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For immediate release

12 December 2011

LONDON STOCK EXCHANGE GROUP PLC TO ACQUIRE OUTSTANDING 50 PER CENT OF FTSE INTERNATIONAL LIMITED

- **50 per cent stake of FTSE to be acquired for £450 million, giving LSEG 100 per cent ownership and strategic control**
- **FTSE is a leading, high growth global index business with a powerful international brand and reach**
- **Transaction facilitates accelerated global expansion and growth**
- **LSEG's business further diversified into indices, data and analytics, as well as into new geographies, in line with stated strategy**
- **Governance and independence of FTSE index products to be maintained**
- **Cost synergies of £10 million p.a. and gross revenue synergies of £18 million p.a. by the end of year 3; immediately earnings enhancing**
- **Funded from existing resources; commitments received for new £350 million bank facilities to maintain financial flexibility (subject to final documentation)**
- **Closing is subject to customary conditions and is expected by Q1 2012**

12 December 2011 (LONDON) – London Stock Exchange Group plc (“LSEG”) today announces that it has signed a definitive agreement to acquire the 50 per cent stake in FTSE International Limited (“FTSE”), from Pearson plc, that LSEG does not already own, for total cash consideration of £450 million.

FTSE significantly diversifies LSEG's business into indices, data and analytics and, in particular, creates new growth opportunities for LSEG's listed derivatives trading business, a key strategic priority for the Group. It will increase access to buy-side firms and services and will offer an enhanced global footprint, including key emerging and growth markets. The

transaction delivers on LSEG's strategic objectives to build on its existing assets and seek opportunities.

FTSE is a leading international index company with an attractive, established global franchise. It is a global top 3 index provider by revenue¹, is the market leader in the UK and Italy and a leader in China ETFs, calculating over 200,000 individual indices covering 80 countries, including the FTSE All-World, FTSE China A50, FTSE 100 and FTSE All-Share. The company also has a fast growing presence in the USA, providing a platform for further expansion. From 2006 to 2010, FTSE has achieved compound annual growth of 22 per cent in both revenue and EBITDA. FTSE is well placed to respond to exciting further growth opportunities and trends in the asset management industry. These include growth in demand for index-based products, value-added data and analytical tools, the shift to passive fund management, and the growth in demand for exposure to emerging markets, thematic and strategic indices.

Since it was established in 1995, as a joint venture between LSEG and Financial Times Group Limited, FTSE has grown rapidly and now offers a broad and international suite of products and services. The company benefits from a diversified revenue mix, with approximately sixty per cent of total revenues generated from recurring data subscriptions and the remainder derived from licence fees from asset managers. FTSE is recognised for its customer-driven innovation, such as its large and fast growing range of alternatively weighted indices.

FTSE helps investors worldwide make informed investment decisions through the provision of a global range of index and analytical services. Over \$3 trillion in assets under management are linked to FTSE indices worldwide. In addition to calculating indices for benchmarking, FTSE licenses its indices to venues that trade or clear derivatives contracts and to fund managers and investment banks for the creation of index-tracking financial products such as mutual funds and OTC derivatives.

FTSE has an experienced, delivery-focused management team. FTSE CEO, Mark Makepeace, will remain in his current role and David Lester, Director of Information Services of LSEG, will continue as Chairman of FTSE.

Commenting on today's announcement, Xavier Rolet, CEO of LSE Group plc, said:

"Fully aligning FTSE with one of the world's most liquid and most international trading groups is an exciting opportunity. This transaction further delivers on our diversification strategy, expanding LSEG's existing offering deeper into indices, derivatives and market data products and services. This is a business we know well, and we expect that going forward our customers will benefit from greater choice, opportunity and innovation. Immediately earnings enhancing, we expect this transaction to create long-term value and growth for our customers and shareholders"

Mark Makepeace, CEO of FTSE International Limited, added:

"FTSE is already a top 3 global index provider and this transaction is a natural next step in accelerating our global expansion ambitions. The industry trends and the appetite for our products are strong. Together with LSEG, we will fully focus on

¹ FTSE estimates

geographical and product-driven expansion, further strengthening our offerings in the ETF and derivatives spaces and further diversifying our revenue streams.”

David Lester, Director of Information Services of LSEG and Chairman of FTSE, added:

“This is excellent news for FTSE and LSEG. Closer collaboration will create significant opportunities for our combined businesses, especially in derivatives, fixed income, transaction processing and information services. We very much look forward to working with FTSE's global customers on opportunities to drive their own businesses forward, and to fully welcoming FTSE's employees to the Group.”

As a 100 per cent owner, LSEG intends to invest in accelerating growth in FTSE's tradable index business, in expanding FTSE's product range and in offering FTSE's products into LSEG's customer base, and vice-versa. As a wholly owned subsidiary of LSEG, the governance and independence of FTSE index products will be maintained, in particular through the continued operation of FTSE's customer focused Index Rules Committees.

The transaction is expected to create substantial and sustainable cost and revenue synergies. LSEG is targeting annual run-rate cost synergies of £10 million per annum by the end of year 3. This will be achieved through efficient management of FTSE and LSEG assets, in particular across IT, personnel and data systems, mitigating future cost growth. In addition, gross annual run-rate revenue benefits of £18 million are targeted by the end of year 3. These will be achieved through a number of initiatives, including:

- Derivatives: Closer collaboration across the combined LSEG and FTSE businesses to develop index products and derivative contracts to trade against them;
- Data Products: Enhancement of FTSE's real-time calculations and data fees from improved service and faster distribution;
- ETFs and Structured Products: Joint package of products to ETF issuers with wider sales exposure;
- Index Licences: Use of LSEG's brand and global relationships (including those of MillenniumIT) to develop index licensing opportunities; and
- Fixed Income Index Licences: Utilising FTSE's global sales and relationships to expand the use of MTS fixed income indices to a wider customer base and to develop new products.

One-off investment costs to achieve both cost and revenue synergies are expected to be c.£3 million and c.£5 million respectively.

The transaction is expected to be immediately accretive to adjusted earnings per share for LSEG shareholders and LSEG expects the return on invested capital to exceed its cost of capital in the third year following completion.

Under the terms of the transaction, FTSE will acquire the FTSE brand for use in both indices and non-index related products. FTSE will operate as a separate entity within LSEG and will be reported through the Group's Information Services division.

To fund the acquisition, LSEG will use surplus cash and draw on its bank facilities. The Group has secured commitments to new facilities of £350 million (subject to final documentation), which it expects to be fully documented in the next two weeks, to ensure we maintain a prudent capital position and appropriate financial flexibility. Pro forma for the transaction, the group will have a leverage ratio of 1.6x (adjusted Net Debt / LTM 30/9/11 EBITDA).

As at the last reported financial year end at 31 December 2010, FTSE recorded revenue of £98.5 million, EBITDA of £40.0 million and net income of £9.4 million (after £22.6 million royalties to JV owners); it had had gross assets of £100.8 million and net assets of £11.7 million. Performance in FY 2011 to date has been strong, with growth in revenue broadly consistent with the 5 year track record and EBITDA growing at a similar rate to FY 2010 (31 per cent).

Closing is subject to customary conditions and is expected by Q1 2012.

A conference call for sell-side analysts and investors is scheduled for 09:00 GMT, Monday 12th December 2011.

Sell-side analysts and investors will be able to dial-in to listen to the presentation live and place questions on:

- 44 (0) 1452 560 304 International / London Local
- 0844 871 9299 UK Local
- 0800 073 8965 UK Freephone

Conference code: 35399079

The **presentation slides and an audio webcast** (listen only) can be accessed at the following link from 07:30 (GMT):

<http://www.londonstockexchange.com/investor-relations/investor-relations.htm>

- Ends -

Further information is available from

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About London Stock Exchange Group plc

London Stock Exchange Group plc (LSE.L) sits at the heart of the world's financial community. The Group operates a broad range of international equity, bond and derivatives markets, including the London Stock Exchange; Borsa Italiana; MTS, Europe's leading fixed income market; and Turquoise, offering pan-European and US lit and dark equity trading. Through its markets, the Group offers international business unrivalled access to Europe's capital markets.

The Group is a leading developer of high-performance trading platforms and capital markets software and also offers its customers around the world an extensive range of real-time and reference data products and strong post-trade services.

Headquartered in London and with significant operations in Italy and Sri Lanka, the Group employs approximately 1,500 people. Further information on London Stock Exchange Group can be found at www.londonstockexchange.com

About FTSE International Limited

FTSE International Limited ("FTSE") is a world-leader in the provision of global index and analytical solutions. FTSE calculates indices across a wide range of asset classes, on both a standard and custom basis. FTSE indices are used extensively by investors worldwide for investment analysis, performance measurement, asset allocation, portfolio hedging and the creation of a wide range of index derivatives, funds, Exchange Traded Funds (ETFs), and other structured products.

FTSE has built an enviable reputation for the reliability and accuracy of our indices and related data services. FTSE has a long tradition of listening and responding to the market so that it is at the forefront of developing new approaches to index design, many of which are now accepted as the market standard. FTSE prides itself in continuing to invest significant resource in researching and developing new index solutions.

The foundation for FTSE's global, regional, country and sector indices is the FTSE global equity universe, which covers over 8,000 securities in 48 different countries and captures 98% of the world's investable market capitalisation. FTSE's flagship global benchmark, the FTSE All-World, is used by investors worldwide to structure and benchmark their international equity portfolios.

Exchanges around the world have chosen FTSE to calculate their domestic indices. These include ATHEX, Bolsas y Mercados Españoles, Borsa Italiana, Bursa Malaysia, Casablanca SE, Cyprus Stock Exchange, IDX, JSE, LSE, NASDAQ Dubai, NYSE Euronext, PSE, SGX, Stock Exchange of Thailand and TWSE. In addition, FTSE works with a variety of companies and associations to deliver innovative index solutions which provide the market with fresh opportunities.

For more information visit www.ftse.com

Morgan Stanley & Co. Limited is acting as financial adviser to LSE Group in relation to the FTSE transaction discussed herein and Barclays Capital and Morgan Stanley & Co. International plc are acting as Corporate Brokers to LSE Group in connection with this transaction.

Morgan Stanley & Co. Limited and Morgan Stanley & Co. International plc are acting as financial adviser and corporate broker, respectively, to LSE Group and no one else in connection with the FTSE

transaction discussed herein and will not be responsible to anyone other than LSE Group for providing the protections afforded to clients of Morgan Stanley & Co. Limited and Morgan Stanley & Co. International plc nor for providing advice in relation to this transaction or any other matter referred to herein.

Barclays Capital, which is authorised and regulated in the United Kingdom by the FSA, is acting as corporate broker to LSE Group and for no-one else in connection with the transaction discussed herein, and will not be responsible to anyone other than LSE Group for providing the protections afforded to customers of Barclays Capital nor for providing advice to any other person in relation to this transaction or any other matter referred to herein.