Angelo Tantazzi	Deputy Chairman
Xavier Rolet	Chief Executive
Massimo Capuano	Deputy Chief Executive
Doug Webb	Chief Financial Officer
Clara Furse	Executive Director
Baroness (Janet) Cohen	Non-Executive Director
Sergio Ermotti	Non-Executive Director
Oscar Fanjul	Non-Executive Director
Andrea Munari	Non-Executive Director
Paolo Scaroni	Non-Executive Director
Nigel Stapleton	Non-Executive Director
Robert Webb Q.C.	Non-Executive Director

The principal activities of the Directors performed outside the Issuer, other than activities in relation to other members of the Group, are as follows:

- Chris Gibson-Smith is Chairman of The British Land Company plc and Non-Executive Director of Qatar Financial Centre Authority.
- Angelo Tantazzi is Non-Executive Director of Banca Popolare dell'Emilia Romagna, Coesia S.p.A., Advanced Capital S.p.A., Brenvey Asset Management and Prometeia S.p.A.. He is also Vice-Chairman of the publishing house "Il Mulino".
- Xavier Rolet has no activities outside the Group.
- Massimo Capuano has no activities outside the Group.
- Doug Webb has no activities outside the Group.
- Clara Furse is a Non-Executive Director of Legal & General Group plc, LCH.Clearnet Group Limited and Euroclear plc.
- Janet Cohen is a Life Peer and Non-Executive Chairman of Trillium Partners Ltd. She is also a Non-Executive Director of Management Consulting Group plc and Proudfoot Trustees Limited.
- Sergio Ermotti is Group Deputy CEO of UniCredit Group.
- Oscar Fanjul is Vice-Chairman of Omega Capital, Non-Executive Director of Acerinox, Marsh & McLennan Companies, Lafarge Group (Deputy Chairman) and Areva (Conseil de Surveillance).
- Andrea Munari is Managing Director of Banca IMI (Intesa Sanpaolo Group).
- Paolo Scaroni is CEO of ENI S.p.A. and Non-Executive Director of Assicurazioni Generali S.p.A., Fondazione Teatro alla Scala and Veolia Environnement SA.
- Nigel Stapleton is Chairman of the Postal Services Commission and the Mineworker's Pension Scheme. He is also Non-Executive Director of Samruk Energy and KazPost.
- Robert Webb Q.C. is Non-Executive Chairman of Autonomy Corporation plc and a board member of the BBC, Hakluyt Ltd and Argent Group plc.

By virtue of her previous position as Chief Executive of the London Stock Exchange, Clara Furse was invited to be a director of LCH.Clearnet Group Limited and Euroclear plc, both of which provide services to the London Stock Exchange. No Director has any potential conflict of interest between his or her duties to the Issuer and any private interests or other duties.

THE ISSUER'S BUSINESS

Principal Business

The principal business of the Issuer, conducted through its main operating subsidiaries London Stock Exchange and Borsa Italiana, is:

- providing markets for the issuing and trading of securities by assisting companies to raise capital through the issue of securities;
- providing platforms for investors and intermediaries to trade these and other financial investments;
- collecting and distributing market information; and
- providing post trading services including clearing, custody and settlement of securities transactions.

Strategy

The Group's strategy is built around its vision to be the world's capital market and, through doing so, create superior value for shareholders and customers.

The existing strategy has three key elements:

- extending the Group's lead in domestic and international markets. The quality of the Group's markets will continue to be underpinned by the shared principle of mutual advantage which builds

on the relationships between the Group and its increased customer base, which makes the market more efficient;

- leveraging the Group's core strengths to diversify the business. The London Stock Exchange's market position at the heart of the most international financial centre in the world, and its internationally recognised brand, provide a strong basis on which the Group seeks to diversify into contiguous markets, products or services where it can leverage its competitive edge in technology, markets and its customer franchise. Additionally, we continue to explore a range of new opportunities including various possible collaborative ventures. The Group has strong positions in both bond trading and derivatives; and
- promoting the growth and efficiency of capital markets. As an operator and developer of markets, the Issuer places at the centre of the Group's strategy the philosophy that what is profitable for the Group's customers and the market creates value for the Group and its shareholders. The Group aims to develop more efficient markets through innovation in market structure, technology and by investing in customer relationships. More efficient markets reduce the cost of equity capital for companies and the cost of trading for investors and intermediaries. This increases trading volumes which in turn makes the market more liquid and efficient, fuelling the virtuous circle which continuously drives the growth of the Group's businesses. The merger between London Stock Exchange and Borsa Italiana enhances the Group's position in a number of respects: by enabling a broader range of investors and intermediaries to access the central markets in the UK and Italy, by deploying the London Stock Exchange's world-leading TradElect platform for Italian equities and by enabling users of the UK market to access Borsa Italiana's post-trade services (which are carried out by Monte Titoli and CC&G).

Financial Information

The turnover of the Group for the last two financial years ended 31 March is as follows:

	2008 Audited IFRS	2009 Audited IFRS
	£m	£m
Issuer Services	82.4	90.4
Trading Services	264.7	275.3
Information Services	143.6	182.9
Post Trade Services	42.8	104.0
Other income	12.9	18.8
Total revenue¹	<u>546.4</u>	<u>671.4</u>

¹ Figures for Borsa Italiana included from 1 October 2007

Recent developments

For the year to 31 March 2009, the Group delivered a good underlying performance against the backdrop of difficult markets, reflecting the overall resilience and diversification of the business.

Very good progress has been made with integration of the two exchanges. The key achievement in this process was the early and successful migration of cash equities trading in Italy onto the TradElect platform in London, thereby integrating the Group's equity trading platforms. By year ended 31 March 2009, £19 million of cost synergies had been delivered and the Group now expects total cost synergies from the merger to be at least £32 million, an increase of 60 per cent. on its original forecast. Close to the full run rate will be delivered in the coming financial year. £42 million of implementation costs are expected to be incurred to achieve the extra savings, of which around £34 million has been incurred to date and a residual £8 million is expected in the current financial year. Good work has taken place towards achievement of revenue synergies though the market downturn means these may come through at slower rate than previously expected.

In February 2009 the Issuer announced that Clara Furse would step down as Chief Executive. Xavier Rolet joined the Issuer's Board on 16 March 2009, and assumed the role of Chief Executive on 20 May 2009. He brings 25 years of experience and a thorough understanding of the market, and his deep

knowledge and extensive customer network means he is highly qualified to lead the Exchange through its next stages of development and progress.

Trading levels have shown some signs of improvement since the start of the new financial year. In the first two months, the daily average value traded on UK order book increased three per cent. above the average of the previous quarter, though were still well below the levels of the same two months last year. In Italy there was stronger growth, with average daily trades 32 per cent. above the average of the preceding quarter and 22 per cent. up on the first two months of the last financial year. The daily average number of derivatives traded across the Group's markets increased 48 per cent. year on year.

In June 2008 the Group announced its intention to launch a pan-European non-display, or "dark pool", trading venue, called Baikal. A full team is in place, working towards a phased launch starting this summer, subject to regulatory approval. TradElect will be used as the trading platform, with other technology for smart order routing and algorithmic order entry/trading strategies being provided by specialist technology firms. CC&G will provide clearing services for Baikal.

Although the markets and economic environment remain challenging, looking to the future, the Issuer believes the exchange model will be seen as vital. Over the next year, it is expected that companies will continue to seek equity funds and the Issuer will continue to justify the trust that investors place in its well regulated, highly efficient and price forming trading service.

Operating subsidiaries

The businesses of the Issuer's main operating subsidiaries, London Stock Exchange and Borsa Italiana, are described in detail below.

1. Introduction

The Group's success in building liquidity is exemplified by capturing a large share of international initial public offerings, the sustained growth in trading volumes on SETS, London Stock Exchange's order book for capturing and executing orders, the breadth of data distribution to investors and traders and its highly efficient post trade assets. The Group's core business areas are:

- **Issuer Services** — which facilitates the raising of capital through the issuing of securities by companies from around the world and the dissemination of regulatory news;
- **Trading Services** — which provides a forum for investors and intermediaries to trade equity, derivative and fixed income securities via a range of robust electronic trading systems, an effective regulatory environment and a high level of price and trade transparency;
- **Information Services** — which distributes high quality, real-time price, news and other information relating to trading on the London Stock Exchange's and Borsa Italiana's platforms; and
- **Post Trade Services** — which provides efficient clearing and settlement and custody services for equity, derivative and fixed income securities.

1.1 Issuer Services

Issuer Services provides a range of markets for companies issuing debt and equity securities to raise money by selling those securities to investors.

The Group has a successful track record of developing and promoting markets and segments to meet the specific needs of issuers and facilitate capital formation. Through providing access to a deep pool of capital and efficient market, it provides liquidity in their securities and greater visibility amongst investors. Admission to trading on the Group's markets enables securities to be freely traded increasing the pool of investors that can invest in an issuer's securities. In addition RNS, the UK's leading Primary Information Provider, provides a facility for regulatory and non-regulatory news disclosure and focused capital markets news distribution on behalf of issuers.

London Stock Exchange

The London Stock Exchange operates four primary markets:

- The Main Market — which helps more established companies to gain access to London's deep pools of institutional investment capital. The profile of the Main Market is given added prominence by attribute segments and tailored FTSE indices;
- AIM — which provides these facilities for smaller growing companies. The London Stock Exchange has recently announced its investment in TOKYO AIM, a joint venture company with Tokyo Stock Exchange Group, Inc., enabling it to offer the highly successful AIM model to a wider range of Japan and Asia's growth companies;
- The Professional Securities Market — which allows issuers to list debt securities or depositary receipts of any denomination on production of listing particulars aimed at a wholesale or professional audience; and
- The Specialist Fund Market — which is a regulated market for highly specialised investment entities that wish to target institutional, professional and highly knowledgeable investors. The Specialist Fund Market is designed to further enhance London's appeal to specialist investment managers seeking a flexible and adaptable route to accessing permanent capital from a highly sophisticated global investor base.

Borsa Italiana

Borsa Italiana organises and manages the following primary markets:

- Equity markets — the electronic equity market (MTA), Mercato Expandi, AIM Italia and MAC.
- MTF — an MTA segment dedicated to closed-end funds and investment companies.
- ETFplus — for Exchange Traded Funds (ETFs) and Exchange Traded Commodities (ETCs).
- Electronic securitised derivatives market (SeDeX) — for covered warrants and certificates.
- Electronic bond market (MOT) — for bonds, government securities, eurobonds, asset backed securities (ABSs) and other debt securities.

1.2 Trading Services

Trading Services is responsible for delivering efficient trading price formation and execution services in UK, Italian and international securities, through robust trading systems, effective regulation and a high level of price and trade transparency. It derives its revenue principally from fees for execution on its electronic order books.

Cash Equities

London Stock Exchange

The London Stock Exchange's Trading Services are designed to maximise the liquidity of an individual security and provide members access to fast and efficient trade execution and reporting:

- SETS — combines electronic order-driven trading with integrated electronic market maker liquidity provision, delivering two-way executable prices. Securities on SETS include the constituents of the FTSE All Share Index, ETFs, ETCs, and over 180 of the most traded AIM and Irish securities;
- SETSqx — supports four electronic auctions a day along with continuous stand alone (non-electronically executable) quote driven market making. It is the trading service for securities less liquid than those traded on SETS;
- SEAQ — a non electronically executable market maker quote driven display trading service for the fixed interest market and for the approximately 1,200 AIM securities that are not traded on either SETS or SETSqx;
- International Order Book — an electronic order book service for the automated trading of international depositary receipts, offering easy and cost efficient access to developing economies;

- International Bulletin Board — an electronic order book for international equity securities that are either secondary London listed or based on a listing outside the UK;
- EUROSETS — an electronic order book with integrated electronic market maker liquidity provision for large and mid-cap index Dutch equities;
- European Quoting Service — quote driven service for liquid EU Regulated Market securities not found on another Exchange service;
- European Trade Reporting — trade reporting service enabling clients to meet their post-trade reporting obligations in non liquid EU Regulated Market Securities not found on another Exchange service;
- FIX Gateway — high speed FIX message routing service providing efficient connectivity for investment managers, brokers and other execution venues; and
- Exchange Reporting Service — providing both member and non-member firms a straightforward and cost effective way of submitting transaction reports in any asset class to the FSA.

Borsa Italiana

- MTA — an electronic order-driven market organised with auctions, continuous trading phases and the possible presence of specialists to support liquidity, differently combined according to market segments. MTA is divided into a number of segments:
 - Blue Chip segment, for securities with capitalisation above a certain threshold, currently established at EUR1bn;
 - STAR segment, for small and medium sized companies (below the threshold) which undertake to observe more stringent requirements in terms of corporate governance, information transparency and liquidity;
 - Standard segment, for other securities with capitalisation below the threshold that undertake to satisfy standard listing requirements;
 - MTA International, for trading European blue chips included in a major financial index. These securities may be admitted on request of: i) the issuer or ii) an intermediary admitted to trading or iii) Borsa Italiana; and
 - MTF — a segment of MTA dedicated to closed-end funds and investment companies. Trading is run in an electronic double auction order-driven system with the possible presence of specialists to support liquidity.

Blue Chips of the FTSE MIB and companies in the FTSE Italia Mid Cap indices, and STAR shares supported by a specialist are also traded on the After Hours Market, an electronic order driven market with only continuous trading.

- Mercato Expandi — an electronic order driven market dedicated to small companies, with less stringent listing requirements than MTA. In addition, there is a real estate segment for the listing and the trading of Real Estate Investment Companies (REICs).
- The Alternative Capital Market (MAC) — organised and managed by Borsa Italiana, is a Multilateral Trading Facility dedicated to small enterprises. MAC is dedicated to small enterprises and designed for professional investors able to evaluate risky investments.

From 22 June 2009, Borsa Italiana will rationalise and make some amendments to its markets. This will primarily involve merging the Expandi and MTA markets, creating the Electronic Market for Investment Vehicles (MIV) and transferring units of closed-end funds and shares of investment companies already listed in the MTF segment of the MTA market to the new MIV market.

Derivatives

The Group's derivatives business is operated primarily through EDX London (in London) and IDEM (in Milan).

London Stock Exchange

EDX London is a FSA regulated RIE and currently offers trading in derivatives based on Nordic equities, fixed income and interest products through an electronic market place. Market makers provide continuous prices in the products listed and members benefit from a common order book with access to domestic liquidity through the linked exchange network. Currently members can trade Swedish, Norwegian, Danish and Finnish products through the link arrangements, which enables trading firms to access multiple international derivative markets via a single membership.

EDX London also offers trading in derivatives contracts based on the FTSE Russia IOB Index, comprising the 15 most liquid GDRs traded on the London Stock Exchange's International Order Book. In December 2006, single stock derivatives were launched on each of the constituents of the Index.

On 7 May 2009, TMX agreed to take a 19.9 per cent. equity stake in EDX London to work together with London Stock Exchange to develop EDX London. During the coming year, EDX London markets will be migrated to the SOLA® Trading platform, a leading technology developed by TMX's Montréal Exchange, which EDX will use under licence.

Borsa Italiana

IDEM is the derivatives market managed by Borsa Italiana. The market is composed of two segments: IDEM-Equity and IDEX.

Products listed on IDEM-Equity include:

- Futures, mini futures and options on the FTSE MIB Index;
- Futures and options on single stocks.

Products listed on IDEX include yearly, quarterly and monthly power futures based on the "PUN", the Single National Price for the purchase of electricity in Italy.

IDEM utilises a screen-based electronic trading system organised in an order-driven environment, in which all intermediaries may enter orders on the public limit order book, which are matched according to price-time priority rules. Intermediaries may act either on a client basis or on their own account, or may undertake special functions operating as Primary Market Makers, Market Makers and Liquidity Providers.

Fixed Income

The Group's fixed income business is undertaken through the following three operations:

- MTS is a leading regulated electronic trading platform for intermediaries secondary trading of European wholesale government bonds and other types of fixed income securities. MTS is authorised to conduct such activities by Italy's Ministry for the Economy and Finance, and is regulated by the Bank of Italy and Consob. MTS plays a key role in promoting the ongoing development and integration of the European government bond market. It covers the national debt markets of every Eurozone member as well as government bond markets of other countries, including Poland and Turkey. The MTS market model uses a common trading platform for all domestic market places, while corporate governance and market supervision are based on the respective national regulatory regimes. MTS today covers over 15 market places through various companies and continues to expand its geographic scope;
- BondVision is a Multidealer-to-Client electronic bond trading system providing over 300 European buy-side clients with access to real time tradeable prices from the leading MTS market makers on over 2,000 fixed income products; and
- MOT, a fixed income electronic order driven retail market organised with auctions, continuous trading phases and the possible presence of specialists to support liquidity. MOT has two different segments, defined according to the CSD (domestic or international) in which the fixed income instruments are deposited: DomesticMOT (Monte Titoli) and EuroMOT (ICSD);

Borsa Italiana also manages the following markets:

- ETFplus — the market dedicated to ETFs and ETCs. It is organised as an electronic continuous trading order-driven market with specialists aimed at supporting liquidity; and
- SeDeX — the electronic securitised derivatives (covered warrant and certificates) market, is an electronic order-driven market with continuous trading and the presence of a specialist (usually the issuer) that undertakes to support liquidity.

1.3 Information Services

The Information Services division delivers real-time and historical market data, along with other specialist securities information, ensuring efficient price discovery and comprehensive market intelligence for investors. Information Services' principal products and sources of revenue include:

- Infolect — the London Stock Exchange's information dissemination platform. Infolect data includes an order book and trade prices and sizes from the London Stock Exchange's markets. Subscribers are able to choose between different levels of information to meet their specific requirements;
- DDM Plus — Borsa Italiana's real-time data feed with quotations of Italian market securities including shares, covered warrants, ETFs, derivative markets, fixed income markets and indexes;
- Both London and Milan market data is available from third party vendors such as Thomson Reuters, Bloomberg and Fidessa along with the Group's Proquote and Market Connect services;
- Extranex and Blt Net — the Group's proprietary high performance private networks in London and Milan which provide speed, capacity and reliability for communications solutions tailored to the needs of the Group's different customer segments;
- Hosting — to eliminate network transmission of data the London Stock Exchange has launched a new service to allow very latency sensitive trading clients the ability to take space in its own data centre;
- Performance Channels — a high speed delivery mechanism that increases the rates at which data is sent out to the market via Infolect. The service provides data at lower latency levels than the standard service channels during periods of high trading activity and peaks and spikes in data output;
- Datalect — the London Stock Exchange's historical and reference data services. This includes SEDOL Masterfile, the London Stock Exchange's global multi asset class reference data service, providing unique identification codes for global securities and enabling greater efficiency in the processing of trades. It is planned to continue expanding the types of instruments covered, the functionality and the geographic coverage of the SEDOL Masterfile;
- UnaVista — the London Stock Exchange's hosted data reconciliation service. UnaVista provides customers with a web based solution to quickly implement global multi asset class trade confirmations, cash and stock reconciliations and reference data cleansing, without requiring the deployment or maintenance of any hardware or software;
- Proquote — the London Stock Exchange's wholly owned subsidiary, which provides financial market software and data services to a wide range of buy-side, sell-side, retail and private client market professionals. Proquote's data and trading functionality is available over the internet providing a cost efficient yet comprehensive source of global real-time financial information services; and
- Market Connect — this forms part of Borsa Italiana's value added services suite making available in a real time manner and by push technology all quotes for the instruments traded on the markets managed by Borsa Italiana and main foreign exchanges along with end of day data, OTC trades, reference data and corporate actions.

1.4 Post Trade Services

The Group's Post Trade Services are operated through CC&G and Monte Titoli S.p.A. ("**Monte Titoli**").

Cassa di Compensazione e Garanzia S.p.A.

Established in 1992, the purpose of CC&G is to guarantee market integrity. CC&G manages the CCP (central counterparty) for the Blue Chip, Star and Standard segments and the related Trading After Hours market, for MTA International and for the funds markets MTF and ETF Plus, for the IDEM derivatives market, including the IDEX segment (Energy Derivatives) all regulated and managed by Borsa Italiana, and for the markets regulated and managed by MTS and BrokerTec with exclusive reference to Italian government bonds. CC&G's presence eliminates counterparty risk, becoming the guarantor of the final settlement of the contracts, acting as buyer towards each seller and as seller towards each buyer.

CC&G has applied for Recognised Overseas Clearing House status with the FSA in order for it to provide clearing services to the Group's planned pan-European non-display trading venue, Baikal.

Monte Titoli S.p.A.

Monte Titoli is the Italian Central Securities Depository and Settlement Company. Monte Titoli was founded in 1978 and since 1986 has been the Italian Central Securities Depository for all Italian financial instruments (Italian government bonds included since 2000) currently centralised at the company and traded almost exclusively in dematerialised form. In October 2002, the Bank of Italy and Consob authorised Monte Titoli to manage clearing services for non-derivatives financial instruments transactions. In November of the same year, Monte Titoli started Express, the delivery versus payment real-time gross settlement service, and on 26 January 2004, completed the launch of Express II which, integrating net with gross settlement functionality, replaced the previous procedure managed by the Bank of Italy.

Centralised Administration Services can be provided for any type of non-derivative financial instrument, whether Italian or foreign.

Moreover, Monte Titoli manages X-TRM, a multi-purpose post-trade, pre-settlement engine, which can receive multiple transaction flows from different execution venues, including OTC trades, match trades and route them to settlement. Monte Titoli also offers its participants added value services, such as securities lending, the FIS and CPA services which support issuers' investor relations and communications. Monte Titoli's services are available through different communication channels: RNI (the domestic interbank network), SWIFT and MT-X, the Monte Titoli Internet Communication System (a web based platform).

TAXATION

UK taxation

The following is a general description of certain UK tax considerations relating to the Notes based on current law and practice in the UK. It does not purport to be a complete analysis of all tax considerations relating to the Notes. It relates to the position of persons who are the absolute beneficial owners of Notes and some aspects do not apply to certain classes of taxpayer (such as dealers and Noteholders who are connected or associated with the Issuer for relevant tax purposes). Prospective Noteholders should seek their own professional advice on their tax position having regard to their own particular facts and circumstances. In particular, prospective holders of Notes should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes whether or not such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom. The following comments relate only to withholding and do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of the Notes that may be applicable to holders of the Notes (including, for instance, income tax, capital gains tax, corporation tax, stamp duty and stamp duty reserve tax).

UK withholding tax on interest

If interest on the Notes is treated as having a United Kingdom source, payments of such interest can still be made without withholding or deduction for or on account of United Kingdom income tax as long as the Notes are and continue to be “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (the “**Act**”). For this exemption to apply, the Notes must be, and continue to be, listed on a “recognised stock exchange” within the meaning of section 1005 of the Act. In the case of Notes to be traded on the London Stock Exchange, which is a recognised stock exchange, this condition will be satisfied if the Notes are admitted to listing on the Official List and to trading on the Market.

If interest on the Notes is treated as having a United Kingdom source and the “quoted Eurobond” exemption does not apply, it may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any direction to the contrary by HM Revenue and Customs (“**HMRC**”) under the provisions of an applicable double taxation treaty, except that the withholding obligation is disapplied in respect of a Noteholder who the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes), at the time the payment is made, is either a United Kingdom resident company or a non-United Kingdom resident company carrying on a trade in the United Kingdom through a permanent establishment which is within the charge to corporation tax and which brings the interest into account in determining the chargeable profits of the non-United Kingdom resident company, or who falls within one of the categories of exempt bodies or persons set out in section 936 of the Act (including charities and pension funds) or is a partnership consisting of such persons (unless HMRC directs otherwise).

Provision of information

Any Paying Agent or other person through whom interest is paid to, or by whom interest is received on behalf of, an individual (whether resident in the UK or elsewhere) may be required to provide information in relation to the payment and the individual concerned to HMRC. HMRC may communicate such information to the tax authorities of other jurisdictions.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or to certain other persons in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax (see Condition 7.1 of the Terms and Conditions of the Notes). For so long as any Note is outstanding, the Issuer undertakes to maintain a Paying Agent in a Member State of the European Union that does not impose an obligation to withhold or deduct tax pursuant to this Directive (see Condition 5.6 of the Terms and Conditions of the Notes).

SUBSCRIPTION AND SALE

Barclays Bank PLC and The Royal Bank of Scotland plc (together, the “**Managers**”) have, pursuant to a Subscription Agreement dated 16 June 2009, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at 99.548 per cent. of their principal amount.

The Issuer has agreed to pay to the Managers a combined management, underwriting and selling commission of 0.55 per cent. of such principal amount. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has in the Subscription Agreement agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Notes.

Each of the Managers and their respective affiliates may, from time to time, engage in further transactions with, and perform services for, the Issuer and the Group in the ordinary course of their respective businesses.

General

No action has been or will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Each Manager will comply, to the best of its knowledge and belief, with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers the Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any amendment or supplement thereto or any such other material, in all cases at its own expense. Each Manager will also ensure, to the best of its knowledge and belief, that no obligations are imposed on the Issuer or the other Manager in any such jurisdiction as a result of any of the foregoing actions.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation and consent

The Issuer has obtained all necessary consents, approvals and authorisations in England in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolution passed on 11 June 2009 by a committee of the Board of the Issuer duly authorised by resolution of the Board of the Issuer passed on 10 June 2009.

Listing

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the Market. The listing and admission to trading of the Notes is expected to be granted on or about 18 June 2009, subject only to the issue of the Temporary Global Note. The Issuer estimates the total expenses related to the admission to the Official List and to trading on the Market to be approximately £7,175.

Yield

The yield of the Notes is 9.197 per cent. on a semi-annual basis.

Clearing systems

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream, Luxembourg. The International Security Identification Number (ISIN) is XS0434590237. The Common Code is 043459023. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210, Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855, Luxembourg.

No significant or material change

There has been no significant change in the financial or trading position of either the Issuer or the Group since 31 March 2009, the end of the last financial period for which financial information has been published.

There has been no material adverse change in the prospects of either the Issuer or the Group since 31 March 2009, the date of the most recent annual audited financial information for the Issuer and the Group.

Legal proceedings

Save as described in the following paragraph, neither the Issuer nor any member of the Group is or has been engaged in nor, so far as the Issuer or any member of the Group is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Issuer's or the Group's financial position or profitability.

CC&G is a defendant in a law suit filed in October 2001 by a client of Banca Intermobiliare di Investimenti e Gestioni S.p.A ("BIM") against BIM for damages of not less than Italian Liras 12 billion (equal to approximately €6.2 million) and against CC&G for joint liability with BIM in an amount to be determined but which is not yet quantifiable. The claim against CC&G was based on extracontractual liability (ex article 2043 of the Italian Civil Code) for an alleged mistake by CC&G in calculating the margins on the closing of the trading day of 12 September 2001. The alleged mistake would have had an impact on the portfolio of the plaintiff. CC&G has defended the action and has sought damages against the plaintiff for vexatious litigation. The proceedings entered into evidentiary hearings in March 2004 and have continued since that date. On 10 March 2007, the proceedings were joined with a parallel proceeding originated in 2001 and re-filed in 2005 between the same parties on related matters and the date for the next hearing was set. These proceedings related to the same subject matter and the amounts are to be determined and are not quantifiable. The hearing for the closing arguments took place on 27 March 2008.

Documents available for inspection

For the period of 12 months starting on the date on which this Prospectus is made available to the public as required by the prospectus rules of the FSA, copies of the following documents may be inspected free of charge at the offices of the Principal Paying Agent during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- (a) the memorandum and articles of association of the Issuer;
- (b) the annual report of the Issuer for the financial year ended 31 March 2009;
- (c) the annual report of the Issuer for the financial year ended 31 March 2008;
- (d) this Prospectus;
- (e) the Paying Agency Agreement;
- (f) the Subscription Agreement; and
- (g) the Trust Deed.

This Prospectus and all Regulatory News Service announcements by the Issuer can be viewed on the Issuer's website at <http://www.londonstockexchange.com/investor-relations>.

DEFINITIONS

AIM	the London Stock Exchange's market for smaller and growing companies
Board	the board of directors of London Stock Exchange Group plc from time to time, including a duly constituted committee thereof
Borsa Italiana	Borsa Italiana S.p.A., a company incorporated in Italy, a wholly owned subsidiary of the Issuer
Borsa Italiana Group	Borsa Italiana and its subsidiaries
Business Day	a day (excluding Saturday or Sunday) on which banks generally are open for business in the City of London for the transaction of normal banking business
Conditions	the terms and conditions of the Notes set out on pages 19 to 32 of this Prospectus
Consob	Commissione Nazionale per le Società e la Borsa, Italy's official body for the regulation and supervision of companies and stock exchanges
Directors	the directors of the Issuer
Executive Directors	the executive directors of the Issuer, and " Executive Director " shall mean any one of them
Group	the Issuer, its direct and indirect subsidiaries London Stock Exchange plc and Borsa Italiana S.p.A. and their respective subsidiary undertakings
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Issuer	London Stock Exchange Group plc, a public limited company incorporated in England and Wales with registered number 5369106
London Stock Exchange	London Stock Exchange plc, a public limited company incorporated in England and Wales with registered number 2075721 and a wholly owned subsidiary of the Issuer
Managers	Barclays Bank PLC and The Royal Bank of Scotland plc
Markets in Financial Instruments Directive or MiFID	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments
Non Executive Directors	the non executive directors of the Issuer including the Chairman, and " Non Executive Director " shall mean any one of them
Official List	The official list of the UK Listing Authority
Recognition Requirements	Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, incorporated in the FSA's sourcebook for Recognised Investment Exchanges
RIE	Recognised Investment Exchange, authorized by the FSA
RNS	Regulatory News Service, the London Stock Exchange's Primary Information Provider, for dissemination of regulatory and non regulatory news to the market
Stabilising Manager	Barclays Bank PLC
TMX	TMX Group Inc.

REGISTERED OFFICE OF THE ISSUER

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