

MANAGEMENT INFORMATION CIRCULAR



TMX GROUP INC.

**with respect to a proposed
MERGER
involving**



London

Stock Exchange Group

LONDON STOCK EXCHANGE GROUP PLC

NOTICE OF ANNUAL & SPECIAL MEETING OF SHAREHOLDERS OF TMX GROUP INC.

to be held on June 30, 2011

May 25, 2011

Your vote is important. As a holder of common shares of TMX Group Inc. ("TMX Group"), you have the right to vote your shares. Even if you intend to be at the meeting we encourage all shareholders to vote the attached proxy.

THE BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THE MERGER IS FAIR AND IN THE BEST INTEREST OF TMX GROUP SHAREHOLDERS AND RECOMMENDS A VOTE "IN FAVOUR"

These materials are important and require your immediate attention. They require shareholders of TMX Group to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors. If you have questions, you may contact TMX Group's proxy solicitation agent, Phoenix Advisory Partners, North American Toll Free at 1-866-793-5697 or outside North America at 647-426-7311 or by email at inquiries@phoenixadvisorypartners.com.

TIME IS OF THE ESSENCE
RECORD YOUR VOTE IMMEDIATELY BY CHOOSING ONE OF THE METHODS BELOW

NON-REGISTERED HOLDERS (who hold their securities through a broker, bank or other nominee)

 **CANADIAN SHAREHOLDERS:**

- A. Internet** www.proxyvote.com and enter your 12-digit control number located on your voting instruction form;
- B. Fax** Fax your voting instruction form to (905) 507-7793 or (514) 281-8911 or toll free to 1-866-623-5305; or
- C. Telephone** Call 1-800-474-7493 in order to ensure that your vote is received before the deadline.



U.S. SHAREHOLDERS:

- A. Internet** www.proxyvote.com and enter your 12-digit control number located on your voting instruction form; or
- B. Telephone** Call 1-800-454-8683 in order to ensure that your vote is received before the deadline.

** Non-registered shareholders should carefully follow the instructions on their voting instruction form as there may be a requirement for votes to be submitted at least 24 hours in advance of the proxy cut-off time.*

REGISTERED HOLDERS (who have a physical certificate in their name)

- A. Mail:** Complete, sign and date your proxy form and return it in the envelope we have provided or mail to CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1;
- B. Fax:** Complete, sign and date your proxy form and send it by fax to CIBC Mellon Trust Company at 1-866-781-3111 (toll-free in Canada and the United States) or (416) 368-2502 (outside Canada and the United States);
- C. Internet:** Go to www.proxypush.ca/x and follow the instructions on screen. You will need your 12-digit control number located on the proxy form. The proxy form does not need to be returned; or
- D. By personal delivery:** Complete, date and sign the proxy form and deliver it to CIBC Mellon Trust Company at 320 Bay Street, Banking Hall, Toronto, Ontario M5H 4A6.

Shareholders may direct questions to our Proxy Solicitation Agent at:



North American Toll Free Number: 1-866-793-5697



May 25, 2011

Dear Shareholder:

You are invited to attend an annual and special meeting (the “**Meeting**”) of the shareholders of TMX Group Inc. (“**TMX Group**” or “**we**”), which will be held at the Design Exchange, 234 Bay Street, Toronto, Ontario, Canada, on June 30, 2011, beginning at 10:00 a.m. (Eastern time).

On February 9, 2011, we agreed to an all-share merger of equals transaction (the “**Merger**”) with London Stock Exchange Group plc (“**LSEG**”), combining Europe’s and Canada’s leading diversified exchange groups. The Merger will be completed by way of a plan of arrangement under the *Business Corporations Act* (Ontario). At the Meeting, we will ask you to approve the Merger.

Our board of directors believes the Merger will result in the enhancement of Canadian capital markets and create greater growth and value prospects for shareholders. The merged company (“**Mergeco**”) will be a world-leading exchange group and will be jointly headquartered in Toronto and London, offering an international platform, leading global pools of capital formation and liquidity with a unique portfolio of highly complementary markets, products, technologies and services.

Our board of directors believes that the Merger is strategically compelling and will create a more diversified business with greater scale, scope, reach and efficiencies, generating substantial benefits for all stakeholders:

- **Global Listings Hub** – A leading global listings franchise:
 - a flexible and deep pool of international capital and investment expertise;
 - international markets for businesses of all sizes, from venture-funded companies, through small and medium enterprises to large global corporations;
 - the number one listings venue in the world by number of total listings — over 6,700 companies with an aggregate market capitalization of approximately C\$5.8 trillion (£3.7 trillion);
 - the number one listings venue in the world for natural resources, mining, energy and clean technology companies;
 - the number one venue for international listings from emerging and growth markets; and
 - the number one listings venue in the world for venture or alternative market issuers with approximately 3,600 combined TSX Venture Exchange and AIM listings providing deep expertise in supporting small-cap and early stage companies.
- **Breadth of Markets** — 20 trading markets / platforms across North America and Europe:
 - cash equities, derivatives, fixed income and energy markets, with enhanced potential to develop new trading products and opportunities, supported by strong regional post-trade operations and information services.

- **Information Leader** — An extensive set of global information, market data and index businesses, offering customers an increased suite of products.
- **Technology Expertise** — A shared technology strategy:
 - market-leading, high-performance, cost-effective cash and derivatives trading and clearing technology applied across the merged group; and
 - efficient marketing and delivery to the global financial services and exchange industries.

Subject to approval by shareholders of LSEG, upon completion of the Merger, it is intended that LSEG be renamed as a result of the merger of equals and to reflect its increased international profile. The merged group will continue to maintain certain existing brands, including London Stock Exchange, Toronto Stock Exchange, TSX Venture Exchange, AIM, Montréal Exchange and Borsa Italiana.

The board of Mergeco will consist of 15 directors, eight nominated by LSEG (of which three will be from Borsa Italiana S.p.A.), and seven nominated by TMX Group. I will be the non-executive Chair of the board of Mergeco, and Chris Gibson-Smith and Massimo Tononi will be Deputy Chairs.

The most senior executives of Mergeco, who will also be on the board of Mergeco, will be:

- Chief Executive Officer — Xavier Rolet, currently Chief Executive Officer of LSEG (based in London)
- President — Thomas Kloet, currently Chief Executive Officer of TMX Group (based in Toronto)
- Chief Financial Officer — Michael Ptasznik, currently Chief Financial Officer of TMX Group (based in Toronto)
- Executive Director — Raffaele Jerusalmi, currently Chief Executive Officer of Borsa Italiana S.p.A. (based in Milan)

The Merger recognizes the existing centres of excellence within the merged group and reinforces these strengths by assigning responsibility across its geographical footprint, with global leadership divided between Canada and Europe. Global business units headquartered in Canada at closing will be: Toronto for listings; Montreal for derivatives; and Calgary for energy. In addition, Calgary and Vancouver will be the coordinating centres for small to medium size enterprise listings. The global finance function of the merged group will be based in Toronto. London will continue as a key centre for international listings with global responsibility for technology solutions, information services and post-trade services. Milan will be the centre for fixed income and equities trading, and European post-trade. Montreal, Toronto, Milan and Colombo will remain centres in the development of technology for the merged group and for expanding the merged group's external technology services business.

TMX Group shareholders will receive 2.9963 ordinary shares of Mergeco (or 2.9963 exchangeable shares of a Canadian resident subsidiary of Mergeco) for each TMX Group common share (the "**Exchange Ratio**"). LSEG shareholders will therefore, at closing, own approximately 55% and former TMX Group shareholders will own approximately 45% of the outstanding publicly held equity interest in the merged group. Mergeco will be listed on the London Stock Exchange and LSEG has applied for listing on Toronto Stock Exchange.

Our board of directors has UNANIMOUSLY determined that the Merger is fair to TMX Group shareholders and is in the best interests of TMX Group and its shareholders. Accordingly, our board of directors is unanimously recommending that you vote "IN FAVOUR" of the Merger at the Meeting. In arriving at this view, our board of directors considered, among other things, the opinions of Merrill Lynch Canada Inc. and BMO Nesbitt Burns Inc. that, as of February 8, 2011, and subject to various assumptions and limitations set forth in the opinions, the Exchange Ratio is fair, from a financial point of view, to shareholders of TMX Group. To be effective, the Merger must be approved by a resolution passed by at least two-thirds of the votes cast at the Meeting present in person or represented by proxy. Following the Meeting, we will seek the approval of the Ontario Superior Court of Justice (Commercial List) for the plan of arrangement.

LSEG shareholders will be asked to approve the Merger at a shareholders' meeting to be held on June 30, 2011. The LSEG board of directors has unanimously approved the Merger and is unanimously recommending that LSEG shareholders vote in favour of it.

In addition to shareholder and court approvals, the Merger remains subject to certain other conditions, including obtaining approvals under the *Investment Canada Act* and from certain Canadian provincial securities regulators. We currently expect the Merger to be completed in the fall of 2011.

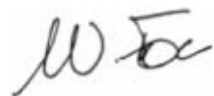
As the Meeting is both an annual and special meeting, you will also be asked to vote on the regular business items including the election of directors and appointment of auditors and, in addition, to vote on an advisory resolution to accept TMX Group's approach to executive compensation.

On behalf of our board of directors, I would also like to express gratitude to two of our members, Jean Turmel and Laurent Verreault, who are retiring from the board of directors at the Meeting.

The accompanying notice and management information circular (the "**Circular**") provide information about the Merger and the Meeting. Please read this information carefully, and if you require assistance, consult your own legal, tax, financial or other professional advisor or contact our proxy solicitation agent, Phoenix Advisory Partners, at the number listed on the back cover of the Circular.

On behalf of our board of directors, thank you for your consideration of this matter and your continued support.

Yours very truly,



Wayne C. Fox
Chair

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
OF TMX GROUP INC.**

TMX Group Inc. (“**TMX Group**” or “**we**”) will hold our Annual and Special Meeting of the holders (the “**TMX Group Shareholders**”) of common shares (the “**TMX Group Shares**”) of TMX Group (the “**Meeting**”) at the Design Exchange, 234 Bay Street, Toronto, Ontario, Canada, on June 30, 2011, beginning at 10:00 a.m. (Eastern time).

As a TMX Group Shareholder, we invite you to attend the Meeting for the following purposes:

1. to consider, pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated May 25, 2011, as the same may be amended (the “**Interim Order**”), and, if deemed advisable, pass, with or without variation, a special resolution of Shareholders (the “**Arrangement Resolution**”) to approve an arrangement pursuant to Section 182 of the *Business Corporations Act* (Ontario) to effect, among other things, the merger of TMX Group and London Stock Exchange Group plc (the “**Merger**”), all as more particularly described in the accompanying management information circular of TMX Group dated May 25, 2011 (as it may be amended, supplemented or otherwise modified from time to time) (the “**Circular**”);
2. to consider our financial statements for the year ended December 31, 2010, and the auditor’s report on those statements;
3. to elect our directors;
4. to appoint KPMG LLP as our auditor at a remuneration to be fixed by the directors;
5. to consider and, if deemed advisable, pass an advisory resolution to accept the approach to executive compensation disclosed in Annex M of the Circular; and
6. to transact any other business properly brought before the Meeting or any adjournment or postponement thereof.

Only TMX Group Shareholders of record at the close of business on May 20, 2011 will be entitled to notice of, and to vote at, the Meeting.

The Circular which accompanies this notice is your guide to the business to be considered at the Meeting and includes the full text of the Arrangement Resolution and the Interim Order, attached as Annex A and Annex C, respectively, which are incorporated by reference into this notice. You will have an opportunity to ask questions and meet with management, the Board of Directors and your fellow TMX Group Shareholders. At the Meeting we will also report on our 2010 financial results. **The Meeting is both an annual and special meeting. Even if the Arrangement Resolution receives the required TMX Group Shareholder approval, TMX Group Shareholders must also consider certain other annual meeting resolutions including the appointment of auditors and the election of directors, and in addition, the advisory resolution to accept the TMX Group’s approach to executive compensation.**

If you are a registered TMX Group Shareholder, whether or not you are able to attend the Meeting in person, we ask you to complete, sign and return the enclosed proxy. We have provided instructions on how to complete and return your proxy with the enclosed proxy form and in the Circular. Our transfer agent, CIBC Mellon Trust Company, must receive your proxy no later than 5:00 p.m. (Eastern time) on June 28, 2011, or, if the Meeting is adjourned, no later

than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Meeting. You must send your proxy to our transfer agent by either using the postage-prepaid envelope provided or by mailing the proxy to CIBC Mellon Trust Company at P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1. You may also fax your proxy to CIBC Mellon Trust Company at 1-866-781-3111 (toll-free in Canada and the United States) or (416) 368-2502 (outside Canada and the United States), Attention: Proxy Department. You may also submit your proxy on the internet by going to www.proxypush.ca/x and following the instructions on screen. You will need your 12-digit control number located on the proxy form. In addition you may personally deliver your completed, dated and signed proxy form to CIBC Mellon Trust Company at 320 Bay Street, Banking Hall, Toronto, Ontario, M5H 4A6.

If you are a non-registered TMX Group Shareholder (for example, if you hold TMX Group Shares in an account with a broker, dealer or other intermediary), you should follow the voting procedures described in the voting instruction form or other document accompanying the Circular or call your broker, dealer or other intermediary for information on how you can vote your TMX Group Shares.

Pursuant to the Interim Order, registered TMX Group Shareholders have been granted the right to dissent in respect of the Merger and to be paid an amount equal to the fair value of their TMX Group Shares. This dissent right, and the procedures for its exercise, are described in the Circular under "Dissenting Shareholders' Rights". Only registered TMX Group Shareholders are entitled to exercise the right to dissent. **Failure to comply strictly with the dissent procedures described in the Circular will result in loss or unavailability of any right to dissent.**

We have made arrangements to provide a live audio webcast of the Meeting for those TMX Group Shareholders who cannot attend the Meeting in person. We will post details on how you may hear the webcast on our website at www.tmx.com and in a media release before the Meeting. However, TMX Group Shareholders will not be permitted to vote or otherwise participate in the Meeting through the webcast facility.

We have included the Circular and a form of proxy (and a pre-addressed envelope) with this Notice of Annual and Special Meeting of Shareholders and have posted them on our website at www.tmx.com.

By Order of the Board of Directors,



Sharon C. Pel
Senior Vice President, Group Head of Legal and Business Affairs
Toronto, Ontario
May 25, 2011

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MANAGEMENT INFORMATION CIRCULAR

All information is given as at May 25, 2011, unless otherwise indicated.

This management information circular (the “**Circular**”) explains the business to be considered at the annual and special meeting of shareholders (the “**Meeting**”) of TMX Group Inc. (“**TMX Group**” or “**we**”) to be held on Thursday, June 30, 2011 at the place and for the purposes set out in the accompanying Notice of Annual and Special Meeting of Shareholders of TMX Group.

The Meeting is both an annual and special meeting. Aside from consideration of the Arrangement Resolution, TMX Group Shareholders will also be considering the following annual meeting items at the Meeting: (i) TMX Group’s financial statements for the year ended December 31, 2010 and the auditor’s report on those statements; (ii) the election of directors; (iii) the appointment of auditors; and (iv) an advisory resolution to accept TMX Group’s approach to executive compensation. Please see “Annual Meeting Business” and Annex M - “TMX Group Annual Meeting Information”.

We are sending you this Circular in connection with management’s solicitation of your proxy for use at the Meeting and any continued meeting after an adjournment. Management will solicit proxies primarily by mail, but proxies may also be solicited by telephone, email, facsimile, in writing or in person by our directors, officers, employees and agents. We have also retained Phoenix Advisory Partners to solicit proxies for us at a fee of up to C\$150,000, plus out-of-pocket expenses and applicable taxes. The cost of solicitation will be paid by TMX Group.

See “Voting Information” below for an explanation of how you can vote on the matters to be considered at the Meeting, whether or not you decide to attend the Meeting.

No person has been authorized to give information or to make any representations in connection with the Merger other than those contained or incorporated by reference in this Circular and, if given or made, any such information or representations should not be relied upon in making a decision as to how to vote on the Arrangement Resolution, or be considered to have been authorized by TMX Group or London Stock Exchange Group plc (“**LSEG**”).

This Circular does not constitute an offer to buy or sell, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making such an offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or solicitation.

The information concerning LSEG contained in this Circular has been provided by LSEG. Although TMX Group has no knowledge that would indicate that any of such information is untrue or incomplete, TMX Group does not assume any responsibility for the accuracy or completeness of such information or the failure by LSEG to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to TMX Group.

You should not construe the contents of this Circular as legal, tax or financial advice and should consult with your own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith or contact our proxy solicitation agent, Phoenix Advisory Partners, at the number listed on the back cover of this Circular.

All capitalized terms used in this Circular are defined under “Glossary of Terms”.

CURRENCY EXCHANGE RATE INFORMATION

Unless otherwise indicated, all dollar amounts in this Circular are expressed in Canadian dollars. References to “\$” or to “C\$” are to Canadian dollars, references to “£” are to British pounds sterling, references to “€” are to the Euro, the official currency of the Eurozone and references to “US\$” are to United States dollars.

The following table sets out the high rate of exchange for British pounds sterling, expressed in Canadian dollars, in effect during the periods indicated, the low rate of exchange in effect during such periods, the rate of exchange in effect at the end of such periods and the average rate of exchange during such periods, in each case based on the noon rates of exchange for conversion of one British pound to Canadian dollars as reported by the Bank of Canada.

	Year Ended December 31,		
	2010	2009	2008
High	1.7268	1.9148	2.0604
Low	1.4876	1.6368	1.7586
Rate at end of period	1.5513	1.6918	1.7896
Average rate for period	1.5918	1.7804	1.9617

On May 24, 2011, the noon exchange rate as reported by the Bank of Canada for conversion of British pounds into Canadian dollars was £1.00 = C\$1.58 (C\$1.00 = £0.63).

ACCOUNTING PRINCIPLES

TMX Group’s audited annual financial statements for the years ended December 31, 2010 and 2009, incorporated by reference in this Circular, have been prepared in accordance with Canadian generally accepted accounting principles (“**Canadian GAAP**”) in effect up to and including December 31, 2010. For information on the material differences between Canadian GAAP and International Financial Reporting Standards, as adopted by the International Accounting Standards Board (“**IFRS**”), as they relate to TMX Group’s financial statements for the year ended December 31, 2010, see the reconciliation to IFRS included in Annex L — “Reconciliation of TMX Group Financial Information” to this Circular.

FORWARD-LOOKING STATEMENTS

This Circular contains “forward-looking information” (as defined in applicable Canadian Securities Laws) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this Circular. Often, but not

always, such forward-looking information can be identified by the use of forward-looking words such as “anticipate”, “believe”, “budget”, “estimate”, “expect”, “forecast”, “intend”, “is expected”, “may”, “plan”, “prospects”, “scheduled”, “should”, “targets”, or the negative thereof, or other variations thereof, or comparable terminology indicating expectations or beliefs concerning future events and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved or not be taken, occur or be achieved, as they relate to TMX Group and LSEG and their respective management and, following completion of the Merger, to Mergeco and its management. Forward-looking information, by its nature, requires the use of assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that any expectations or conclusions will not prove to be accurate and that any such assumptions may not be correct.

Examples of such forward-looking information in this Circular include, but are not limited to, information relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations, prospects of TMX Group and LSEG and, upon completion of the Merger, Mergeco, including the description of the Merged Group under “Information Concerning the Merged Group” including “4. Financial Effects of the Merger”, which are subject to significant risks and uncertainties. These risks include, but are not limited to, those factors discussed under “Risk Factors”, which includes factors inherent in the nature of the Merger, and in TMX Group’s Management’s Discussion & Analysis for the year ended December 31, 2010 under the heading “Risks and Uncertainties” incorporated herein by reference.

The forward-looking information contained in this Circular is presented for the purpose of assisting readers of this Circular in understanding TMX Group’s, LSEG’s and, upon completion of the Merger, Mergeco’s strategies, priorities and objectives and may not be appropriate for other purposes. Actual results, events, performances, achievements and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this Circular.

While TMX Group and LSEG anticipates that subsequent events and developments may cause their views to change, TMX Group and LSEG have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing the views of TMX Group or LSEG as of any date subsequent to the date of this Circular. TMX Group and LSEG have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Such forward-looking information, including information with respect to revenue synergies and cost savings and Adjusted Earnings Per Share after cost synergies, is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in

connection with the ability of the Merged Group to successfully compete against global and regional marketplaces; the level of trading and activity on markets, and particularly the level of trading in the Merged Group's key products; business development and marketing and sales activities; the successful introduction of and client acceptance of new products; successful integration of various technology assets and capabilities; the ability to successfully integrate corporate functions; the matters set forth under "Risk Factors"; the possibility that the Merger is not completed when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; the terms of the Merger may need to be modified to satisfy such approvals or conditions; the anticipated benefits from the Merger are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions; business and economic conditions generally; exchange rates (including estimates of the U.S. dollar — Canadian dollar exchange rate and the British pound sterling — Canadian dollar exchange rate); interest rates, monetary policy, laws and regulations and their enforcement, and the degree of competition in the geographic and business areas in which the Merged Group operates; the ability to promptly and effectively integrate the businesses of TMX Group and LSEG; diversion of management time on merger-related issues; and the continued availability of financing on appropriate terms for future projects.

All subsequent written or oral forward-looking statements concerning the Merger or other matters addressed in this Circular and attributable to TMX Group, LSEG or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

These factors are not intended to represent a complete list of the factors that could affect TMX Group, LSEG or, upon completion of the Merger, Mergeco. A description of the above-mentioned items is contained in this Circular under the heading "Risk Factors" and in TMX Group's Management's Discussion & Analysis for the year ended December 31, 2010 under the heading "Risks and Uncertainties" incorporated herein by reference.

NOTICE TO TMX GROUP SHAREHOLDERS IN THE UNITED STATES

TMX Group is a corporation existing under the laws of the Province of Ontario, Canada. The solicitation of proxies and the transactions contemplated in this Circular involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate and securities laws. The proxy solicitation rules under the U.S. Exchange Act are not applicable to TMX Group or this solicitation. **TMX Group Shareholders should be aware that proxy solicitation and disclosure requirements under Canadian laws are different from those requirements under U.S. securities laws.**

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that TMX Group is incorporated under the laws of the Province of Ontario and LSEG is incorporated under the Laws of England and Wales, that most or all of their respective officers and directors are not residents of the United States and that all or a substantial portion of their respective assets are located outside the United States. You may not be able to sue an Ontario corporation or a UK company or their respective officers or directors

in a Canadian court or a UK court for violations predicated solely on the civil liability provisions of U.S. federal securities laws. It may also be difficult to enforce a judgment by a U.S. Court against an Ontario corporation or a UK company and its affiliates.

Financial statements included or incorporated by reference herein have been prepared in accordance with Canadian GAAP, IFRS or EU-IFRS, are not subject to United States auditing and auditor independence standards, and thus may not be comparable in all respects to the financial statements of United States companies.

THE SECURITIES OF MERGECO AND EXCHANGEACO TO BE ISSUED PURSUANT TO THE PLAN OF ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE FAIRNESS OR MERITS OF SUCH SECURITIES OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The securities of Mergeco and Exchangeaco to be issued under the Merger will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof and only to the extent that corresponding exemptions from the registration or qualification requirements of State “blue skies” securities laws are available and, as a consequence, will not be registered under such act or under the securities laws of any state or other jurisdiction of the United States.

This Circular does not address any United States federal income tax consequences of the Merger to TMX Group Shareholders in the United States. TMX Group Shareholders in the United States should be aware that a disposition of TMX Group Shares pursuant to the Merger, and the acquisition, holding and disposition of Mergeco Shares or Exchangeable Shares, will have tax consequences in the United States which are not described herein. Accordingly, TMX Group Shareholders in the United States should consult their own tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

SUMMARY OF ANNUAL MEETING BUSINESS

The following is a summary of information contained elsewhere in this Circular. This summary is provided for convenience only and should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing or referred to elsewhere in this Circular, including the Annexes and documents incorporated by reference in this Circular. All capitalized terms used in this summary and elsewhere are defined under “Glossary of Terms”.

As the Meeting is both an annual and special meeting, TMX Group Shareholders will also be asked to vote on the regular business items including the election of directors and appointment of auditors and, in addition, to vote on an advisory resolution to accept TMX Group’s approach to executive compensation.

Election of TMX Group Directors

The TMX Group’s articles of incorporation provide for the TMX Group Board to consist of a minimum of three and a maximum of 24 directors. The number of directors currently in office is 14. The TMX Group Board has set the number of directors to be elected at the Meeting at 12.

The following individuals have been nominated for election to the TMX Group Board for consideration and approval:

- Wayne C. Fox
- Tullio Cedraschi
- Raymond Chan
- Denyse Chicoyne
- John A. Hagg
- Harry A. Jaako
- Thomas A. Kloet
- J. Spencer Lanthier
- Jean Martel
- John P. Mulvihill
- Kathleen M. O’Neill
- Gerri B. Sinclair

If elected, each director will hold office until TMX Group’s next annual meeting of shareholders or until the director resigns, becomes ineligible or unable to serve or until his or her successor is elected or appointed.

Messrs. Turmel and Verreault, each appointed to the TMX Group Board on May 1, 2008, are retiring from the TMX Group Board at the Meeting.

For information on the 12 proposed nominees, see “Annual Meeting Business” and Annex M — “TMX Group Annual Meeting Information”.

Appointment of Auditors and Auditor's Remuneration

The TMX Group Board recommends that TMX Group Shareholders re-appoint KPMG LLP as its auditor and authorize the directors to fix the auditor's remuneration. KPMG LLP has served as TMX Group's auditor since TMX Group was formed on August 23, 2002 and as auditor of TSX Inc. and its predecessors since 1993.

For information on the appointment of auditors and auditor's remuneration, see "Annual Meeting Business" and Annex M — "TMX Group Annual Meeting Information". See "Annual Meeting Business".

Advisory Vote on Approach to Executive Compensation

The TMX Group Board believes that TMX Group Shareholders should have the opportunity to fully understand the objectives, philosophy and principles that it has used to make executive compensation decisions. The shareholder advisory vote gives you as a TMX Group Shareholder the opportunity to indicate your acceptance of TMX Group's approach to executive compensation. Since the vote is advisory, it will not be binding on the TMX Group Board. However, the TMX Group Board and the Human Resources Committee will take into account the outcome of the vote when considering its future approach to executive compensation.

For information on TMX Group's approach to executive compensation see Compensation Discussion and Analysis beginning on page M-21 of Annex M. The text of this advisory resolution is available under "Annual Meeting Business".

SUMMARY OF THE MERGER

The following is a summary of information contained elsewhere in this Circular. This summary is provided for convenience only and should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing or referred to elsewhere in this Circular, including the Annexes and documents incorporated by reference in this Circular. All capitalized terms used in this summary and elsewhere are defined under “Glossary of Terms”.

Description of the Merger

TMX Group and LSEG are proposing to merge ownership of Canada’s and Europe’s leading diversified exchange groups in a merger of equals. The Merger is a merger of equals as reflected through the balance of a number of factors, including: the all-share consideration to be received by TMX Group Shareholders; the location of the joint headquarters in Toronto and London; the participation of existing management of each of TMX Group and LSEG in the management of Mergeco; the composition of the Mergeco Board (which will include eight representatives nominated by LSEG and seven representatives nominated by TMX Group and the Chair will be the current TMX Group Chair); and the relatively similar market capitalizations of LSEG and TMX Group.

A TMX Group Shareholder will transfer all of its TMX Group Shares to Exchangeco and will receive in exchange:

- for each TMX Group Share in respect of which that holder has validly elected to receive New Mergeco Shares, 2.9963 New Mergeco Shares (and for these purposes a failure to validly elect to receive Exchangeable Shares shall be deemed to be an election to receive New Mergeco Shares); and
- for each TMX Group Share in respect of which that holder has validly elected to receive Exchangeable Shares, 2.9963 Exchangeable Shares (and Ancillary Rights).

The aggregate number of Exchangeable Shares that may be issued is limited and accordingly the number of TMX Group Shares that can be elected by each TMX Group Shareholder to be exchanged for Exchangeable Shares is subject to proration. If the aggregate number of TMX Group Shares in respect of which holders validly elect to receive Exchangeable Shares (the “**Elected Exchangeable Share Amount**”) exceeds the product obtained by multiplying the number of TMX Group Shares issued and outstanding immediately prior to the Effective Time (other than TMX Group Shares held by TMX Group and TMX Group Shares held by Dissenting Shareholders) by 0.49 (the “**Available Exchangeable Share Amount**”), then notwithstanding the election (or deemed election) by a TMX Group Shareholder in respect of any particular TMX Group Share: (a) the number of TMX Group Shares of any TMX Group Shareholder that are Exchangeable Elected Shares shall be deemed to be the result determined by multiplying (i) the total number of Exchangeable Elected Shares of such holder otherwise determined, by (ii) the number obtained by dividing the Available Exchangeable Share Amount by the Elected Exchangeable Share Amount, and rounding down such resulting number to the nearest whole number; and (b) the balance of the holder’s TMX Group Shares will be deemed to be Non-Rollover Shares.

See “Description of the Merger” and “Summary of Merger Agreement”.

Recommendation of the TMX Group Board

The TMX Group Board has unanimously determined that the Merger is fair to TMX Group Shareholders and is in the best interests of TMX Group and TMX Group Shareholders and is unanimously recommending that TMX Group Shareholders vote “IN FAVOUR” of the Merger at the Meeting.

See “Description of the Merger — Background to the Merger” and “Description of the Merger — Reasons for the Merger”.

Reasons for the Merger

In reaching its decision to approve the Merger, the TMX Group Board consulted with TMX Group management and its financial, government relations and legal advisors and considered a number of factors.

The TMX Group Board was resolved to enter into a strategic combination transaction only if it believed that a transaction would result in the enhancement of Canadian capital markets and create greater value for TMX Group Shareholders. In particular, the TMX Group Board determined that the transaction must:

- **Protect and Enhance the Interests of Shareholders and Other Stakeholders** — In accordance with its fiduciary duties, the TMX Group Board sought a transaction that would be advantageous both to TMX Group Shareholders in strategic and financial terms and to all other stakeholders, including Canadian investors, issuers listed on TMX Group’s exchanges and potential issuers, securities dealers and other market intermediaries, and employees.
- **Achieve Net Benefits to Canada** — The TMX Group Board sought a transaction that would achieve net benefits to Canada, including as assessed under the Investment Canada Act. Among other things, the TMX Group Board determined that the transaction should provide for continuing effective participation of residents of Canada in the leadership, governance and management of the resulting global enterprise.
- **Preserve Securities Regulatory Regime** — The TMX Group Board sought a transaction that would preserve, under the Canadian securities regulatory regime, requirements for the local governance, management and operation of TMX Group’s exchanges and the ongoing regulation of them by Canadian Securities Regulators.

In the course of its consideration of such a strategic combination transaction, the TMX Group Board concluded that the best way to achieve these fundamental objectives at this time was to participate in a merger of equals transaction like the Merger.

The TMX Group Board considered a number of factors, including the following:

Strategic Considerations

- its expectation that TMX Group Shareholders will continue to participate in TMX Group’s current business prospects as well as the strongly positioned global growth opportunities of the Merged Group;
- its expectation that the Merged Group will be led by an experienced global board and world-class leadership team with co-headquarters located in Toronto and London;

- its expectation that the Merged Group will be a larger, financially stronger international exchange group with a broader offering of products and services and a global or regional leader in a number of growing businesses, including listings, natural resources, mining, energy, clean tech and listings of SMEs, international listings from emerging growth markets, cash equities trading in Europe and cash equities trading and derivatives trading and clearing in Canada, electronic trading of European government bonds, and the offering of global information, market data and indices;

Financial Considerations

- the Exchange Ratio of 2.9963 New Mergeco Shares or Exchangeable Shares (and Ancillary Rights) that TMX Group Shareholders will receive in exchange for each of their TMX Group Shares:
 - results in former TMX Group Shareholders holding approximately 45% of the outstanding publicly held equity interest in the Merged Group immediately after the Merger, which is consistent with the contribution of TMX Group to the Merged Group based on certain key financial metrics that TMX Group's financial advisors reviewed with the TMX Group Board; and
 - provides TMX Group Shareholders with an opportunity to share in the future growth of the Merged Group and the synergies expected to be generated by the Merger and, at the time the TMX Group Board approved the Merger, provided TMX Group Shareholders with a small premium to market price.
- the terms of the transaction are consistent with those of global merger of equals precedents, in terms of relative ownership in the merged entity, board structure and participation in senior management of the merged entity;

Governance and Management Considerations

- the fact that Toronto and London will be co-headquarters of the Merged Group and the related undertakings to preserve those arrangements for the period of the undertakings;
- the proposed governance structure of Mergeco, including the proposed undertakings to maintain and adjust the number of Canadian resident directors in the future; and
- the proposed undertakings regarding the membership of Canadian independent residents on the boards of directors of each of TMX Group's regulated exchanges.

For a full description of specific factors considered by the TMX Group Board, see "Description of the Merger — Reasons for the Merger".

Fairness Opinions

On February 8, 2011, at a meeting of the TMX Group Board held to evaluate the Merger, each of Merrill Lynch Canada Inc. ("**BofA Merrill Lynch**") and BMO Nesbitt Burns Inc. ("**BMO Capital Markets**") delivered to the TMX Group Board an oral opinion, which was confirmed by delivery of a written opinion dated February 8, 2011, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in the opinion, the Exchange Ratio was fair, from a financial point of view, to TMX Group Shareholders.

See "Description of the Merger — Fairness Opinions".

Maple Proposal

On May 13, 2011, TMX Group received a written proposal for the acquisition of TMX Group by Maple Group Acquisition Corporation (“**Maple**”). Maple was formed by a group of nine investors, including Canadian pension funds and subsidiaries of Canadian banks.

Under the Maple proposal, which is not binding and was prepared for discussion purposes, on a fully prorated basis, each TMX Group Share would be exchanged for \$33.52 in cash plus 0.3016 of a share of Maple. According to the Maple proposal, after giving effect to it, the existing TMX Group Shareholders would own approximately 40% of Maple’s outstanding shares, with Maple’s investors owning the other 60%.

The Maple proposal is subject to a number of significant conditions, including:

- receipt of all competition / anti-trust approvals considered necessary or desirable by Maple, all on terms and conditions satisfactory to Maple, acting reasonably, including approval for the combination of TMX Group with both Alpha Group and CDS; and
- receipt of all securities regulatory authorities approvals, consents and confirmations considered necessary or desirable by Maple, all on terms and conditions satisfactory to Maple, acting reasonably, including approval for the combination of TMX Group with both Alpha Group and CDS as contemplated by the Maple proposal.

The TMX Group Board considered Maple’s proposal and determined, on May 20, 2011, after consultation with its financial advisors and outside counsel, that for purposes of the Merger Agreement, the Maple proposal does not constitute a Superior Proposal nor could it reasonably be expected to result in a Superior Proposal. In making this determination, the TMX Group Board considered a number of factors, including the following: (i) having considered the advice of its financial advisors among other things, the TMX Group Board believes that the financial consideration proposed by Maple is inadequate given that the Maple proposal entails a change of control of TMX Group, (ii) the significant leverage associated with the Maple proposal, which could constrain TMX Group’s ability to execute and implement strategic opportunities in the future, (iii) there is inadequate information in the Maple proposal regarding Maple’s future business plans and strategy for TMX Group, (iv) the Maple proposal does not provide information regarding the values of Alpha Group and CDS and the economic terms upon which they would be combined with TMX Group, (v) the significant execution risk associated with the Maple proposal’s closing condition of regulatory approval for Maple’s acquisition of Alpha Group and CDS and (vi) that TMX Group and TMX Group Shareholders bear all of the regulatory risk and the Maple proposal contains no compensation for TMX Group if all regulatory approvals are not received. See “Description of the Merger — Maple Proposal”.

The financing for the Maple proposal would consist of equity capital contributions by each of the Maple investors or their affiliates, and unsecured debt financing from a syndicate of Canadian banks. Maple’s proposal anticipates outstanding debt of approximately \$1.1 billion if it were to be completed.

Maple’s proposal also states: “Even without the significant benefits of the proposed follow-on combination with Alpha Group and CDS, the [t]ransaction would be accretive to [TMX Group]’s

earnings per share. The [t]ransaction is expected to be approximately \$0.50 to [TMX Group]'s consensus 2012 EPS estimate of \$3.48." Maple also has stated that it plans to maintain TMX Group's current annual dividend.

The Maple proposal is subject to a number of significant conditions, including:

- receipt of all competition/anti-trust approvals considered necessary or desirable by Maple, all on terms and conditions satisfactory to Maple, acting reasonably, including approval for the combination of TMX Group with both Alpha Group and CDS;
- receipt of all securities regulatory authorities approvals, consents and confirmations considered necessary or desirable by Maple, all on terms and conditions satisfactory to Maple, acting reasonably, including approval for the combination of TMX Group with both Alpha Group and CDS; and
- approval of the proposal by at least two-thirds (66²/₃%) of votes cast by TMX Group shareholders.

The TMX Group Board considered Maple's proposal and determined, on May 20, 2011, after consultation with its financial advisors and outside counsel, that for purposes of the Merger Agreement, the Maple proposal does not constitute a Superior Proposal nor could it reasonably be expected to result in a Superior Proposal.

On May 25, 2011 Maple made a public announcement regarding its intention to initiate a unilateral offer to acquire TMX Group. The TMX Group Board will review and respond to the formal Maple offer if and when it has been made.

TMX Group Shareholder Approval

At the Meeting scheduled to take place on June 30, 2011, TMX Group Shareholders will be asked to vote to approve the Arrangement Resolution. The approval of the Arrangement Resolution will require the affirmative vote of at least two-thirds of the votes cast by TMX Group Shareholders present in person or represented by proxy at the Meeting. Notwithstanding the approval by TMX Group Shareholders of the Arrangement Resolution or the Final Order having been obtained, each of TMX Group and LSEG reserves the right not to proceed with the Merger in accordance with the terms of the Merger Agreement.

See "Description of the Merger — Required Shareholder Approvals".

Court Approval

An arrangement under the OBCA requires Court approval. Prior to the mailing of this Circular, TMX Group obtained the Interim Order, which provides for the calling and holding of the Meeting, dissent rights for TMX Group Shareholders and other procedural matters. Subject to the approval of the Arrangement Resolution by TMX Group Shareholders at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on July 5, 2011.

See "Description of the Merger — Principal Legal Matters — Court Approval and Completion of the Merger".

Consequences of TMX Group Shareholders Failing to Approve the Merger

There is no assurance that the TMX Group Shareholders will approve the Merger. If they fail to do so, the Merger will not proceed and either TMX Group or LSEG will have the right to terminate the Merger Agreement. If this were to occur, TMX Group would be required to pay LSEG an expense fee in the amount of \$10,000,000.

TMX Group would be required to pay LSEG a termination fee in the amount of \$39,000,000 if either party terminates the Merger Agreement as a result of TMX Group Shareholders failing to approve the Merger and if (x) prior to such termination, a *bona fide* Acquisition Proposal for TMX Group is made or publicly announced by any Person other than LSEG and (y) within 12 months following the date of such termination, (A) TMX Group or one or more of its Subsidiaries enters into a definitive agreement in respect of such Acquisition Proposal and such Acquisition Proposal is completed; or (B) such Acquisition Proposal is completed (in each case references in the definition of Acquisition Proposal to “20%” are deemed to be references to “50%”).

If the termination fee is payable, the expense fee will not be payable.

See “Summary of Merger Agreement — Termination Fees” and “Summary of Merger Agreement — Expense Fees”.

LSEG Shareholder Approval

At the LSEG Meeting scheduled to take place on June 30, 2011, LSEG Shareholders will be asked to vote to approve the LSEG Resolution. The approval of the LSEG Resolution will require the affirmative vote of a majority of the votes cast by LSEG Shareholders present in person or represented by proxy at the LSEG Meeting. Notwithstanding the approval by LSEG Shareholders of the LSEG Resolution, each of LSEG and TMX Group reserves the right not to proceed with the Merger in accordance with the terms of the Merger Agreement.

In addition, conditional on the passing of the LSEG Resolution and on, and with effect from, completion of the Merger, LSEG will be proposing certain ancillary resolutions, including a special resolution to change its name.

See “Description of the Merger — Required Shareholder Approvals”.

Consequences of LSEG Shareholders Failing to Approve Merger

There is no assurance that LSEG Shareholders will approve the Merger. If they fail to do so, the Merger will not proceed and either LSEG or TMX Group will have the right to terminate the Merger Agreement. If this were to occur, LSEG would be required to pay TMX Group an expense fee in the amount of \$10,000,000.

LSEG would be required to pay TMX Group a termination fee in the amount of \$39,000,000 if either party terminates the Merger Agreement as a result of LSEG Shareholders failing to approve the Merger and if (x) prior to such termination, a *bona fide* Acquisition Proposal for LSEG is made or publicly announced by any Person other than TMX Group and (y) within 12 months following the date of such termination, (A) LSEG or one or more of its Subsidiaries enters into a definitive agreement in respect of such Acquisition Proposal and such Acquisition Proposal is subsequently completed; or (B) such Acquisition Proposal is completed (in each case references in the definition of Acquisition Proposal to “20%” are deemed to be references to “50%”).

If the termination fee is payable, the expense fee will not be payable.

See “Summary of Merger Agreement — Termination Fees” and “Summary of Merger Agreement — Expense Fees”.

Recommendation of the LSEG Board

The LSEG Board is unanimously recommending that LSEG Shareholders vote “IN FAVOUR” of the Merger at the LSEG Meeting.

Regulatory Approvals

The Merger is conditional upon, among other things, obtaining certain regulatory approvals, including:

- Investment Canada Act Approval;
- Securities Regulatory Approvals; and
- certain antitrust approvals.

With the exception of U.S. antitrust approval, which was obtained on April 15, 2011, as of the date of this Circular, none of the regulatory approvals has been obtained.

See “Description of the Merger — Regulatory Approvals”.

Investment Canada Act Approval

LSEG has agreed, pursuant to the Merger Agreement, that Mergeco will provide written undertakings to Her Majesty in right of Canada in support of the application by LSEG to the Investment Review Division of Industry Canada. In furtherance of obtaining the Investment Canada Act Approval, LSEG has agreed that Mergeco will offer, accept and agree to a list of key undertakings appended to the Merger Agreement and will continue for a period of four years. Should Investment Canada Act Approval be received, the Merged Group will be subject to such undertakings for such period. See “Proposed Investment Canada Act Undertakings” for a description of the proposed undertakings.

In connection with obtaining approval, it is possible that the terms of the undertakings to be provided by LSEG in relation to the Merger will be modified. The Merger Agreement sets out the commitment which LSEG has made to TMX Group in connection with variations to the undertakings. With respect to the undertakings related to corporate governance matters (including board structure, how the principal leadership roles in the Merged Group would be shared, and where the Merged Group headquarters for the principal global business and support functions would be located), and undertakings as to minimum Canadian employment levels as agreed between the parties) and certain other matters set out in the Merger Agreement, LSEG would be obliged to accept any changes emerging from the regulatory process which are of no substantive effect. With respect to the undertakings related to other matters, LSEG would be obliged to accept changes that are not material, either individually or in the aggregate, in relation to such matters.

LSEG has further agreed to offer, accept and agree to additional undertakings in respect of matters that are not contemplated by the Merger Agreement and that are acceptable to LSEG, acting in good faith and reasonably. In addition to the undertakings it agreed to provide pursuant to the Merger Agreement, LSEG may be required to provide additional undertakings in order to

obtain Investment Canada Act Approval. Accordingly, the final undertakings to be given in connection with Investment Canada Act Approval may vary from those described in this Circular. Such final undertakings may be given after the LSEG Resolution has been passed. To the extent that any amendments to the terms of the Merger are material, LSEG shall seek a further approval from the LSEG Shareholders for the Merger.

It is expected that the views of provincial governments and other interested parties will be considered in the Investment Canada Act Approval process. A special Select Committee of the Legislative Assembly of Ontario has conducted public hearings on the Merger and has published a report, making a number of recommendations relating to the terms of the Merger.

Securities Regulatory Approvals

The Merger requires approval by the OSC as LSEG will be acquiring more than 10% of the voting shares of TMX Group and indirectly of TSX Inc. and approval by the AMF as LSEG will be acquiring more than 10% of the voting shares of both TMX Group and indirectly of MX. In addition, approvals are required by the OSC, AMF, ASC and BCSC to effect changes to existing recognition orders to reflect the Merger.

Pursuant to the Merger Agreement, LSEG has agreed, in respect of obtaining the Securities Regulatory Approvals from the OSC, AMF, ASC and BCSC, to provide written undertakings to such securities regulators and to agree to amendments to the recognition orders of certain of TMX Group exchanges. Additionally, LSEG will request confirmation from the OSC, AMF and MSC for the continuing application of exemptive relief in respect of TSX Venture Exchange Inc. Approval of the SEC is also required for certain aspects of the Merger. See “Regulation of the Merged Group” for a description of the proposed terms and conditions agreed to between LSEG and TMX Group to obtain the Securities Regulatory Approvals.

In connection with obtaining approvals, it is possible that the terms and conditions agreed between LSEG and TMX Group to obtain the Securities Regulatory Approvals will be modified. The Merger Agreement sets out the commitments which LSEG has made to TMX Group in connection with undertakings and variations to terms and conditions of recognition orders in connection with the Securities Regulatory Approvals. With respect to the terms and conditions related to corporate governance and certain other matters set out in the Merger Agreement, LSEG would be obliged to accept any changes emerging from the regulatory process which are of no substantive effect. With respect to the terms and conditions related to other matters contemplated by the Merger Agreement, LSEG would be obliged to accept changes that are not material, either individually or in the aggregate, in relation to such matters. LSEG has further agreed to offer, accept and agree to additional terms and conditions in respect of matters that are not contemplated by the Merger Agreement and that are acceptable to LSEG, acting in good faith and reasonably. In addition to the undertakings, terms and conditions it agreed to pursuant to the Merger Agreement, LSEG may be required to provide additional undertakings and agree to other changes in order to obtain the Securities Regulatory Approvals. Accordingly, the final terms and conditions required to obtain the Securities Regulatory Approvals may vary from those described in this Circular. Such final terms and conditions may be agreed to after the LSEG Resolution has been passed. To the extent that any amendments to the terms of the Merger are material, LSEG shall seek a further approval from the LSEG Shareholders for the Merger.

On May 13, 2011, the OSC, AMF, ASC and BCSC each published the applications of TMX Group (and MX in the case of the application to the AMF) and LSEG for approval of the Merger and concurrently published a notice and request for comments within a 45 day comment period. Shortly after the end of such comment period, the OSC and the AMF will each hold public hearings with respect to the applications, which are expected to be held in July 2011.

Non-Solicitation and Superior Proposals

Each of LSEG and TMX Group have agreed not to, directly or indirectly, among other things, solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries, proposals or offers relating to any Acquisition Proposal.

Prior to the TMX Group Shareholder Approval or the LSEG Shareholder Approval, as applicable, having been obtained, TMX Group or LSEG may enter into a Superior Proposal under certain conditions. The party wishing to pursue a Superior Proposal must provide the other party with five Business Days to exercise a right to match any Superior Proposal. If either party accepts a Superior Proposal, it must pay the other party a termination fee in the amount of \$39,000,000 (inclusive of any amounts in respect of VAT, sales or turnover Tax or any other similar Tax, if applicable).

See “Summary of Merger Agreement — Non-Solicitation”.

Timing of the Merger

TMX Group and LSEG will complete the Merger when all of the conditions required for completion of the Merger have been satisfied or waived. TMX Group and LSEG are working toward satisfying these conditions and completing the Merger as quickly as possible. It is currently expected that the Merger will complete in the fall of 2011. Because the Merger is subject to a number of conditions beyond the control of TMX Group and LSEG, the exact timing cannot be predicted.

See “Summary of Merger Agreement — Conditions”.

Exchangeable Share Structure

The Exchangeable Share structure provides the opportunity for a deferral of Canadian tax for beneficial owners of TMX Group Shares who are Canadian Residents. A Canadian Resident, means a resident of Canada for purposes of the Canadian Tax Act who is not exempt from tax under Part I of the Canadian Tax Act and includes a partnership any member of which is a Canadian Resident. To obtain a deferral of Canadian tax, both (i) TMX Group Shares must be exchanged for Exchangeable Shares and (ii) such owner must file certain tax elections described under the heading “Canadian Tax Considerations for TMX Group Shareholders — TMX Group Shareholders Resident in Canada” in respect of such exchange.

Exchangeable Shares also allow Canadian Residents to receive dividends from a Canadian corporation which are generally subject to more favourable tax treatment than dividends from a non-Canadian corporation.

Only a TMX Group Shareholder who is (i) a Canadian Resident who is holding TMX Group Shares on its own behalf or (ii) holding TMX Group Shares on behalf of a beneficial owner

who is a Canadian Resident (“**Eligible Canadian Resident**”) can elect to receive Exchangeable Shares.

TMX Group Shareholders who are not Eligible Canadian Residents cannot elect to receive Exchangeable Shares.

On the Effective Date, each TMX Group Shareholder will transfer all of its TMX Group Shares to Exchangeco and will receive in exchange:

- 2.9963 New Mergeco Shares for each TMX Group Share in respect of which the TMX Group Shareholder has not validly elected to receive Exchangeable Shares; and
- 2.9963 Exchangeable Shares (together with the Ancillary Rights) for each TMX Group Share in respect of which the Eligible Canadian Resident has validly elected to receive Exchangeable Shares,

each in accordance with elections made by such TMX Group Shareholder in the Letter of Transmittal and Election Form completed by it.

The Exchangeable Shares will be issued by Exchangeco, an indirect subsidiary of Mergeco. The Exchangeable Shares (together with Ancillary Rights) will carry substantially equivalent economic entitlements (including as to dividends) to the New Mergeco Shares issued by Mergeco.

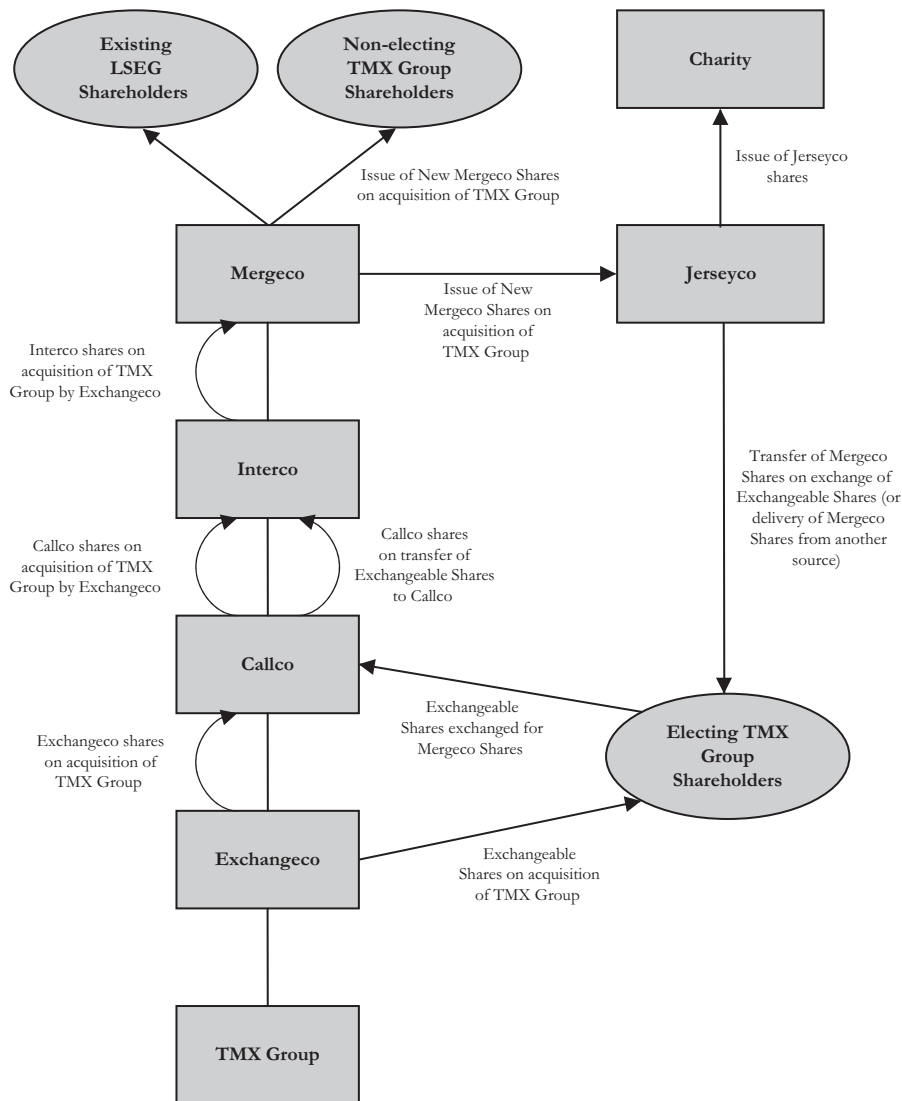
Exchangeable Shareholders will receive, through the Voting and Exchange Trust Agreement, the benefit of voting rights attaching to Mergeco Shares. To enable Exchangeable Shareholders to exercise such voting rights, a number of New Mergeco Shares will be issued to Jerseyco on the Effective Date equal to the number of Exchangeable Shares being issued to Eligible Canadian Residents on that date. A holder of Exchangeable Shares will be entitled to instruct the Trustee to exercise the votes attaching to one Mergeco Share for each Exchangeable Share held by the Exchangeable Shareholder on the same basis and in the same circumstances as if the holder held one Mergeco Share.

At its option, a holder of Exchangeable Shares other than a U.S. Holder will be able to exchange its Exchangeable Shares for Mergeco Shares on a one-for-one basis. Upon the exchange of the Exchangeable Shares, an equal number of Mergeco Shares will be delivered to the holder of Exchangeable Shares.

On or after the seventh anniversary of the Effective Date, and in certain circumstances prior to the seventh anniversary of the Effective Date (including if the number of Exchangeable Shares outstanding (and not held by Mergeco and its affiliates) is fewer than 7,500,000 (subject to any adjustment as described in “Exchangeable Share Structure — Exiting the Exchangeable Share Structure — Redemption of Exchangeable Shares”)), Exchangeco may redeem all of the outstanding Exchangeable Shares at its option. Upon such a redemption, holders of the outstanding Exchangeable Shares will receive an equal number of Mergeco Shares in exchange for their Exchangeable Shares. However, Mergeco may instead elect that any or all U.S. Holders of Exchangeable Shares shall receive the net cash proceeds derived from the sale of their Mergeco Shares outside the United States, unless Mergeco has determined in its sole judgment that the offer and sale of Mergeco Shares in exchange for the Exchangeable Shares held by U.S. Holders is exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable state “blue sky” securities laws.

The Exchangeable Shares are issued by Exchangeco. The Exchangeable Share structure will be implemented by Mergeco through a chain of subsidiaries: Interco, Callco and Exchangeco. LSEG has also established Jerseyco to hold New Mergeco Shares issued to Jerseyco on the Effective Date.

The following diagram illustrates the mechanisms by which New Mergeco Shares and/or Exchangeable Shares will be issued to TMX Group Shareholders.



See “Exchangeable Share Structure” and “Canadian Tax Considerations for TMX Group Shareholders”.

Letter of Transmittal and Election Form

Registered TMX Group Shareholders will be sent a Letter of Transmittal and Election Form not less than 20 Business Days (which meets the minimum 10 Business Day requirement of the

Interim Order) before the Effective Date of the Merger. Registered TMX Group Shareholders must carefully follow the instructions to complete the Letter of Transmittal and Election Form and return it with the certificate(s) representing their TMX Group Shares to the Depositary, at any of the offices set forth in such Letter of Transmittal and Election Form. If your TMX Group Shares are not registered in your name but are held by a nominee, please contact your nominee for instructions. The Letter of Transmittal and Election Form will be made available on SEDAR at www.sedar.com and on TMX Group's website at www.tmx.com.

Each TMX Group Shareholder will, subject to the qualifications below, have the opportunity to elect for:

- (i) Exchangeable Shares;
- (ii) New Mergeco Shares; or
- (iii) a combination of Exchangeable Shares and New Mergeco Shares,

by depositing with the Depositary prior to 5:00 p.m. (Eastern time) on the date specified as the election deadline on the Letter of Transmittal and Election Form (the "**Election Deadline**") a duly completed Letter of Transmittal and Election Form. The foregoing is subject to the proviso that only a TMX Group Shareholder who is, at the Effective Time, an Eligible Canadian Resident will be entitled to elect for Exchangeable Shares and that any elections to receive Exchangeable Shares made by any other TMX Group Shareholders shall be invalid, with the TMX Group Shares held by any such invalidly electing holders deemed to have been Non-Rollover Shares transferred in accordance with the requirements as set out above.

Any TMX Group Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline or who otherwise fails to comply fully with the requirements set out in the Plan of Arrangement and in the Letter of Transmittal and Election Form in respect of TMX Group Shareholder's election for Exchangeable Shares, New Mergeco Shares or a combination of Exchangeable Shares and New Mergeco Shares, will be deemed to have elected to receive New Mergeco Shares in respect of all of the TMX Group Shares held by such holder.

The aggregate number of Exchangeable Shares that may be issued is limited and accordingly the amount elected by each TMX Group Shareholder is subject to proration.

See "Description of the Merger — Arrangement Mechanics".

Stock Exchange Listings

Existing LSEG Shares will be re-admitted and the New Mergeco Shares will be admitted for listing on the London Stock Exchange and LSEG has applied for the listing of New Mergeco Shares and Exchangeable Shares on Toronto Stock Exchange.

The TMX Group Shares will be delisted from TSX as soon as practicable following the Effective Date.

See "Description of the Merger — Stock Exchange Listings".

Ongoing Reporting Obligations

Following completion of the Merger, Mergeco will become a reporting issuer in each province and territory of Canada and, as such, will be required to comply with the continuous and other timely disclosure requirements and securities rules under relevant Canadian Securities Laws and TSX Listing Rules in addition to the requirements under the UK Listing Rules, Disclosure and Transparency Rules and Prospectus Rules.

Mergeco will not be a “designated foreign issuer” as defined in National Instrument 71-102 — *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, which would have allowed it to be generally exempt from Canadian statutory financial and other continuous and timely reporting requirements.

Following completion of the Merger, Exchangeco will also become a reporting issuer in each province and territory of Canada.

Pursuant to section 13.3 of National Instrument 51-102 — *Continuous Disclosure Obligations* (“**NI 51-102**”), Exchangeco will be exempt from Canadian continuous disclosure requirements, so long as the requirements of section 13.3 of NI 51-102 are satisfied, including that Exchangeco sends to holders of Exchangeable Shares, in the manner and at the time required by Canadian Securities Laws, all financial and other continuous disclosure documents that Mergeco sends to holders of Mergeco Shares.

See “Description of the Merger — Ongoing Reporting Obligations”.

Dissent Rights

TMX Group Shareholders may dissent in respect of the Arrangement Resolution under section 185 of the OBCA. If the Merger is completed, dissenting TMX Group Shareholders who comply with the procedures set forth in the OBCA (as modified by the Plan of Arrangement and the Interim Order) will be entitled to be paid the fair value of their TMX Group Shares. This dissent right is summarized under “Dissenting Shareholders’ Rights” (as modified by the Plan of Arrangement and the Interim Order) and the text of section 185 of the OBCA is set forth in Annex E to this Circular. Only Registered TMX Group Shareholders are entitled to exercise the right to dissent. Failure to comply strictly with the requirements set forth in section 185 of the OBCA will result in the loss or unavailability of any right to dissent.

It is a condition to LSEG’s obligation to complete the Merger that the total number of TMX Group Shares with respect to which dissent rights have been properly exercised does not exceed 2% of the outstanding TMX Group Shares as of the Effective Date.

Information Concerning the Merged Group

Following completion of the Merger, Mergeco will become the ultimate holding company of TMX Group and its Subsidiaries. Mergeco will remain incorporated and solely tax resident in the UK and TMX Group will remain incorporated in Ontario, Canada and solely tax resident in

Canada. The principal executive offices and joint headquarters of the Merged Group will be located at 10 Paternoster Square, London EC4M 7LS, UK and at The Exchange Tower, 130 King Street West, Toronto, ON, M5X 1J2, Canada.

In addition, the Merger recognizes the existing centres of excellence within the Merged Group and reinforces these strengths by assigning global responsibility across its geographic footprint.

London will remain a key centre for international listings and will be the global centre for the Merged Group's technology solutions business, managing a portfolio of leading global technologies, as well as the centre for information services and post-trade services. Mergeco's Chief Executive Officer will be based in London.

Toronto will be the centre for the Merged Group's global primary markets (listings and other issuer services) business unit, covering the full range of listings from large multinationals to small and mid-cap organizations across all of the Merged Group's equity exchanges. The global finance function of the Merged Group will be headquartered in Toronto. Mergeco's President and Chief Financial Officer will be based in Toronto.

Milan, in addition to being the headquarters for Borsa Italiana, will become the new centre for the Merged Group's global fixed income business, combining the strengths of TMX Group's fast-growing Shorcan fixed income business with LSEG's leading government and retail fixed income platforms, MTS and MOT, respectively. Milan will also be the centre for global equities trading and European post-trade services.

Montreal, in addition to being the headquarters for Montreal Exchange and CDCC, will also become the centre for the Merged Group's global derivatives business.

Calgary, in addition to being the headquarters for NGX, TMX Group's energy business, will also become the centre for the Merged Group's global energy business, adding substantial international reach to its existing energy trading and clearing services.

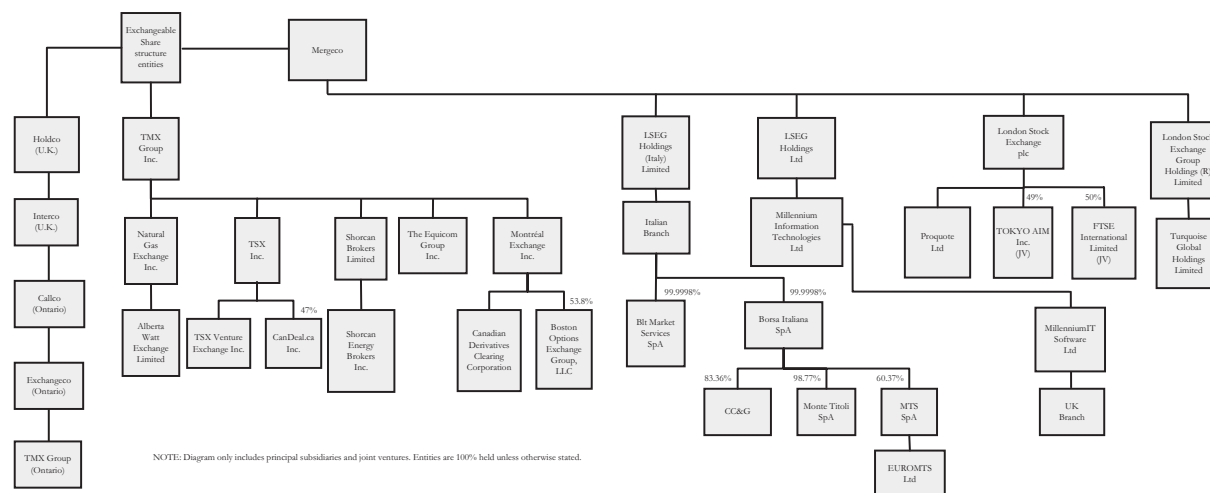
Vancouver and Calgary will remain joint headquarters for TSX Venture Exchange and will also be the co-ordinating centres for SME listings.

The location of the global business units are subject to adjustment. See "Proposed Investment Canada Act Undertakings".

The executive management and senior leadership of the Merged Group will be drawn from a balance of leaders from both organizations and will be represented in its joint headquarters of Toronto and London as well as other core centres, including Calgary, Colombo, Milan, Montreal, Rome and Vancouver.

It is intended that LSEG be renamed as a result of the merger of equals and to reflect its increased international profile. The Merged Group will continue to maintain certain existing brands, including the London Stock Exchange, Toronto Stock Exchange, TSX Venture Exchange, AIM, Montréal Exchange and Borsa Italiana.

The following chart shows the corporate relationship between the principal entities in, and joint ventures of, the Merged Group immediately following completion of the Merger:



A Leading Global Listing Franchise

The Merged Group will be:

- the number one listings venue in the world by number of total listings — over 6,700 companies with an aggregate market capitalization of approximately C\$5.8 trillion (£3.7 trillion);
- the number one listings venue in the world for natural resources, mining, energy and clean technology companies;
- the number one venue for international listings from emerging and growth markets; and
- the number one listings venue in the world for venture or alternative market issuers with approximately 3,600 combined TSX Venture Exchange and AIM listings providing deep expertise in supporting small-cap and early stage companies.

Diverse Offerings Across Geographic Locations and Asset Classes

The Merged Group will provide diverse offerings across a number of geographic locations and asset classes as follows:

- cash equities, by operating the leading trading venues in Europe (across the Merged Group’s “lit” books) and Canada;
- fixed income, as one of the leading electronic trading platforms for European government bonds and Canada’s first inter-dealer bond broker;
- energy and power, as the leading venue in energy trading, clearing and physical delivery in Canada, as an important and growing participant in the U.S. market and as the number one venue in trading and clearing power derivatives in Italy;

- derivatives, as the leading derivatives trading venue in Italy and as Canada's only standardized derivatives exchange; and
- strong regional post-trade and clearing solutions for equities, fixed income and exchange traded and OTC derivatives in both Europe and Canada through CC&G, Monte Titoli and CDCC, with the opportunity to expand into OTC derivatives.

Increased Suite of Information Services Including Indices

The Merger provides opportunities for an increased suite of information services with leadership positions in the provision of indices, real-time data, reference data and a range of desktop and workflow products through the Merged Group's businesses and interests, including FTSE. The Merged Group will seek opportunities to expand the geographic distribution of its existing market data services and develop new global information solutions, including the creation of new equity and fixed income indices.

The Merged Group will be able to offer domestic and global customers a single point of contact for the provision of real-time and historic market data and information services from its multiple exchanges in various European and Canadian jurisdictions.

High-Performance and Cost-Effective Technology

LSEG and TMX Group will bring together their respective information technology expertise to develop and offer leading-edge multi-asset class technology solutions and to facilitate innovation and further development in trading platform functionality. The Merged Group's exchanges will operate on common technology platforms and connected networks with the aim of facilitating efficient access across LSEG's and TMX Group's existing markets. Together with the expected increase in liquidity, improvements in technology are expected to enhance certainty of execution, lower trading costs and reduce spreads and the cost of capital for users of the Merged Group's services.

Global Marketing Capabilities

The Merged Group will utilize its global sales network to expand the distribution of its products and services in trading, data, listing and technology sales, including MillenniumIT and SOLA technology, to its expanded customer base.

See "Information Concerning the Merged Group".

Directors and Officers of Mergeco

It is intended that Mergeco will continue to comply with the UK Corporate Governance Code. In addition, the Mergeco Board will comply with Canadian corporate governance principles and rules. The Mergeco Board will initially comprise 15 directors.

- Eight of the initial directors have been nominated by the existing LSEG Board (the "**LSEG Nominees**"), and include Xavier Rolet, who will be the Chief Executive Officer, Chris Gibson-Smith and Massimo Tononi who will be the Deputy Chairs, and Raffaele Jerusalmi (current Chief Executive Officer of Borsa Italiana).

- Seven of the initial directors have been nominated by the existing TMX Group Board (the “**TMX Group Nominees**”) and include Wayne Fox, who will be the Chair of the Mergeco Board, Thomas Kloet, who will be the President, and Michael Ptasznik, who will be the Chief Financial Officer.

See “Directors and Officers of Mergeco”.

Joint Headquarters, Global Business Units and Support Functions

Under the Merger Agreement, Mergeco agrees to undertake to maintain joint headquarters for the Merged Group in Toronto and London for a period of four years following completion of the Merger and to locate global business units and support functions in Canada in accordance with the Merger Agreement.

See “Proposed Investment Canada Act Undertakings”.

Dividend Policy of Mergeco

Following completion of the Merger, Mergeco intends, subject to the approval of the Mergeco Board, to maintain a progressive dividend policy, as earnings and cash flows allow, from the base of the current combined gross amount of dividends paid in connection with the Existing LSEG Shares and TMX Group Shares in aggregate.

The New Mergeco Shares issued to TMX Group Shareholders in exchange for TMX Group Shares upon completion of the Merger shall be issued, credited as fully paid and rank *pari passu* with the Existing LSEG Shares and carry the right to receive all dividends and other distributions (if any) declared, made or paid after the date of issue of the New Mergeco Shares, except that any dividend to be paid to the Mergeco Shareholders after completion of the Merger relating to the period between March 31, 2011 and the date of completion of the Merger in accordance with the terms of the Merger Agreement shall be paid only to the holders of Existing LSEG Shares.

The dividends on Mergeco Shares will be declared in pounds sterling. Mergeco Shareholders will receive dividends in Canadian dollars or pounds sterling, as applicable based on their residency according to the share register and calculated based on the exchange rates prevailing on each declaration date for the payment of dividends.

Exchangeable Shareholders will receive dividends equivalent to those paid on the Mergeco Shares. These dividends will be paid in Canadian dollars, based on the exchange rates prevailing on each date on which dividends are declared. Exchangeable Shares also allow Canadian Residents to receive dividends from a Canadian corporation which are generally subject to more favourable tax treatment than dividends from a non-Canadian corporation.

Jerseyco will waive the dividend rights attaching to the New Mergeco Shares held by it and, as such, will not receive any dividends paid by Mergeco.

See “Information Concerning the Merged Group — Dividend Policy”.

Summary Unaudited Pro Forma Consolidated Financial Statements of the Merged Group

The following summary unaudited pro forma financial information of the Merged Group has been compiled from the underlying financial statements of LSEG and TMX Group prepared in accordance with EU-IFRS as applied by LSEG to illustrate the effect of the Merger. The summary unaudited pro forma financial information is derived from the unaudited pro forma financial statements of the Merged Group included in this Circular and has been prepared as if the Merger had occurred on March 31, 2011.

The summary unaudited pro forma financial information has been prepared for illustrative purposes only, does not represent LSEG's or the Merged Group's actual financial position or results and does not purport to represent what earnings actually would have been if the Merger had occurred on March 31, 2011, what earnings will be for any future periods or what the balance sheet would have been if the Merger had occurred on March 31, 2011.

Unaudited Pro Forma Consolidated Income Statement

(in millions of pounds sterling, except per share amounts)	<u>Year ended March 31, 2011/ December 31, 2010</u>
Revenue	£1,068.0
Operating profit	£ 495.8
Profit for the financial year	£ 305.7
Basic earnings per share	61.1p
Diluted earnings per share	60.5p

Unaudited Pro Forma Consolidated Statement of Net Assets

(in millions of pounds sterling)	<u>As at March 31, 2011</u>
Cash and cash equivalents and Marketable securities	£ 509.1
Total assets	£121,133.4
Total Borrowings	£ 774.3
Total liabilities	£118,043.9
Net Assets	£ 3,089.5

See Annex K — “Unaudited Pro Forma Consolidated Financial Statements of the Merged Group”.

Risk Factors

An investment in the Mergeco Shares or Exchangeable Shares is subject to a number of risks. Potential investors should carefully consider the risks and uncertainties together with all the other information set out in, or incorporated by reference into, this Circular prior to making any decision as to whether or not to invest in Mergeco Shares or Exchangeable Shares.

Risks and uncertainties relating to the business of TMX Group are also discussed in the materials that TMX Group files with Canadian Securities Regulators from time to time, including its management's discussion and analysis for the year ended December 31, 2010 and other

documents of TMX Group incorporated by reference herein. Risks and uncertainties relating to the business and operations of LSEG are also discussed in the materials that LSEG filed with securities regulatory authorities in the UK from time to time, including its current annual report for the year ended March 31, 2011.

See “Risk Factors”.

Certain Canadian and UK Tax Considerations

Canada

TMX Group Shareholders should read carefully the information in the Circular under the heading “Canadian Tax Considerations for TMX Group Shareholders”, which qualifies the information set forth below, and should consult their tax advisors.

The exchange of TMX Group Shares for Mergeco Shares and/or Exchangeable Shares will generally be a taxable event to a TMX Group Shareholder. However, a TMX Group Shareholder (i) all or a portion of whose TMX Group Shares are exchanged for consideration that includes Exchangeable Shares (and Ancillary Rights) and (ii) who has made a valid tax election in respect of such exchange, may obtain a full or partial tax deferral (rollover) on any capital gain otherwise arising upon the exchange of those shares. TMX Group Shareholders who are not residents of Canada for purposes of the Canadian Tax Act will generally not be subject to Canadian income tax on gains arising on the exchange of TMX Group Shares.

UK

TMX Group Shareholders who are Canadian residents (and neither resident, nor, in the case of individuals, ordinarily resident in the UK) for tax purposes will not generally be subject to UK capital gains taxation on a disposal of Mergeco Shares or Exchangeable Shares, except in limited circumstances.

Certain UK stamp taxes may arise in respect of the issue or delivery of Mergeco Shares to TMX Group Shareholders on the Merger, and may arise on an exchange of Exchangeable Shares for Mergeco Shares. Such taxes will, with some exceptions, be borne by the Merged Group.

Information Concerning TMX Group

TMX Group is a diversified exchange group, with recognized leadership in Canada and an increasing presence in international markets. TMX Group owns and operates cash and derivatives markets and clearing houses for multiple asset classes including equities, fixed income and energy.

Toronto Stock Exchange is Canada’s leading, central market for both the listing and trading of equities. TMX Group also operates a world leading public venture capital market, TSX Venture Exchange. Through MX and CDCC, TMX Group provides Canadian leadership in derivatives products, trading and clearing, and holds a majority stake in BOX, which serves the U.S. equity options market. TMX Group’s energy market, NGX, has grown into a North American leader in trading and clearing of physical energy contracts. TMX Datalinx provides real-time and historic

data and information services to both domestic and international customers. Shorcan, a leading IDB operating in the fixed income sector and Equicom, a provider of investor relations and corporate communications services, round out the TMX Group portfolio.

TMX Group develops and applies leading-edge technology to power its markets. Increasingly, such technology is being deployed in global markets, particularly in European derivatives markets.

TMX Group is headquartered in Toronto, with significant Canadian operations in Montreal, Calgary and Vancouver, as well as an expanding global footprint through offices in Houston, Boston, Chicago and London.

The head and registered office of TMX Group is at The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2. TMX Group is existing under the OBCA.

As at December 31, 2010, TMX Group had a total of 841 employees.

See “Information Concerning TMX Group”.

Information Concerning LSEG

LSEG sits at the heart of the world’s financial community. LSEG operates a broad range of international equity, bond and derivatives markets, including: the London Stock Exchange; Borsa Italiana; MTS, Europe’s premier facilitator for the electronic fixed income market; and Turquoise, offering pan-European and U.S. “lit” and “dark” equity trading. Through its markets, LSEG offers domestic and international businesses access to Europe’s capital markets.

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

Headquartered in London and with significant operations in Italy and Sri Lanka, LSEG employs 1,563 people worldwide.

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

See “Information Concerning LSEG”.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates given in this expected timetable are based on TMX Group's and LSEG's current expectations and may change. The precise date for completion of the Merger and events falling afterwards are not ascertainable as at the date of this Circular as the Merger is subject to a number of conditions beyond the control of TMX Group and LSEG.

<u>Expected Time/Date</u>	<u>Event</u>
5:00 p.m. (Eastern time) on May 20, 2011	TMX Group Record Date for determining TMX Group Shareholders entitled to vote at the Meeting
5:00 p.m. (Eastern time) on June 28, 2011	Deadline for CIBC Mellon Trust Company to have received proxy forms or voting instructions from TMX Group Shareholders
3:00 p.m. (local UK time) on June 30, 2011	LSEG Meeting
10:00 a.m. (Eastern time) on June 30, 2011	TMX Group Meeting
10:00 a.m. (Eastern time) on July 5, 2011	Court hearing in respect of the Final Order
Fall 2011	Expected completion of the Merger

VOTING INFORMATION

What will I be voting on?

You will be voting on:

- the Arrangement Resolution to approve the Merger;
- the election of our directors;
- the appointment of KPMG LLP as our auditor at a remuneration to be fixed by the directors; and
- an advisory resolution to accept the approach to executive compensation disclosed in Annex M of this Circular.

How will these matters be decided at the Meeting?

The requisite approval for the Arrangement Resolution is the affirmative vote of not less than two-thirds of the votes cast at the Meeting, in person or represented by proxy.

The requisite approval for the other items of business is a simple majority of the votes cast at the Meeting, in person or represented by proxy.

Following the Meeting, TMX Group will seek the Court's approval of the Plan of Arrangement. The Court will not approve the Plan of Arrangement unless it determines, among other matters, that the Plan of Arrangement is fair and reasonable.

How many votes do I have?

Subject to the share ownership and voting restrictions noted below, you will have one vote for every TMX Group Share you own at the close of business on May 20, 2011 (the "**TMX Group Record Date**").

What are the share ownership and voting restrictions?

No person or company or combination of persons or companies, acting jointly or in concert, may beneficially own or exercise control or direction over more than 10% of the TMX Group Shares without the prior approval of the Ontario Securities Commission ("**OSC**") and Quebec's Autorité des marchés financiers ("**AMF**"). No person or company may exercise the right to vote more than 10% of the votes attached to the TMX Group Shares.

To the knowledge of our directors and officers, no person or company, or combination of persons or companies, beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the outstanding TMX Group Shares.

How many TMX Group Shares are eligible to vote?

On May 20, 2011, there were 74,598,140 TMX Group Shares outstanding and eligible to vote.

How do I vote?

If you are eligible to vote and your TMX Group Shares are registered in your name, you can vote your TMX Group Shares as follows:

- A. Mail:** Complete, sign and date your proxy form and return it in the envelope we have provided or mail to CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1;
- B. Fax:** Complete, sign and date your proxy form and send it by fax to CIBC Mellon Trust Company at 1-866-781-3111 (toll-free in Canada and the United States) or (416) 368-2502 (outside Canada and the United States);
- C. Internet:** Go to www.proxypush.ca/x and follow the instructions on screen. You will need your 12-digit control number located on the proxy form. The proxy form does not need to be returned; or
- D. Personal delivery:** Complete, date and sign the enclosed proxy form and deliver it to CIBC Mellon Trust Company at 320 Bay Street, Banking Hall, Toronto, Ontario M5H 4A6.

If your TMX Group Shares are held in the name of a nominee (this makes you a “**Non-Registered TMX Group Shareholder**”), please see the instructions below under the headings “How can a Non-Registered TMX Group Shareholder vote by mail?” and “How can a Non-Registered TMX Group Shareholder vote in person at the Meeting?”

Can I vote by proxy?

Whether or not you attend the Meeting, you can appoint someone else to vote for you as your proxy holder. You can use the enclosed proxy form, or any other proper form of proxy, to appoint your proxy holder. The persons named in the enclosed form of proxy are the Chair of the TMX Group Board and our Chief Executive Officer. **However, you can choose another person to be your proxy holder, including someone who is not one of our shareholders. You may do so by crossing out the names printed on the proxy and inserting another person’s name in the blank space provided, or by completing another proper form of proxy.**

We will provide proxy materials to brokers, custodians, nominees and fiduciaries who are required to forward those materials to Non-Registered TMX Group Shareholders.

How will my proxy be voted?

On the proxy form, you can indicate how you want your proxy holder to vote your TMX Group Shares, or you can let your proxy holder decide for you.

If you specify on the proxy form how you want your TMX Group Shares to be voted on a particular issue (by marking FOR, AGAINST or WITHHOLD, as applicable), then your proxy holder must vote your TMX Group Shares accordingly.

If you do not specify on the proxy form how you want your TMX Group Shares to be voted on a particular issue, then your proxy holder can vote your TMX Group Shares as he or she sees fit.

Unless you provide contrary instructions, TMX Group Shares represented by proxies received by management will be voted:

- FOR the Arrangement Resolution to approve the Merger;
- FOR the election as directors of the proposed nominees whose names are set out herein;
- FOR the appointment of KPMG LLP as our auditor at a remuneration to be fixed by the directors; and
- FOR the advisory resolution to accept the approach to executive compensation disclosed in Annex M of this Circular.

What if there are amendments or if other matters are brought before the Meeting?

The enclosed proxy form gives the persons named on it authority to use their discretion in voting on amendments, variations or additions to the matters identified in the Notice of Meeting and on all other matters that may properly come before the Meeting.

At the time of printing this Circular, our management is not aware of any proposed amendments or that any other matter is to be presented for action at the Meeting. If, however, any proposed amendments or other matters properly come before the Meeting, the persons named on the enclosed proxy form will vote on them using the discretion given by the proxy form.

What if I change my mind and want to revoke my proxy?

You can revoke your proxy at any time before it is acted upon. You can do this by:

- delivering a properly executed proxy form with a later date;
- stating clearly, in writing, that you want to revoke your proxy and by delivering this written statement to the attention of our Senior Vice-President, Group Head of Legal and Business Affairs no later than the close of business on June 28, 2011 (or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting), or to the Chair of the Meeting before the start of the Meeting or any adjourned meeting; or
- any other manner permitted by law.

Who counts the votes?

CIBC Mellon Trust Company, our Transfer Agent, counts and tabulates the proxies.

How do I contact the Transfer Agent?

<i>By mail:</i>	CIBC Mellon Trust Company P.O. Box 7010, Adelaide Street Postal Station Toronto, Ontario M5C 2W9
<i>By telephone:</i>	(416) 643-5500 (Toronto Area) 1 (800) 387-0825 (North America)
<i>By fax:</i>	(416) 643-5501
<i>By e-mail:</i>	inquiries@cibcmellon.com

Is my vote confidential?

Yes, except (1) where you clearly intend to communicate your individual position to management, (2) as necessary to comply with legal requirements, or (3) in the event of a proxy contest.

How are proxies solicited?

Management requests that you sign and return the proxy form (in the postage-prepaid envelope provided) to ensure your votes will be counted at the Meeting. Management will solicit proxies primarily by mail, but proxies may also be solicited by telephone, email, facsimile, in writing or in person by our directors, officers, employees and agents, including by our proxy solicitation agent, Phoenix Advisory Partners. We will pay all costs of such proxy solicitation.

How can a Non-Registered TMX Group Shareholder vote?

If your TMX Group Shares are not registered in your own name (making you a Non-Registered TMX Group Shareholder), they will be held in the name of a nominee, which is usually a trust company, custodian, securities broker, other financial institution or a clearing agency in which the intermediary participates. Your nominee is required to seek your instructions as to how to vote your TMX Group Shares. You will have received this Circular in a mailing from your nominee, together with a proxy form or request for voting instructions.

Each nominee has its own signing and return instructions, which you should follow carefully to ensure your TMX Group Shares will be voted. If you are a Non-Registered TMX Group Shareholder who has voted and want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

How can a Non-Registered TMX Group Shareholder vote in person at the Meeting?

Since we do not have access to the names of all of our Non-Registered TMX Group Shareholders, if you attend the Meeting, we will have no record of your shareholdings or of your entitlement to vote, unless your nominee has appointed you as proxy holder. If you are a Non-Registered TMX Group Shareholder and wish to vote in person at the Meeting, please insert your own name in the space provided on the proxy form or request for voting instructions sent to you by your nominee. By doing so, you are instructing your nominee to

appoint you as proxy holder. Then follow the signing and return instructions provided by your nominee. Do not otherwise complete the form, as you will be voting at the Meeting.

What if I have questions about voting?

If you have a question about voting, please contact our proxy solicitation agent, Phoenix Advisory Partners, by telephone toll-free at 1-866-793-5697 or by email at inquiries@phoenixadvisorypartners.com.

ANNUAL MEETING BUSINESS

Consolidated Financial Statements

At the Meeting, you will consider the TMX Group audited consolidated financial statements for the year ended December 31, 2010, and the auditor's report on those financial statements. They are included in our 2010 Annual Report, which was mailed to those registered shareholders and beneficial shareholders who have requested it. You may obtain additional copies of the 2010 Annual Report, in English or French, from our Investor Relations Department upon request or at the Meeting.

Election of Directors

TMX Group's articles of incorporation provide for our TMX Group Board to consist of a minimum of three and a maximum of 24 directors. The number of directors currently in office is 14. The TMX Group Board has set the number of directors to be elected at the Meeting at 12. Messrs. Turmel and Verreault, each appointed to the TMX Group Board on May 1, 2008, are retiring from the TMX Group Board at the Meeting.

On May 1, 2008, we completed the MX Combination. As a condition to obtaining the necessary approval for the MX Combination, we provided a written undertaking to the AMF in which we agreed that 25% of our directors will be residents of Quebec. The Quebec resident directors who are nominees for election to the TMX Group Board are Ms. Chicoyne and Messrs. Cedraschi and Martel.

The Governance Committee of the TMX Group Board annually reviews the qualifications of and recommends nominees for election to the TMX Group Board for consideration and approval. The nominees are, in the opinion of the TMX Group Board, well qualified to act as directors for the coming year. Each nominee has established his or her eligibility and willingness to serve as a director, if elected.

The persons named as proxy holders in the form of proxy are the Chair of the TMX Group Board and our Chief Executive Officer who intend to vote at the Meeting for the election of the nominees to the TMX Group Board whose names are set out below, unless you give specific instructions on the form of proxy to withhold that vote. If, before the Meeting, any of the listed nominees become unable or unwilling to serve as a director, the persons named in the form of proxy will have the discretion to vote for a properly qualified substitute. Directors are elected annually and will hold office until our next annual meeting of shareholders or until the director resigns, becomes ineligible, unable to serve or until his or her successor is elected or appointed.

Our Director Qualification Policy provides that in an uncontested election of directors, any nominee who receives a greater number of votes "withheld" than votes "for" will tender his or her resignation to the TMX Group Board promptly following our annual meeting. An "uncontested election" means the number of nominees for election is the same as the number of directors to be elected to the TMX Group Board. The Governance Committee will consider the resignation and recommend to the TMX Group Board the action to be taken. The TMX Group Board will make its decision and announce it in a press release within 90 days following the annual meeting, including the reasons for rejecting the resignation, if applicable. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the TMX Group Board or the Governance Committee at which the resignation is considered.

For information on the 12 proposed nominees, see Annex M — “TMX Group Annual Meeting Information” attached to this Circular.

Appointment of Auditors and Auditor’s Remuneration

The TMX Group Board recommends that TMX Group Shareholders re-appoint KPMG LLP as our auditor and authorize the directors to fix the auditor’s remuneration. KPMG LLP has served as our auditor since TMX Group was formed on August 23, 2002 and as auditor of TSX Inc. and its predecessors since 1993.

The persons named in the enclosed proxy intend to vote for the re-appointment of KPMG LLP, Chartered Accountants, Suite 4600, 333 Bay Street, Bay Adelaide Centre, Toronto, Ontario, M5H 2S5, as our auditor to hold office until the next annual meeting of TMX Group Shareholders and in favour of authorizing the directors to fix the auditor’s remuneration.

The aggregate fees billed by KPMG LLP, TMX Group’s auditor, related to the years ended December 31, 2010 and 2009 for professional services are set out below:

<u>Services Rendered</u>	<u>Fees billed by KPMG</u>	
	<u>Fiscal 2010</u>	<u>Fiscal 2009</u>
Audit Fees ⁽¹⁾	\$1,193,500	\$982,500
Audit-Related Fees ⁽²⁾	\$ 337,000	\$189,000
Tax Fees ⁽³⁾	\$ 7,500	\$ —
Other Fees ⁽⁴⁾	\$ 100,000	\$ —

- (1) For the audit of our financial statements, including the review of our quarterly financial statements, for services relating to the International Financial Reporting Standards opening balance sheet, and for services normally provided by the auditor in connection with statutory and regulatory filings. The 2009 audit fees include fees for audit services related to our acquisition of NetThruPut Inc.
- (2) For assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported in (1), including the audit of the pension plan for our employees, French translation services, a section 5970 report on internal control procedures at a service organization and other services provided in connection with information technology controls.
- (3) Fees for tax advisory services provided to MX.
- (4) Fees for services provided to NGX relating to its margining system.

Advisory Vote on Approach to Executive Compensation

The TMX Group Board believes that TMX Group Shareholders should have the opportunity to fully understand the objectives, philosophy and principles that it has used to make executive compensation decisions. Our executive compensation program, developed under the direction of the Human Resources Committee, has been designed to attract, motivate and retain a highly qualified executive team and directly link their pay to attaining both our corporate and their individual performance objectives. In addition to promoting pay for performance, our compensation program is designed to align our executives’ interests with those of our shareholders by linking executive compensation to TMX Group’s performance. Our program is designed to provide a balance between short-term and longer-term compensation awards to ensure TMX Group meets short-term objectives while continuing to provide shareholder value over the longer-term.

The shareholder advisory vote gives you as a TMX Group Shareholder the opportunity to indicate your acceptance of our approach to executive compensation. **The TMX Group Board recommends that TMX Group Shareholders vote “IN FAVOUR” of the following advisory resolution:**

BE IT RESOLVED THAT:

On an advisory basis and not to diminish the role and responsibilities of the directors, that the TMX Group Shareholders accept the approach to executive compensation disclosed in our Circular delivered in advance of the Meeting.

Since your vote is advisory, it will not be binding on the TMX Group Board. However, the TMX Group Board and the Human Resources Committee will take into account the outcome of the vote when considering our future approach to executive compensation. For information on TMX Group’s approach to executive compensation see “Compensation Discussion and Analysis” (“**CD&A**”) beginning on page M-21 of Annex M.

DESCRIPTION OF THE MERGER

Background to the Merger

The TMX Group Board regularly reviews TMX Group's strategic plan. In 2010, this process involved a review of the current competitive landscape in Canada, including the activities of foreign and customer-owned alternative trading systems (“**ATS**”); the economic opportunities resulting from the stabilization of the global economy and the sustained demand for commodities driven by emerging economies; the consolidation of exchange groups globally; and the continuing evolution of technology platforms and customer demands. After completing this review, the TMX Group Board reconfirmed its corporate strategy to grow horizontally, vertically and geographically by offering innovative products and services across asset classes by enhancing core multi-asset class trading; diversifying the revenue base; and leveraging TMX Group's competitive advantages abroad, to become the leading global exchange group for SMEs and resource companies.

In February 2010, another significant participant in the exchange industry (the “**Third Party**”) approached TMX Group to discuss a possible transaction. From that time, TMX Group participated actively in discussions with the Third Party and then subsequently with LSEG to assess whether a pooling of ownership might allow TMX Group to accelerate its strategy by combining resources to achieve the economies of scale required to make significant investments in technology, products and services needed to serve investors and market participants at competitive prices and to increase listings and order flow, while extending its reach internationally.

Significant consolidation has occurred in the exchange industry in recent years, partly as a result of the decision by international securities regulators to change the regulatory regime for the exchange business, partly in response to the globalization of cash flows and partly due to developments in technology, all of which have facilitated new competitive entrants and have resulted in changing demands from exchange customers, including for new products and services. Since October 2010, exchange industry consolidation has accelerated as many other major participants in the exchange industry are also engaged in or attempting to implement strategic consolidations. Among the major exchange operators who are or were involved in recent consolidation transactions are ASX Limited, Singapore Exchange Limited, NYSE Euronext, Deutsche Borse AG, NASDAQ OMX Group, Inc. and IntercontinentalExchange, Inc.

From the earliest stages of TMX Group's discussions with the Third Party, the TMX Group Board was resolved to enter into a strategic combination transaction only if it believed that it would both result in the enhancement of Canadian capital markets and create greater value for shareholders. The TMX Group Board, in the exercise of its fiduciary duties, authorized management to engage in the discussions initially with the Third Party and then subsequently with LSEG to determine if such a transaction could be effected on a basis that achieved both results. In particular, the TMX Group Board determined that the transaction must: (i) protect and enhance the interests of TMX Group Shareholders and other stakeholders; (ii) achieve net benefits to Canada; and (iii) preserve the Canadian securities regulatory regime. See “Reasons for the Merger” below.

Discussions with Third Party

From February through June 2010, TMX Group and the Third Party engaged in significant negotiations of a proposed transaction that would provide TMX Group Shareholders with a premium to the then TMX Group share price. They discussed key aspects of the transaction, including the business merits of the transaction, synergies (which were analyzed after an exchange of financial information) and a proposed Canadian securities regulatory regime going forward. The proposed Canadian securities regulatory regime was substantially settled between the parties in May 2010. Despite this, the TMX Group Board continued to have concerns as to whether the transaction would satisfy the interests of TMX Group Shareholders and other stakeholders, particularly given TMX Group's unique role in Canadian capital markets. A term sheet was presented by the Third Party in May 2010 and was analyzed by TMX Group in considerable detail, but discussions with the Third Party were suspended in late June 2010.

Discussions with the Third Party resumed in September 2010. The principal focus of the resumed negotiations was with respect to the terms required to satisfy the "net benefit to Canada" requirement under the Investment Canada Act, including those relating to which operations would be maintained in Canada, and governance.

Substantive discussions between TMX Group and the Third Party were discontinued on November 3, 2010 and formally terminated on January 25, 2011. TMX Group and the Third Party were not in agreement with respect to proposed undertakings regarding net benefits to Canada. TMX Group's stock price had also increased more than that of the Third Party, substantially eliminating the share price premium originally proposed by the Third Party, and the Third Party had not increased the proposed price. In addition, as initial discussions with LSEG relating to a merger of equals commenced and progressed, TMX Group considered that such a transaction was superior to an acquisition by the Third Party and considerably more likely to be achievable. In particular, proposed arrangements with the Third Party with respect to governance, local management of the businesses of TMX Group and employment levels in its operating subsidiaries would have been less satisfactory for purposes of the net benefits to Canada and the Canadian securities regulatory regime. The proposed arrangements with the Third Party, compared with the arrangements agreed with LSEG for the Merger, provided for a lesser role for residents of Canada in the leadership, governance and management of the resulting combined business and weaker requirements for local governance, management and operation of TMX Group's exchanges and the ongoing regulation of them by Canadian Securities Regulators.

Process

TMX Group engaged BofA Merrill Lynch and BMO Capital Markets as its financial advisors in April 2010 and Hill & Knowlton as its government relations advisor in May 2010 to consider a possible transaction with the Third Party and later as advisors on the Merger. TMX Group engaged Torys LLP ("**Torys**") as legal counsel in April 2010 and Torys advised on the proposed transaction with the Third Party and the Merger. Allen & Overy LLP was retained as UK counsel in November 2010.

On a regular basis beginning April 2010, the TMX Group Board received presentations from its financial advisors regarding the strategic landscape and potential strategic partners, comparing

its alternatives under those and other possible combinations to continuing on a standalone basis. The TMX Group Board also received presentations from its government relations and legal advisors regarding government and regulatory issues. The TMX Group Board discussed, throughout this period, the relative benefits to TMX Group Shareholders, investors, issuers, intermediaries and other participants in the capital markets of combinations with potential strategic partners and the potential impact of a transaction on Canadian capital markets. The TMX Group Board also considered a possible securities regulatory regime and proposed undertakings regarding net benefits to Canada that would address the policy issues and requirements that were expected to be raised by governments and regulators in response to a proposed combination with the Third Party or LSEG.

The TMX Group Board discussed establishing a special committee to consider strategic alternatives, but determined instead to consider the transaction with the entire board and to deal with potential conflicts through *in camera* sessions, as necessary, including regular *in camera* sessions without management, the Chief Executive Officer and the Chair. In deciding on this approach, the TMX Group Board took into account that all of their members, with the exception of the Chief Executive Officer, are independent directors.

As discussions at the TMX Group Board moved from the acquisition transaction with the Third Party to the Merger, TMX Group's financial, government relations and legal advisors regularly advised the TMX Group Board on achieving a merger of equals. TMX Group's financial advisors reviewed precedents with the TMX Group Board to assist it in understanding the relative ownership in the merged entity, board structure and participation in senior management of the merged entity that is characteristic of mergers of equals and TMX Group's legal advisors advised the TMX Group Board on how to structure the arrangements. Despite the fact that mergers of equals do not typically provide for a significant premium to shareholders, they allow shareholders to participate in the potential accretion in share value resulting from the combination, and such a transaction was also considered more attractive from both securities regulatory and net benefits to Canada perspectives.

At its meeting on February 5, 2011 to review the proposed transaction with LSEG, the TMX Group Board, building on these previous discussions, considered for the final time the strategic merits of the proposed merger with LSEG, whether it was superior to other alternatives, and the impact of the proposed deal terms and whether they were sufficient to satisfy the legitimate requirements and expectations of TMX Group's stakeholders, including TMX Group Shareholders, investors, issuers and intermediaries.

Negotiation of the Merger

TMX Group and LSEG have had a business relationship for some time. In 2009, TMX Group licensed a customized version of its electronic trading platform for derivatives, SOLA, to an affiliate of LSEG for use by certain LSEG affiliates and partners. In a series of conversations during May 2010, the Chief Executive Officers of LSEG and TMX Group discussed the possibility of a strategic transaction involving the two groups. The potential commercial benefits of a combination were recognized but the idea of a transaction was not actively pursued between them at that time.

Occasional conversations between the Chief Executive Officers of the two groups took place over the summer of 2010. In late September 2010, they agreed that the groups should explore a

possible “merger of equals”, a transaction the essence of which is an all share consideration resulting in a relatively balanced ownership by the shareholders of each of the merging groups broadly reflecting their financial contribution to the merged entity, proportionate board representation and a sharing of the senior management positions.

On October 25 and 27, 2010, respectively, the LSEG Board and the TMX Group Board authorized their respective management teams to continue discussions about a potential merger of equals. On October 29 and 30, 2010, the Chief Executive Officers of the two groups met to discuss broad combination principles on the basis of a merger of equals.

TMX Group and LSEG executed a confidentiality agreement on November 4, 2010 that included a mutual standstill undertaking and, in the week following execution of the agreement, commenced preliminary high-level business and financial due diligence on each other.

On November 9, 2010, the respective Chairs and the Chief Executive Officers of TMX Group and LSEG met to discuss the strategic rationale of the proposed merger, the potential benefits to their respective capital markets and their respective boards’ mutual interest in pursuing such a transaction. Following from those discussions, members of management of each of TMX Group and LSEG met to discuss their respective businesses from an operations perspective and to discuss their preliminary views on the possible revenue and cost synergies to be achieved through a transaction.

Once it was clear that both parties had a shared view of the benefits of a combination and were willing to proceed on the basis of a merger of equals, the principal business matters for decision and negotiation were the structure of the merger, and, in particular, the location of the Merged Group’s holding company, the merger ratio (being the percentage of the Merged Group’s share capital that each parties’ shareholders would own) and governance of the Merged Group, including board structure, how the principal leadership roles in the Merged Group would be shared, and where the Merged Group headquarters and the headquarters for the principal global businesses and support functions would be located.

From the beginning of the discussions and throughout their course, the decision on structure was closely connected with the governance matters, both parties recognizing that the agreement on those matters would have not only to satisfy the business objectives of the parties but also would have to take into account the interests of stakeholders and the requirements of governments and regulators. Accordingly, a key element throughout the discussions and negotiations was the need to achieve an agreement that would be likely to obtain the approval of those authorities as well as satisfy the reasonable expectations of the two companies’ respective shareholders and other stakeholders, including investors, issuers, intermediaries and employees. LSEG was supportive of the concept of shared governance and recognized that leadership of the Merged Group’s core businesses would always need to be well spread across all its geographic locations. It was also important that commitments and undertakings in this respect should not unduly constrain the Merged Group’s ability to respond quickly and flexibly to changes in its operating environment and marketplaces, nor discourage a unified and truly global governance culture. TMX Group agreed with these principles but the parties continued to differ as to how to balance their implementation.

On November 17, 2010, the LSEG Board received an update on the discussions that had taken place and authorized its management team to continue the discussions. On November 19, 2010, the TMX Group Board also received an update on the discussions and authorized management to discuss possible structures for the transaction, to develop a securities regulatory regime, and to assess the net benefits to Canada of the proposal.

From November 22, 2010 to December 9, 2010, the parties discussed business plans and financial forecasts, as well as transaction benefits, and the possible structure for the Merger. The parties focused extensively on the organizational structure, the composition of the board of directors of the holding company and the subsidiary boards, and key management positions, including the Chair, Chief Executive Officer, President and Chief Financial Officer, as well as the location of the Merged Group's headquarters and of the various global responsibilities in the Merged Group.

The LSEG Board met on November 30, 2010 and December 7, 2010, on each occasion receiving an update on the discussions with TMX Group and authorizing continuation of the discussions.

The TMX Group Board met on December 1, 2010 to receive an update regarding the status of the discussions and authorized management to continue discussions with LSEG.

The respective Chairs and Chief Executive Officers of TMX Group and LSEG met on December 8 and 9, 2010 and discussed primarily the location of the Merged Group's holding company, the composition of its board of directors and key management positions and the appropriate merger ratio. No agreement on these issues was reached at these meetings.

The LSEG Board met again on December 14, 2010 to be briefed on progress in the discussions and authorized the Chair of LSEG to put their position on the various governance and organizational issues to the Chair of TMX Group. A detailed telephone call took place between the Chairs on December 15, 2010.

The TMX Group Board met again on December 15, 2010 to discuss the outcome of the meetings on December 8 and 9, 2010 and outstanding issues and received advice from its financial, legal and government relations advisors. The TMX Group Board authorized management to continue further negotiations with LSEG within defined parameters.

The government relations advisors and legal advisors for each of TMX Group and LSEG then met to discuss the requirements under the Investment Canada Act and the proposed terms of the transaction in the context of the "net benefit to Canada" requirement under that legislation. Following those discussions, on December 17, 2010, the Chair of TMX Group delivered a term sheet with proposed key terms to the Chair of LSEG.

The Chair of LSEG responded on December 20, 2010 that there was some distance between the parties both with respect to the governance elements and with respect to the proposed merger ratio.

On December 21, 2010, TMX Group's financial advisors communicated to the financial advisors for LSEG that the negotiations appeared to have reached an impasse.

On December 22, 2010, the financial advisors for LSEG were authorized by LSEG to inform the financial advisors for TMX Group that LSEG would be prepared to consider a merger ratio closer to that proposed by TMX Group recognizing the need for both parties to have an earnings per share accretive transaction. However, in addition, it was indicated that the precise merger ratio, which was then in a relatively narrow range between the respective positions of LSEG and TMX Group, was likely to be settled towards the end of the negotiation, in particular because it might be influenced by the respective share prices immediately prior to the announcement of any transaction. It was also communicated that LSEG was prepared to proceed on the basis of a board consisting of eight members coming from LSEG and seven members from TMX Group, an allocation that provided TMX Group with more directors than an allocation based on the relative sizes of the two businesses and provided for more Canadian Directors than the number from either the UK or Italy. Furthermore, it was confirmed that management positions would be split broadly equally between the two groups in terms of composition and location.

TMX Group indicated that it was willing to continue discussions on that basis and the government relations and legal advisors for each of TMX Group and LSEG met on January 3, 2011 to discuss the proposed undertakings to be provided regarding board structure, the location of headquarters, and management for the global enterprise. At that meeting, LSEG delivered its preliminary draft of the undertakings to be provided under the Investment Canada Act to the advisors for TMX Group.

On January 5, 2011, TMX Group management and its advisors provided a detailed response to the draft undertakings. On January 10, 2011, LSEG invited the Chair and the Chief Executive Officer of TMX Group to meet with the Chair and the Chief Executive Officer of LSEG for further discussions.

The respective Chairs and Chief Executive Officers of TMX Group and LSEG met on January 13 and 14, 2011. At that time, the Chair and the Chief Executive Officer of TMX Group also met some independent members of the LSEG Board and members of the LSEG executive management team. On January 16, 2011, LSEG responded to the proposed undertakings based on those discussions. On January 17, 2011, TMX Group provided LSEG with a proposed securities regulatory regime for the transaction.

LSEG and TMX Group management and advisors met over the course of January 17, 18 and 19, 2011 to discuss the proposed undertakings and securities regulatory regime. The Chief Executive Officer of LSEG also met with a number of independent directors and executives from TMX Group. Although the discussions were productive in some respects, they ended with a number of important issues unresolved.

On January 21, 2011, the TMX Group Board met to discuss the status of the proposed transaction. At that meeting, the directors authorized the Chief Executive Officer of TMX Group to have a further discussion with the Chief Executive Officer of LSEG regarding the outstanding issues, including the proposed role for the President and the proposed roles for other executives of the two organizations.

The discussions between the Chief Executive Officers of TMX Group and LSEG were productive and the Chief Executive Officer of LSEG wrote to the Chair of TMX Group on

January 24, 2011 agreeing to further discussions between the parties. Over the course of January 25, 2011, the Chief Executive Officer of LSEG and the Chief Executive Officer of TMX Group exchanged correspondence regarding the outstanding issues.

The LSEG Board met on January 25 and 26, 2011, during the course of which it was briefed on the status of the discussions with TMX Group. The LSEG Board authorized the exchange of further confidential due diligence information and authorized the negotiating team to enter into detailed negotiations on a merger agreement.

Discussions continued between the advisors and TMX Group and LSEG on January 27, 2011 and a further exchange of confidential information commenced January 28, 2011. On January 29, 2011, LSEG provided a draft Merger Agreement to TMX Group. Over the course of the next several days, the parties met and negotiated proposed terms for the Merger Agreement, as well as the proposed undertakings and securities regulatory regime.

The LSEG Board met on February 2, 2011 to receive an update on the outcome of due diligence, and on the proposed terms of the Merger Agreement and the undertakings and securities regulatory model. Much progress had been made, but there were still important aspects on which further negotiation was required. The negotiating team was authorized to continue negotiations, and it was recognized that it would also be necessary, before coming to any agreement to proceed, to discuss the proposal with key LSEG Shareholders and the key governments and regulators on a confidential basis to gauge their reactions.

The TMX Group Board also met on February 2, 2011 to receive an update on the proposed terms of the Merger Agreement and the undertakings and securities regulatory model. The TMX Group Board determined that the discussions with key governments and regulatory authorities and some key LSEG Shareholders should not occur until the proposed terms were further advanced. The TMX Group Board therefore authorized management to continue the discussions and negotiations on the basis of the terms and principles that were outlined to the TMX Group Board.

Negotiations continued between the parties, but a number of issues remained outstanding. The TMX Group Board met on February 5, 2011 and received a presentation from the financial advisors assessing the proposed terms and merger ratio, as well as an update on the status of the negotiations and the remaining outstanding issues. The TMX Group Board authorized management to permit LSEG to commence consultations with key LSEG Shareholders and joint approaches with LSEG to key government and regulatory officials in Canada only if some of the key outstanding issues were resolved. Over the course of that weekend, a number of key issues were discussed and resolved.

Subject to appropriate confidentiality arrangements, LSEG's Chief Executive Officer therefore briefed certain key LSEG Shareholders, and LSEG and TMX Group went ahead with joint meetings with key government and regulatory officials to discuss the proposed transaction. Those meetings occurred over the course of February 7 and 8, 2011, as negotiations continued to finalize the terms of the Merger Agreement, the undertakings and the securities regulatory regime.

The LSEG Board met on February 8, 2011. At that meeting they received an update on the outcome of meetings and conversations with the key LSEG Shareholders and key governmental

and regulatory officials. At that meeting the LSEG Board, who received financial advice from Barclays Capital, Morgan Stanley and RBC Capital Markets, concluded that they considered the terms of the Merger to be fair and reasonable.

In providing such financial advice to the LSEG Board, Barclays Capital, Morgan Stanley and RBC Capital Markets relied upon the LSEG Board's commercial assessments of the Merger. The LSEG Board also received advice from its legal advisors. At that meeting, the LSEG Board unanimously approved the Merger.

The TMX Group Board also met on February 8, 2011 and the outcome of the discussions with government and regulatory officials and with certain key LSEG Shareholders was communicated to the TMX Group Board. Also at this meeting, BofA Merrill Lynch and BMO Capital Markets reviewed their financial analysis of the Exchange Ratio with the TMX Group Board. They also delivered to the TMX Group Board their respective oral opinions, which were confirmed by delivery of their respective written opinions dated February 8, 2011, to the effect that, as of that date and based on and subject to various assumptions and limitations described in their opinions, the Exchange Ratio provided for in the Merger was fair, from a financial point of view, to holders of TMX Group Shares. At that meeting, the TMX Group Board unanimously approved the Merger.

On February 9, 2011, the Merger Agreement was executed by the parties.

Recommendation of the TMX Group Board

On February 8, 2011, the TMX Group Board unanimously determined that the Merger is fair to TMX Group Shareholders and is in the best interests of TMX Group and its shareholders and approved the Merger Agreement. **Accordingly, the TMX Group Board has UNANIMOUSLY approved the Merger and unanimously recommends that TMX Group Shareholders vote "IN FAVOUR" of the Arrangement Resolution.**

Reasons for the Merger

In reaching its decision to approve the Merger, the TMX Group Board consulted with TMX Group management and its financial, government relations and legal advisors and considered the factors described below.

Because of the number and wide variety of factors considered in connection with its evaluation of the Merger, the TMX Group Board did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors that it considered in reaching its determination. The TMX Group Board made its decision based on all of the information available and the factors presented to and considered by it. In addition, individual directors may have given different weight to factors.

Fundamental Objectives

From the earliest stages of TMX Group's discussions with the Third Party through the completion of the negotiation of the Merger with LSEG, the TMX Group Board was resolved to enter into a strategic combination transaction only if it believed that a transaction would result

in the enhancement of Canadian capital markets and create greater value for TMX Group Shareholders. In particular, the TMX Group Board determined that the transaction must:

- **Protect and Enhance the Interests of Shareholders and Other Stakeholders** — In accordance with its fiduciary duties, the TMX Group Board sought a transaction that would be advantageous both to TMX Group Shareholders in strategic and financial terms and to all other stakeholders, including Canadian investors, issuers listed on TMX Group's exchanges and potential issuers, securities dealers and other market intermediaries and employees.
- **Achieve Net Benefits to Canada** — The TMX Group Board sought a transaction that would achieve net benefits to Canada, including as assessed under the Investment Canada Act. Among other things, the TMX Group Board determined that the transaction should provide for continuing effective participation of residents of Canada in the leadership, governance and management of the resulting global enterprise.
- **Preserve Securities Regulatory Regime** — The TMX Group Board sought a transaction that would preserve, under the Canadian securities regulatory regime, requirements for the local governance, management and operation of TMX Group's exchanges and the ongoing regulation of them by Canadian Securities Regulators.

In the course of its consideration of such a strategic combination transaction, the TMX Group Board concluded that the best way to achieve these fundamental objectives at this time was to participate in a merger of equals transaction like the Merger.

Strategic Considerations

The TMX Group Board considered a number of factors pertaining to the strategic rationale for the Merger as supporting its decision to enter into the Merger Agreement, including the following:

- its expectation that TMX Group Shareholders will continue to participate in TMX Group's current business prospects as well as the strongly positioned global growth opportunities of the Merged Group;
- its expectation that the Merged Group will be led by an experienced global board and world-class leadership team with co-headquarters located in Toronto and London;
- its expectation that the Merged Group will be a larger, financially stronger international exchange group with a broader offering of products and services and a global or regional leader in a number of growing businesses, including listings, natural resources, mining, energy, clean tech and listings of SMEs, international listings from emerging growth markets, cash equities trading in Europe and cash equities trading and derivatives trading and clearing in Canada, electronic trading of European government bonds, and the offering of global information, market data and indices;
- the current and prospective economic and competitive environment facing the securities industry and TMX Group in particular, including the anticipated consolidation in the industry and the competitive effects of this consolidation on TMX Group. TMX Group faces increased competition for business from other exchanges, especially those in the United States, as they consolidate and investing becomes more

global. TMX Group also faces increased competition from foreign exchanges for listings of Canadian-based issuers and trading in their securities. Competition from ATSS has intensified in Canada in TMX Group's cash equity markets and may continue to intensify in the future. ATSS may, among other things, respond more quickly to competitive pressures, especially if they are not subject to the same degree of regulatory oversight as TMX Group is;

- its expectation that the Merged Group will be able to compete effectively for international listings using the brand names of each of the combining organizations;
- its expectation that the Merged Group will be able to establish high-speed connectivity between the UK and Canada, which will reduce barriers and inefficiencies for Europe-based investors wanting to execute trades in Canada and therefore an expected increased order flow into Canada, resulting in enhanced liquidity on TMX Group's markets;
- its expectation that this deeper liquidity will make Canadian capital markets more attractive to all investors, including additional foreign investment that chooses to access the Canadian market, and that this will lower execution cost for investors and therefore the cost of capital and financing for issuers that list on Canadian exchanges and therefore ultimately attract new interest in the TMX Group exchanges;
- its expectation that the merged business will take advantage of the economies of scale in technology development and product development which, together with the expected greater liquidity on the TMX Group markets, will benefit TMX Group's trading customers;
- its expectation that Canadian investors will obtain benefits from these new investment opportunities not only through the listing of new foreign-based issuers on Canadian exchanges but also through the new products that can be made available through the Merger;
- its expectation that these opportunities will be made available with no change to the existing regulatory regime of TMX Group's regulated exchanges;
- the European and Canadian regulatory requirements that will be applicable to the Merger and to the Merged Group going forward;
- the material terms of the Merger Agreement, including the nature and scope of the closing conditions and the ability of the TMX Group Board to terminate the Merger Agreement to pursue an alternative proposal that it deemed superior for TMX Group subject to, and in accordance with, the terms of the Merger Agreement;
- the degree of Investment Canada Act, securities regulatory and anti-trust issues associated with the Merger, relative to other possible transactions that have been considered by the TMX Group Board, including a proposed transaction with the Third Party; and
- the risks and uncertainties associated with the strategic alternatives available to TMX Group, including the rapid technological and regulatory changes being confronted by the financial services industry and the risks and challenges associated with those changes.

Financial Considerations

The TMX Group Board also considered a number of financial factors pertaining to the Merger as supporting its decision to enter into the Merger Agreement, including the following:

- the Exchange Ratio of 2.9963 New Mergeco Shares or Exchangeable Shares (and Ancillary Rights) that TMX Group Shareholders will receive in exchange for each of their TMX Group Shares:
 - results in former TMX Group Shareholders holding approximately 45% of the outstanding publicly held equity interest in the Merged Group immediately after the Merger, which is consistent with the contribution of TMX Group to the Merged Group based on certain key financial metrics that TMX Group's financial advisors reviewed with the TMX Group Board; and
 - provides TMX Group Shareholders with an opportunity to share in the future growth of the Merged Group and the synergies expected to be generated by the Merger and, at the time the TMX Group Board approved the Merger, provided TMX Group Shareholders with a small premium to market price.
- the terms of the transaction are consistent with those of global merger of equals precedents, in terms of relative ownership in the merged entity, board structure and participation in senior management of the merged entity;
- the historical financial performance of TMX Group and LSEG and the relative historical trading prices of TMX Group Shares and LSEG Shares;
- its expectation that the Merger will create cost savings and revenue synergies, thereby positively impacting earnings;
- its expectation that the Merger will deliver to TMX Group Shareholders a level of accretion to adjusted earnings per TMX Group Share that is balanced with the level of expected accretion per LSEG Shares, in each case after taking into account expected cost savings;
- the fact that the scale of the Merged Group would increase, while maintaining low levels of leverage;
- the benefits of the increased scale of the Merged Group due to the size of markets of the two groups, including number of listings, market capitalization of issuers and trading volume; and
- the financial analysis and respective opinions of BofA Merrill Lynch and BMO Capital Markets, TMX Group's financial advisors dated February 8, 2011, to the TMX Group Board as to the fairness, from a financial point of view, as at the date of each respective opinion, of the Exchange Ratio to the TMX Group Shareholders. See "Fairness Opinions" below.

Governance and Management Considerations

The TMX Group Board considered a number of factors pertaining to corporate governance and management structure as supporting its decision to enter into the Merger Agreement, including the following:

- the fact that Toronto and London will be co-headquarters of the Merged Group and the related undertakings to preserve those arrangements for the period of the undertakings;

- the proposed governance structure of Mergeco, including the proposed undertakings to maintain and adjust the number of Canadian resident directors in the future;
- the proposed undertakings regarding the membership of Canadian independent residents on the boards of directors of each of TMX Group's regulated exchanges;
- the fact that the current Chair of TMX Group will become the Chair of the Mergeco Board;
- the fact that the current Chief Executive Officer of TMX Group will become the President of Mergeco, would be based in Canada and will have a substantial role in the global organization, consistent with the proposed merger of equals;
- the fact that the current Chief Financial Officer of TMX Group will become the Chief Financial Officer of Mergeco and the finance function would also be headquartered in Toronto;
- the fact that several global business units will be headquartered in a number of Provinces in Canada and will involve the participation of residents of Canada in the management, supervision and stewardship of these business units;
- the proposed undertakings to maintain balanced representation of Canadian residents in the Merged Group's executive management and a balance of business units and support functions between Canada and Europe; and
- the fact that the core operations of TSX, MX, Natural Gas Exchange Inc. ("**NGX**") and TSX Venture Exchange would continue to be run by local management with on the ground presence.

Risks and Uncertainties

The TMX Group Board also considered a number of uncertainties, risks and other potential negative factors associated with the Merger, including the following:

- the profitability of and the value of the assets and liabilities of LSEG could be lower at closing than expected when the parties entered into the Merger Agreement, and that because the Exchange Ratio to be paid to TMX Group Shareholders is fixed, the percentage of ownership of Mergeco at closing by the TMX Group Shareholders will no longer be representative of the relative contribution of TMX Group to the Merged Group;
- the risks that the cost-savings and revenue synergies that are actually achieved by the Merged Group turn out to be less than originally projected;
- the possibility that regulatory governmental authorities in Canada or in Europe might seek to impose conditions on or otherwise prevent or delay the Merger;
- the risks and costs to TMX Group if the Merger is not completed, including the potential diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;
- the potential challenges and difficulties relating to integrating the operations of TMX Group and LSEG;

- the risks that the potential benefits of the Merger are not fully or partially realized, recognizing that many of those benefits are uncertain and that there are many potential management and regulatory challenges associated with successfully merging the businesses of TMX Group and LSEG;
- the risks of diverting management focus and resources from other strategic opportunities and from operational matters, and potential disruption associated with merging and integrating the companies;
- the risks that competitors of the Merged Group may attempt to position themselves as better local alternatives to the Merged Group;
- the restrictions on the conduct of TMX Group's business prior to the completion of the Merger, requiring TMX Group to conduct its business in the ordinary course, subject to specific exceptions, which may delay or prevent TMX Group from undertaking business opportunities that may arise pending completion of the Merger;
- the risk that the TMX Group Shareholders may fail to approve the Merger;
- the risk that holders of LSEG Shares (of which a significant portion are concentrated among a small group of shareholders) may fail to approve the Merger;
- the risks that an alternative transaction may be proposed to LSEG at a premium to its current share price, resulting in the LSEG Shareholders rejecting the Merger and/or in the LSEG Board terminating the Merger in order to accept the other transaction;
- the requirement that TMX Group pay LSEG expense reimbursement if the TMX Group Board changes its recommendation or TMX Group Shareholders fail to approve the Arrangement Resolution, and LSEG terminates the Merger Agreement;
- the requirement that TMX Group pay LSEG a termination fee if TMX Group receives an acquisition proposal relating to another transaction that it determines is a superior transaction;
- the fees and expenses associated with completing the Merger; and
- the other risks associated with the Merger and the business of TMX Group, LSEG and the Merged Group described under "Risk Factors".

The TMX Group Board believes that these potential risks and drawbacks are greatly outweighed by the potential benefits that the TMX Group Board expects TMX Group and TMX Group Shareholders to receive as a result of the Merger.

Fairness Opinions

TMX Group has retained BofA Merrill Lynch and BMO Capital Markets as financial advisors and has requested that each of BofA Merrill Lynch and BMO Capital Markets provide its respective opinion as to the fairness, from a financial point of view, of the Exchange Ratio, as described below.

BofA Merrill Lynch Fairness Opinion

TMX Group retained BofA Merrill Lynch as a financial advisor on April 20, 2010. BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in

the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. TMX Group selected BofA Merrill Lynch to act as TMX Group's financial advisor in connection with the Merger on the basis of BofA Merrill Lynch's experience in transactions similar to the Merger, its reputation in the investment community and its familiarity with TMX Group and its business.

On February 8, 2011, at a meeting of the TMX Group Board held to evaluate the Merger, BofA Merrill Lynch delivered to the TMX Group Board an oral opinion, which was confirmed by delivery of a written opinion dated February 8, 2011 (the "**BofA Merrill Lynch Fairness Opinion**"), to the effect that, as of the date of the BofA Merrill Lynch Fairness Opinion and based on and subject to various assumptions and limitations described in the BofA Merrill Lynch Fairness Opinion, the Exchange Ratio was fair, from a financial point of view, to TMX Group Shareholders.

The full text of the BofA Merrill Lynch Fairness Opinion, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex N to this Circular. The summary of the BofA Merrill Lynch Fairness Opinion set out herein is qualified in its entirety by reference to the full text of the BofA Merrill Lynch Fairness Opinion. BofA Merrill Lynch delivered the BofA Merrill Lynch Fairness Opinion to the TMX Group Board for the benefit and use of the TMX Group Board (in its capacity as such) in connection with and for purposes of its evaluation of the Exchange Ratio from a financial point of view. The BofA Merrill Lynch Fairness Opinion does not address any other aspect of the Merger and no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to TMX Group or in which TMX Group might engage or as to the underlying business decision of TMX Group to proceed with or effect the Merger. The BofA Merrill Lynch Fairness Opinion does not constitute a recommendation to any TMX Group Shareholder as to how to vote or act in connection with the proposed Merger or any related matter.

TMX Group agreed to pay BofA Merrill Lynch fees for its services, a portion of which was payable upon rendering of the BofA Merrill Lynch Fairness Opinion and a significant portion of which is contingent upon completion of the Merger. TMX Group also has agreed to reimburse BofA Merrill Lynch for its expenses incurred in connection with BofA Merrill Lynch's engagement and to indemnify BofA Merrill Lynch, any controlling person of BofA Merrill Lynch and each of their respective directors, officers, employees, agents and affiliates against specified liabilities, including liabilities under applicable securities laws.

The BofA Merrill Lynch Fairness Opinion was one of a number of factors taken into consideration by the TMX Group Board in connection with making its determination that the Merger is in the best interests of TMX Group and TMX Group Shareholders and is fair to TMX Group Shareholders, authorizing the entry by TMX Group into the Merger Agreement and all related agreements, and recommending that TMX Group Shareholders vote in favour of the Arrangement Resolution.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other

brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of their businesses, BofA Merrill Lynch and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in the equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of TMX Group, LSEG and certain of their respective affiliates.

BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide investment banking, commercial banking and other financial services to TMX Group and have received or in the future may receive compensation for the rendering of these services, including having acted or acting as a lender under, or otherwise having extended or extending credit under, certain credit facilities and other arrangements with TMX Group.

BMO Fairness Opinion

TMX Group retained BMO Capital Markets as a financial advisor on April 7, 2010. BMO Capital Markets is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, investment research and investment management. BMO Capital Markets has been a financial advisor in a significant number of transactions throughout North America involving public and private companies in various industry sectors and has extensive experience in preparing fairness opinions.

On February 8, 2011, at a meeting of the TMX Group Board held to evaluate the Merger, BMO Capital Markets delivered to the TMX Group Board an oral opinion, which was confirmed by delivery of a written opinion dated February 8, 2011 (the "**BMO Fairness Opinion**"), to the effect that, as of the date of the BMO Fairness Opinion and based on and subject to various assumptions and limitations described in the BMO Fairness Opinion, the Exchange Ratio was fair, from a financial point of view, to TMX Group Shareholders.

The full text of the BMO Fairness Opinion, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex O to this Circular. The summary of the BMO Fairness Opinion set out herein is qualified in its entirety by reference to the full text of the BMO Fairness Opinion. BMO Capital Markets delivered the BMO Fairness Opinion to the TMX Group Board for the benefit and use of the TMX Group Board (in its capacity as such) in connection with and for purposes of its evaluation of the Exchange Ratio from a financial point of view. The BMO Fairness Opinion does not address any other aspect of the Merger and no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to TMX Group or in which TMX Group might engage or as to the underlying business decision of TMX Group to proceed with or effect the Merger. The BMO Fairness Opinion does not constitute a recommendation to any TMX Group Shareholder as to how to vote or act in connection with the proposed Merger or any related matter.

TMX Group agreed to pay BMO Capital Markets fees for its services, a portion of which was payable upon rendering of the BMO Capital Markets Fairness Opinion and a significant portion of which is contingent upon completion of the Merger. TMX Group also has agreed to reimburse BMO Capital Markets for its expenses incurred in connection with BMO Capital Markets' engagement and to indemnify BMO Capital Markets and others against specified liabilities, including liabilities under applicable securities laws.

The BMO Fairness Opinion was one of a number of factors taken into consideration by the TMX Group Board in connection with making its determination that the Merger is in the best interests of TMX Group and TMX Group Shareholders and is fair to TMX Group Shareholders, authorizing the entry by TMX Group into the Merger Agreement and all related agreements, and recommending that TMX Group Shareholders vote in favour of the Arrangement Resolution.

Neither BMO Capital Markets nor any of its affiliates is an issuer insider, associate or affiliate (as those terms are defined in the Securities Act or the rules promulgated thereunder) of TMX Group, LSEG or any of their respective affiliates (collectively, the "**Interested Parties**"). Neither BMO Capital Markets nor any of its affiliates is an advisor to any Interested Party with respect to the Merger other than to the TMX Group as described herein.

Neither BMO Capital Markets nor any of its affiliates has provided any financial advisory or financing services to an Interested Party or otherwise had a material financial interest in any transaction involving an Interested Party, in each case within the past two years, other than: (i) acting as financial advisor to TMX Group as described herein; (ii) acting as lender to TMX Group (including with respect to TMX Group's \$430 million credit facility); and (iii) providing banking services in the normal course of business.

There are no understandings or agreements between BMO Capital Markets or any of its affiliates with any Interested Party with respect to future financial advisory or financing services. However, BMO Capital Markets or its affiliates may in the future, in the ordinary course of business, perform such services for any Interested Party.

BMO Capital Markets acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of any Interested Party, and from time to time, may have executed or may execute transactions on behalf of any Interested Party for which it received or may receive compensation. As an investment dealer, BMO Capital Markets conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to an Interested Party or the Merger.

Maple Proposal

On May 13, 2011, TMX Group received a written proposal for the acquisition of TMX Group by Maple Group Acquisition Corporation ("**Maple**"). Maple was formed by a group of nine investors, including Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Fonds de solidarité des travailleurs du Québec (F.T.Q.), National Bank Financial Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc. and TD Securities Inc.

Under the Maple proposal, which is not binding and was prepared for discussion purposes, on a fully prorated basis, each TMX Group Share would be exchanged for \$33.52 in cash plus 0.3016 of a share of Maple. According to the Maple proposal, after giving effect to it, the existing TMX Group Shareholders would own approximately 40% of Maple's outstanding shares, Maple's pension fund investors would own approximately 35% of Maple's outstanding shares and Maple's bank-owned investors would own approximately 25% of Maple's outstanding shares.

The Maple proposal contemplates that TMX Group, once controlled by Maple, would subsequently combine with Alpha Trading Systems Limited Partnership, and its general partner, Alpha Trading Systems Inc. (collectively, "**Alpha Group**") and The Canadian Depository for Securities Limited ("**CDS**"), subject to approval of the partners and shareholders of those entities. The proposal does not contain the terms upon which this combination would take effect or confirm that the partners and shareholders of those entities would agree to such a combination.

Under the Maple proposal, Maple's bank and pension fund investors would appoint eight nominee directors, with additional independent directors to be determined in consultation with TMX Group. Each bank and pension fund investor would have the on-going right to nominate one director each year for election for so long as such investor holds at least 5% of Maple's outstanding shares.

The financing for the Maple proposal would consist of equity capital contributions by each of the Maple investors or their affiliates, and unsecured debt financing from a syndicate of Canadian banks. Maple's proposal anticipates outstanding debt of approximately \$1.1 billion if it were to be completed.

Maple's proposal also states: "Even without the significant benefits of the proposed follow-on combination with Alpha Group and CDS, the [t]ransaction would be accretive to [TMX Group]'s earnings per share. The [t]ransaction is expected to be approximately \$0.50 to [TMX Group]'s consensus 2012 EPS estimate of \$3.48." Maple also has stated that it plans to maintain TMX Group's current annual dividend.

The Maple proposal is subject to a number of significant conditions, including:

- receipt of all competition/anti-trust approvals considered necessary or desirable by Maple, all on terms and conditions satisfactory to Maple, acting reasonably, including approval for the combination of TMX Group with both Alpha Group and CDS;
- receipt of all securities regulatory authorities approvals, consents and confirmations considered necessary or desirable by Maple, all on terms and conditions satisfactory to Maple, acting reasonably, including approval for the combination of TMX Group with both Alpha Group and CDS; and
- approval of the proposal by at least two-thirds (66⅔%) of votes cast by TMX Group Shareholders.

TMX Group Board's Determination Regarding the Maple Proposal

The TMX Group Board considered Maple's proposal and determined on May 20, 2011, after consultation with its financial advisors and outside counsel, that for purposes of the Merger Agreement, the Maple proposal does not constitute a Superior Proposal nor could it reasonably be expected to result in a Superior Proposal.

In making its determination, the TMX Group Board considered a number of factors, including the following:

- Having considered the advice of its financial advisors among other things, the TMX Group Board believes that the financial consideration proposed by Maple is inadequate given that the Maple proposal entails a change of control of TMX Group.
- There is a significant increase in leverage associated with the Maple proposal, which contemplates increasing TMX Group's debt to approximately 2.9x LTM EBITDA from 1.1x LTM EBITDA currently. This additional leverage generates much, if not all, of the earnings accretion referenced in the Maple proposal and could constrain TMX Group's ability to execute and implement strategic opportunities in the future without providing offsetting business benefits to TMX Group.
- There is inadequate information in the Maple proposal regarding Maple's future business plans and strategy for TMX Group, particularly with respect to its projected domestic operating model and plans for international growth and expansion, nor does the proposal identify the senior management team who will be responsible for developing the business plans and strategy going forward.
- The Maple proposal does not provide information regarding the values of Alpha Group and CDS, nor of the economic terms upon which they would be combined with TMX Group, bringing significant uncertainty to the value of the non-cash component of Maple's proposal, which constitutes a material component of the proposed consideration.
- The Maple proposal contains significant execution risk associated with its closing condition of regulatory approval for Maple's acquisition of Alpha Group and CDS. The Maple proposal also does not describe what steps Maple would be willing to take to secure the required regulatory approvals.
- Under the Maple proposal, TMX Group and TMX Group Shareholders bear all of the regulatory risk and the Maple proposal contains no compensation for TMX Group if regulatory approvals are not received.

On May 25, 2011 Maple made a public announcement regarding its intention to initiate a unilateral offer to acquire TMX Group. The TMX Group Board will review and respond to the formal Maple offer if and when it has been made.

Required Shareholder Approvals

TMX Group

At the Meeting scheduled to take place on June 30, 2011, TMX Group Shareholders will be asked to vote to approve the Arrangement Resolution. The approval of the Arrangement Resolution will require the affirmative vote of at least two-thirds of the votes cast by TMX Group Shareholders present in person or represented by proxy at the Meeting. The Arrangement Resolution must receive the requisite TMX Group Shareholder Approval in order for TMX Group to seek the Final Order and implement the Merger on the Effective Date in

accordance with the Final Order and the Merger is conditional on TMX Group obtaining the Final Order. Notwithstanding the approval by TMX Group Shareholders of the Arrangement Resolution or the Final Order having been obtained, each of TMX Group and LSEG reserves the right not to proceed with the Merger in accordance with the terms of the Merger Agreement.

LSEG

At the LSEG Meeting scheduled to take place on June 30, 2011, LSEG Shareholders will be asked to vote to approve the LSEG Resolution. The approval of the LSEG Resolution will require the affirmative vote of a majority of the votes cast by LSEG Shareholders present in person or represented by proxy at the LSEG Meeting. Notwithstanding the approval by LSEG Shareholders of the LSEG Resolution, each of LSEG and TMX Group reserves the right not to proceed with the Merger in accordance with the terms of the Merger Agreement.

In addition, conditional on the passing of the LSEG Resolution and on, and with effect from, completion of the Merger, the following Ancillary LSEG Resolutions will be proposed at the LSEG Meeting:

- (a) ordinary resolutions to:
 - (i) increase the aggregate maximum remuneration payable to non-executive directors of Mergeco (excluding the Chairman) from £1.5 to £2.0 million; and
 - (ii) adopt a replacement authority for the Mergeco Directors to allot Mergeco Shares by reference to the issued share capital of LSEG as enlarged by the Merger; and
- (b) special resolutions to:
 - (i) adopt a replacement share buyback authority by reference to the issued share capital of LSEG as enlarged by the Merger;
 - (ii) adopt a replacement authority disapplying pre-emption rights in relation to allotments of Mergeco Shares for cash consideration by reference to the issued share capital of LSEG as enlarged by the Merger; and
 - (iii) change the name of LSEG,

(collectively, the “**Ancillary LSEG Resolutions**”).

Under the terms of the Merger Agreement, it is not a condition to completion of the Merger that the Ancillary LSEG Resolutions be approved.

The LSEG Circular sets out the terms of the LSEG Resolution and the Ancillary LSEG Resolutions and the explanation of the reasons therefor in full.

Regulatory Approvals

The completion of the Merger is conditional upon TMX Group and LSEG obtaining the Regulatory Approvals. Pursuant to the Merger Agreement, TMX Group and LSEG have agreed to proceed diligently, in a coordinated fashion, to apply for and seek to obtain the Regulatory Approvals.

Investment Canada Act Approval

Net benefit test

Under the Investment Canada Act, certain transactions involving the acquisition of control of a Canadian business by a non-Canadian are subject to review (a “**Reviewable Transaction**”) and cannot be implemented unless the responsible Minister is satisfied that the transaction is likely to be of net benefit to Canada. The transaction contemplated by the Merger is a Reviewable Transaction under the Investment Canada Act. The obligation of LSEG to complete the Merger is conditional upon approval under the Investment Canada Act.

Procedure for a Reviewable Transaction

If a transaction is a Reviewable Transaction, an application for review must be filed with the Investment Review Division of Industry Canada and the approval of the Minister must be obtained prior to implementation of the Reviewable Transaction.

The submission of an application for review triggers an initial review period of up to 45 days. If the Minister has not completed the review by that date, the Minister may unilaterally extend the review period by up to a further 30 days (or such longer period as may be agreed to by the applicant).

The prescribed factors to be considered by the Minister in determining whether a Reviewable Transaction is likely to be of net benefit to Canada include, among other things, the effect of the investment on the economic activity in Canada (including the effect on employment, resource processing, utilization of Canadian products and services and exports), the degree and significance of participation by Canadians in the acquired business, the effect of the investment on productivity, industrial efficiency, technological development, product innovation, product variety and competition in Canada, the effect of the investment on competition within an industry in Canada, the compatibility of the investment with national and provincial industrial, economic and cultural policies and the contribution of the investment to Canada’s ability to compete in world markets. The Minister will also consider, among other things, the application for review and any written undertakings offered by the applicant to Her Majesty in right of Canada.

If, following his review, the Minister is not satisfied, or deemed to be satisfied, that a Reviewable Transaction is likely to be of net benefit to Canada, the Minister is required to send a notice to that effect to the applicant, advising the applicant of its right to make further representations and submit (additional) undertakings within 30 days from the date of such notice or any further period that may be agreed to by the applicant and the Minister.

Within a reasonable time after the expiry of the period for making representations and submitting undertakings as described above, the Minister shall send notice to the applicant that either the Minister is satisfied that the investment is likely to be of net benefit to Canada or confirmation that the Minister is not satisfied that the investment is likely to be of net benefit to Canada. In the latter case, the Reviewable Transaction may not be implemented.

Current Status of Investment Canada Act Approval

On April 29, 2011, LSEG filed an application for review with the Investment Review Division of Industry Canada.

The provisions of LSEG's proposed Investment Canada Act undertakings are set out under the heading "Proposed Investment Canada Act Undertakings".

As at the date of this Circular, Investment Canada Act Approval has not been obtained.

Modifications to Undertakings

In connection with obtaining approval, it is possible that the terms of the undertakings to be provided by LSEG in relation to the Merger will be modified. The Merger Agreement sets out the commitment which LSEG has made to TMX Group in connection with variations to the undertakings. With respect to the undertakings related to corporate governance matters (including board structure, how the principal leadership roles in the Merged Group would be shared, and where the Merged Group headquarters for the principal global business and support functions would be located) and undertakings as to minimum Canadian employment levels as agreed between the parties and certain other matters set out in the Merger Agreement, LSEG would be obliged to accept any changes emerging from the regulatory process which are of no substantive effect. With respect to the undertakings related to other matters, LSEG would be obliged to accept changes that are not material, either individually or in the aggregate, in relation to such matters. LSEG has further agreed to offer, accept and agree to additional undertakings in respect of matters that are not contemplated by the Merger Agreement and that are acceptable to LSEG, acting in good faith and reasonably. LSEG has not entered into any agreements or undertakings requiring it to make changes which are material to the terms of the Merger. In addition to the undertakings it agreed to provide pursuant to the Merger Agreement, LSEG may be required to provide additional undertakings in order to obtain Investment Canada Act Approval. Accordingly, the final undertakings to be given in connection with Investment Canada Act Approval may vary from those described in this Circular. Such final undertakings may be given after the LSEG Resolution has been passed. To the extent that any amendments to the terms of the Merger are material, LSEG shall seek a further approval from the LSEG Shareholders for the Merger.

Ontario Select Committee

It is the practice of the Investment Review Division of Industry Canada to consult with the governments of the Provinces affected by a proposed investment as part of the Investment Canada Act review process and prior to a determination by the Minister responsible for the Investment Canada Act that he or she is satisfied that the investment is likely to be of net benefit to Canada.

On February 23, 2011, the Legislative Assembly of Ontario appointed a special Select Committee, which included members of all the main political parties in Ontario, to consider and report its observations and recommendations concerning the impact and net benefit of the Merger to Canada, including Ontario, its economy and people, Toronto's financial services sector and Northern Ontario's mining industries. The Select Committee conducted hearings on

March 2, 3, 9 and 10, 2011 to consider these matters. On April 19, 2011, the Select Committee's report was published, containing the following recommendations:

Structure of the Board of Directors

1. Equal representation on the Mergeco Board with the number of directors ordinarily resident in Canada equaling the number of directors ordinarily resident in the United Kingdom/Italy with no limitation in time, and that this provision be written into the Merger Agreement.
2. TMX Group Shareholders not be prevented from owning a majority of the Mergeco Shares and that this be written into the Merger Agreement.

Role of Regulatory Bodies

3. Terms and conditions of any OSC approvals be incorporated into the Merger Agreement.
4. The OSC should make public the findings of its review. The OSC's review should address strategic and regulatory issues that may arise respecting the Merger.
5. There be no diminution in the role of the OSC. Specifically,
 - The TMX Group businesses should continue to be subject to Canadian Laws, in particular the recognition orders of the OSC and other provincial regulators.
 - The OSC and other provincial regulators should continue to oversee fundamental changes to the TMX Group businesses, including any change in ownership.
 - The Merger Agreement should ensure the autonomy of any TMX Group business in areas where it serves a *de facto* regulatory role, such as the role of Toronto Stock Exchange.
6. The Merger Agreement contain an undertaking that the exchanges of TMX Group continue to meet the needs of the Canadian capital markets, including access to capital, competitive fees, range of listings, trade execution, market data and index products, and the clearing and settlement of derivatives.

Strategic Decision Making

7. An undertaking be provided in the Merger Agreement that the development and introduction of new technology, products and services will be carried out in Canada and the United Kingdom, and benefit both countries.

Impact on Jobs in Ontario and Canada

8. The Merger Agreement contain an irrevocable commitment that the operations, assets and key staff of TMX Group and its businesses will continue to reside in Canada. This would include listings, trade execution, clearing and settlement, as well as expertise in law and accounting.

Impact on the Mining Sector

9. Undertakings to preserve the role of TMX Group as the global leader in equity financing for the mining sector be provided in the Merger Agreement and/or to the OSC.

It is expected that the Minister responsible for the Investment Canada Act will consider the Select Committee's report and recommendations and the views of provincial governments and other interested parties, in reaching any determination as to whether the Merger is likely to be of net benefit to Canada and whether undertakings may be required from LSEG as a condition of obtaining Investment Canada Act Approval which are in addition to or different from those provided for in the Merger Agreement. See "Proposed Investment Canada Act Undertakings". As well, the OSC has indicated that it will consider the Select Committee's report and recommendations during its review. See "Securities Regulatory Approvals" below.

Securities Regulatory Approvals

The Merger requires approval by the OSC as LSEG will be acquiring more than 10% of the voting shares of TMX Group and indirectly of TSX Inc. and approval by the AMF as LSEG will be acquiring more than 10% of the voting shares of both TMX Group and indirectly of MX. In addition, approvals are required by the OSC, AMF, ASC and BCSC to effect changes to existing recognition orders to reflect the Merger.

Pursuant to the Merger Agreement, LSEG has agreed, in respect of obtaining the Securities Regulatory Approvals from the OSC, AMF, ASC and BCSC, to provide written undertakings to such securities regulators and to agree to amendments to the recognition orders of certain of TMX Group exchanges. Additionally, LSEG will request confirmation from the OSC, AMF and MSC for the continuing application of exemptive relief in respect of TSX Venture Exchange Inc. Approval of the SEC is also required for certain aspects of the Merger. A description of the proposed terms and conditions agreed between LSEG and TMX Group to obtain the Securities Regulatory Approvals are set out under the heading "Regulation of the Merged Group". The Merger is conditional on obtaining the Securities Regulatory Approvals.

As at the date of this Circular, the Securities Regulatory Approvals have not been obtained.

Undertakings and Amendments to Recognition Orders

In connection with obtaining approvals, it is possible that the terms and conditions agreed between LSEG and TMX Group to obtain the Securities Regulatory Approvals will be modified. The Merger Agreement sets out the commitments which LSEG has made to TMX Group in connection with undertakings and variations to terms and conditions of recognition orders in connection with the Securities Regulatory Approvals. With respect to the terms and conditions related to corporate governance and certain other matters set out in the Merger Agreement, LSEG would be obliged to accept any changes emerging from the regulatory process which are of no substantive effect. With respect to the terms and conditions related to other matters contemplated by the Merger Agreement, LSEG would be obliged to accept changes that are not material, either individually or in the aggregate, in relation to such matters. LSEG has further agreed to offer, accept and agree to additional terms and conditions in respect of matters that are not contemplated by the Merger Agreement and that are acceptable to LSEG, acting in good faith and reasonably. LSEG has not entered into any agreements or undertakings requiring it to make changes which are material to the terms of the Merger. In addition to the undertakings, terms and conditions it agreed to pursuant to the Merger Agreement, LSEG may be required to provide additional undertakings and agree to other changes in order to obtain the Securities Regulatory Approvals. Accordingly, the final terms and conditions required to obtain the Securities Regulatory Approvals may vary from those described in this Circular. Such final terms and conditions may be agreed to after the LSEG Resolution has been passed. To the extent that

any amendments to the terms of the Merger are material, LSEG shall seek a further approval from the LSEG Shareholders for the Merger.

Status of Approvals by Canadian Securities Regulators

As outlined in further detail in “Regulation of the Merged Group — Section A: Regulatory Matters”, LSEG and TMX Group (and MX in the case of the application to the AMF) made applications to each of the OSC, AMF, ASC and BCSC on May 13, 2011 to amend and restate, as applicable, the recognition orders and exemption orders of TMX Group and TSX Inc., MX, CDCC and TSX Venture Exchange Inc. to reflect the Merger. The applications to the OSC and the AMF also request approval of the beneficial ownership by LSEG of all of the common shares of TMX Group and, indirectly, of TSX Inc. (in the case of the application to the OSC) and MX (in the case of the application to the AMF).

The OSC, AMF, ASC and BCSC each published the applications of TMX Group (and MX in the case of the application to the AMF) and LSEG on May 13, 2011 and concurrently published a notice and request for comments within a 45 day comment period.

The notices and requests for comments published by each of the OSC, AMF, ASC and BCSC are available on each regulator’s respective website: www.osc.gov.on.ca; www.lautorite.qc.ca; www.albertasecurities.com; and www.bcsc.bc.ca.

In the OSC’s notice and request for comments, the OSC stated that it will determine whether it is in the public interest to make the requested orders and in doing so will impose any terms and conditions necessary to ensure that the OSC continues to have the appropriate regulatory oversight of TMX Group and TSX Inc. going forward. The OSC also indicated that it will consider the report and recommendations of the Select Committee. See “Description of the Merger — Regulatory Approvals”.

The OSC requested comments on all aspects of the application and also identified the following as specific key issues for public comment:

- Whether there are public interest considerations in addition to those specified by the OSC that the OSC should consider in reviewing the application.
- Whether Mergeco’s proposed undertakings to the OSC provide for a sufficient degree of regulatory oversight by the OSC over the operations of TMX Group, TSX Inc., and Mergeco as necessary, and in any event whether there would be sufficient oversight of Mergeco by the OSC or any other regulatory body.
- Whether there are additional undertakings that Mergeco should provide to the OSC to ensure adequate oversight.
- Whether the proposed undertakings by Mergeco provide for appropriate governance over the operations of TMX Group and TSX Inc.
- Whether the proposed governance arrangements following the fourth anniversary of the Merger are sufficient to account for the interests of TMX Group and TSX Inc.
- Whether the OSC should have the authority to approve any “permitted adjustment” to the composition of the Mergeco Board before the fourth anniversary of the Merger.
- Whether the OSC should have the authority to approve any adjustments to the composition of the Mergeco Board after the fourth anniversary of the Merger.
- Whether the proposed undertaking by Mergeco to allocate sufficient financial and other resources to TMX Group and to TSX Inc. is adequate or whether there should be additional undertakings with respect to the continuity of the operations of TMX Group and TSX Inc.

- Whether the share ownership restrictions as proposed in the application continue to meet the policy objectives of the OSC reflected in the current ownership restrictions.
- Whether the OSC should have the authority to approve ownership or control of more than 10% of the shares of Mergeco (see “Regulation of the Merged Group — Section B: Share Ownership Restrictions” for a description of how TMX Group’s share ownership restrictions will apply post-closing).
- Whether TSX Inc.’s “core operations” as described in the application should be kept in Canada, what would be necessary for those operations to be considered to be “in Canada” and are there operations of TSX Inc. other than those described in the application that constitute “core operations”.
- Whether the governance arrangements as proposed for TMX Group and TSX Inc. are adequate to ensure appropriate representation of Canadian interests on the boards of TMX Group and TSX Inc.
- The impact of the Merger on issuers’ ability to raise capital and on investors wanting to trade securities.
- The detriments of the Merger, if any.
- Whether there are any issues associated with foreign ownership and control of Canadian clearing and settlement systems and, in particular, systems that are systemically important to the Canadian financial markets. If so, what measures should be considered to address these concerns.
- Whether trades or other transactions conducted on a Canadian marketplace should be required to clear and settle through a clearing agency recognized in a Canadian jurisdiction.
- Whether the Merger raises any additional clearing and settlement issues.
- Whether TMX Group, TSX Inc. or any other part of TMX Group is a strategic asset or infrastructure for Canada and if so, what implications should this have for the OSC’s review.

In the AMF notice of public consultation, the AMF stated that it will make the requested decisions where it is of the opinion that it is in the public interest to do so, and specified guiding principles it will consider in this regard.

In addition to general comments regarding the application, the Merger Agreement and the Merger, the AMF also identified the following as specific key issues for public comment:

- Whether there are guiding principles in addition to those specified by the AMF that the AMF should consider in reviewing the application.
- Whether the approval of the AMF of a legal or effective change of control of Mergeco would help to ensure an effective regulatory framework for the activities of TMX Group, MX and CDCC in Quebec as well as foster their development and efficient operation of the markets, particularly with respect to prudential management, and protect the public interest with respect to any business combination subsequent to the Merger.
- Whether the AMF should exercise approval with respect to a proposal by a potential acquiror to acquire or increase control of Mergeco where the suitability of the acquiror could have an impact on the continuing ability of the Quebec regulated

subsidiaries of Mergeco to continue to meet their obligations. If so, at what share ownership thresholds should the AMF have approval rights. For example, as described in “UK Share Ownership Restrictions” in “Regulation of the Merged Group — Section B: Share Ownership Restrictions”, FSA approval is required where a person wishes to increase their control over Mergeco above certain thresholds, being 10% or more, 20% or more, 30% or more, 50% or more or to become a parent undertaking.

- In the event of a change in share ownership of TMX Group, MX or CDCC, whether the proposed approval requirements will help to protect the financial industry in Quebec with respect to any transaction occurring after the Merger, ensure an effective regulatory framework, foster its development and efficient operation as well as protect the public interest. Under the Merger Agreement, the restrictions that no person or company and no combination of persons or companies acting jointly or in concert may beneficially exercise control or direction over more than 10% of any class or series of either TMX Group voting shares or voting shares of MX without the approval of the AMF will remain in effect. See “Canadian Share Ownership Restrictions” in “Regulation of the Merged Group — Section B: Share Ownership Restrictions”.
- Whether the AMF should exercise control similar to that of the OSC with respect to the ownership of the shares of TMX Group, MX and CDCC. The proposed LSEG undertakings to the OSC provide that Mergeco will not sell or otherwise dispose of any voting or equity securities of TMX Group or TSX Inc. (except to their direct or indirect wholly-owned subsidiaries) without the prior authorization of the OSC.
- Whether the proposed governance undertakings are sufficient and whether they sufficiently represent the interests of the financial industry in Quebec.
- Whether the AMF should require, with respect to the Mergeco Board:
 - that a minimum number of directors be residents of Quebec, given that the number could be zero if the Mergeco Board were composed of the minimum of three Canadian Directors;
 - that the representation of Quebec residents be permanent;
 - that fair and meaningful representation of directors with derivatives, clearing and central counterparty expertise be assured; and
 - that the AMF approve any reduction in the number of Canadian Directors to fewer than three.
- Whether it would be appropriate to provide for representation of the interests of MX and/or CDCC on the TMX Group Board and committees and whether the conditions governing the composition of the board of directors of MX be similar to those applicable to TMX Group.
- Whether the requirement that 50% of the board of directors and board committees of MX and CDCC be both independent and ordinarily resident in Canada is sufficient to ensure that the interests of MX and CDCC are adequately represented.
- Whether the fact that CDCC would be held or controlled indirectly by foreign interests raises issues that could affect the integrity and efficient operation of Canadian derivatives markets.

- Whether it is necessary to impose a condition that all derivatives transactions executed on a Canadian exchange be cleared by a recognized Canadian clearing house, given LSEG's ownership interests in other clearing houses.
- What conditions, if any, the AMF should impose to foster the competitiveness of CDCC and the growth of its activities in Canada, Europe and other markets given LSEG's interest in other clearing houses.
- The risks and issues arising from the Merger and the benefits the Merger could generate with respect to improving liquidity and accessibility to markets.
- Whether commenters agree with the proposed benefits of the Merger as set out in the application to the AMF, including consolidating the profile of Montreal as a financial centre, improving MX's global competitive position and allowing Canadian expertise in trading software to flourish, or whether commenters anticipate any negative consequences as a result of the Merger.
- Whether the AMF should require additional undertakings by Mergeco to ensure that the Merger has a positive impact on the financial industry in Quebec.

In the ASC and BCSC's joint notice and request for comments, the ASC and BCSC specifically encouraged comment about the Merger's impact on TSX Venture Exchange remaining an active and vibrant junior capital market for investors and issuers in Alberta and British Columbia.

During the comment period, members of the public are invited to submit written comments with respect to the applications. Shortly after the end of such comment period, the OSC and the AMF will each hold public hearings with respect to the applications. The OSC expects to hold public hearings in July 2011 and the AMF has indicated that it plans to hold its public hearings mid-July 2011. Depending on the outcome of this process, it is possible that the terms and conditions agreed between LSEG and TMX Group to obtain the Securities Regulatory Approvals may be required to be modified by the securities regulatory authorities, as a condition of granting the requested rulings. Accordingly, the final terms and conditions required to obtain the Securities Regulatory Approvals may vary from those described in this Circular. See "Regulation of the Merged Group — Section A: Regulatory Matters".

Antitrust Approvals

Canadian Competition Act Approval

Part IX of the Competition Act requires that the parties to certain transactions that exceed the thresholds set out in sections 109 and 110 of the Competition Act ("**Notifiable Transactions**") provide the Commissioner with prior written notice of the transaction. Subject to certain limited exceptions, the parties to a Notifiable Transaction cannot complete such transaction until they have provided to the Commissioner the information prescribed pursuant to subsection 114(1) of the Competition Act and the applicable waiting period pursuant to section 123 of the Competition Act has expired or been terminated or an appropriate waiver has been provided by the Commissioner. The waiting period is 30 calendar days after the day on which the parties to the transaction submit the prescribed information, provided that, before the expiry of this period, the Commissioner has not notified the parties pursuant to subsection 114(2) of the Competition Act that she requires additional information that is relevant to the Commissioner's assessment of the transaction (a "**Supplementary Information Request**"). If the Commissioner provides the parties with a Supplementary Information Request, the parties cannot complete the transaction until 30 calendar days after compliance with the

Supplementary Information Request and may not complete the transaction after that 30 day period if there is any order in effect prohibiting completion of the transaction at that time. A transaction may be completed before the end of the applicable waiting period if the Commissioner notifies the parties (either by issuing an Advance Ruling Certificate issued by the Commissioner under subsection 102 of the Competition Act (an “**ARC**”) or a No-Action Letter) that she does not, at such time, intend to challenge the transaction by making an application under section 92 of the Competition Act.

Alternatively, or in addition to filing the prescribed information, a party to a Notifiable Transaction may apply to the Commissioner for: (i) an ARC; or (ii) a No-Action Letter and an exemption from the pre-merger notification obligation under paragraph 113(c) of the Competition Act. The Commissioner may issue either an ARC or No-Action Letter in respect of a proposed transaction if she is satisfied that there are not sufficient grounds on which to apply to the Competition Tribunal for an order under section 92 of the Competition Act.

Upon completion of her review, the Commissioner may decide to: (i) challenge a Notifiable Transaction, if the Commissioner concludes that it is likely to substantially prevent or lessen competition, and seek an order of the Competition Tribunal (a) prohibiting the completion of the Notifiable Transaction on an interim or permanent basis, (b) requiring the divestiture of shares or assets or the dissolution of the Notifiable Transaction, if it has been completed, and/or (c) with the consent of the Person against whom the order is directed, requiring that Person to take any other action; (ii) issue a No-Action Letter advising the parties that the Commissioner does not intend to challenge the Notifiable Transaction at that time (but that she retains the authority to do so for one year after completion of the Notifiable Transaction); (iii) issue an ARC; or (iv) allow the waiting period to expire without doing any of the foregoing. Where an ARC is issued and the Notifiable Transaction to which the ARC relates is substantially completed within one year after the ARC is issued, the Commissioner cannot seek an order of the Competition Tribunal in respect of the Notifiable Transaction solely on the basis of information that is the same or substantially the same as the information on the basis of which the ARC was issued.

Pursuant to the Merger Agreement, Canadian Competition Act approval will be obtained if either (i) the Commissioner shall have issued an ARC; or (ii) the applicable waiting period under section 123 of the Competition Act shall have expired or been terminated by the Commissioner, or the obligation to submit a notification shall have been waived under paragraph 113(c) of the Competition Act, and in either case the Commissioner shall have issued a No-Action Letter; and the ARC or No-Action Letter referred to above has not been modified or withdrawn.

The Merger is a Notifiable Transaction under the Competition Act, and as such, LSEG and TMX Group must comply with the merger notification provisions of the statute. TMX Group and LSEG submitted a request for an ARC or No-Action Letter to the Commissioner on April 19, 2011. The parties also filed the information prescribed pursuant to subsection 114(1) of the Competition Act with the Commissioner on May 6, 2011.

The obligations of TMX Group and LSEG to complete the Merger are conditional upon Competition Act approval.

As of the date of this Circular, Canadian Competition Act approval has not been obtained.

U.S. Antitrust Approvals

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “**HSR Act**”), the parties to certain transactions involving the acquisition of voting securities, certain non-corporate interests or assets are required to notify the Premerger Notification Office of the Federal Trade Commission (“**FTC**”) and the Antitrust Division of the United States Department of Justice (“**U.S. DOJ**”) that the transaction is proposed and observe a statutory waiting period. Both parties to a reportable transaction must file a Notification and Report Form (the “**Notification Form**”) with the FTC and the U.S. DOJ. Once each of the FTC and U.S. DOJ has received a Notification Form from both parties, and the applicable filing fee has been paid, a 30 day waiting period ensues during which time the FTC and the U.S. DOJ will assess whether the proposed transaction violates antitrust laws. Although the waiting period is generally 30 days, the filing parties may request early termination of the waiting period.

If either the FTC or the U.S. DOJ determines during the waiting period that further inquiry is necessary, either agency may request additional information or documentary materials from any person who has filed a Notification Form in respect of the proposed transaction. Such a second request extends the waiting period for a specified period, usually 30 days after all parties have complied with the request for additional information or documentary materials.

The transaction contemplated by the Merger is reportable under the HSR Act and each of LSEG and TMX Group have filed Notification Forms with the FTC and U.S. DOJ on April 5, 2011, and requested early termination of the 30 day waiting period. The obligation of both parties to complete the Merger is subject to the condition that the waiting period will have expired or been terminated by the FTC and the U.S. DOJ.

Private parties may also bring legal action under the U.S. antitrust laws under certain circumstances. There can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if such a challenge is made, of the result thereof.

On April 15, 2011, the FTC and the U.S. DOJ granted early termination of the waiting period under the HSR Act and the antitrust regulatory requirements in the United States in relation to the Merger have been cleared.

UK Antitrust Approvals

Under the UK Enterprise Act 2002, the UK Office of Fair Trading (“**OFT**”) has the power to review certain qualifying mergers where either (i) the UK turnover of the target company is more than £70 million or (ii) the parties’ combined UK share of a particular class of goods or services is more than 25% and the transaction results in an increase in that share.

The UK Enterprise Act 2002 establishes a two-phase administrative procedure for merger control, involving the OFT and the UK Competition Commission (“**CC**”). The OFT has a duty to refer mergers (anticipated or completed) to the CC where it believes that it is or may be the case that a merger has resulted or may be expected to result in a “substantial lessening of competition”.

The parties can choose to submit a merger notice or an informal submission to the OFT and the OFT should come to a decision within 30 or 40 Business Days, respectively (depending on the form of the initial notification). The OFT has the power to “stop the clock” for information

requests and can take longer to come to its decision under its administrative timetable, though there is no particular reason to believe that it would take longer in relation to the Merger which, in the view of the parties' advisors, does not raise complex or novel issues for the OFT. At the end of its review phase, the OFT can decide to approve the transaction unconditionally, approve it with remedies or refer the transaction to the CC for a further in-depth merger review (which can last an additional six to nine months). At the end of the CC review period, the CC can decide to approve the transaction unconditionally, approve it with remedies or prohibit the transaction. The parties and third parties (who have sufficient interest in the case) have the right to appeal either the OFT or the CC decision to a specialist competition body, the Competition Appeal Tribunal, provided they do so within four weeks of the disputed decision (as set forth in section 120 of the UK Enterprise Act 2002).

LSEG submitted an informal submission to the OFT on May 18, 2011.

As at the date of this Circular, UK antitrust approval has not been obtained.

Arrangement Mechanics

The Merger is being implemented pursuant to a plan of arrangement under the laws of Ontario.

Pursuant to the terms of the Plan of Arrangement, the Merger will occur on the Effective Date, which is currently expected to be in the fall of 2011. The Merger is subject to the satisfaction or waiver of the conditions to the Merger, which are described under the heading "Summary of Merger Agreement."

To give effect to the Plan of Arrangement, the Articles of Arrangement will be filed with the OBCA Director and a Certificate of Arrangement will be issued. Upon the Merger becoming effective, the following steps will occur and will be deemed to occur in the sequence and at the times set out in the Plan of Arrangement:

Effect of the Merger on Non-Rollover Shares

Each outstanding TMX Group Share other than:

- (i) an Exchangeable Elected Share;
- (ii) TMX Group Shares held by LSEG or any affiliate thereof; and
- (iii) TMX Group Shares held by any affiliate of TMX Group,

(each a "**Non-Rollover Share**") will be transferred by the holder thereof to Exchangeco in exchange for 2.9963 New Mergeco Shares.

Effect of the Merger on Exchangeable Elected Shares

Each outstanding Exchangeable Elected Share will be transferred by the holder thereof to Exchangeco in exchange for 2.9963 Exchangeable Shares (and Ancillary Rights).

Execution of Exchangeable Share Support Agreement, Voting and Exchange Trust Agreement and Callco Agreement

At the same time as the share exchanges set out above:

- (i) LSEG, Callco and Exchangeco will execute the Exchangeable Share Support Agreement;

- (ii) LSEG, Interco, Exchangeco, Jerseyco and the Trustee will execute the Voting and Exchange Trust Agreement;
- (iii) in accordance with the Voting and Exchange Trust Agreement, Mergeco will issue to Jerseyco a number of New Mergeco Shares equal to the number of Exchangeable Shares referred to in and for the purposes described in such agreement; and
- (iv) LSEG, Callco and Exchangeco will execute the Callco Agreement.

Effect of the Merger on TMX Group Options

Subject to applicable Laws and regulatory requirements, each outstanding TMX Group Option that has not been duly exercised prior to the Effective Time shall be exchanged for an option granted by Mergeco to acquire a number of New Mergeco Shares equal to the product of 2.9963 multiplied by the number of TMX Group Shares, subject to such TMX Group Option (a “**Replacement Option**”). Each such Replacement Option will provide for an exercise price per New Mergeco Share equal to the exercise price per TMX Group Share of such TMX Group Option immediately prior to the Effective Time divided by 2.9963. If the foregoing calculation results in the total Replacement Options of any particular grant of a particular holder being exercisable for a fraction of a New Mergeco Share, the total number of New Mergeco Shares, subject to such holder’s total Replacement Options of that grant will be rounded down to the next whole number of New Mergeco Shares and the total exercise price for such Replacement Options will be reduced by the exercise price of the fractional New Mergeco Share. The terms as to expiry, conditions to and manner of exercising, vesting schedule and all other terms and conditions of a Replacement Option will be the same as the TMX Group Option for which it is exchanged, and any document or agreement previously evidencing a TMX Group Option shall thereafter evidence, and be deemed to evidence, such Replacement Option. Notwithstanding the foregoing, LSEG shall increase the exercise price per New Mergeco Share of each Replacement Option if necessary to ensure that the excess (if any) of (i) the aggregate fair market value of the New Mergeco Shares underlying such Replacement Option immediately following the exchange over (ii) the aggregate exercise price of such Replacement Option otherwise determined does not exceed the excess (if any) of (iii) the aggregate fair market value of the TMX Group Shares underlying the corresponding TMX Group Option immediately before the exchange over (iv) the aggregate exercise price of such TMX Group Option, where all such amounts are computed in Canadian dollars. See “Directors and Officers of Mergeco”.

Exchangeable Share Structure

Please see “Exchangeable Share Structure” for information regarding the Exchangeable Share structure.

Letter of Transmittal and Election Form

Registered TMX Group Shareholders will be sent a Letter of Transmittal and Election Form not less than 20 Business Days (which meets the minimum 10 Business Day requirement of the Interim Order) before the Effective Date of the Merger. Registered TMX Group Shareholders must carefully follow the instructions to complete the Letter of Transmittal and Election Form and return it with the certificate(s) representing their TMX Group Shares to the Depository, at any of the offices set forth in such Letter of Transmittal and Election Form. If your TMX Group Shares are not registered in your name but are held by a nominee, please contact your nominee for instructions. The Letter of Transmittal and Election Form will be made available on SEDAR at www.sedar.com and on TMX Group’s website at www.tmx.com.

Each TMX Group Shareholder will, subject to the qualifications below, have the opportunity to elect for:

- (i) Exchangeable Shares;
- (ii) New Mergeco Shares; or
- (iii) a combination of Exchangeable Shares and New Mergeco Shares,

by depositing with the Depository prior to 5:00 p.m. (Eastern time) on the Election Deadline a duly completed Letter of Transmittal and Election Form. The foregoing is subject to the proviso that only a TMX Group Shareholder who is, at the Effective Time, an Eligible Canadian Resident will be entitled to elect for Exchangeable Shares and that any elections to receive Exchangeable Shares made by any other TMX Group Shareholders shall be invalid, with the TMX Group Shares held by any such invalidly electing holders deemed to have been Non-Rollover Shares transferred in accordance with the requirements as set out above.

Any TMX Group Shareholder who does not deposit with the Depository a duly completed Letter of Transmittal and Election Form prior to the Election Deadline or who otherwise fails to comply fully with the requirements set out in the Plan of Arrangement and in the Letter of Transmittal and Election Form in respect of TMX Group Shareholder's election for Exchangeable Shares, New Mergeco Shares or a combination of Exchangeable Shares and New Mergeco Shares, will be deemed to have elected to receive New Mergeco Shares in respect of all of the TMX Group Shares held by such holder.

The aggregate number of Exchangeable Shares that may be issued is limited and accordingly the amount elected by each TMX Group Shareholder is subject to proration. If the aggregate number of TMX Group Shares in respect of which TMX Group Shareholders validly elect to receive Exchangeable Shares (the "**Elected Exchangeable Share Amount**") exceeds the product obtained by multiplying the number of TMX Group Shares issued and outstanding immediately prior to the Effective Time (other than TMX Group Shares held by TMX Group and TMX Group Shares held by Dissenting Shareholders) by 0.49 (the "**Available Exchangeable Share Amount**"), then notwithstanding the election (or deemed election) by a TMX Group Shareholder in respect of any particular TMX Group Share: (a) the number of TMX Group Shares of any TMX Group Shareholder that are Exchangeable Elected Shares shall be deemed to be the result determined by multiplying (i) the total number of Exchangeable Elected Shares of such holder otherwise determined, by (ii) the number obtained by dividing the Available Exchangeable Share Amount by the Elected Exchangeable Share Amount, and rounding down such resulting number to the nearest whole number; and (b) the balance of the holder's TMX Group Shares will be deemed to be Non-Rollover Shares.

Allocation of Exchangeable Shares

Where a particular beneficial owner of TMX Group Shares exchanges TMX Group Shares for a combination of Exchangeable Shares (and Ancillary Rights) and New Mergeco Shares, a *pro rata* portion of the total number of Exchangeable Shares (and Ancillary Rights) and New Mergeco Shares will be allocated to each TMX Group Share beneficially owned by that person so that such person will receive for each TMX Group Share held by such person at the Effective Time the same combination of Exchangeable Shares (and Ancillary Rights) and New Mergeco Shares as is received for every other TMX Group Share beneficially owned by such person at the Effective Time.

Share Exchange Mechanics

Exchange of Certificates for Exchangeable Shares and/or New Mergeco Shares

Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented TMX Group Shares that were exchanged for Exchangeable Shares under the Merger, together with a duly completed Letter of Transmittal and Election Form and such other documents and instruments as would have been required to effect the transfer of the TMX Group Shares under the OBCA and the by-laws of TMX Group, as applicable, together with such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder (in any case, less any amounts withheld pursuant to the Canadian Tax Act or any comparable statutes of UK law or other applicable Laws), (i) a certificate representing that number (rounded down to the nearest whole number) of Exchangeable Shares which such holder has the right to receive (together with any dividends or distributions with respect thereto), and (ii) a cheque for any cash in lieu of fractional Exchangeable Shares, and the certificate so surrendered shall forthwith be cancelled.

Upon surrender to the Depositary for cancellation of a certificate which, immediately prior to the Effective Time, represented one or more TMX Group Shares that were exchanged for New Mergeco Shares under the Merger, together with a duly completed Letter of Transmittal and Election form and such other documents and instruments as would have been required to effect the transfer of the TMX Group Shares under the OBCA and the by-laws of TMX Group, as applicable, together with such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and Exchangeco shall deliver or cause to be delivered to such holder (in any case, without interest and less any amounts withheld pursuant to the Canadian Tax Act or any comparable statute of UK law or any other applicable Laws), (i) a certificate (or cause the necessary CREST or other electronic transfer to take place) in respect of that number (rounded down to the nearest whole number) of Mergeco Shares which such holder has the right to receive (together with any dividends or distributions with respect thereto on the appropriate payment date), and (ii) a cheque for any cash in lieu of fractional Mergeco Shares, and the certificate so surrendered shall forthwith be cancelled.

In the event of a transfer of ownership of TMX Group Shares which was not registered in the transfer records of TMX Group, a certificate representing the proper number of Exchangeable Shares and/or Mergeco Shares, as the case may be, may be issued to the transferee if the certificate which, immediately prior to the Effective Time, represented TMX Group Shares that were exchanged for Exchangeable Shares and/or Mergeco Shares, as the case may be, under the Merger, is presented to the Depositary, accompanied by all documents reasonably required to evidence and effect such transfer. Until surrendered, each certificate which immediately prior to the Effective Time represented one or more outstanding TMX Group Shares that were exchanged for Mergeco Shares under the Merger, shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender (in any case, less any amounts withheld pursuant to the Canadian Tax Act or any comparable statute of UK law or any other applicable Laws), (a) (i) the certificate representing Exchangeable Shares, (ii) cheques for the cash payment in lieu of any fractional Exchangeable Shares (as contemplated by the section entitled “Fractional Shares” below) and (iii) on the appropriate

payment date, any dividends or distributions with a record date after the Effective Time theretofore paid or payable with respect to Exchangeable Shares, or (b) (i) a certificate (or CREST or other electronic transfer) representing the Mergeco Shares, (ii) cheques for the cash payment in lieu of fractional Mergeco Shares (as contemplated by the section entitled “Fractional Shares” below), and (iii) on the appropriate payment date, any dividends or distributions with a record date after the Effective Time theretofore paid or payable with respect to Mergeco Shares (see “Payments with Respect to Unsurrendered Certificates” below).

Payments with Respect to Unsurrendered Certificates

No dividends or other distributions declared or made after the Effective Time with respect to Exchangeable Shares or Mergeco Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered certificate which immediately prior to the Effective Time represented outstanding TMX Group Shares that were exchanged pursuant to the Plan of Arrangement, and no cash payment in lieu of fractional shares will be paid to any such holder unless and until the holder of such certificate shall surrender such certificate. Subject to applicable Law, at the time of such surrender of any such certificate (or, in the case of clause (iii) below, at the appropriate payment date), there will be paid to the holder of the certificates representing TMX Group Shares without interest, (i) the amount of any cash to which such holder is entitled in lieu of a fractional share, (ii) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the Exchangeable Shares or Mergeco Shares, as the case may be, to which such holder is entitled pursuant hereto, and (iii) to the extent not paid under clause (ii), on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and with the payment date subsequent to surrender payable with respect to such Exchangeable Shares or Mergeco Shares.

Fractional Shares

No certificates representing fractional Exchangeable Shares or fractional Mergeco Shares will be issued (or CREST or other electronic transfer effected in respect of any fractional share) upon the surrender for exchange of certificates and no dividend, stock or share split or other change in the capital structure of Exchangeco or Mergeco shall relate to any such fractional security and such fractional interests shall not entitle the owner thereof to exercise any rights as a securityholder of Exchangeco or Mergeco. A fractional interest in an Exchangeable Share or Mergeco Share shall be satisfied by a cash payment (without interest) determined by multiplying such fraction by an amount equal to the average of the daily high and low sales prices per share of TMX Group Shares on TSX on the last trading day immediately prior to the Effective Date divided by 2.9963.

Lost Certificates

In the event that any certificate representing one or more outstanding TMX Group Shares has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, certificates representing Exchangeable Shares or Mergeco Shares (or effect the necessary CREST or other electronic transfers in respect of such shares), as applicable, (and a cheque for any dividends or distributions with respect thereto and any cash payment for fractional shares, if applicable) deliverable in accordance with the Plan of Arrangement and such holder’s Letter of Transmittal and Election Form.

Interests of Officers and Directors in the Merger

In considering the recommendation of the TMX Group Board with respect to the Merger, TMX Group Shareholders should be aware that certain officers and directors of TMX Group have interests, discussed below, which may be perceived as conflicts of interest with respect to the Merger. The TMX Group Board is aware of these interests and considered them when making its recommendation. See also “Description of the Merger — Background to the Merger” and “Description of the Merger — Reasons for the Merger”.

TMX Group Securities held by Executive Officers and Directors

As of May 9, 2011, the directors and executive officers of TMX Group and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 228,359 TMX Group Shares, representing approximately 0.31% of the outstanding TMX Group Shares. All of the TMX Group Shares held by the directors and executive officers of TMX Group will be treated in the same fashion under the Merger as TMX Group Shares held by any other TMX Group Shareholder.

As of May 9, 2011, the directors and executive officers of TMX Group and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 985,583 TMX Group Options, an aggregate of 451,877 TMX Group DSUs (which for greater certainty, includes TMX Group DSUs issued under the TMX Group Non-Executive Director DSU Plan and the TMX Group Executive DSU Plan), an aggregate of 172,214 TMX Group RSUs and an aggregate of 57,966 TMX Group Special Retention RSUs. Pursuant to the Plan of Arrangement, each TMX Group Option will be replaced for a Replacement Option. See “Description of the Merger — Arrangement Mechanics”.

In connection with the Merger, the TMX Group DSU Plans (which for greater certainty, includes the TMX Group Non-Executive Director DSU Plan and the TMX Group Executive DSU Plan), TMX Group RSU Plan and TMX Group Special Retention RSU Plan will be amended to reflect from and after the Effective Date: (i) a conversion of the number of TMX Group DSUs, TMX Group RSUs or TMX Group Special Retention RSUs then in each participant’s account (including dividend TMX Group DSUs, dividend TMX Group RSUs and dividend TMX Group Special Retention RSUs) into Amended DSUs and Amended RSUs, respectively, by multiplying each TMX Group DSU, TMX Group RSU and TMX Group Special Retention RSU by 2.9963; (ii) in the case of an Amended RSU, a conversion of the grant price for the TMX Group RSUs or the TMX Group Special Retention RSU into an amended grant price by dividing the grant price by 2.9963; (iii) a reference to Mergeco Shares in substitution for TMX Group Shares to which such Amended DSUs and Amended RSUs relate; (iv) a reference to dividends accruing on such Amended DSUs and Amended RSUs as dividends are paid on Mergeco Shares (in substitution for TMX Group Shares); and (v) that the amount paid on redemption of the Amended DSUs or Amended RSUs will be linked to the market price of a Mergeco Share. For further information with respect to proposed amendments to the TMX Group DSU Plans, TMX Group RSU Plan and TMX Group Special Retention RSU Plan, see “Directors and Officers of Mergeco”.

Executive Employment Agreement

Mr. Thomas A. Kloet, Chief Executive Officer of TMX Group, entered into an employment agreement with TMX Group on June 9, 2008. Pursuant to this employment agreement,

Mr. Kloet's salary is C\$700,000 per annum. In connection with the Merger, Mr. Kloet entered into an addendum to his current employment agreement, which, upon completion of the Merger, will amend and supersede certain sections of Mr. Kloet's current executive employment agreement with TMX Group.

In the event of termination of Mr. Kloet's employment by Mergeco without cause during the term of his employment agreement (or upon resignation during the period that is between twelve months from the Effective Date and the date that is 30 days from such 12 month period (the "**Resignation Window**")), Mr. Kloet will be entitled to receive: (1) all termination payments specified in his current employment agreement, being (A) a lump sum payment equal to his total cash remuneration (being his current base salary and short-term incentive plan at target which is 100% of base salary) plus pro-rated incentive awards at target year to date, (B) continuation of pension and benefit coverage for 12 months, (C) if terminated prior to August 11, 2011, a cash payment equal to the in-the-money value of Mr. Kloet's signing bonus (50,000 share options valued at the time of grant to be \$568,500) and (D) if terminated prior to July 14, 2011, an amount up to \$25,000 to assist in relocating out of Canada (collectively, the "**Existing Termination Payments**"); and (2) continued coverage of U.S. health insurance for 12 months. Additionally, all unvested TMX Group Options and TMX Group RSUs granted prior to the Effective Date will be forfeited on termination. Mr. Kloet will receive a cash amount equal to the compensation value (attributed to the respective awards at the time of grant) of such forfeited unvested TMX Group Options and TMX Group RSUs (less applicable withholdings). If Mr. Kloet resigns outside of the Resignation Window, he will be entitled only to the Existing Termination Payments and to regular treatment of TMX Group Options and TMX Group RSUs in accordance with plan documents, but not the cash payment in lieu of forfeiture of unvested TMX Group Options and TMX Group RSUs. If Mr. Kloet secures employment elsewhere within 12 months following termination, coverage under all pension and benefits programs maintained by TMX Group (or Mergeco upon completion of the Merger) will immediately cease.

In addition, the addendum to Mr. Kloet's employment agreement provides for a grant of TMX Group DSUs under the TMX Group Executive DSU Plan, having a grant value of \$1,400,000. For further information on the terms and conditions of such TMX Group DSUs see "Directors and Officers of Mergeco — Share-Based Incentive Compensation Plans operated by TMX Group".

For further information about Mr. Kloet's employment arrangements see "Directors and Officers of Mergeco — Executive Director Employment and Service Agreements and Non-Executive Director Letters of Appointment".

Retention Arrangements

In connection with the Merger, TMX Group has entered into retention arrangements with certain of its executive officers. While the retention arrangements are unique for each executive, they generally provide for some combination of the following:

- Crystallization of common law severance rights.
- All TMX Group Options and TMX Group RSUs (together, "**TMX Group LTIP**") that are unvested at the time of termination are paid out in cash at granted compensation value in the event of termination of the executive (other than for cause).

- All TMX Group LTIP awards that are unvested at the time of termination are paid out in cash at granted compensation value in the event the executive chooses to terminate his or her employment during the specified “resignation window” after closing of the Merger.
- The above arrangements are forfeited if, prior to expiry of the resignation window, the executive is offered a new position in the Merged Group and he or she accepts such position.
- The granting of a forgivable loan to the executive which is forgivable after a certain period following completion of the Merger. If the executive chooses to terminate his or her employment prior to the specified loan forgiveness date, the executive will be required to pay back a pro-rated portion of the forgivable loan.

In addition, immediately before entering into the Merger Agreement, TMX Group granted special retention RSUs (the “**TMX Group Special Retention RSUs**”) to all TMX Group employees (excluding the TMX Group Chief Executive Officer) who received TMX Group LTIP awards for the 2010 fiscal year. The grant price of the TMX Group Special Retention RSUs is the fair market value of TMX Group Shares on the date of grant, defined as the weighted average trading price of the TMX Group Shares on TSX, for the five trading days preceding the effective date of the grant. The TMX Group Special Retention RSUs will vest on the third anniversary of the grant date (February 17, 2014) and do not have any performance requirement attached to them. The TMX Group Special Retention RSUs will be forfeited if the recipient employee is no longer employed at time of vesting.

Board and Management Arrangements

As described in “Directors and Officers of Mergeco”, the Merger Agreement provides for arrangements regarding the composition of the Mergeco Board and senior management. Those arrangements provide that some of the current directors and officers of TMX Group will have director and/or management positions in Mergeco upon completion of the Merger.

No Change of Control Payments

Except as otherwise disclosed in this Circular, the Merger will not, in itself, result in a “change of control” payment or any other form of accelerated payment or vesting for the purposes of any employment agreement or consulting services agreement, or any incentive, bonus or similar plan applicable to TMX Group or its directors, officers and employees.

Directors’ and Officers’ Liability Insurance and Indemnification

TMX Group currently maintains directors’ and officers’ liability insurance insuring directors and officers of TMX Group and its Subsidiaries against liability for acts or omissions in their capacities as such directors and officers, subject to certain exclusions. Under the Merger Agreement, TMX Group shall purchase customary “tail” policies of directors’ and officers’ liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by TMX Group and its Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and Mergeco will, or will cause TMX Group and its Subsidiaries to, maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date, provided that Mergeco

shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and the cost of such policies shall not exceed 300% of TMX Group's current annual aggregate premium for policies currently maintained by TMX Group or its Subsidiaries.

LSEG and TMX Group also agree that all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of each of TMX Group and its Subsidiaries to the extent they were disclosed to LSEG or are otherwise on usual terms for indemnity arrangements will survive the Merger and will continue in full force and effect for a period of not less than six years from the Effective Date.

Intentions of Directors

The directors of TMX Group, who collectively beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 164,072 TMX Group Shares and 266,536 TMX Group Options representing approximately 0.56% of the TMX Group Shares on a fully diluted basis outstanding as of the close of business on May 9, 2011, have indicated that their current intention is to vote in favour of the Arrangement Resolution in respect of all TMX Group Shares currently held by them.

Ongoing Reporting Obligations

Mergeco

Following completion of the Merger, Mergeco will become a reporting issuer in each province and territory of Canada and as such will be required to comply with the continuous and other timely disclosure requirements and securities rules under relevant Canadian Securities Laws and TSX Listing Rules in addition to the requirements under the UK Listing Rules, Disclosure and Transparency Rules and Prospectus Rules.

Mergeco will not be a "designated foreign issuer" as defined in National Instrument 71-102 — *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, which would have allowed it to be generally exempt from Canadian statutory financial and other continuous and timely reporting requirements.

The principal additional continuous and other timely disclosure requirements under Canadian continuous disclosure and securities rules applying to Mergeco following completion of the Merger will require the publication of:

- quarterly unaudited financial statements and related management's discussion and analysis;
- annual information forms (which provide a comprehensive overview of the Merged Group, as well as its history, operations, prospects and risks);
- CEO and CFO certifications with respect to annual and interim filings;
- material change reports (in respect of material changes in the business, operations or capital of Mergeco that would reasonably be expected to have a significant effect on market price or value of its securities); and
- business acquisition reports (including financial statements and pro forma financial statements) in respect of significant acquisitions.

Additionally, Mergeco will be required to comply with Canadian legal requirements under Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). MI 61-101 imposes various requirements in the context of insider bids, issuer bids, business combinations and related party transactions, with a particular focus on addressing the conflicts of interest inherent in these transactions and providing safeguards in respect of these conflicts. MI 61-101 requires enhanced disclosure in connection with these transactions and, depending on the nature of the transaction, may also require a formal valuation to be prepared by a qualified independent valuator and approval of the transaction by a majority of minority (disinterested) security holders.

Under the Disclosure and Transparency Rules, there are requirements, subject to certain exemptions, that holders and Persons interested, directly or indirectly, in voting rights in an issuer to disclose their interests in shares or related qualifying financial instruments. These rules will apply in relation to all Mergeco Shares. The rules will also apply to Persons interested in the Exchangeable Shares.

The rules require holders of Mergeco Shares (“**Mergeco Shareholders**”) and holders of Exchangeable Shares (“**Exchangeable Shareholders**”) (or those with rights to acquire Mergeco Shares or Exchangeable Shares) to inform Mergeco of changes in major holdings in Mergeco Shares or Exchangeable Shares. Mergeco then has an obligation to disseminate this information to the wider market (by the end of the trading day following receipt of the information). This notification requirement will be triggered by direct or indirect Mergeco Shareholders or Exchangeable Shareholders if:

- (a) they have a notifiable interest (including by way of certain financial instruments) in holdings of 3% or above of Mergeco’s total voting rights and capital in issue (for which purposes interests in Exchangeable Shares will be treated as interests in Mergeco’s voting rights by virtue of the voting mechanism described under the heading “Exchangeable Share Structure”); and
- (b) their voting rights reach, exceed or fall below 3%, and each 1% thereafter.

To assist holders in calculating their percentage holdings, Mergeco is required to disclose, at the end of each calendar month during which an increase or decrease has occurred, the total number of voting rights and capital for its ordinary shares and the total number of voting rights for its ordinary shares held in treasury.

Mergeco may issue a Part 22 Notice pursuant to section 793 of the Companies Act whereby it requires a Person that Mergeco knows is, or has reasonable cause to believe is or was during the preceding three years, interested in its Mergeco Shares (or Exchangeable Shares) to confirm whether or not that is correct. If that Person does or did hold an interest in Mergeco Shares or Exchangeable Shares, Mergeco may request in the Part 22 Notice that the Person provide certain information as set out in the Companies Act.

The Takeover Code also contains strict disclosure requirements with regard to dealings in the securities of an offeror or offeree company on all parties to a takeover and to their respective associates during the course of an offer period.

Mergeco Shareholders and Exchangeable Shareholders requiring guidance on the requirements set out above should seek their own legal advice.

TMX Group Shareholders should note that the rules under the Disclosure and Transparency Rules and Takeover Code regarding disclosure of shareholdings, as described above, are more onerous than the Canadian shareholder disclosure rules, referred to as the “early warning regime”. Under the Canadian early warning regime, every person who acquires beneficial ownership of, or the power to exercise control or direction over, voting or equity securities of any class of a reporting issuer that, together with the securities of that class already owned by such person or company, would constitute 10% or more of the outstanding securities of the class must disclose the acquisition. The disclosure includes the prompt filing of a news release and an early warning report within two Business Days of reaching the 10% threshold. After the initial report, such person or company must make further disclosure of every increase of 2% or more in its holdings or a change in any material fact in the information contained in a previously filed report.

Exchangeco

Following completion of the Merger, Exchangeco will become a reporting issuer in each province and territory of Canada.

Pursuant to section 13.3 of NI 51-102, Exchangeco will be exempt from Canadian continuous disclosure requirements, so long as the requirements of section 13.3 of NI 51-102 are satisfied, including that Exchangeco sends to Exchangeable Shareholders, in the manner and at the time required by Canadian Securities Laws, all financial and other continuous disclosure documents that Mergeco sends to Mergeco Shareholders.

TMX Group

TMX Group will apply to the Canadian Securities Regulators to cease to be a reporting issuer following completion of the Merger.

Stock Exchange Listings

LSEG will apply to the FSA for the Existing LSEG Shares (referred to after completion of the Merger as Mergeco Shares) to be re-admitted and the Mergeco Shares issuable pursuant to the Merger (including the Mergeco Shares issuable upon exercise of Replacement Options) to be admitted to listing on the premium segment of the Official List of the UK Listing Authority. LSEG will apply to the London Stock Exchange for the Existing LSEG Shares to be re-admitted and the Mergeco Shares issuable pursuant to the Merger (including the Mergeco Shares issuable upon exercise of Replacement Options) to be admitted to trading on the Main Market of the London Stock Exchange (“**Admission**”).

Following Admission, all of the Mergeco Shares will be traded on the Main Market of the London Stock Exchange. In addition, LSEG has applied for the listing of New Mergeco Shares and Exchangeable Shares on Toronto Stock Exchange.

TMX Group Shares will be delisted from Toronto Stock Exchange as soon as practicable following the Effective Date.

Information in relation to the number of Mergeco Shares in issue before and after Admission is set out in the table below:

Number of Existing LSEG Shares in issue as at May 23, 2011 ⁽¹⁾	271,108,651
Maximum number of New Mergeco Shares to be issued pursuant to the Merger	223,518,406
Maximum number of Mergeco Shares in issue upon Admission ⁽²⁾	494,627,057
New Mergeco Shares as a percentage of the enlarged issued share capital of Mergeco ⁽³⁾	45%

Notes:

- (1) The latest practicable date prior to the date of this Circular.
- (2) Based on LSEG's and TMX Group's issued share capital as at May 23, 2011, 223,518,406 New Mergeco Shares will be issued pursuant to the Merger (including New Mergeco Shares to be issued to Jerseyco as described under the heading "Exchangeable Share Structure") and assuming that (a) no options to acquire LSEG Shares are exercised or LSEG Shares issued under the LSEG Employee Share Plans and (b) no TMX Group Options to purchase TMX Group Shares are exercised, between May 23, 2011 and Admission of the New Mergeco Shares.
- (3) This is based on 494,627,057 Mergeco Shares in issue upon Admission (see note (2) above).

Principal Legal Matters

Court Approval and Completion of the Merger

An arrangement under the OBCA requires Court approval. Prior to the mailing of this Circular, TMX Group obtained the Interim Order, which provides for the calling and holding of the Meeting, dissent rights for TMX Group Shareholders and other procedural matters. Subject to the approval of the Arrangement Resolution by TMX Group Shareholders at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on July 5, 2011.

TMX Group and LSEG will complete the Merger when all of the conditions required for completion of the Merger have been satisfied or waived. TMX Group and LSEG are working toward satisfying these conditions and completing the Merger as quickly as possible. It is currently expected that the Merger will complete in the fall of 2011. Because the Merger is subject to a number of conditions beyond the control of TMX Group and LSEG, the exact timing cannot be predicted.

Certain Canadian Securities Law Matters

The Exchangeable Shares and Mergeco Shares to be issued to TMX Group Shareholders pursuant to the Merger, together with the Mergeco Shares issuable on the exchange of the Exchangeable Shares, will be issued pursuant to an exemption from the prospectus and registration requirements of applicable Canadian Securities Laws under section 2.11 of NI 45-106 — *Prospectus and Registration Exemptions of the Canadian Securities Administrators* ("NI 45-106") and will generally not be subject to any resale restrictions under applicable Canadian Securities Laws (provided that the following conditions are satisfied: (i) the issuer of such shares is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade (pursuant to section 2.9 of National Instrument 45-102 — *Resale Restrictions* ("NI 45-102"), upon completion of the Merger, each of Mergeco and

Exchangeco will be deemed to have been a reporting issuer from the time that TMX Group became a reporting issuer, satisfying this requirement); (ii) the trade is not a control distribution; (iii) no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade; (iv) no extraordinary commission or consideration is paid to a person or company in respect of the trade; (v) if the selling securityholder is an insider or officer of the issuer, the selling securityholder has no reasonable grounds to believe that the issuer is in default of securities legislation (each as set out in subsection 2.6(3) of NI 45-102); and (vi) such holder is not a person or company engaged in or holding itself out as engaging in the business of trading securities or such trade is made in accordance with applicable dealer registration requirements or in reliance upon an exemption from such requirements). TMX Group Shareholders should consult with their own financial and legal advisors with respect to any restrictions on the resale of Exchangeable Shares and Mergeco Shares received on completion of the Merger, and Mergeco Shares issued on exchange of Exchangeable Shares.

TMX Group is a reporting issuer (or its equivalent) in all provinces and territories of Canada and, accordingly, is subject to the applicable Canadian Securities Laws of such provinces and territories that have adopted MI 61-101, including Ontario and Quebec. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, requiring, among other things, enhanced disclosure, approval by a majority of security holders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to “business combinations” (as such term is defined in MI 61-101) which terminate the interests of security holders without their consent.

The Merger does not constitute a business combination for the purposes of MI 61-101. In assessing whether the Merger could be considered to be a business combination, TMX Group reviewed all benefits or payments which related parties of TMX Group are entitled to receive, directly or indirectly, as a consequence of the Merger to determine whether any constituted a “collateral benefit”.

A “collateral benefit”, as defined under MI 61-101, includes any benefit that a related party of TMX Group (which includes the directors and executive officers of TMX Group and its Subsidiaries) is entitled to receive as a consequence of the Merger, including a lump sum payment or an enhancement in benefits related to past or future services as an employee, director or consultant of TMX Group; however, such a benefit will not constitute a “collateral benefit” provided that certain conditions are satisfied.

For these purposes, the only related party of TMX Group that is entitled to receive a benefit, directly or indirectly, as a consequence of the Merger is Mr. Thomas A. Kloet, whose employment agreement was amended in connection with entering into the Merger Agreement. None of the benefits granted to Mr. Kloet under the terms of this agreement constitute a “collateral benefit” for the purposes of MI 61-101 since (i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the director or executive officer for his TMX Group Shares relinquished under the transaction; (ii) the benefit is not conditional on the related party supporting the Merger in any manner; (iii) full particulars of the benefit have been discussed in this Circular; and (iv) Mr. Kloet exercised control or direction over, or beneficially owned, less than 1% of the outstanding TMX Group Shares, as at February 9, 2011, being the date on which the Merger Agreement was entered into.

To the knowledge of TMX Group, there has been no prior valuation of TMX Group, the TMX Group Shares or TMX Group's material assets in the 24 months prior to the date hereof.

Certain U.S. Securities Law Matters

Exemption from U.S. Registration

The securities of Mergeco and Exchangeco issuable in connection with the Merger will be issued in reliance upon the exemption from registration provided by section 3(a)(10) of the U.S. Securities Act and exemptions from registration and qualification provided under the securities laws of each state of the United States in which TMX Group Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts securities issued in exchange for one or more bona fide outstanding securities from the registration requirement where the terms and conditions of the issuance and exchange of the securities have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear. The Court will conduct a hearing to determine the fairness of the terms and conditions of the Merger, including the proposed issuance of securities in exchange for the outstanding TMX Group Shares. The Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the securities of Mergeco and Exchangeco issued in connection with the Merger.

Resale of Mergeco Shares and Exchangeable Shares in the United States

In certain circumstances, the U.S. Securities Act will impose restrictions on the resale of Mergeco Shares and Exchangeable Shares received pursuant to the Merger in the United States. The restrictions on resale imposed by the U.S. Securities Act will depend on whether the recipients of Mergeco Shares and Exchangeable Shares are "affiliates" of Mergeco. For the purpose of the U.S. Securities Act, an "affiliate" of Mergeco is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Mergeco. "Control" means the possession, direct or indirect, of the power to direct or cause direction of the management and policies of an issuer, whether through the ownership of voting securities, by contract or otherwise. TMX Group Shareholders who are not affiliates of Mergeco after completion of the Merger and were not affiliates of LSEG during the 90 days prior to the completion of the Merger may freely resell Mergeco Shares or Exchangeable Shares received pursuant to the Merger in the United States. Any TMX Group Shareholder who is or becomes an affiliate of Mergeco may not resell Mergeco Shares or Exchangeable Shares received pursuant to the Merger except in transactions permitted by the resale provisions of Rule 144 promulgated under the U.S. Securities Act.

The foregoing discussion is only a general overview of the requirements of the U.S. securities laws that may be applicable to the resale of Mergeco Shares or Exchangeable Shares received pursuant to the Merger. Recipients of Mergeco Shares or Exchangeable Shares are urged to obtain legal advice to ensure that their resale of such securities complies with applicable U.S. securities laws. Further information applicable to U.S. TMX Group Shareholders is disclosed in this Circular under the heading "Notice to TMX Group Shareholders in the United States".

Restrictions on Delivery of Mergeco Shares and Exchangeable Shares Under State “Blue Sky” Securities Laws

No Mergeco Shares or Exchangeable Shares will be delivered to U.S. Holders of TMX Group Shares in any state where the applicable state “blue sky” securities laws do not provide an exemption from the registration or qualification requirements of that state. All Mergeco Shares or Exchangeable Shares that would otherwise be delivered to holders in such states shall be sold on their behalf and the holders will receive a cash payment in the amount of their pro rata entitlement to the net sale proceeds.

Restrictions on Receipt of Mergeco Shares by U.S. Holders of Exchangeable Shares

U.S. Holders of Exchangeable Shares will not be permitted voluntarily to exchange any Exchangeable Shares held by them for Mergeco Shares. If Exchangeco elects to redeem all Exchangeable Shares at its option, Mergeco may also elect that U.S. Holders of Exchangeable Shares shall receive the net cash proceeds derived from the sale of the Mergeco Shares otherwise issuable or deliverable to such U.S. Holder outside the United States, unless Mergeco has determined in its sole judgment that the offer and sale of Mergeco Shares in exchange for the Exchangeable Shares held by U.S. Holders is exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable state “blue sky” securities laws.

Effect on TMX Group if Merger is Not Completed

If the Arrangement Resolution is not approved by the TMX Group Shareholders or if the Merger is not completed for any other reason, TMX Group will remain a public company, and the TMX Group Shares will continue to be listed and traded on TSX. In addition, if the Merger is not completed it is expected that management will operate TMX Group in a manner similar to that in which it is currently being operated and that TMX Group Shareholders will continue to be subject to the same risks and opportunities to which they are currently subject.

Merger Expenses

TMX Group estimates that expenses in the aggregate amount of approximately \$35 million will be incurred by TMX Group in connection with the Merger if the Merger is completed, including, without limitation, financial advisory, legal, proxy solicitation, accounting, filing and printing costs and the costs of preparing and mailing this Circular.

SUMMARY OF MERGER AGREEMENT

This section describes the material provisions of the Merger Agreement. It does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to a particular investor. This summary is qualified in its entirety by reference to the full text of the Merger Agreement which is available in English on SEDAR at www.sedar.com, TMX Group's website at www.tmx.com and LSEG's website at www.londonstockexchange.com.

Parties

The Merger Agreement was entered into on February 9, 2011 between LSEG and TMX Group and is governed by the Laws of the Province of Ontario and the Laws of Canada applicable thereon. The Merger Agreement sets out the arrangements for the implementation of the Merger and certain matters ancillary to it.

Representations and Warranties

The Merger Agreement contains a number of customary and mutual representations and warranties of TMX Group and LSEG relating to: (i) organization and qualification; (ii) authority relative to the Merger Agreement; (iii) absence of conflict or breach and required filings and consents; (iv) Subsidiaries; (v) compliance with Laws; (vi) Authorizations; (vii) capitalization and listing; (viii) absence of shareholder agreements and similar agreements; (ix) reporting issuer status; (x) U.S. securities law matters; (xi) public disclosure; (xii) stock exchange or listing authority compliance as applicable; (xiii) financial statements; (xiv) absence of undisclosed liabilities; (xv) real property; (xvi) personal property; (xvii) intellectual property; (xviii) employment matters; (xix) absence of certain changes or events; (xx) litigation; (xxi) taxes; (xxii) books and records; (xxiii) insurance; (xxiv) non-arm's length transactions; (xxv) benefit plans; (xxvi) restrictions on business activities; (xxvii) material contracts; and (xxviii) brokers and expenses. The Merger Agreement also contains additional representations and warranties of LSEG relating to: (i) Exchangeco and Callco; and (ii) the issuance of Mergeco Shares.

Covenants

Covenants of TMX Group Regarding the Conduct of Business

TMX Group has agreed that prior to the Effective Date, unless otherwise agreed to in writing by LSEG, the business of TMX Group and its Subsidiaries will be conducted only in the ordinary course of business.

TMX Group has agreed to certain restrictions regarding the conduct of its business, including with respect to: (i) issuing securities of TMX Group and its Subsidiaries; (ii) except in the ordinary course of business, selling, pledging, leasing, disposing of, mortgaging, licensing, encumbering or otherwise transferring assets having a value greater than C\$30,000,000 in the aggregate; (iii) amending or proposing to amend its articles, by-laws or other constituting documents; (iv) splitting, combining or reclassifying TMX Group Shares or, to the extent prejudicial to the Merger or to LSEG, the securities of any of TMX Group's Subsidiaries; (v) redeeming, purchasing or offering to purchase any of the TMX Group Shares or, to the extent prejudicial to the Merger or to LSEG, the securities of any of TMX Group's Subsidiaries;

(vi) the declaration or payment of dividends other than as specified in the Merger Agreement; (vii) reorganizing, amalgamating or merging with any other Person or, to the extent prejudicial to the Merger or to LSEG, reorganizing, amalgamating or merging any of TMX Group's Subsidiaries with any other Person; (viii) reducing the stated capital of the TMX Group Shares or, to the extent prejudicial to the Merger or to LSEG, any of the shares of TMX Group's Subsidiaries; (ix) other than cash management investments made in accordance with existing cash management policies and practices, acquisitions, investments, property transfers or purchases of any property or assets having a value greater than C\$60,000,000 in the aggregate; (x) except in the ordinary course of business, incurring indebtedness (except for refinancing or replacing TMX Group's current credit facilities); (xi) any liquidation or dissolution of TMX Group or any of its non-dormant Subsidiaries; (xii) the settlement of liabilities other than in the ordinary course of business, where the liability is greater than C\$10,000,000, or any payment of fees relating to the Merger; (xiii) taking or failing to take any actions in a manner adversely affecting Authorizations; (xiv) taking or failing to take any actions in a manner that prevents, materially delays or materially impedes the ability of TMX Group or LSEG to complete the Merger; (xv) except in the ordinary course of business (consistent with past practice), increasing or accelerating any compensation or benefits for directors, officers and employees of TMX Group or its Subsidiaries; (xvi) other than in the ordinary course of business, entering into or materially amending any Material Contracts; (xvii) incurring capital expenditures involving payments in aggregate in excess of C\$100,000,000; (xviii) maintenance of insurance policies; (xix) maintenance and preservation of Authorizations; (xx) filing of Tax Returns; (xxi) withholding, collection, remittance and payment of Taxes; (xxii) settling material disputes relating to Taxes; and (xxiii) amending Tax Returns.

Covenants of TMX Group Relating to the Merger

TMX Group has agreed to use commercially reasonable best efforts to perform all obligations required to be performed by TMX Group or any of its Subsidiaries under the Merger Agreement, co-operate with LSEG in connection therewith, and to do all other acts and things as may be necessary or desirable in order to complete and make effective as soon as reasonably practicable the transactions contemplated by the Merger Agreement.

Covenants of LSEG Regarding the Conduct of Business

LSEG has agreed that prior to the Effective Date, unless otherwise agreed to in writing by TMX Group, the business of LSEG and its Subsidiaries will be conducted only in the ordinary course of business.

LSEG has agreed to certain restrictions regarding the conduct of its business, including with respect to: (i) issuing securities of LSEG and its Subsidiaries; (ii) except in the ordinary course of business, selling, pledging, leasing, disposing of, mortgaging, licensing, encumbering or otherwise transferring assets having a value greater than C\$30,000,000 in the aggregate; (iii) amending or proposing to amend its articles, by-laws or other constating documents; (iv) splitting, combining or reclassifying LSEG Shares or, to the extent prejudicial to the Merger or to TMX Group, the securities of any of LSEG's Subsidiaries; (v) redeeming, purchasing or offering to purchase any of the LSEG Shares or, to the extent prejudicial to the Merger or to TMX Group, the securities of any of LSEG's Subsidiaries; (vi) the declaration or payment of dividends other than as specified in the Merger Agreement; (vii) reorganizing, amalgamating or

merging with any other Person or, to the extent prejudicial to the Merger or to TMX Group, reorganizing, amalgamating or merging any of LSEG's Subsidiaries with any other Person; (viii) reducing the stated capital of LSEG Shares or, to the extent prejudicial to the Merger or to TMX Group, any of the shares of LSEG's Subsidiaries; (ix) other than cash management investments made in accordance with existing cash management policies and practices, acquisitions, investments, property transfers or purchases of any property or assets having a value greater than C\$60,000,000 in the aggregate; (x) except in the ordinary course of business, incurring indebtedness (except for refinancing or replacement of LSEG's current credit facilities); (xi) any liquidation or dissolution of LSEG or any of its non-dormant Subsidiaries; (xii) the settlement of liabilities other than in the ordinary course of business, where the liability is greater than C\$10,000,000, or any payment of fees relating to the Merger; (xiii) taking or failing to take any actions in a manner adversely affecting Authorizations; (xiv) taking or failing to take any actions in a manner that prevents, materially delays or impedes the ability of LSEG or TMX Group to complete the Merger; (xv) except in the ordinary course of business (consistent with past practice), increasing or accelerating any compensation or benefits for directors, officers and employees of LSEG or its Subsidiaries; (xvi) other than in the ordinary course of business, entering into or materially amending any Material Contracts; (xvii) incurring capital expenditures involving payments in aggregate in excess of C\$100,000,000; (xviii) maintenance of insurance policies; (xix) maintenance and preservation of Authorizations; (xx) filing of Tax Returns; (xxi) withholding, collection, remittance and payment of Taxes; (xxii) settling material disputes relating to Taxes; and (xxiii) amending Tax Returns.

Covenants of LSEG Relating to the Merger

LSEG has agreed to use commercially reasonable efforts to perform all obligations required to be performed by LSEG or any of its Subsidiaries under the Merger Agreement, to co-operate with TMX Group in connection therewith, and do all other acts and things as may be necessary or desirable in order to complete and make effective as soon as reasonably practicable the transactions contemplated by the Merger Agreement.

Regulatory Approvals

TMX Group and LSEG have agreed to proceed diligently, in a coordinated fashion, to apply for and seek to obtain the Regulatory Approvals.

In furtherance of obtaining Investment Canada Act Approval, LSEG has agreed to offer, accept and agree to:

- a list of undertakings related to corporate governance matters (including board structure, how the principal leadership roles in the Merged Group will be shared and where the Merged Group headquarters for the principal global business and support functions would be located) as set out and appended to the Merger Agreement and any undertaking as to minimum Canadian employment levels as agreed between TMX Group and LSEG and certain other matters set out in the Merger Agreement, subject to changes of no substantive effect;
- other customary undertakings as agreed between TMX Group and LSEG, subject to changes that are not material, either individually or in the aggregate, in relation to such agreed undertakings; and

- additional undertakings, terms and conditions that are not contemplated by the Merger Agreement that are acceptable to LSEG, acting in good faith and reasonably.

In furtherance of obtaining Securities Regulatory Approvals, LSEG has agreed to offer, accept and agree to:

- certain terms and conditions related to corporate governance and certain other matters as set out in and appended to the Merger Agreement, subject to changes of no substantive effect;
- additional terms and conditions appended to the Merger Agreement (save for those covered by the above paragraph), subject to changes that are not material, either individually or in the aggregate, in relation to such agreed terms and conditions; and
- additional undertakings, terms and conditions that are not contemplated by the Merger Agreement that are acceptable to LSEG, acting in good faith and reasonably.

See “Description of the Merger — Principal Legal Matters”, “Regulation of the Merged Group” and “Proposed Investment Canada Act Undertakings.”

No Regulatory Approval shall be considered to have been obtained unless it is on terms satisfactory to each of TMX Group and LSEG, acting reasonably, provided however that certain of the undertakings, terms and conditions appended to the Merger Agreement are deemed to be satisfactory to each of the parties. For the avoidance of doubt, LSEG will be entitled to take the position that the Investment Canada Act Approval and the Securities Regulatory Approvals will not have been obtained on satisfactory terms if any of the abovementioned undertakings or terms and conditions, as the case may be, are imposed that do not satisfy the applicable standard set out for each undertaking or terms and conditions, as the case may be, in the Merger Agreement. No Regulatory Approval shall be considered to have been obtained if an appeal, stop-order, stay or revocation (or proceeding seeking an appeal, stop-order, stay or revocation) has been instituted or threatened after the granting of any Regulatory Approval and remains outstanding or subject to final judgment or adjudication prior to the filing of the Articles of Arrangement and receipt of the Certificate of Arrangement.

Corporate Governance

The parties have agreed to take all actions to ensure that as of the Effective Date:

- the Mergeco Board shall have 15 directors, including seven nominees of TMX Group and eight nominees of LSEG;
- the eight nominees of LSEG shall include the Persons who are, respectively, the LSEG Chairman and the Chief Executive Officer of LSEG and the Chief Executive Officer of Borsa Italiana, in each case, immediately before the Effective Date;
- the seven nominees of TMX Group shall include the Persons who are, respectively, the Chair, the Chief Executive Officer and the Chief Financial Officer of TMX Group immediately before the Effective Date and four independent Canadian directors of TMX Group;
- the membership of the Mergeco Board committees will be substantially proportionate to the percentage of TMX Group and LSEG nominees to the Mergeco Board, respectively, and at least one of the standing Mergeco Board committees shall be chaired by a current TMX Group director;

- one-third of Mergeco Board meetings shall be held in Canada (rounded down) and a majority of the Mergeco Board meetings will be held in the UK;
- the position of the Chief Executive Officer of Mergeco will be filled by the person who is, immediately before the Effective Date, the Chief Executive Officer of LSEG;
- the position of the President of Mergeco will be filled by the person who is, immediately before the Effective Date, the Chief Executive Officer of TMX Group;
- the position of the Chair of Mergeco will be filled by the person who is, immediately before the Effective Date, the Chair of TMX Group;
- the positions of the Deputy Chairs of Mergeco will be filled by the persons who are, immediately before the Effective Date, the LSEG Chairman and the Deputy Chairman of LSEG;
- the position of Chief Financial Officer of Mergeco will be filled by the person who is, immediately before the Effective Date, the Chief Financial Officer of TMX Group;
- the positions on the executive committee of Mergeco and the persons filling such roles will include: Chief Executive Officer — Xavier Rolet, Chief Executive Officer of LSEG; President — Thomas Kloet, Chief Executive Officer of TMX Group; Chief Financial Officer — Michael Ptasznik, Chief Financial Officer of TMX Group; and director — Raffaele Jerusalmi, Chief Executive Officer of Borsa Italiana;
- the position of the Chairman of the London Stock Exchange shall be filled by the person who is, immediately before the Effective Date, the LSEG Chairman. The Chairman of the London Stock Exchange from time to time will be a UK resident and Mergeco shall be entitled to amend the articles of association of the London Stock Exchange to reflect such matter; and
- the positions of the Chair of TMX Group and TSX Inc. shall be filled by the persons who are, immediately before the Effective Date, the chairs of TMX Group and TSX Inc., respectively. The Chair of TMX Group from time to time will be a Canadian resident and Mergeco shall be entitled to amend the articles of TMX Group and TSX Inc. to reflect such matter.

Mergeco shall ensure that, from and after the Effective Date, Mergeco and Exchangeco are in compliance with applicable Canadian securities laws and standards.

Non-Solicitation

Each of LSEG and TMX Group have agreed not to, directly or indirectly, do any of the following:

- solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries, proposals or offers relating to any Acquisition Proposal;
- engage in, continue or otherwise participate in any discussions or negotiations with any Person regarding any Acquisition Proposal;
- approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal;

- accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal; or
- make a TMX Group Change in Recommendation or an LSEG Change in Recommendation, as applicable.

At the time of entering into the Merger Agreement, each of LSEG and TMX Group agreed to:

- immediately cease and cause to be terminated any existing solicitation, encouragement, discussion or negotiation with any Person (other than the other party) conducted by such party or any of its Subsidiaries or representatives with respect to any Acquisition Proposal;
- discontinue access to any confidential information;
- request, and exercise all rights it has to require, the return or destruction of all confidential information previously provided to any such Person or any other Person to the extent such information has not already been returned or destroyed;
- not release any third party from any confidentiality, non-solicitation or standstill agreement, or terminate, modify, amend or waive the terms thereof; and
- enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that such party or any of its Subsidiaries has entered into prior to the date thereof, except to allow a Person to propose an Acquisition Proposal to the party.

TMX Group and LSEG have each agreed to immediately provide notice to the other party of any Acquisition Proposal or any proposal, inquiry or offer that could lead to an Acquisition Proposal or any amendments to the foregoing or any request for non-public information relating to it or any of its Subsidiaries in connection with such an Acquisition Proposal or for access to the properties, books or records of such party or any of its Subsidiaries by any Person that informs such party, any member of the LSEG Board or the TMX Group Board, as applicable, or any of such party's Subsidiaries that it is considering making, or has made, an Acquisition Proposal. Such notice to the other party shall be made, from time to time, at first immediately, orally, and then promptly (and in any event within 24 hours) in writing and shall indicate the identity of the Person or Persons making such proposal, inquiry, offer or request, all material terms thereof and such other details of the proposal, inquiry, offer or request known to such party, and shall include copies of any such proposal, inquiry, offer or request or any amendment to any of the foregoing. TMX Group and LSEG have agreed to keep one another promptly and fully informed of the status, including any change to the material terms, of any such proposal, inquiry, offer or request and will respond promptly to all inquiries by the other party with respect thereto.

Notwithstanding the above and any confidentiality or standstill agreement between a party and any other Person, if at any time following the date of the Merger Agreement and prior to obtaining the TMX Group Shareholder Approval or LSEG Shareholder Approval, as applicable, a party receives a request for material non-public information, or to enter into discussions, from a Person that proposes to such party an unsolicited *bona fide* written Acquisition Proposal that did not result from a breach of the above non-solicitation covenants and the TMX Group Board

or the LSEG Board, as applicable, determines, in good faith after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to result in a Superior Proposal, then, and only in such case, such party may: (i) provide the Person making such Acquisition Proposal with access to information regarding such party and its Subsidiaries; and/or (ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal, subject to compliance with certain requirements (including entering into a confidentiality and standstill agreement on customary terms).

TMX Group or LSEG, as the case may be, can only accept, approve or enter into an agreement, understanding or arrangement relating to an Acquisition Proposal if:

- the board of directors of the party in receipt of the Acquisition Proposal determines that the Acquisition Proposal constitutes a Superior Proposal;
- the TMX Group Shareholder Approval or the LSEG Shareholder Approval, as applicable, has not been obtained;
- such party has complied in all material respects with its non-solicitation covenants;
- such party has provided the other party with a notice in writing that there is a Superior Proposal, together with all documentation related to and detailing the Superior Proposal, including a copy of any Proposed Agreement relating to such Superior Proposal, such documents to be so provided to the other party not less than five Business Days prior to the proposed acceptance, approval or execution of the Proposed Agreement by such party;
- five Business Days has elapsed from the date that the other party received the requisite notice and documentation from such party and, if the other party has proposed to amend the terms of the Merger, the TMX Group Board or the LSEG Board, as applicable, has determined, in good faith, after consultation with its financial advisors and outside legal counsel, that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of the Merger by the other party;
- such party concurrently terminates the Merger Agreement; and
- such party has previously paid, or concurrently pays, to the other party the TMX Group Termination Fee or the LSEG Termination Fee, as applicable.

Each party is required to grant the other party, during the Response Period (or such longer period as such party may approve for such purpose), the opportunity, but not the obligation, to propose to amend the terms of the Merger Agreement, including an increase in, or modification of, the Consideration. The TMX Group Board or the LSEG Board, as applicable, will review any proposal by the other party to amend the terms of the Merger Agreement in order to determine, in good faith in the exercise of its fiduciary duties, whether the other party's proposal to amend the Merger Agreement would result in the Acquisition Proposal ceasing to be a Superior Proposal. If the TMX Group Board or the LSEG Board, as applicable, determines that the Acquisition Proposal is not a Superior Proposal as compared to the proposed amendments to the terms of the Merger Agreement, it will promptly enter into an amended agreement with the other party reflecting such proposed amendments. Each

successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal and the other party shall be afforded a new Response Period in respect of each such Acquisition Proposal.

Notwithstanding the foregoing or anything else in the Merger Agreement, the TMX Group Board or LSEG Board, as the case may be, shall still be permitted to make a TMX Group Change in Recommendation or LSEG Change in Recommendation, as the case may be, or make any disclosure to any security holders of such party prior to the Effective Time, if, in the good faith judgment of the TMX Group Board or LSEG Board, as the case may be, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with the TMX Group Board's or LSEG Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under applicable Law (including by responding to an Acquisition Proposal under a directors' circular or otherwise as required under applicable securities Laws). Prior to making a Change in Recommendation, each party shall give the other party not less than 48 hours notice of its intention to do so.

In circumstances where a party has notified the other party that it intends to make a Change in Recommendation or a party provides the other party with notice of a Superior Proposal, in either case, on a date that is less than seven Business Days prior to the Meeting or the LSEG Meeting, as applicable, either party may, or if requested by the other party shall, adjourn the Meeting or the LSEG Meeting, as applicable, to a date that is seven Business Days after the date of such notice, provided, however, that neither the Meeting nor the LSEG Meeting shall be adjourned or postponed to a date later than the seventh Business Day prior to the Outside Date.

Conditions

Mutual Conditions Precedent

The following are the mutual conditions to completing the Merger contemplated by the Merger Agreement:

- the Arrangement Resolution has been approved and adopted by TMX Group Shareholders at the Meeting in accordance with the Interim Order;
- the Interim Order and Final Order have each been obtained on terms consistent with the Merger Agreement and have not been set aside or modified in a manner unacceptable to TMX Group or LSEG, acting reasonably, on appeal or otherwise;
- no Governmental Entity shall have enacted, issued, promulgated, enforced or entered into any Law which is then in effect and has the effect of making the Merger illegal or otherwise preventing or prohibiting TMX Group or LSEG from completing the Merger;
- the LSEG Shareholder Approval has been obtained;
- all Regulatory Approvals have been obtained in accordance with the terms of the Merger Agreement and there is not, at the time when all other conditions have been satisfied or waived, any outstanding Regulatory Intervention;
- LSEG has delivered evidence to TMX Group that, as soon as practicable following the Effective Time, the Mergeco Shares issuable pursuant to the Merger will be admitted to the Official List of the UK Listing Authority and to trading on the Main Market of

the London Stock Exchange and that the New Mergeco Shares issuable upon exchange of the Exchangeable Shares and exercise of the Replacement Options shall have been conditionally approved for listing on Toronto Stock Exchange (subject only, in each case, to the satisfaction of the customary listing conditions of the UK Listing Authority or Toronto Stock Exchange, as the case may be);

- LSEG has delivered evidence to TMX Group that, as soon as practicable following the Effective Time, the New Mergeco Shares issuable pursuant to the Exchangeable Shares or Replacement Options shall be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange (subject only, in each case, to the satisfaction of the customary listing conditions of the London Stock Exchange); and
- the New Mergeco Shares and the Exchangeable Shares to be issued pursuant to the Merger have been allotted by the LSEG Board and the board of directors of Exchangeco, respectively, conditional only on completion of the Merger and that such New Mergeco Shares and Exchangeable Shares issuable pursuant to the Merger are exempt from the registration requirements under U.S. securities laws.

Additional Conditions Precedent to the Obligations of LSEG

The obligations of LSEG to complete the Merger contemplated by the Merger Agreement are also subject to the following conditions:

- all covenants of TMX Group to be performed on or before the Effective Time have been performed (or waived by LSEG) in all material respects;
- the representations and warranties of TMX Group relating to issued capitalization and listing, termination payments for directors, officers and employees and salary, bonus or remuneration increases or amendments to vesting or acceleration of options or deferred compensation for officers are true and correct in all respects (subject to *de minimis* inaccuracies) as at February 9, 2011;
- the representations and warranties of TMX Group relating to brokerage fees and expenses are true and correct in all material respects as of the Effective Time as if made at and as of such time;
- all other representations and warranties of TMX Group in the Merger Agreement are true and correct in all respects (disregarding for these purposes any materiality or TMX Group Material Adverse Effect qualification contained in such representation or warranty) as of the Effective Time as if made at and as of such time (except that any representation and warranty that, by its terms, speaks specifically as of the date of the Merger Agreement or another date is true and correct in all respects as of such date), except where the failure to be so true and correct in all respects, individually and in the aggregate, has not had a TMX Group Material Adverse Effect;
- the total number of TMX Group Shares with respect to which dissent rights have been properly exercised does not exceed 2% of the outstanding TMX Group Shares as of the Effective Date;
- there has been no TMX Group Material Adverse Effect since the date of the Merger Agreement; and
- the “key third party consents” (listed in the Merger Agreement) have been obtained on terms satisfactory to LSEG, acting reasonably.

Additional Conditions Precedent to the Obligations of TMX Group

The obligations of TMX Group to complete the Merger contemplated by the Merger Agreement are also subject to the following conditions:

- all covenants of LSEG to be performed on or before the Effective Time have been performed (or waived by TMX Group) in all material respects as of the Effective Time as if made at and as of such time;
- the representations and warranties of LSEG relating to issued capitalization and listing, termination payments for directors, officers and employees and salary, bonus or remuneration increases or amendments to vesting or acceleration of options or deferred compensation for officers are true and correct in all respects (subject to *de minimis* inaccuracies) as at February 9, 2011;
- the representations and warranties of LSEG relating to brokerage fees and expenses are true and correct in all material respects as of the Effective Time as if made at and as of such time;
- all other representations and warranties of LSEG in the Merger Agreement are true and correct in all respects (disregarding for these purposes any materiality or LSEG Material Adverse Effect qualification contained in such representation or warranty) as of the Effective Time as if made at and as of such time (except that any representation and warranty that, by its terms, speaks specifically as of the date of the Merger Agreement or another date is true and correct in all respects as of such date), except where the failure to be so true and correct in all respects, individually and in the aggregate, has not had an LSEG Material Adverse Effect; and
- there has been no LSEG Material Adverse Effect since the date of the Merger Agreement.

Termination

The Merger Agreement may be terminated by notice in writing, at any time prior to the Effective Date, by mutual written agreement of the parties.

Either party may terminate the Merger Agreement in the event that:

- the Effective Time does not occur on or before the Outside Date, except that the right to terminate is not available to any party whose failure to fulfill any of its obligations or breach of any of its representations and warranties has been the cause of, or resulted in, the failure of the Effective Time to occur by the Outside Date;
- a Law is enacted that makes completion of the Merger illegal, or otherwise enjoins TMX Group or LSEG from completing the Merger and such Law becomes final and non-appealable;
- TMX Group Shareholder Approval has not been obtained at the Meeting in accordance with the Interim Order; or
- LSEG Shareholder Approval has not been obtained at the LSEG Meeting.

TMX Group may terminate the Merger Agreement, by notice to LSEG, in the event that:

- there is an LSEG Change in Recommendation (but only until such time as the LSEG Shareholder Approval has been obtained);

- LSEG breaches its non-solicitation covenants in any material respect;
- LSEG breaches any representation or warranty or fails to perform any covenant or agreement set forth in the Merger Agreement that would cause the conditions of TMX Group's obligations to complete the Merger not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by TMX Group and provided that TMX Group is not then in breach of the Merger Agreement so as to cause any of the reciprocal conditions not to be satisfied; or
- TMX Group wishes to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality and standstill agreement), provided that it complies with the relevant non-solicitation provisions of the Merger Agreement and pays the TMX Group Termination Fee (C\$39,000,000).

LSEG may terminate the Merger Agreement, by notice to TMX Group, in the event that:

- there is a TMX Group Change in Recommendation (but only until such time as the TMX Group Shareholder Approval has been obtained);
- TMX Group breaches its non-solicitation covenants in any material respect;
- TMX Group breaches any representation or warranty or fails to perform any covenant or agreement set forth in the Merger Agreement that would cause the conditions of LSEG's obligations to complete the Merger not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by LSEG and provided that LSEG is not then in breach of the Merger Agreement so as to cause the reciprocal conditions not to be satisfied; or
- LSEG wishes to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality and standstill agreement), provided that it complies with the relevant non-solicitation provisions of the Merger Agreement and pays the LSEG Termination Fee (C\$39,000,000).

Termination Fees

TMX Group will be obligated to pay the TMX Group Termination Fee (C\$39,000,000) to LSEG in the event that:

- LSEG terminates the Merger Agreement due to (i) a TMX Group Change in Recommendation by the TMX Group Board (but not including circumstances where the Change in Recommendation resulted from the occurrence of an LSEG Material Adverse Effect) or (ii) TMX Group breaching its non-solicitation covenants in any material respect;
- LSEG exercises its termination right (described above) in respect of breaches of TMX Group's covenants or representations or warranties which cause conditions to LSEG's obligations to complete the Merger not to be satisfied and where such breaches are due to a wilful breach or fraud of TMX Group;
- TMX Group terminates the Merger Agreement for the purpose of entering into a binding written agreement with respect to a Superior Proposal; or

- either party terminates the Merger Agreement because the Effective Time did not occur on or before the Outside Date, or TMX Group Shareholder Approval had not been obtained, but only if prior to such termination a *bona fide* Acquisition Proposal for TMX Group has been made by a Person other than LSEG, and within 12 months following the date of such termination (A) TMX Group enters into a definitive agreement in respect of such Acquisition Proposal which is subsequently completed or (B) such Acquisition Proposal shall have been completed (in each case references in the definition of Acquisition Proposal to “20%” are deemed to be references to “50%”).

LSEG will be obligated to pay the LSEG Termination Fee (C\$39,000,000) to TMX Group in the event that:

- TMX Group terminates the Merger Agreement due to (i) an LSEG Change in Recommendation by the LSEG Board (but not including circumstances where the Change in Recommendation resulted from the occurrence of a TMX Group Material Adverse Effect) or (ii) LSEG breaching its non-solicitation covenants in any material respect;
- TMX Group exercises its termination right (described above) in respect of breaches of LSEG’s covenants or representations and warranties which cause conditions to TMX Group’s obligations to complete the Merger not to be satisfied and where such breaches are due to a wilful breach or fraud of LSEG;
- LSEG terminates the Merger Agreement for the purpose of entering into a binding written agreement with respect to a Superior Proposal; or
- either party terminates the Merger Agreement because the Effective Time did not occur on or before the Outside Date, or LSEG Shareholder Approval had not been obtained, but only if prior to such termination a *bona fide* Acquisition Proposal for LSEG has been made by a Person other than TMX Group, and within 12 months following the date of such termination (A) LSEG enters into a definitive agreement in respect of such Acquisition Proposal which is subsequently completed or (B) such Acquisition Proposal will have been completed (in each case references in the definition of Acquisition Proposal to “20%” are deemed to be references to “50%”).

Expense Fees

TMX Group will be obligated to pay the TMX Group Expense Fee (C\$10,000,000) to LSEG in the event that:

- either party terminates the Merger Agreement as a result of TMX Group Shareholder Approval not being obtained at the Meeting in accordance with the Interim Order;
- LSEG exercises its termination right (described above) in respect of breaches of TMX Group’s covenants or representations or warranties which cause conditions to LSEG’s obligations to complete the Merger not to be satisfied and where such breaches are not due to a wilful breach or fraud of TMX Group; or
- TMX Group terminates the Merger Agreement as a result of the Effective Time not occurring on or before the Outside Date if all of the conditions to TMX Group’s obligations to complete the Merger, other than the Regulatory Approvals condition,

have been satisfied and the Regulatory Approvals condition has not been satisfied because of a Regulatory Intervention in respect of which TMX Group is the Declaring Party.

LSEG will be obligated to pay the LSEG Expense Fee (C\$10,000,000) to TMX Group in the event that:

- either party terminates the Merger Agreement as a result of LSEG Shareholder Approval not being obtained at the LSEG Meeting;
- TMX Group exercises its termination right (described above) in respect of breaches of LSEG's covenants or representations or warranties which cause conditions to TMX Group's obligations to complete the Merger not to be satisfied and where such breaches are not due to a wilful breach or fraud of LSEG;
- LSEG or TMX Group terminates the Merger Agreement as a result of the Effective Time not occurring on or before the Outside Date if all of the conditions to LSEG's obligations to complete the Merger have been satisfied or waived other than the Regulatory Approvals condition, and the Regulatory Approvals condition has not been satisfied because undertakings or terms and conditions that are required to obtain Investment Canada Act Approval or the Securities Regulatory Approvals (and that relate to matters other than corporate governance and any undertaking as to minimum Canadian employment levels as agreed between TMX Group and LSEG) exceed those contemplated by the Merger Agreement, but would not, together with the undertakings and terms and conditions related to corporate governance and any undertaking as to minimum Canadian employment levels as agreed between TMX Group and LSEG, be substantially detrimental to LSEG; or
- LSEG terminates the Merger Agreement as a result of the Effective Time not occurring on or before the Outside Date if all of the conditions to LSEG's obligations to complete the Merger have been satisfied other than the Regulatory Approvals condition, and the Regulatory Approvals condition has not been satisfied because of a Regulatory Intervention in respect of which LSEG is the Declaring Party.

INFORMATION CONCERNING THE MERGED GROUP

This section contains forward-looking information. See “Forward-Looking Statements”. The statements in this section do not constitute a profit forecast and should not be interpreted to mean that the earnings of LSEG, TMX Group or the Merged Group, as applicable, or Adjusted Earnings Per Share (post-cost synergies, but excluding one-off costs to achieve synergies and deal-related costs) in the financial year in which the Merger completes, or in any subsequent period, would necessarily be greater than those in the preceding financial year.

Please also see “Description of the Merger”, “Information Concerning TMX Group”, “Information Concerning LSEG”, “Directors and Officers of Mergeco”, “Regulation of the Merged Group”, “Proposed Investment Canada Act Undertakings” and “Risk Factors” for further detail in relation to the Merged Group.

1. Merger of TMX Group and LSEG

Following completion of the Merger, Mergeco will become the ultimate holding company of TMX Group and its Subsidiaries. Mergeco will remain incorporated and solely tax resident in the UK and TMX Group will remain incorporated in Ontario, Canada and solely tax resident in Canada. The principal executive offices and joint headquarters of the Merged Group will be located at 10 Paternoster Square, London EC4M 7LS, UK and at The Exchange Tower, 130 King Street West, Toronto, ON, M5X 1J2, Canada.

In addition, the Merger recognizes the existing centres of excellence within the Merged Group and reinforces these strengths by assigning global responsibility across its geographic footprint.

London will remain a key centre for international listings and will be the global centre for the Merged Group’s technology solutions business, managing a portfolio of leading global technologies, as well as the centre for information services and post-trade services. Mergeco’s Chief Executive Officer will be based in London.

Toronto will be the centre for the Merged Group’s global primary markets (listings and other issuer services) business unit, covering the full range of listings from large multinationals to small and mid-cap organizations across all of the Merged Group’s equity exchanges. The global finance function of the Merged Group will be headquartered in Toronto. Mergeco’s President and Chief Financial Officer will be based in Toronto.

Milan, in addition to being the headquarters for Borsa Italiana, will become the new centre for the Merged Group’s global fixed income business, combining the strengths of TMX Group’s fast-growing Shorcan Brokers Limited (“**Shorcan**”) fixed income business with LSEG’s leading government and retail fixed income platforms, MTS and MOT, respectively. Milan will also be the centre for global equities trading and European post-trade services.

Montreal, in addition to being the headquarters for Montreal Exchange and CDCC, will also become the centre for the Merged Group’s global derivatives business.

Calgary, in addition to being the headquarters for NGX, TMX Group’s energy business, will also become the centre for the Merged Group’s global energy business, adding substantial international reach to its existing energy trading and clearing services.

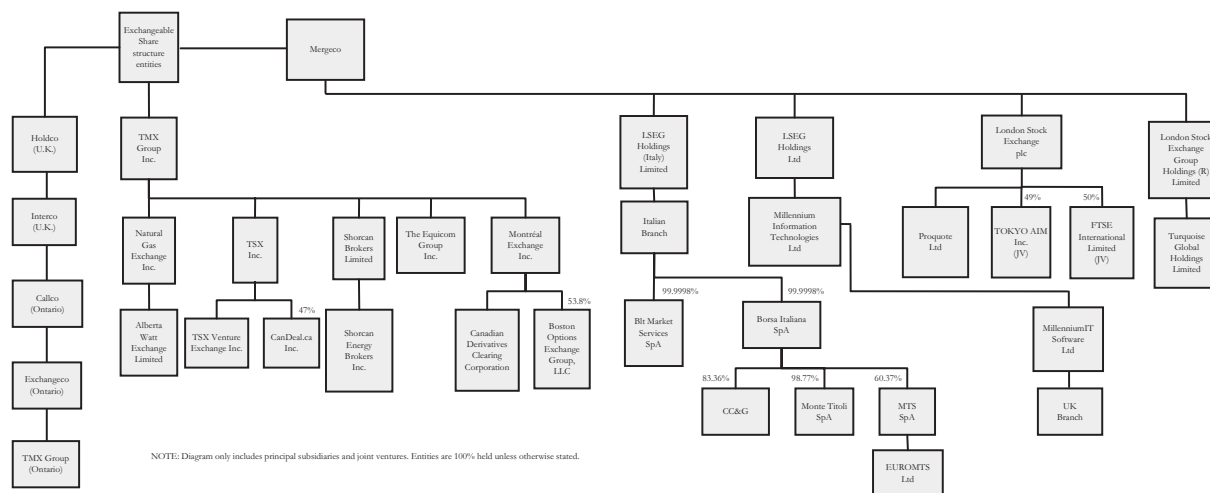
Vancouver and Calgary will remain joint headquarters for TSX Venture Exchange and will also be the co-ordinating centres for SME listings.

The location of the global business units are subject to adjustment. See “Proposed Investment Canada Act Undertakings”.

The executive management and senior leadership of the Merged Group will be drawn from a balance of leaders from both organizations and will be represented in its joint headquarters of Toronto and London as well as other core centres, including Calgary, Colombo, Milan, Montreal, Rome and Vancouver.

It is intended that LSEG be renamed as a result of the merger of equals and to reflect its increased international profile. The Merged Group will continue to maintain certain existing brands, including the London Stock Exchange, Toronto Stock Exchange, TSX Venture Exchange, AIM, Montréal Exchange and Borsa Italiana.

The following chart shows the corporate relationship between the principal entities in, and joint ventures of, the Merged Group immediately following completion of the Merger:



2. Strategy

It is expected that the Merged Group’s strategy will be to expand on its position as a leading provider of high-quality, deep, liquid and efficient capital markets across asset classes and geographic locations for the benefit of all stakeholders, including customers and shareholders.

Following completion of the Merger, from its position of increased financial and operational strength with positive growth prospects, it is expected that the Merged Group will continue to explore ways of delivering new capital markets’ solutions for customers and creating shareholder value by:

- growing its existing cash equities, global listings, derivatives, fixed income and energy franchises;

- providing a global suite of products and services to issuers, investors and market participants;
- developing international post-trade solutions in exchange-traded and over the counter (“**OTC**”) markets; and
- increasing the sale of technology solutions to third parties.

This will be accomplished organically or through additional strategic partnerships, alliances, acquisitions and other opportunities.

A Leading Global Listing Franchise

The Merged Group will be:

- the number one listings venue in the world by number of total listings — over 6,700 companies with an aggregate market capitalization of approximately C\$5.8 trillion (£3.7 trillion);
- the number one listings venue in the world for natural resources, mining, energy and clean technology companies;
- the number one venue for international listings from emerging and growth markets; and
- the number one listings venue in the world for venture or alternative market issuers with approximately 3,600 combined TSX Venture Exchange and AIM listings providing deep expertise in supporting small-cap and early stage companies.

Diverse Offerings Across Geographic Locations and Asset Classes

The Merged Group will provide diverse offerings across a number of geographic locations and asset classes as follows:

- cash equities, by operating the leading trading venues in Europe (across the Merged Group’s “lit” books) and Canada;
- fixed income, as one of the leading electronic trading platforms for European government bonds and Canada’s first inter-dealer bond broker;
- energy and power, as the leading venue in energy trading, clearing and physical delivery in Canada, as an important and growing participant in the U.S. market and as the number one venue in trading and clearing power derivatives in Italy;
- derivatives, as the leading derivatives trading venue in Italy and as Canada’s only standardized derivatives exchange; and
- strong regional post-trade and clearing solutions for equities, fixed income and exchange-traded and OTC derivatives in both Europe and Canada through Cassa di Compensazione e Garanzia S.p.A (“**CC&G**”), Monte Titoli S.p.A. (“**Monte Titoli**”) and Canadian Derivatives Clearing Corporation (“**CDCC**”), with the opportunity to expand into OTC derivatives.

Increased Suite of Information Services Including Indices

The Merger provides opportunities for an increased suite of information services with leadership positions in the provision of indices, real-time data, reference data and a range of desktop and workflow products through the Merged Group's businesses and interests, including FTSE International Limited ("**FTSE**"). The Merged Group will seek opportunities to expand the geographic distribution of its existing market data services and develop new global information solutions, including the creation of new equity and fixed income indices.

The Merged Group will be able to offer domestic and global customers a single point of contact for the provision of real-time and historic market data and information services from its multiple exchanges in various European and Canadian jurisdictions.

High-Performance and Cost-Effective Technology

LSEG and TMX Group will bring together their respective information technology expertise to develop and offer leading-edge multi-asset class technology solutions and to facilitate innovation and further development in trading platform functionality. The Merged Group's exchanges will operate on common technology platforms and connected networks with the aim of facilitating efficient access across LSEG's and TMX Group's existing markets. Together with the expected increase in liquidity, improvements in technology are expected to enhance certainty of execution, lower trading costs and reduce spreads and the cost of capital for users of the Merged Group's services.

Global Marketing Capabilities

The Merged Group will utilize its global sales network to expand the distribution of its products and services in trading, data, listing and technology sales, including MillenniumIT and SOLA technology, to its expanded customer base.

3. Description of the Merged Group's Business Segments

For a description of TMX Group's business segments, see "Information Concerning TMX Group" and for a description of LSEG's business segments, see "Information Concerning LSEG".

4. Financial Effects of the Merger

The complementary nature of the businesses of LSEG and TMX Group is expected to facilitate enhanced growth and substantial revenue synergies. The Merger also creates the opportunity for cost savings, notwithstanding the high levels of efficiency already achieved by both businesses.

Annual combined revenue synergies are targeted at C\$56 million (£35 million) in the third year following completion of the Merger, growing to targeted annual run-rate revenue benefits of up to C\$160 million (£100 million) in year five following completion of the Merger. In addition, annual run-rate cost savings of C\$56 million (£35 million) are targeted by the end of the second year following completion of the Merger.

One-off implementation costs in relation to revenue benefits are not expected to be material, however they will be dependent on the extent to which the cost savings set out below are realized.

The pre-tax cost savings are expected to be approximately 8% of the combined cost base (excluding amortization and depreciation) for the Merged Group and comprise both IT and non-IT related savings. IT cost savings are expected to arise from the integration of the Merged Group's IT infrastructure. Non-IT cost savings are expected from consolidating overlapping operations in a number of areas and by reducing overall combined corporate expenses.

The aggregate pre-tax cost of achieving the revenue increases and cost savings identified above is estimated to be approximately C\$64 million (£40 million) and is planned to be incurred in total by the end of the second year following completion of the Merger.

The Merger is expected to be accretive to Adjusted Earnings Per Share (post-cost synergies, but excluding one-off costs to achieve synergies and deal related costs) for both existing LSEG Shareholders and existing TMX Group Shareholders in the first full financial year following completion of the Merger.

5. Dividend Policy

On May 13, 2011 LSEG proposed a final dividend of 18 pence per share in respect of the year ended March 31, 2011. TMX Group declared a quarterly dividend for the three months ended March 31, 2011 of C\$0.40 per TMX Group Share on May 12, 2011. Each of LSEG and TMX Group intend to pay their respective shareholders pro-rated dividends in respect of the period from March 31, 2011 and December 31, 2010, respectively, to completion of the Merger in an amount in line with the relevant company's existing dividend policy.

Following completion of the Merger, Mergeco intends, subject to the approval of the Mergeco Board, to maintain a progressive dividend policy, as earnings and cash flows allow, from the base of the current combined gross amount of dividends paid in connection with the Existing LSEG Shares and TMX Group Shares in aggregate.

The New Mergeco Shares issued to TMX Group Shareholders in exchange for TMX Group Shares upon completion of the Merger shall be issued, credited as fully paid and rank *pari passu* with the Existing LSEG Shares and carry the right to receive all dividends and other distributions (if any) declared, made or paid after the date of issue of the New Mergeco Shares, except that any dividend to be paid to Mergeco Shareholders after completion of the Merger relating to the period between March 31, 2011 and the date of completion of the Merger in accordance with the terms of the Merger Agreement shall be paid only to the holders of Existing LSEG Shares.

The dividends on Mergeco Shares will be declared in pounds sterling. Mergeco Shareholders will receive dividends in Canadian dollars or pounds sterling, as applicable, based on their residency according to the share register and calculated based on the exchange rates prevailing on each declaration date for the payment of dividends.

Exchangeable Shareholders will receive dividends equivalent to those paid on the Mergeco Shares. These dividends will be paid in Canadian dollars, based on the exchange rates prevailing on each date on which dividends are declared. Exchangeable Shares also allow Canadian Residents to receive dividends from a Canadian corporation which are generally subject to more favourable tax treatment than dividends from a non-Canadian corporation.

Jerseyco will waive the dividend rights attaching to the New Mergeco Shares held by it and, as such, will not receive any dividends paid by Mergeco.

See “Canadian Tax Considerations for TMX Group Shareholders” and “Exchangeable Share Structure” for further details.

6. Capital Management

LSEG and TMX Group have similar capital management policies in relation to their equity and debt capital. The key principles of these policies have regard to maintaining sufficient capital to meet LSEG’s and TMX Group’s respective regulatory obligations, operational capital requirements, investment needs and debt covenants, while seeking to deliver superior returns to shareholders. LSEG also has the strategic objective of an investment grade credit rating.

The methods by which capital structure may be adjusted principally include returns to shareholders, through methods such as dividends and share repurchases for cancellation, issues of new shares and increases or reductions of debt.

It is expected, subject to Mergeco Board approval, that following completion of the Merger the Merged Group will continue to apply the key principles of capital management outlined above and the specific objective of an investment grade credit rating for the Merged Group. In addition, the Mergeco Board will review dividend policy and funding capacity on a regular basis.

7. Significant Shareholders of Mergeco

At completion of the Merger, former LSEG Shareholders will hold approximately 55% while former TMX Group Shareholders will hold approximately 45% of the outstanding publicly held equity interest in the Merged Group.

Based on the pro forma holdings of Mergeco Shareholders following completion of the Merger (based on shareholdings of TMX Group and holdings of interests in the capital of LSEG or voting rights (as defined in the Disclosure and Transparency Rules) directly or indirectly held in respect of 3% or more of LSEG’s issued share capital notified to LSEG as of May 23, 2011), no person or company or combination of persons or companies will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the Mergeco Shares, other than Borse Dubai Limited which will own approximately 11.5% of the Mergeco Shares.

8. Principal Establishments

Leasehold Properties

<u>Property</u>	<u>Location</u>	<u>Demise</u>
10 Paternoster Square	London	Whole Building ⁽¹⁾
The Exchange Tower, 130 King Street West	Toronto	Part Building
Palazzo Mezzanotte, Piazza Affari	Milan	Whole Building
800 Victoria Square	Montreal	Part Building
300-5 th Avenue SW	Calgary	Part Building
140-4 th Avenue SW	Calgary	Part Building
650 West Georgia Street	Vancouver	Part Building
1 Millennium Drive	Colombo Malabe, Sri Lanka	Campus ⁽²⁾

(1) Approximately 112,000 sq ft is sublet by LSEG to various tenants.

(2) Principal office space, approximately 16 acres total campus area.

LSEG also has three freehold properties, two in London EC2 and one in the semi-centre of Milan with an aggregate area of approximately 213,000 sq ft.

TMX Group also rents three properties in the downtown Toronto area and a property in the Greater Toronto Area.

9. Consolidated Capitalization of LSEG and the Merged Group

The following table sets forth the consolidated unaudited capitalization and indebtedness of LSEG and the Merged Group, prepared under EU-IFRS, as at March 31, 2011 before and after giving effect to the Merger.

	<u>LSEG</u> <u>as at March 31, 2011</u>	<u>Merged Group</u> <u>as at March 31, 2011⁽¹⁾</u>
	(In millions of pounds sterling)	(In millions of pounds sterling)
Total current debt		
Unguaranteed/Unsecured	0.1	275.8
Total non-current debt (excluding current portion of long-term debt)		
Unguaranteed/Unsecured	499.0	499.6
Shareholders' equity		
Share capital	18.8	34.3

Notes:

1. Giving effect to the Merger.

The financial information for LSEG as at March 31, 2011 was extracted without material adjustment from the audited consolidated financial statements of LSEG for the year ended March 31, 2011 prepared in accordance with EU-IFRS.

The financial information for TMX Group as at March 31, 2011 was extracted without material adjustment from the unaudited interim financial information of TMX Group for the three months ended March 31, 2011, prepared in accordance with IFRS. A rate of exchange of C\$1.5599 = £1 prevailing at March 31, 2011 has been used to convert the financial information into pounds sterling.

Pro forma adjustments

To effect the Merger, TMX Group will be acquired by LSEG in an all-share merger of equals to be implemented by means of a plan of arrangement in Ontario. Under the terms of the Merger Agreement, TMX Group Shareholders will receive 2.9963 Mergeco Shares for each TMX Group Share. The number of Mergeco Shares of 6 ^{79/86} p assumed to be issued is 494.6 million. The underlying number of TMX Group Shares deemed acquired was measured as of May 23, 2011.

INFORMATION CONCERNING TMX GROUP

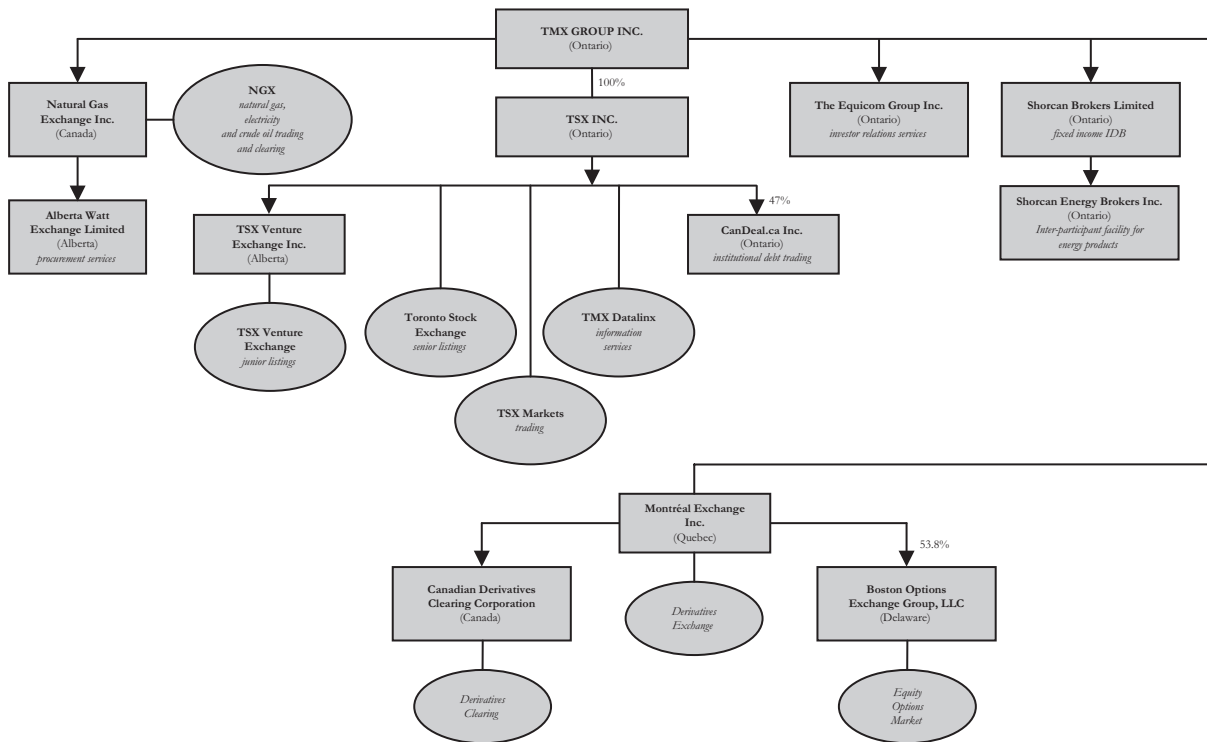
1. TMX Group

TMX Group is a diversified exchange group, with recognized leadership in Canada and an increasing presence in international markets. TMX Group owns and operates cash and derivatives markets and clearing houses for multiple asset classes including equities, fixed income and energy.

Toronto Stock Exchange is Canada’s leading, central market for both listing and trading of equities. TMX Group also operates a world leading public venture capital market, TSX Venture Exchange. Through MX and CDCC, TMX Group provides Canadian leadership in derivatives products, trading and clearing, and holds a majority stake in Boston Options Exchange Group, LLC (“**BOX**”), which serves the U.S. equity options market. TMX Group’s energy market, NGX, has grown into a North American leader in trading and clearing of physical energy contracts. TMX Datalinx provides real-time and historic data and information services to both domestic and international customers. Shorcan, a leading IDB operating in the fixed income sector and The Equicom Group Inc. (“**Equicom**”), a provider of investor relations and corporate communications services, round out the TMX Group portfolio.

TMX Group develops and applies leading-edge technology to power its markets. Increasingly, such technology is being deployed in global markets, particularly in European derivatives markets.

TMX Group carries on its business directly or indirectly through the companies (boxed) and operations (circled) shown in the chart below (which also details the jurisdiction in which each company was incorporated, continued, formed or organized and the percentage of votes attaching to all voting securities of each company held, directly or indirectly, by TMX Group and its Subsidiaries):



TMX Group is headquartered in Toronto, with significant Canadian operations in Montreal, Calgary and Vancouver, as well as an expanding global footprint through offices in Houston, Boston, Chicago and London.

The head and registered office of TMX Group is at The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2. TMX Group is existing under the OBCA.

2. History and Development

TMX Group is a leading, integrated, multi-asset exchange group with a history that dates back over 150 years. Toronto Stock Exchange was founded in 1852. It demutualized and continued as The Toronto Stock Exchange Inc. under the OBCA on April 3, 2000. The name of the company was changed from The Toronto Stock Exchange Inc. to TSX Inc. on July 10, 2002.

Immediately before it closed its IPO of its common shares on November 12, 2002, TSX Inc. and its affiliates completed a corporate reorganization under a court approved plan of arrangement. As part of the reorganization, TSX Group Inc., incorporated under the OBCA on August 23, 2002, acquired all of the outstanding shares of TSX Inc. and became the holding company for the TSX group of companies. The shareholders of TSX Inc. were issued shares of TSX Group Inc. in exchange for their shares of TSX Inc.

On May 1, 2008, TSX Group Inc. completed its business combination with MX (the “**MX Combination**”), and to reflect this combination, following shareholder approval on June 11, 2008, it changed its name from TSX Group Inc./Groupe TSX Inc. to TMX Group Inc./Groupe TMX Inc.

3. Overview of the Business

TMX Group’s core business segments are set out below:

- **Cash Markets — Equities and Fixed Income** — TMX Group owns and operates Canada’s two national stock exchanges, TSX and TSX Venture Exchange, and Shorcan, a fixed income inter-dealer broker (“**IDB**”). Through its information services operations, TMX Group provides a range of equities and fixed income real-time and historical market data, index products and data delivery solutions, including co-location services. It also provides investor relations and corporate communications services through Equicom.
- **Derivatives Markets** — MX provides markets for trading interest rate, index and equity derivatives and CDCC clears and settles all options and futures contracts carried out on MX as well as certain OTC products. MX holds a majority interest in BOX, a U.S. automated equity options market.
- **Energy Markets** — NGX provides a platform for the trading and clearing of natural gas, electricity and crude oil contracts. Shorcan Energy Brokers Inc. (“**Shorcan Energy**”), a wholly-owned Subsidiary of Shorcan, provides brokerage services for energy contracts, including crude oil.

4. Cash Markets – Equities and Fixed Income

Description of Products and Services

Issuer Services — TSX and TSX Venture Exchange

TMX Group carries out its listings operations through TSX, TMX Group's senior market, and TSX Venture Exchange, TMX Group's junior market. TSX Venture Exchange also offers a board called "NEX" for issuers that have fallen below TSX Venture Exchange's ongoing listing standards.

In general, issuers initially list on TSX either in connection with their IPO or by graduating from TSX Venture Exchange. Junior companies generally list on TSX Venture Exchange either in connection with their IPO or through alternative methods such as TSX Venture Exchange's Capital Pool Company program or reverse takeovers.

Issuers list a number of different types of securities, including conventional securities such as common shares, preferred shares, rights and warrants, and a variety of alternative types of structures, such as exchangeable shares, convertible debt instruments, limited partnership units, exchange-traded funds ("**ETFs**") and structured products.

TMX Group generates issuer services revenue primarily by charging issuers the following types of fees:

- **Initial Listing and Additional Listing Fees** — TSX and TSX Venture Exchange issuers pay initial fees and fees in connection with subsequent market transactions based on the value of the securities to be listed or reserved, subject to minimum and maximum fees; and
- **Sustaining Listing Fees** — issuers listed on TMX Group equity exchanges pay annual fees to maintain their listings, based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees.

Cash Equities Trading — TSX and TSX Venture Exchange

TSX and TSX Venture Exchange trading occurs throughout the day on a continuous basis on TMX Group's fully electronic trading systems. Participants, acting as principals or agents for retail and institutional investors, place orders to buy or sell securities. Trading sessions begin with the market open in an auction format. TSX sessions end with an extended trading session in which trades occur at the closing price, referred to as a single price closing call market. Trading also occurs through crosses in which participants internally match orders and report them through the exchanges. All trades are cleared and settled through CDS, a recognized clearing agency in which TMX Group has an approximate 18% ownership interest. The other owners of CDS are the major Canadian chartered banks and the Investment Industry Regulatory Organization of Canada ("**IIROC**").

TMX Group submitted regulatory filings to create a new ATS, TMX Select. TMX Select will offer a visible marketplace for trading equity securities. The launch of TMX Select is expected to occur in June 2011, subject to regulatory approvals.

TMX Group generates trading revenue by charging a volume-based fee structure for issues traded on TSX and TSX Venture Exchange. When liquidity is added to the central limit order

book, executed passive orders receive a credit on a per security basis, and when liquidity is removed from the central limit order book, each executed active order is charged on a per security basis.

Fixed Income Trading — Shorcan

Shorcan's fixed income IDB operations primarily provide a facility for matching orders for Canadian federal, provincial, corporate and mortgage bonds and treasury bills and derivatives for anonymous, or name-give-up buyers and sellers in the secondary market.

Shorcan charges a commission on orders that are matched against an existing communicated order.

Cash Markets Information Services

- Real-Time Market Data Products

Trading activity on TMX Group's equity exchanges produces a stream of real-time data reflecting orders and executed transactions. This stream of data is supplemented with value-added content (e.g. dividends, earnings), packaged into real-time market data products and delivered to end users directly or via more than 100 Canadian and global market data vendors that sell data feeds and desktop market data.

Subscribers to TMX Group data generally pay fixed monthly rates for access to real-time streaming data, which differ depending on the number of end users and the depth of information accessed.

- Online, Historical, Other Market Data Products and Third Party Data

Historical market data products include market information and corporate information used in research, analysis and trade clearing. In addition to providing consolidated Canadian equities data, TMX Group also redistributes exchange data from other markets in North America. TMX Group also provides live inter-bank foreign exchange rates, fixed income rates from CanDeal.ca Inc. and offers TSX/CP Equity News in partnership with The Canadian Press.

Generally, TMX Group sells historical products for a fixed amount per product accessed. Fees vary depending on the type of end use.

- Data Delivery Solutions

As part of TMX Group's on-going effort to deliver low-latency solutions that support a wide range of market participants, in 2008 TMX Group introduced co-location services, providing clients the opportunity to locate their trading and data applications in the TMX Group data centre. In 2010, TMX Group completed the construction of its new co-location facility, and on June 30, 2010, clients began installing their trading applications in the TMX Group data centre.

- Index Products — Equities

TMX Datalinx has an arrangement with S&P under which TMX Group shares licence fees received from organizations that create products, such as mutual funds and ETFs, based on the S&P/TSX indices.

- Fixed Income — Index and Analytics Products

TMX Group's PC-Bond fixed income indices are widely used fixed income performance benchmarks in Canada. The best known of these indices is the Universe Bond Index, which tracks the broad Canadian bond market. In addition to this index, TMX Group now publishes a variety of sub-indices for different term and credit sectors, as well as indices for tracking other segments of the market.

Competition

Issuer Services — TSX and TSX Venture Exchange

TMX Group competes for listings both in North America and internationally. Exchanges facilitate issuers in raising new capital and investors in deploying and realizing capital. The industry in which exchanges operate is rapidly evolving as a consequence of: regulatory change; technological advancement; proliferation of trading venues; consolidations; and new entrants.

The result is a rapidly evolving competitive landscape with exchange operators competing in an increasingly global market.

Domestically, TMX Group competes for junior listings with Canadian National Stock Exchange. In April 2010, the ATS created by a group of Canadian banks and investment dealers to trade TSX and TSX Venture Exchange listed securities submitted an application with the OSC for recognition as an exchange which, if granted, would give them the ability to list securities. In April 2011, the OSC published this application for public comment.

Cash Equities Trading — TSX and TSX Venture Exchange

On December 1, 2001, regulatory changes permitting the creation of ATSS in Canada were introduced. There are currently a number of ATSS operating or that intend to operate in Canada, using both dark and visible trading venues, including mechanisms to internalize order flow within a participant. The largest competitive impact thus far has been from an ATS created by a group of Canada's leading banks and investment dealers.

In the U.S., TSX also competes for market share of trading in Canadian-based inter-listings or dual listings.

Fixed Income Trading — Shorcan

Shorcan has several competitors in the fixed income IDB market in Canada comprising both brokers and OTC participants.

Cash Markets Information Services

With the advent of a multi-marketplace environment in Canada, TMX Group faces competition in market data from other trading venues. Market data is generated from trading activity and the success of certain data products is contingent on maintaining order flow.

5. Derivatives Markets — MX and BOX

Description of Products and Services

TMX Group's financial derivatives trading is conducted through MX, Canada's only standardized financial derivatives exchange. In addition, MX owns 53.8% of BOX, a U.S. automated equity options market. TMX Group derivatives markets derive revenue from MX's trading, clearing, information services and technology services activities and from BOX's trading and information services.

Derivatives — Trading

- MX

MX offers interest rate, index and equity derivatives. These include the Three-Month Canadian Bankers' Acceptance Futures contract, the Ten-Year Government of Canada Bond Futures contract, the S&P Canada 60 Index Futures contract as well as many equity options, options on ETFs and currency options. MX connects participants to its derivatives markets, builds business relationships with them and works with them to ensure that the derivatives offerings meet investor needs.

MX participants are charged fees for buying and selling derivatives products on a per-transaction basis, determined principally by the contract type and participant status. MX participants are charged for clearing and settlement on a per-contract basis. These fees are charged at various rates based on the type of customer or member.

- BOX

BOX is an all-electronic equity options market that was established in February 2002. MX is the principal shareholder and certain dealers are also shareholders. BOX charges its participants fees on a per-transaction basis that are directly correlated to the volume of contracts traded. BOX also charges options regulatory fees that are based on the number of customer contracts executed by participant firms.

Derivatives — Clearing

CDCC offers Central Counterparty ("**CCP**"), clearing and settlement services for all transactions carried out on MX's markets and on some OTC products. In addition, CDCC is the issuer of options traded on MX markets and the clearing house and guarantor for options and futures contracts traded on MX markets and for some products on the OTC market. CDCC reduces investor risk by guaranteeing all contractual commitments made between parties for transactions executed on MX's markets. CDCC has a long-term rating of AA and a short-term rating of A-1+ from S&P.

CDCC participants are charged fees for clearing and settlement on a per-contract basis. These fees are charged at various rates based on the type of customer or member.

Derivatives Markets Information Services — MX and BOX

MX sells real-time trading and historical data to market participants on a global basis. Information services revenue is also generated by the sale of data to resellers of information and of individual quotes via the Internet.

Subscribers to real-time market data generally pay fixed monthly rates for access to real-time streaming data, which differ depending on the number of end users and the depth of information accessed. Generally, TMX Group sells historical data products for a fixed amount per product accessed. Fees vary depending on the type of end use.

BOX also resells its market data. Like the other U.S. options markets, it resells such data through a marketplace service known as Options Price Reporting Authority, which collects data from the options exchanges and disseminates it to entities which then resell it.

Derivatives Technology Services — SOLA

MX developed a state-of-the-art robust, scalable and reliable electronic trading platform, called SOLA, currently in use at MX, BOX, the London Stock Exchange, Turquoise, Oslo Børs and IDEM. In June 2009, TMX Group successfully launched the SOLA clearing system. This new clearing platform for derivatives, which leverages the strength of the SOLA technology, provides the flexibility to enhance CDCC's product offering. CDCC has been working closely with market participants and regulatory authorities to launch the clearing of fixed income repurchase agreements and cash buy and sell transactions. The first phase of this project is expected to be completed during the fall of 2011.

Competition

TMX Group competes for a share of trading in various classes of derivatives, including OTC trading, equities inter-listed on U.S. markets and single stock options. The industry in which TMX Group's derivatives markets operate is rapidly evolving in real time as a consequence of: regulatory change; rapid technological advancement; proliferation of trading venues; consolidations; and new entrants.

6. Energy Markets — NGX and Shorcan Energy

Description of Products and Services

NGX

NGX is a Canadian-based energy exchange with an electronic platform that trades and provides clearing and settlement services for primarily physical natural gas, crude oil and electricity contracts. In 2008, TMX Group formed a technology and clearing alliance for the North American natural gas and Canadian power markets between NGX and IntercontinentalExchange, Inc. Under the arrangement, North American physical natural gas and Canadian electricity products are offered through IntercontinentalExchange, Inc.'s leading electronic commodities trading platform. NGX serves as the clearing house for these products.

NGX generates trading and clearing revenue by applying fees to all transactions based on the contract volume traded through the exchange or centrally cleared through the clearing facility, and charges a monthly fixed subscription fee to each active customer who has access to NGX trading and clearing services.

On May 1, 2009, TMX Group completed the acquisition of NetThruPut Inc., a leading Canadian electronic trading platform and clearing facility for crude oil products, and launched crude oil products on NGX's trading system and clearing facility. On January 18, 2011, NGX and IntercontinentalExchange, Inc. announced an agreement to add Canadian and U.S. physical and Canadian financial crude oil products to their existing clearing and technology alliance. NGX and IntercontinentalExchange, Inc. launched the combined offering in early March 2011.

Shorcan Energy

Shorcan Energy, a wholly-owned Subsidiary of Shorcan, provides an inter-participant brokerage facility for matching buyers and sellers of energy products, including crude oil.

Shorcan Energy charges a commission on orders that are matched against an existing communicated order.

Competition

NGX's business of trading and clearing natural gas, electricity and crude oil contracts faces primary competition in energy markets in Canada and the U.S. from other exchanges, electronic trading and clearing platforms and from the OTC or bilateral markets (with support from voice brokers). Voice brokers continue to provide efficient contract matching services for both standardized and structured products and are expanding their service offerings to include access to clearing facilities for trading parties who may have credit constraints. TMX Group's alliance with IntercontinentalExchange, Inc. positions TMX Group to compete in the OTC markets for trading while providing clearing for OTC bilateral contracts. NGX is working with the energy voice brokers to provide clearing solutions for standard off-exchange bilateral energy transactions.

Shorcan Energy faces competition in energy markets in Canada from voice brokers, among other things.

7. Sources of Revenue

An overview of revenue by TMX Group's business segments as at December 31, 2010 is set out below:

	<u>Revenue</u>	<u>Net Income</u>
	(C\$ million)	(C\$ million)
Cash Markets — Equities and Fixed Income	425.2	158.1
Derivative Markets — MX and BOX	104.3	26.2
Energy Markets — NGX and Shorcan Energy	46.0	12.3
	<u>575.5</u>	<u>196.6</u>

8. Employees

The numbers of TMX Group employees at the end of the financial years ended December 31, 2010, 2009 and 2008 were 841, 849 and 845, respectively.

9. Regulation of TMX Group

For a description of the regulation of TMX Group and its regulated subsidiaries, see “Regulation of the Merged Group”.

10. Market for Securities

TMX Group Shares are listed and traded on TSX under the symbol “X”.

The following table shows, for the periods indicated, the reported trading prices in Canadian dollars and trading volumes for TMX Group Shares on TSX:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Close (\$)</u>	<u>Trading Volume</u>
2011				
May (to May 24)	45.26	39.20	43.88	6,752,584
April	40.56	38.45	40.56	3,875,130
March	41.15	37.27	38.82	4,857,985
February	<u>45.18</u>	<u>38.15</u>	<u>40.50</u>	<u>19,212,275</u>
January	<u>38.65</u>	<u>36.91</u>	<u>38.12</u>	<u>7,094,689</u>
2010				
December	37.49	34.53	36.96	4,747,771
November	35.85	30.96	35.21	8,111,368
October	34.65	31.02	33.92	4,390,433
September	31.91	28.60	31.63	7,905,985
August	29.40	27.75	28.37	5,263,962
July	29.59	27.30	28.49	4,910,410
June	<u>28.89</u>	<u>27.07</u>	<u>27.79</u>	<u>3,621,384</u>
May	<u>29.55</u>	<u>26.78</u>	<u>27.30</u>	<u>8,348,952</u>

The closing sale prices of TMX Group Shares as reported on TSX on February 8, 2011, the last day on which the TMX Group Shares traded prior to the announcement by TMX Group and LSEG that they had entered into the Merger Agreement, was \$40.28. On May 24, 2011, the closing price of the TMX Group Shares as reported on TSX was \$43.88.

11. Subsidiaries and Associated Undertakings

The current significant Subsidiaries and other undertakings of TMX Group are set out in the table below. Unless expressly stated below, each of these companies is directly or indirectly wholly-owned by TMX Group, has issued share capital that is fully paid, and is incorporated in the Province of Ontario with a registered office at The Exchange Tower, 130 King Street West, Toronto, Ontario M5X 1J2. There is no difference between the proportion of ownership interest and the proportion of voting power held.

<u>Name</u>	<u>Principal Activity</u>	<u>Proportion of ownership (for each class of share as applicable)/voting rights (if any)</u>	<u>Jurisdiction of incorporation</u>
Held directly by TMX Group:			
TSX Inc.	Senior listings, trading and data	100	Ontario
Natural Gas Exchange Inc.	Natural gas, electricity and crude oil trading and clearing	100	Canada
The Equicom Group Inc.	Investor relations services	100	Ontario
Shorcan Brokers Limited	Fixed income IDB	100	Ontario
Montréal Exchange Inc.	Derivatives exchange	100	Quebec
Held indirectly by TMX Group:			
TSX Venture Exchange Inc.	Junior listings, trading and data	100	Alberta
CanDeal.ca Inc.	Institutional debt trading	47	Ontario
Shorcan Energy Brokers Inc.	Inter-participant for energy products	100	Ontario
Alberta Watt Exchange Limited	Electricity procurement services	100	Alberta
Canadian Derivatives Clearing Corporation	Derivatives clearing	100	Canada
Boston Options Exchange Group, LLC	Equity options market	53.8	Delaware

12. Material Contracts

In addition to the summary of the Merger Agreement (see “Summary of Merger Agreement”), set out below is a summary of each contract entered into by TMX Group or one of its Subsidiaries outside of the ordinary course of business (a) within the two years immediately preceding the date of this Circular and which is or may be material to TMX Group or (b) which contains any provision under which TMX Group or one of its Subsidiaries has an obligation or entitlement which is material to TMX Group as at the date of this Circular:

- Credit agreement dated as of April 18, 2008, as amended, (the “**TMX Group Credit Agreement**”) between TMX Group and a syndicate of financial institutions which provided for a non-revolving three-year term unsecured credit facility of C\$430 million. TMX Group entered into the TMX Group Credit Agreement in connection with the MX Combination. In addition, TMX Group also established a revolving three-year unsecured credit facility of C\$50 million with the same syndicate of financial institutions which was cancelled as of March 31, 2011. Following a non-material amendment made on December 1, 2010, on March 31, 2011, TMX Group

entered into an agreement to amend the TMX Group Credit Agreement (the “**TMX Group Credit Agreement Amendment**”) to extend the maturity date of the non-revolving term credit facility to the earlier of: (a) March 31, 2012; and (b) 180 days after the earlier of: (i) the date on which the Merger is terminated or otherwise expired or is cancelled or abandoned or (ii) completion of the Merger. TMX Group has the option to extend the maturity date, as determined under the TMX Group Credit Agreement Amendment, by a further 180-day period.

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which TMX Group is aware) that, during the 12-month period prior to the publication of this Circular, may have, or have had in the recent past, significant effects on either TMX Group’s or any of its Subsidiaries’ financial position or profitability.

14. Additional Information Concerning TMX Group and Documents Incorporated By Reference

TMX Group files its reports and other information with the Canadian Securities Regulators, which are made available on SEDAR at www.sedar.com.

In accordance with applicable Canadian Securities Laws, TMX Group is allowed to incorporate by reference in this Circular documents filed with the Canadian Securities Regulators. TMX Group Shareholders should refer to these documents for important information concerning TMX Group. Accordingly, the following documents filed with the Canadian Securities Regulators are specifically incorporated by reference in this Circular:

- the audited comparative consolidated financial statements of TMX Group and the notes thereto for the years ended December 31, 2010 and 2009, together with the report of the auditors thereon;
- the audited comparative consolidated financial statements of TMX Group and the notes thereto for the years ended December 31, 2009 and 2008, together with the report of the auditors thereon;
- management’s discussion and analysis of financial conditions and the results of operations for the audited comparative financial statements referred to in the two bullets above;
- the annual information form of TMX Group dated March 30, 2011;
- the unaudited comparative interim consolidated financial statements of TMX Group and the notes thereto for the three months ended March 31, 2011;
- management’s discussion and analysis for the unaudited comparative consolidated financial statements referred to in the bullet immediately above; and

- the material change report of TMX Group dated February 9, 2011 regarding the Merger.

Any document of TMX Group of the types referred to above, together with any material change reports (excluding confidential material change reports) filed with Canadian Securities Regulators on or after the date of this Circular and prior to the Meeting shall be deemed to be incorporated by reference into this Circular.

Copies of the documents incorporated by reference herein may be found on SEDAR at www.sedar.com and on TMX Group's website at www.tmx.com. TMX Group Shareholders may also obtain these documents, at no additional cost, by contacting TMX Group's Investor Relations Department by e-mail at shareholder@tmx.com. Please note that TMX Group is not incorporating by reference information from its website or LSEG's website into this Circular.

Any statement contained in this Circular or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Circular.

INFORMATION CONCERNING LSEG

The financial information discussed below has been extracted without material adjustment from the historical financial information of LSEG included in this Circular as Annex I — “LSEG Historical Financial Statements”.

The operating information discussed below is derived from LSEG’s internal operational and financial reporting systems.

1. LSEG

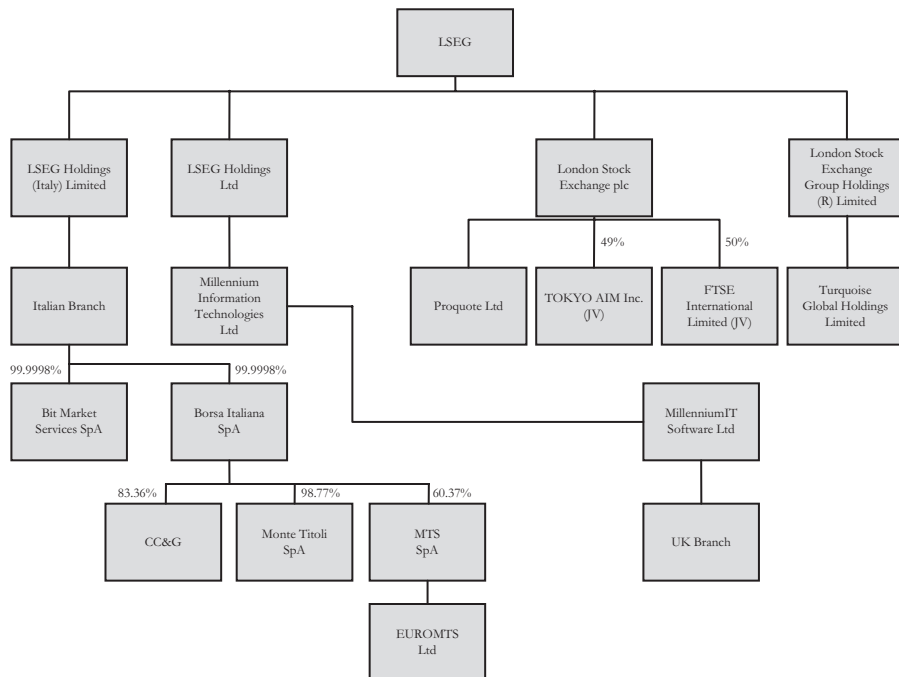
LSEG sits at the heart of the world’s financial community. LSEG operates a broad range of international equity, bond and derivatives markets, including: the London Stock Exchange; Borsa Italiana; MTS, Europe’s premier facilitator for the electronic fixed income market; and Turquoise, offering pan-European and U.S. “lit” and “dark” equity trading. Through its markets, LSEG offers domestic and international businesses access to Europe’s capital markets.

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

Headquartered in London and with significant operations in Italy and Sri Lanka, LSEG employs 1,563 people worldwide.

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

The following chart shows LSEG and its current material Subsidiaries and joint ventures at the date of this Circular.



NOTE: Diagram only includes principal subsidiaries and joint ventures. Entities are 100% held unless otherwise stated.

As at the date of this Circular, the LSEG Directors (in such capacities, each having their business address at 10 Paternoster Square, London, EC4M 7LS) are as follows:

Chris Gibson-Smith	LSEG Chairman
Paolo Scaroni	Deputy Chairman and LSEG Non-Executive Director
Xavier Rolet	Chief Executive Officer
Doug Webb	Chief Financial Officer
Raffaele Jerusalmi	Executive Director, Chief Executive Officer of Borsa Italiana
Baroness (Janet) Cohen	LSEG Non-Executive Director
Sergio Ermotti	LSEG Non-Executive Director
Gay Huey Evans	LSEG Non-Executive Director
Paul Heiden	LSEG Non-Executive Director
Andrea Munari	LSEG Non-Executive Director
Massimo Tononi	LSEG Non-Executive Director
Robert Webb Q.C.	LSEG Non-Executive Director

2. History and Development

London Stock Exchange was originally constituted by deed of settlement in 1802 and 1875, as amended from time to time, prior to the adoption of modern memorandum and articles of association in 1991. London Stock Exchange's recent corporate history commenced on November 19, 1986, when London Stock Exchange was incorporated and registered in England and Wales, with registered number 2075721, as a private limited company under the Companies Act 1985, with the name The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. On December 9, 1995, London Stock Exchange changed its name to London Stock Exchange Limited. On June 8, 2000, London Stock Exchange was re-registered as a public limited company pursuant to section 43 of the Companies Act 1985 and changed its name to London Stock Exchange plc. London Stock Exchange became a listed company in July 2001.

LSEG was incorporated and registered in England and Wales on February 18, 2005 under the Companies Act 1985 as a private company limited by shares with registered number 5369106 and with the name Milescreen Limited. On November 16, 2005, it changed its name to London Stock Exchange Group Limited. On December 7, 2005, it was 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 May 15, 2006, LSEG became the holding company of London Stock Exchange pursuant to a scheme of arrangement made under section 425 of the Companies Act 1985 and replaced London Stock Exchange as the listed entity. On October 1, 2007, LSEG became the holding company of Borsa Italiana pursuant to the terms of a combination agreement entered into between LSEG and Borsa Italiana on June 23, 2007.

On October 16, 2009, LSEG acquired MillenniumIT, a Sri Lankan-based technology services company. On February 17, 2010, LSEG also acquired a majority stake in Turquoise, a Multilateral Trading Facility, which provides a trading service for pan-European cash equities.

In February 2011, LSEG announced its intention to build a pan-European derivatives business through the creation of Turquoise Derivatives, to be combined with LSEG's existing derivatives market, EDX, and will utilize TMX Group's market leading derivatives trading technology, SOLA, already being used by EDX.

In connection with the establishment of Turquoise Derivatives, Turquoise acquired the EDX business (including its related assets and liabilities) from EDX for nominal consideration under a sale and purchase agreement dated February 2011. Prior to this transfer, LSEG acquired TMX Group's 19.9% stake in EDX for £3.9 million under a sale and purchase agreement dated February 23, 2011. The remaining assets of EDX not transferred to Turquoise will be distributed throughout LSEG. The transaction was completed on May 1, 2011.

3. Description of the Business

LSEG's core business segments are set out below:

- **Capital Markets**, which includes:

Primary Markets — which facilitate the raising of capital through the issuing of securities by entities from around the world; and

Secondary Markets — which provide fast and efficient trading for:

- cash equities, via a range of reliable electronic trading systems, in an effective regulatory environment and with a high level of price and trade transparency;
 - derivatives, through the IDEM and IDEX markets in Italy and to include Turquoise Derivatives based in the UK; and
 - fixed income, through a range of electronic trading venues, including LSEG's majority owned Subsidiary, MTS, and the Italian MOT business.
- **Post-Trade Services**, which provides clearing, settlement and custody services for cash equity, derivative and fixed income securities through CC&G and Monte Titoli.
 - **Information Services**, which distributes high quality, real-time price, news and other information-related products. Included in this business segment is Turquoise, which is a Multilateral Trading Facility offering trading in pan-European and some U.S. cash equities on a range of markets and FTSE, a joint venture with the Financial Times.
 - **Technology Services**, which provides technology to a range of customers, both within the financial services sector and, through MillenniumIT, outside of the financial services sector. In addition, London Stock Exchange also offers server co-location services in its data centres.

4. Capital Markets

LSEG's Capital Markets business facilitates companies' raising of capital through the issuance of equity and debt and by providing liquid secondary markets for the trading of those and other securities.

The principal areas of the Capital Markets segment are as follows:

4.1 Primary Markets

Description

LSEG provides a range of markets for companies issuing debt and equity securities to raise capital by selling those securities to investors.

LSEG has a track record of developing and promoting markets and segments to meet the specific needs of issuers and facilitate capital raisings. By providing access to a deep pool of capital and an efficient market, LSEG provides liquidity in issuers' securities and greater visibility among investors. Admission to trading on LSEG's markets enables securities to be freely traded, thereby increasing the pool of investors that can invest in an issuer's securities.

In the UK, the London Stock Exchange operates four primary markets:

- **Main Market** — the London Stock Exchange's market for international and domestic businesses looking to access Europe's most liquid pool of capital. It is the world's most international market for the listing and trading of public equity and debt. Main Market companies come from a broad range of sectors and vary widely in size, covering a spectrum from fledgling growth companies to global multinationals.
- **AIM** — a market for smaller, growing companies launched in 1995. AIM's regulatory structure, tailored to the needs of SMEs, allows companies to quickly and cost-effectively raise capital at admission and through further fundraisings. As well as being geographically diverse and home to companies with operations in over 90 countries, AIM supports the financing needs of companies from approximately 40 different sectors.
- **Professional Securities Market** — offers issuers the opportunity to list debt securities or depositary receipts restricted to professional investors.
- **Specialist Fund Market** — for highly specialized 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 permanent capital from a highly sophisticated global investor base.

In addition to the four primary markets described above, the London Stock Exchange operates a route to market known as ATT Only, which is selectively promoted to international issuers.

ATT Only securities are admitted to trading on the basis of a listing of those securities on another stock exchange, which is a full member of the World Federation of Exchanges. This route is utilized by a company when, for regulatory or commercial reasons, it cannot or does not want to pursue a full listing in London. This product offering has recently been extended to issuers of sponsored, unlisted depositary receipts.

LSEG also has a joint venture, TOKYO AIM, which was established in 2009 with the Tokyo Stock Exchange Group Inc., enabling it to offer the AIM model to a wider range of Japanese and Asian growth companies. As an extension of the TOKYO AIM stock market, the development of a new bond market for professional investors has been announced, the TOKYO PRO-BOND Market.

In Italy, Borsa Italiana operates four primary markets:

- **MTA** — the Italian market for international and domestic businesses. MTA companies come from a broad range of sectors and vary widely in size, covering a spectrum from fledgling growth companies to global multinationals.

There are also two segments within MTA:

- MTA International — dedicated to the trading of shares of non-Italian issuers already listed in other EU regulated markets; and
 - MTA STAR — dedicated to mid-size companies with a capitalization of less than €1 billion and which voluntarily agree to comply with strict transparency, liquidity and governance requirements.
- **AIM Italia and MAC** — two markets for smaller, growing companies, launched in 2009 and 2007, respectively. AIM Italia’s and MAC’s regulatory structures are tailored to meet the needs of SMEs and allow companies to quickly and cost-effectively raise capital at admission and through further fundraisings.
 - **MIV** — the electronic market for investment vehicles for highly specialized investment entities that wish to target retail, institutional, professional and highly knowledgeable investors. MIV is designed to further enhance Borsa Italiana’s appeal to specialist investment managers seeking a flexible and adaptable route to permanent capital from a highly sophisticated global investor base.

In addition, Borsa Italiana also operates:

- **ETFplus** — for ETFs and ETCs;
- **SeDeX** — an electronic securitized derivatives market for covered warrants and certificates; and
- **MOT** — an electronic bond market for bonds, government securities, Eurobonds, ABSs and other debt securities.

As at March 31, 2011, the size and value of the four primary markets was as follows:

	<u>Number of companies</u>	<u>Aggregate market capitalization (\$ billions)</u>
Main Market/Professional Securities Market/Specialist Fund Market	1,468 (1,491)	1,954 (1,828)
UK AIM	1,174 (1,258)	82 (62)
Borsa Italiana	296 (297)	404 (410)

Note: Numbers in brackets relate to March 31, 2010 numbers.

Revenues

London Stock Exchange and Borsa Italiana each charge a fee for issuers seeking admission to their primary markets. The fees are charged based on the issuer’s market capitalization at admission. Issuers of equity securities are subsequently subject to an annual fee. With the exception of AIM companies, a fee is also charged for companies carrying out further fundraisings once they are on market.

Recent Performance and Activities

During the financial year 2011, a total of £40 billion (2010: £77 billion) was raised, in aggregate, by companies joining the primary markets and those already on market.

In the same period, 185 new companies (2010: 110 companies) joined the primary markets.

LSEG's success in attracting international companies to its primary markets is a direct result of ongoing marketing activities in key markets, including India, China, Latin America and Russia.

The Primary Market product offering is continuously being developed and enhanced to attract additional investment flows to the markets and therefore attract new issuers over the longer term. To better allow companies to efficiently use the markets, LSEG has also engaged with policy makers, regulators and governments to understand the issues faced by businesses, particularly smaller companies, in adverse economic conditions and to investigate mechanisms (such as specific fiscal incentives) to attract a wider pool of investors to them.

4.2 Secondary Markets

Cash Equities

Description

LSEG's cash equities business aims to maximize the liquidity of an individual security and provide members access to fast and efficient trade execution and reporting. LSEG's cash trading services are designed to deliver efficient trading price formation and execution services, through reliable trading systems, effective regulation and a high level of price and trade transparency.

The London Stock Exchange offers the following trading services for cash equities:

- **SETS** — SETS is the London Stock Exchange's electronic order book trading FTSE100, FTSE250, FTSE Small Cap Index constituents, ETFs, exchange trading products as well as other liquid AIM, Irish and London Standard listed securities. The London Stock Exchange also operates a version of SETS on a modified trading cycle that supports securitized derivatives. Functionally rich with multiple order types and market maker support, SETS is one of the most liquid electronic order books in Europe.
- **SETSqx** — SETSqx is a trading platform for securities less liquid than those traded on SETS. SETSqx combines a periodic electronic auction book with standalone non-electronic quote driven market making.
- **SEAQ** — the London Stock Exchange's non-electronically executable quotation service that allows market makers to quote prices in AIM securities not traded on SETS or SETSqx and some fixed income securities.
- **IOB** — offers access to trading in issuers from fast growing economies, in areas such as Central and Eastern Europe, Asia and the Middle East, via depositary receipts. The service is based on an electronic order book similar to SETS but with the added option for member firms to display their identity pre-trade.
- **EQS** — enables clients to meet their pre- and post-trade pan-European transparency obligations. EQS is a quote driven market making and trade reporting platform that supports all EU liquid securities, excluding those traded on SETS or SETSqx.

- **European Trade Reporting** — a pan-European trade reporting service that enables clients to meet their post-trade reporting obligations whether trading on or off exchange in non-liquid MiFID securities not reported on another exchange trading service.

Borsa Italiana operates the following trading services for cash equities:

- **MTA** — Borsa Italiana's electronic order book, trading service for MTA securities with auctions, continuous trading phases and the presence of specialists to support liquidity according to market segments.
- **After hours market** — an electronic order driven market with only continuous trading and supported by a specialist for blue chip securities of the FTSE MIB, companies in the FTSE Italia Mid Cap indices and MTA STAR.
- **MAC** — an electronic order driven trading service, with a single call auction, for MAC securities.
- **AIM Italia** — an electronic, order driven trading service, with auctions and continuous trading, for AIM Italia securities.
- **MIV** — a regulated market dedicated to investment vehicles. The market is divided into four segments to reflect the varying instrument types:
 - closed-end fund segment, where the units of closed-end securities and real estate funds are traded;
 - investment companies segment, where shares of investment companies are traded;
 - REIC segment, where REICs are traded; and
 - professional segment, for professional investors only where special investment vehicles are traded.

Revenues

Revenue is principally derived from fees for execution on the electronic order books. In the UK, fees are based on value-traded, whereas in Italy, fees are based on volume-traded. Revenues are also generated from annual membership fees, reporting fees for trades carried out away from the order book and market maker security registration fees.

Recent Performance

During the financial year 2011, a total of 150.5 billion bargains (2010: 149.2 million) were traded on the UK equity order book with a value of £1,200 billion (2010: £1,175 billion).

Over the same period, a total of 66 million bargains (2010: 64 million) were traded on the Borsa Italiana equity order book with a value of £681 billion (2010: £640 billion).

Derivatives

Description

IDEM is Borsa Italiana's derivatives market and comprises IDEM-Equity and IDEX.

- **IDEM-Equity** — offers trading in futures, mini-futures and options on the FTSE MIB index and a futures product based on the FTSE MIB dividend index. In addition, there are 55 futures and 46 options on Italian single stocks and 13 futures on pan-European single stocks.
- **IDEX** — offers trading in yearly, quarterly and monthly power futures based on the "PUN", the single national price for the purchase of electricity in Italy.

Borsa Italiana also operates the following markets:

- **ETFplus** — an electronic continuous trading order-driven market for ETFs and ETCs/ETNs, with specialists to support liquidity; and
- **SeDeX** — an electronic, order-driven market, with continuous trading for securitized derivatives, covered warrants and certificates, and a specialist to support liquidity.

In February 2011, LSEG announced that it plans to build a pan-European derivatives business through the creation of Turquoise Derivatives, to be combined with LSEG's existing derivatives market, EDX which offers trading in derivatives contracts based on the FTSE Russia IOB Index, comprising the 15 most liquid global depository receipts traded on LSEG's International Order Book.

Revenues

Revenue is principally driven by fees from electronic trade execution. Other charges are made for exercise and assignment fees on options contracts and expiration fees on EDX products. Fees are charged for membership.

Recent Performance

On November 8, 2010, IDEM markets migrated to the SOLA trading platform, a technology developed by TMX Group, which IDEM uses under licence, increasing the range of functionalities available for IDEM members, including opening auctions on index futures and upgraded block trade facilities.

During the financial year 2011, a total of 82 million contracts (2010: 97.5 million) were traded on the EDX and IDEM derivatives markets.

Fixed Income

Description

LSEG's fixed income business is undertaken through the following operations:

- **MTS**

MTS provides regulated electronic trading platforms for intermediaries' secondary trading of European wholesale government bonds and other types of fixed income securities.

MTS is authorized to conduct its activities by Italy's Ministry for the Economy and Finance, and is regulated by the Bank of Italy and CONSOB. It covers the national debt markets of 12 Eurozone members and government bond markets of other countries.

The MTS market model uses a common trading platform for all domestic marketplaces, while corporate governance and market supervision are based on the respective national regulatory regimes. MTS covers 15 markets through various companies and continues to expand its geographic scope.

MTS operates three distinct fixed income markets:

- **MTS Cash** — an electronic market for dealers of fixed income products, with over 100 counterparties trading on the system each day. Market participants benefit from access to the most liquid, transparent and efficient European bond marketplace, with average daily volumes exceeding €85 billion across MTS platforms. EuroMTS is a segment of the MTS cash market consisting of the most liquid Euro benchmark products.
- **MTS Repo** — an electronic market for repo agreements and buy/sellbacks through an efficient order-driven marketplace alongside request-for-quote and OTC booking functionalities. The market unites over 150 unique participants across Europe, including international and domestic banks and institutional buy-side clients, to offer significant liquidity across all the Eurozone repo markets.
- **BondVision** — a multidealer-to-client electronic bond trading system that provides over 350 European buy-side clients with direct access to real-time tradeable prices from market makers on over 2,000 fixed income products.

MTS also delivers real-time tradeable prices across the European government, quasi-government and covered bond market and calculates MTS indices.

Revenues

MTS revenue is principally derived from fees for execution on MTS' markets. These fees are based on the volume traded. Revenue is also derived from membership and the sale of data and data products, including index licences.

- **MOT**

MOT is the fixed income, electronic order driven retail market operated by Borsa Italiana. It has two different segments, defined according to the CSD, in which the fixed income instruments are deposited: DomesticMOT (Monte Titoli) and EuroMOT (ICSD).

In June 2009, Borsa Italiana launched ExtraMOT, a Multilateral Trading Facility regulated by Borsa Italiana, for the trading of corporate Eurobonds.

- **ORB**

The ORB was launched on February 1, 2010 and is the London Stock Exchange's electronic order book for bonds aimed at private investors and retail brokers. The ORB offers a range of

gilts, corporate and supranational bonds. It operates as an open electronic order-driven market with dedicated market makers committed to quoting two-way tradeable prices on-screen throughout the trading day. The ORB market offers trading in smaller sizes by value to appeal to retail investors.

In addition, within the markets for conventional debt securities, the London Stock Exchange also promotes its offerings in Islamic finance. Issuers of Sukuk Instruments are able to list these Islamic bonds and admit them to either the Main Market or the Professional Securities Market. There are currently over 30 Sukuk Instruments admitted to the London Stock Exchange's markets, making it one of the most important international listing venues for Islamic finance. Issuers of these instruments have predominantly been Islamic banks and sovereign issuers based in the Gulf Cooperation Council area.

Recent performance

During the financial year 2011, a total of €2,719 billion (2010: €2,405 billion) was traded on the MTS cash market and Bondvision. During the same period, €220.4 billion (2010: €226.2 billion) was traded on MOT.

5. Post-Trade Services

LSEG's post-trade services are primarily operated through CC&G, which provides clearing and CCP services for Italian and EU equities, and Monte Titoli, which provides settlement and CSD services for Italian securities.

CC&G

Nature of Business

Established in 1992, CC&G manages the CCP guarantee system. The main services offered include granting of anonymity, interposition (trade date novation), netting by novation, position-keeping, risk management, collateral management, reporting, delivery of settlement instructions to the securities settlement system, interoperability between CCPs, fails management and buy-in procedures for Italian and EU equities.

CC&G, by serving as the guarantor of final settlement of contracts and as buyer towards each seller and seller towards each buyer, eliminates counterparty risk. CC&G's activities are performed under the supervision of the Bank of Italy and CONSOB, which approve CC&G's regulations that it puts in place for its members.

In 2009, CC&G was granted Recognized Overseas Clearing House status by the FSA to operate in the UK.

Markets Guaranteed

CC&G acts as clearing house and CCP for transactions executed on or through the following LSEG markets: IDEM, IDEX, MTA, ETFplus, MOT and MTS. CC&G also acts as clearing house and CCP to BrokerTec for Italian government bond cash and repo transactions.

CC&G also provides a guarantee service for the New MIC, the interbank collateralized deposit market in Italy. The New MIC was launched in October 2010 as a successor to the original MIC project, which was created to stimulate the Italian market after the financial crisis in 2008 and operated with the Bank of Italy as its guarantor.

The bond and repo markets are guaranteed within the interoperability agreement framework between CC&G and LCH.Clearnet SA.

Risk Management

CC&G has a tiered membership structure based on three participation-based categories. Margin requirements are applied for each type of financial instrument guaranteed by CC&G. These requirements are aimed at covering, in all but extreme market conditions, the potential losses that would result from the closure of an insolvent member's open positions. Different levels of margin requirements are used, depending on the nature and level of liquidity of the product. CC&G's risk committee autonomously sets the liquidity parameters using analysis conducted by CC&G's risk management department.

Revenues

Revenue is primarily driven by fees charged to clients for clearing, based on transaction volumes. The balances from margin and default funds are also actively invested by CC&G to generate treasury income. Investments are mainly short-term, with a panel of bank counterparties, as regulated by the Bank of Italy, that meet the criteria set out in CC&G's financial risk policy.

Recent Performance

During the financial year 2011, a total of 115.8 million contracts (2010: 108.0 million) were cleared by CC&G. The average daily initial margin held by CC&G over the same period was €6.9 billion (2010: €4.5 billion).

Monte Titoli

Nature of Business

Monte Titoli is the Italian CSD and settlement company. It is authorized to perform these activities by the Bank of Italy and CONSOB, the Italian authorities with regulatory and supervisory powers over the Italian financial system.

Legal Framework and Supervision

A specific legal and regulatory framework in Italy is in place to cover the provision of both the CSD and settlement system. The main regulatory and supervisory authorities are the Bank of Italy (for stability and systemic risk containment) and CONSOB (for investor protection). The operation of the clearing and settlement service is the primary responsibility of the Bank of Italy, in agreement with CONSOB. CONSOB has primary responsibility over the CSD system.

Custody Services

Monte Titoli performs custody services for a wide range of financial instruments encompassing government securities, corporate bonds (including ABSs), shares / covered warrants and mutual

investment funds (closed-end funds, property funds and ETFs). Approximately 98.9% of securities held in Monte Titoli are in dematerialized (i.e. electronic) form. The remaining percentage of securities are held as global or jumbo certificates, but managed in book entry form.

Pre-settlement, Clearing and Settlement

Monte Titoli manages X-TRM, the daily matching and routing system that carries out acquisition, matching and routing of transactions to EXPRESS II or to foreign settlement systems. X-TRM is a multi-purpose post-trade, pre-settlement engine, which undertakes post-trade activities such as transaction management (including matching of OTC transactions and data enrichment), clearing and settlement instruction routing, claim and compensation management and operational reporting. It also interacts with CCPs, offering specific functionalities designed to support their activities (such as the novation of guaranteed transactions and the creation of bilateral balances).

EXPRESS II is Monte Titoli's clearing and settlement platform for the performance of settlement in non-derivative financial instruments, integrating net with gross settlement functionalities and offering optimization mechanisms for effective management of securities portfolios. EXPRESS II has been used as the benchmark by the Eurosystem for the development of Target2 Securities (the European Central Bank's project to deliver a single central settlement process for securities within the Eurozone and other participating countries).

Revenues

Monte Titoli derives revenue from fees levied for the custodial safekeeping of securities, supplemented by charges for settlement. Custody rates are applied on the basis of assets held under management by Monte Titoli.

Recent Performance

During the financial year 2011, a total of 69.8 million pre-settlement and settlement instructions (2010: 83.9 million) were processed by Monte Titoli. The average daily custody assets under management held by Monte Titoli over the same period was €3.02 trillion (2010: €2.87 trillion).

6. Information Services

The Information Services business delivers real-time and historical market data, along with other securities information, ensuring efficient price discovery and comprehensive market intelligence for investors.

LSEG's Multilateral Trading Facility, Turquoise, and LSEG's interest in FTSE are also managed within the Information Services business segment.

Principal sources of revenue for this segment include:

Real-time Data

LSEG's real-time data business manages dissemination of data from the UK's Millennium Exchange and Italy's DDMplus. These systems are the primary reference points for the UK and

Italian cash markets for trading participants and investors. LSEG provides real-time data on a range of tradeable instruments, across cash equities, covered warrants, ETFs, derivatives, fixed income and indices. Real-time data is distributed through direct network coverage to 130 institutions and also through a further network across 370 licensed redistributors to reach a diverse audience of millions globally.

The London Stock Exchange and Borsa Italiana's market data comprises several levels of data, including trade prices, volumes and a fully visible tick-by-tick order book. Each level of data is designed to suit the needs of different users, whether actively trading on the markets or using the service to inform trading, investment or other business decisions:

- level 1 data offers real-time best prices, volumes, trade reports and a range of key added value information allowing users to gauge the underlying market depth and liquidity of securities;
- level 2 data is the most comprehensive service providing full-depth of the market, tick-by-tick; and
- post-trade data — offers on and off book trade reports to aid activities, including transaction cost analysis, and to enhance consolidated views of the trading landscape.

Recent commercial and technical developments include:

- introduction of the post-trade data service — increasing the availability of high-quality, post-trade content in a multi-venue MiFID environment;
- new service tiers for UK private investors; and
- introduction of ITCH protocol, a low-latency and low-bandwidth direct delivery protocol.

Revenues

Users of real-time data are charged according to the level of data they receive. Fees are levied from information vendors to act as a re-distributor of data.

UnaVista

UnaVista is a secure, hosted platform for providing matching, validation and reconciliation services. UnaVista offers a range of business solutions within three areas: Post-Trade Services, Data Solutions and Reconciliations.

UnaVista Post-Trade Services includes three main products:

- **Transaction Reporting** — UnaVista Transaction Reporting combines validation with intuitive and practical functionality. It provides additional validation above and beyond what is mandated by financial regulators, providing confidence from compliance to operations and ensuring MiFID transaction reporting obligations are met;
- **Confirmations Portal** — The UnaVista Confirmations Portal helps brokers, investment managers, prime brokers and others communicate and match post-trade data reliably and simply. UnaVista provides a global, fully audited service through

which both large and small firms can exchange information. UnaVista works across asset classes and can be used to communicate and match any data including confirmations, allocations, give-ups and settlement instructions; and

- **Swaps Portal** — UnaVista Swaps Portal provides a fully audited communication channel for all parties involved in the CFD process. Prime brokers, hedge funds and executing brokers can track their trades electronically, improving efficiency and reducing risk, while ensuring they meet compliance requirements.

UnaVista Data Solutions is a suite of reference and historical data products designed to help firms create a Golden Copy of data. Products include the Daily Official List produced by the London Stock Exchange and high quality corporate actions data.

UnaVista Reconciliations offers a flexible approach to matching requirements. Combining a hosted approach with fast implementation time, UnaVista unites a range of functionality, including intuitive matching and workflow capabilities. UnaVista is uniquely positioned to perform a range of reconciliations from straightforward cash and stock position reconciliation to more complex inter-system, inter-company and data validation processing.

SEDOL

SEDOL is the London Stock Exchange's global, multi-asset class reference data service, providing unique identification codes for global securities covering both listed and unlisted instruments and all asset classes.

SEDOL is hosted on a web browser that operates for 24 hours, seven days per week, allowing real-time creation and functionality. SEDOL codes are also available via a customized pre-allocation service so that issuers can improve new issuance processing time frames. SEDOL Masterfile is a database of over 19 million unique identification numbers (SEDOL codes) for securities.

SEDOL has a global customer base of over 1,400 clients.

The London Stock Exchange is the UK representative of the Association of National Numbering Agencies. As such, it allocates UK ISINs.

RNS

RNS is a Regulatory Information Service for regulatory news and non-regulatory news disclosure and helps companies and their intermediaries fulfill their UK and other global regulatory disclosure obligations.

Clients include the vast majority of Britain's leading listed companies and all of the leading UK financial public relations firms and corporate advisors.

Nearly 175,000 announcements are processed by RNS each year. Releasing announcements through RNS ensures company information is distributed immediately and accurately in full text

and in industry-leading formats. Announcements are visible to the investment community via a vast array of terminals, databases and financial websites worldwide, including Thomson Reuters, Bloomberg, Dow Jones and London Stock Exchange's own corporate website.

Proquote

Proquote provides the following reference data services, desktop market data solutions and order and execution management systems to UK and Italian customers:

- **Proquote Feed** — an easily managed and low latency multiple exchange real-time data feed;
- **Proquote Web** — which allows easy and intuitive access to market quotes and financial content through a web browser targeting bank branches and basic on line traders;
- **Proquote Client** — a professional trading screen, which includes MiFID pre-trade, post-trade and best execution services, enabling customers to verify the quality of execution, and other order-routing facilities; and
- **Proquote IR Solution** — a wide range of services for institutional corporate websites and online investor relations, including corporate website and investor relations sections design, development and advisory services.

Turquoise

Turquoise was formed by a consortium of nine investment banks and launched in September 2008 as a Multilateral Trading Facility. Following LSEG's acquisition of Turquoise on February 17, 2010, LSEG holds a 51% majority stake in Turquoise with the remaining 49% owned by 12 leading investment banks. In accordance with the terms of the purchase agreement, LSEG committed to fund the regulatory capital requirements and operating capital of the Turquoise business until February 2012.

Turquoise has a board comprised of London Stock Exchange appointed directors, directors representing the investment banks and non-executive independent directors.

Turquoise provides a range of markets for secondary trading of European and U.S. cash equities.

Turquoise operates two cash markets:

- **Turquoise Equities integrated book** — a pan-European and U.S. "lit" secondary market for cash equity trading with full pre- and post-trade transparency; and
- **Turquoise Equities mid point book** — a pan-European "dark" secondary market matching at mid point with immediate post-trade transparency.

Revenues

Turquoise's direct customers are the leading investment banks, agency brokers and proprietary trading firms, either acting as principal or as agent for their underlying asset management customers. Turquoise charges fees for trading services based on a percentage of the value traded. For the integrated book, a maker / taker tariff is used which rebates providers of liquidity and charges takers of liquidity. Turquoise does not charge for membership or market data other than a redistribution fee for non-trading members.

Recent Performance

As at March 31, 2011, Turquoise was the third largest Multilateral Trading Facility for “lit” book trading with a share of over 4.0% of pan-European secondary trading and the second largest mid-point “dark” market, with an approximate 34% share of pan-European mid-point trading.

Developments

In February 2011, LSEG announced that it plans to build a pan-European derivatives business through the creation of Turquoise Derivatives to be combined with LSEG’s existing derivatives market, EDX, which offers trading in derivatives contracts based on the FTSE Russia IOB index, comprising the 15 most liquid global depositary receipts traded on LSEG’s IOB. The new business will use EDX’s existing technology and clearing infrastructure, offering customers immediate access and economies of scale through their existing connections. Turquoise Derivatives will be underpinned by ultra-low latency SOLA technology from TMX Group. The new platform will also continue to build on EDX’s successful emerging markets business and use the combined expertise of the EDX and Turquoise management teams in its implementation.

Turquoise Derivatives plans to provide trading in pan-European single name and index futures and options (subject to obtaining appropriate trading licences). Turquoise Derivatives will offer a pan-European clearing model, which will enable risk margin efficiencies across single name and index products (pan-European clearing with risk margin efficiency is subject to obtaining appropriate licences).

Turquoise will operate two derivatives markets:

- **Turquoise Derivatives emerging markets book** — an equity derivatives market focused on emerging markets companies traded on the London Stock Exchange’s IOB order book; and
- **Turquoise Derivatives pan-European book** — a new marketplace to be established in the summer of 2011, using elements of the successful Turquoise Multilateral Trading Facility model for pan-European cash equities and applying it to equity derivatives market.

From April 1, 2011, Turquoise will be reported as part of the capital markets segment as a result of the above changes to the way the business is managed.

FTSE

FTSE is a 50:50 joint venture between London Stock Exchange and Financial Times. FTSE is a world-leader in the creation and management of over 120,000 equity, bond and alternative asset class indices.

FTSE indices are used extensively by a range of investors, including consultants, asset owners, fund managers, investment banks, stock exchanges and brokers. They are typically used for the purposes of:

- performance measurement;

- investment analysis, asset allocation and portfolio hedging;
- creation of index tracking funds and ETFs; and
- creation of derivatives and structured products.

FTSE's revenues are across three main lines of business: (i) sale of real-time and end-of-day data and performance benchmarks services; (ii) licensing of derivatives and structured products; and (iii) licensing of index funds and ETFs. There has been a particular focus on growing FTSE's share of global ETF assets under management. There are over 170 ETFs linked to FTSE indices, representing approximately US\$63.3 billion assets under management (as at the end of April 2011). ETFs based upon the FTSE 100 and FTSE China indices are among, respectively, Europe's and the world's top 20 ETFs by average daily U.S. dollar trading volume.

7. Technology Services

Technology Services encompass two principal streams:

MillenniumIT

On October 16, 2009, LSEG acquired MillenniumIT, a Sri Lankan-based technology services company. MillenniumIT's corporate headquarters and software development operations are located in Colombo, Sri Lanka.

MillenniumIT has two divisions:

- **MillenniumIT Software**, which supplies, implements and supports a suite of capital markets products that include trading platforms, smart order routers, surveillance, clearing and CSD products. These products cater to trading multiple asset classes, including cash equities, derivatives, debt, commodities, foreign exchange, structured products and ETFs.

The principal products of MillenniumIT Software are:

- *Millennium Exchange*

Millennium Exchange, the flagship product of MillenniumIT, offers execution venues and an extensible trading platform with the ability to grow and change as quickly as its customers' businesses. It is a true multi-asset class platform that supports cash equity, equity derivatives, fixed income cash and derivatives, commodity derivatives and foreign exchange derivatives. It can be configured to trade any product in any type of market. The platform is built on a rule-based, distributed and fault tolerant technology, enabling it to be highly reliable, scalable and flexible.

- *Millennium SOR*

Forces of consolidation, competition and regulation in the global financial markets have created the need for fast, flexible and robust smart order routing systems for firms and execution venues seeking best execution beyond price. Millennium SOR offers marketplaces a single platform, capable of housing multiple asset classes and numerous order routing algorithms.

- *Millennium Surveillance*

Developed as a fully configurable rule-based platform that can be integrated with any trading system, Millennium Surveillance can be configured using business rules to enforce regulations of any market without programmer intervention.

- *Millennium CSD*

Millennium CSD provides depository facilities for securities trading in a scriptless environment. The system can be operated as a standalone module or can be integrated with any trading system. It can process transactions in real-time or in batch mode. Millennium CSD provides a secure electronic environment for the safekeeping of securities and the transfer of ownership pursuant to trading.

- *Millennium Clearing*

Millennium Clearing provides fast and secure transaction processing for clearing and settlement of any type of security. The product is capable of being operated as a standalone module or can be integrated with any trading platform and can process transactions in real-time or in batch mode. It is also able to integrate in real-time to risk management systems.

- **MillenniumESP**, which provides enterprise and telecom solutions. In the telecom sector, MillenniumESP's focus on next generation networks has come about through a close partnership with Cisco Systems. In partnership with Sun Microsystems, Oracle and other large IT suppliers, MillenniumESP designs and builds open, standards-based IT infrastructure for large and medium-sized enterprises.

The key services of the MillenniumESP division are:

- *Data Centre Solutions*, which includes sales of computer servers and storage solutions;
- *Networking Solutions*, which includes the building of carrier class network infrastructure for service providers;
- *Information Management Solutions*, which includes Oracle / Microsoft software products that are required in the deployment of office automation and information management solutions;
- *Security Solutions*, which includes providing solutions to protect the information assets and information technology based systems in organizations; and
- *Annual Maintenance Contracts*, which provides recurring revenue from support provided for both the hardware and software solutions sold to customers.

Other Technology Services

LSEG also offers a suite of technology services for client access and connectivity to a variety of trading and real-time market data services. To augment the services offered, in September 2008, London Stock Exchange launched a co-location service called "Exchange Hosting", which allows ultra low latency sensitive trading clients to place servers running their trading operations in London Stock Exchange's data centre, thereby significantly reducing network latency and providing high performance trading access.

8. Competition

Exchanges facilitate issuers in raising new capital and investors in deploying and realizing capital. The environment in which exchanges operate is rapidly evolving as a consequence of:

- regulatory change;
- rapid technological advancement;
- proliferation of trading venues;
- consolidations; and
- new entrants.

The result is a crowded, vibrant and evolving competitive landscape with exchange operators competing in an increasingly global market.

The sectors in which LSEG operates are experiencing significant consolidation and transaction activity at the current time. Like its competitors, LSEG evaluates, and has discussions in relation to, transaction opportunities in all of its business segments on an ongoing basis. In the event that any of these transaction opportunities are entered into prior to completion of the Merger any such transaction will be announced and, if appropriate, a supplemental prospectus to the prospectus LSEG is filing in connection with the Merger will be published in the UK.

9. Sources of Revenue

An overview of revenue by LSEG's business segments as at March 31, 2011 is set out below:

<u>Revenues</u>	<u>Year ended March 31, 2011</u> <u>(\$m)</u>
Capital markets	281.5
Post-trade services	99.3
Information services	184.7
Technology services	48.6
Other	1.8
Total revenue	615.9
Net treasury income through CCP business ...	51.3
Other income	7.7
Total income	674.9

10. Employees

The number of employees at the end of the financial years ended March 31, 2011, 2010 and 2009 were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
UK	492	539	570
Italy	456	458 ⁽¹⁾	565
Sri Lanka	587	461	—
Other	28	30	—
Total	1,563	1,488	1,135

- (1) The employees within EuroMTS and MTS Next (a wholly-owned Subsidiary of MTS indices) we shown in the UK headcount figures in 2010 compared to Italy in the prior year, to reflect the principal location of these employees.

11. Market for Securities

Existing LSEG Shares are listed and traded on the London Stock Exchange under the symbol “LSE”.

The following table shows, for the periods indicated, the reported trading prices in pounds sterling and trading volumes for Existing LSEG Shares on the London Stock Exchange:

<u>Period</u>	<u>High (£)</u>	<u>Low (£)</u>	<u>Close (£)</u>	<u>Trading Volume</u>
2011				
May (to May 23)	9.18	8.12	8.89	15,098,819
April	8.71	8.95	8.26	11,430,347
March	8.33	9.09	8.06	18,319,880
February	<u>9.89</u>	<u>8.39</u>	<u>9.00</u>	<u>33,641,556</u>
January	<u>9.14</u>	<u>8.31</u>	<u>8.46</u>	<u>12,599,155</u>
2010				
December	8.60	7.55	7.59	14,623,971
November	8.00	7.16	7.59	14,623,971
October	7.76	6.66	7.34	14,323,061
September	7.15	6.59	6.81	13,048,453
August	6.80	6.35	6.61	12,495,135
July	6.68	5.41	6.47	27,239,542
June	<u>6.51</u>	<u>5.62</u>	<u>5.64</u>	<u>37,900,120</u>
May	<u>6.84</u>	<u>6.08</u>	<u>6.42</u>	<u>21,073,764</u>

The closing sale prices of Existing LSEG Shares as reported on the London Stock Exchange on February 8, 2011, the last day on which the Existing LSEG Shares traded prior to the announcement by TMX Group and LSEG that they had entered into the Merger Agreement, was £8.92. On May 23, 2011, the closing price of the Existing LSEG Shares on London Stock Exchange was £8.89.

12. Subsidiaries and Associated Undertakings

The current significant Subsidiaries and other undertakings of LSEG are set out in the table below. Unless expressly stated below, each of these companies is directly or indirectly wholly-owned by LSEG, has issued share capital that is fully paid, is incorporated in England and Wales and has a registered office at 10 Paternoster Square, London EC4M 7LS. There is no difference between the proportion of ownership interest and the proportion of voting power held.

Name	Principal Activity	Proportion of ownership (for each class of share as applicable)/voting rights (if any)	Jurisdiction of incorporation
Held directly by LSEG:			
London Stock Exchange plc	Recognized Investment Exchange	100	England and Wales
London Stock Exchange Group Holdings (Italy) Limited	Holding company	100	England and Wales
London Stock Exchange Group Holdings Limited	Holding company	100	England and Wales
Held indirectly by LSEG:			
Borsa Italiana S.p.A.	Recognized investment exchange	99.99	Italy
Cassa di Compensazione e Garanzia S.p.A.	CCP for clearing	86.36	Italy
Monte Titoli S.p.A.	Pre settlement, settlement and centralized custody	98.80	Italy
Societe per il Mercato dei Titoli di Stato Borsa Obbligazionaria Europea S.p.A.	Wholesale fixed income bonds	60.37	Italy
Bit Market Services S.p.A.	Retail information services & market technology	99.9998	Italy
Millennium Information Technologies Ltd	IT solutions provider	100 ³	Sri Lanka
Turquoise Global Holding Limited	Trading facility	51	England and Wales
Euro MTS Ltd	Wholesale fixed income bonds	60.37	England and Wales

³ Taken from LSEG's annual report for the year ended March 31, 2010.

13. Material Contracts

In addition to the summary of the Merger Agreement (see “Summary of Merger Agreement”), set out below is a summary of each contract (not being a contract entered into in the ordinary course of business) entered into by any member of LSEG: (a) within the two years immediately preceding the date of this Circular and which is or may be material to LSEG; or (b) which contains any provision under which any member of LSEG has any obligation or entitlement which is material to LSEG as at the date of this Circular.

- (a) On July 4, 2006, LSEG issued £250 million in aggregate principal amount of 5.875% notes due in 2016 (the “**2016 Notes**”). The 2016 Notes are constituted by a trust deed dated July 7, 2006 made between LSEG and HSBC Trustee (C.I.) Limited and the couponholders. The 2016 Notes were issued on the following terms:
 - (i) interest on the 2016 Notes is payable semi-annually in arrears in equal amounts on January 7, and July 7 of each year, at the rate of 5.875% of the principal amount. Under the terms of the 2016 Notes, the interest payable on the 2016 Notes will be increased or decreased in the event of a change in the credit rating assigned to the 2016 Notes at present the interest payable is at the rate of 6.125% of the principal amount;
 - (ii) the 2016 Notes may be redeemed at the option of LSEG, in whole but not in part, at any time at a price which is the higher of the principal amount of the 2016 Notes and an amount calculated by reference to the yield of the 4.75% UK Government Treasury Stock 2015;
 - (iii) if a change of control in LSEG or London Stock Exchange occurs and, within 120 days thereafter, the credit rating of the 2016 Notes is downgraded from an investment grade credit rating to a non investment grade credit rating or withdrawn, each 2016 Note may be redeemed at the option of each noteholder at a price which is the higher of the principal amount of the 2016 Note and an amount calculated by reference to the yield of the 4.75% UK Government Treasury Stock 2015, plus 1.18%;
 - (iv) the 2016 Notes are unsecured and unsubordinated obligations of LSEG and rank equally in right of payment with LSEG existing and future unsecured and unsubordinated obligations;
 - (v) the net proceeds from the issue are to be used by LSEG in order to refinance its indebtedness and for LSEG’s general corporate purposes; and
 - (vi) the terms and conditions applicable to the 2016 Notes also contain, *inter alia*, a negative pledge, redemption and purchase provisions and events of default. The 2016 Notes are governed by English Law.
- (b) LSEG has the following facility agreements:
 - (i) 2008 Facility Agreement — The 2008 Facility Agreement contains normal market terms including:
 - (A) borrowings bear interest at a floating rate (EURIBOR/LIBOR) plus a fixed margin and mandatory costs (if any) and a commitment fee is payable on undrawn commitments;
 - (B) repayment of the 2008 Facility Agreement is by way of single lump sum repayment on the final maturity date;

- (C) provisions relating to mandatory prepayment and cancellation on a change of control of LSEG;
 - (D) customary covenants which restrict LSEG, and in certain cases its Subsidiaries, from time to time (subject to agreed exceptions and materiality carve outs) from, among other things: (i) creating security; (ii) disposing of assets; (iii) proposing mergers; (iv) substantially changing the general nature of the business of LSEG; and (v) incurring Subsidiary borrowings; and
 - (E) the usual representations and warranties, information undertakings, general undertakings and events of default for an investment grade credit such as LSEG, as well as two financial covenants (debt and interest cover).
- (ii) 2010 Facility Agreement — the 2010 Facility Agreement contains normal market terms including:
- (A) borrowings bear interest at a floating rate (EURIBOR/LIBOR) plus a fixed margin and mandatory costs (if any). In addition, a commitment fee is payable on undrawn commitments and a utilization fee is payable calculated on the amount of borrowings under the 2010 Facility Agreement;
 - (B) repayment of the 2010 Facility Agreement is by way of single lump sum repayment on the final maturity date;
 - (C) provisions relating to mandatory prepayment and cancellation on a change of control of LSEG;
 - (D) customary covenants which restrict LSEG, and in certain cases its Subsidiaries, from time to time (subject to agreed exceptions and materiality carve outs) from, among other things: (i) creating security; (ii) disposing of assets; (iii) proposing mergers; (iv) substantially changing the general nature of the business of LSEG; and (v) incurring Subsidiary borrowings; and
 - (E) the usual representations and warranties, information undertakings, general undertakings and events of default for an investment grade credit such as LSEG, as well as two financial covenants (debt and interest cover).
- (c) CC&G credit facility agreements — these are available specifically to CC&G as CCP to the Italian markets to support liquidity requirements in the clearing and settlement cycle on the following basis:
- (i) €1,000 million of credit lines are made available by major Italian commercial banks to support the intra-day liquidity requirements of the MTS markets. These facilities re-finance positions taken by the Bank of Italy to settle an exposure created by the default of a market participant. The facilities are uncommitted with terms and conditions appropriate for on-demand facilities and are subject to a tri-partite framework between CC&G, the commercial banks and the Bank of Italy;
 - (ii) €200 million of committed credit lines are provided by major Italian commercial banks to support the short term liquidity requirements of the CCP's broader market clearing activities. The terms and conditions are appropriate for back-up facilities of this nature; and

- (iii) These credit facilities are maintained but are rarely called upon, with only one instance of utilization in the period since the merger between LSEG and Borsa Italiana S.p.A. to support the liquidity requirements of the CCP.
- (d) On June 16, 2009, LSEG issued £250 million in aggregate principal amount of 9.125% notes due in 2019. The 2019 Notes are constituted by a trust deed dated June 18, 2009, made between LSEG and HSBC Corporate Trustee Company (UK) Limited and the couponholders. The 2019 Notes were issued on the following terms:
 - (i) interest on the 2019 Notes is payable semi-annually in arrears in equal amounts on April 18 and October 18 of each year, at the rate of 9.125% of the principal amount. Under the terms of the 2019 Notes, the interest payable on the 2019 Notes will be increased or decreased in the event of a change in the credit rating assigned to the 2019 Notes at present the interest payable is at the rate of 9.125% of the principal amount;
 - (ii) the 2019 Notes may be redeemed at the option of LSEG in whole but not in part at any time at a price which is the higher of the principal amount of the 2019 Notes and an amount calculated by reference to the yield of the 4.5% UK Government Treasury Stock 2019;
 - (iii) if a change of control in LSEG or London Stock Exchange occurs and, within 120 days thereafter, the credit rating of the 2019 Notes is downgraded from an investment grade credit rating to a non investment grade credit rating or withdrawn, each 2019 Note may be redeemed at the option of each noteholder at a price which is the higher of the principal amount of the 2019 Notes and an amount calculated by reference to the yield of the 4.5% UK Government Treasury Stock 2019, plus 5.15%;
 - (iv) the 2019 Notes are unsecured and unsubordinated obligations of LSEG and rank equally in right of payment with LSEG existing and future unsecured and unsubordinated obligations;
 - (v) the net proceeds from the issue are to be used by LSEG in order to refinance its indebtedness and for LSEG's general corporate purposes; and
 - (vi) the terms and conditions applicable to the 2019 Notes also contain, *inter alia*, a negative pledge, redemption and purchase provisions and events of default. The 2019 Notes are governed by English Law.

14. Litigation

Save as described in the following paragraph, there are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which LSEG is aware) that, during the 12-month period prior to the publication of this Circular, may have, or have had in the recent past, significant effects on LSEG's or one of its Subsidiaries' financial position or profitability.

CC&G is a defendant in a lawsuit filed in October 2001 by a client of Banca Intermobiliare di Investimenti e Gestione S.p.A. ("**MIB**") against MIB for damages of not less than Italian Liras 12 billion (approximately €6.2 million) and against CC&G for joint liability with MIB in an amount to be determined. 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 September 12, 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. In September 2009, an expert nominated by the Court was appointed.

15. Related Party Transactions

The related party transactions between LSEG and its Subsidiaries that were entered into during the financial years ended March 31, 2011, 2010 and 2009 are shown in the transactions with related parties notes in the annual reports for the years ended March 31, 2011, 2010 and 2009 on pages 101, 99 and 92, respectively, which are appended hereto at Annex I — “LSEG Historical Financial Statements”. During the period April 1, 2011 to May 23, 2011, there were no new related party transactions other than a continuation of those described on page 101 of the annual report for the years ended March 31, 2011.

16. Prior Sales of Existing LSEG Shares

Other than Existing LSEG Shares issued under LSEG Employee Share Plans, no Existing LSEG Shares were issued during the 12 months prior to the date of this Circular.

DIRECTORS AND OFFICERS OF MERGECO

This section describes the directors and executive officers of Mergeco following completion of the Merger and sets out information in relation to such directors and executive officers.

1. Mergeco Board

It is intended that Mergeco will continue to comply with the UK Corporate Governance Code. In addition, the Mergeco Board will comply with Canadian corporate governance principles and rules. The Mergeco Board will initially comprise 15 directors.

- Eight of the initial directors have been nominated by the existing LSEG Board, and include Xavier Rolet, who will be the Chief Executive Officer, Chris Gibson-Smith and Massimo Tononi who will be the Deputy Chairs, and Raffaele Jerusalemi (current Chief Executive Officer of Borsa Italiana).
- Seven of the initial directors have been nominated by the existing TMX Group Board and include Wayne Fox, who will be the Chair of the Mergeco Board, Thomas Kloet, who will be the President, and Michael Ptasznik, who will be the Chief Financial Officer.


The TMX Group Nominees will be appointed to the Mergeco Board with effect from the Effective Date subject to the required regulatory confirmations.


See “Regulation of the Merged Group” for details of the ongoing requirements relating to the composition of the Mergeco Board and its committees arising from the anticipated undertakings to be given in connection with the Securities Regulatory Approvals, and “Proposed Investment Canada Act Undertakings” for details of the ongoing requirements relating to the composition of the Mergeco Board and its committees arising from the anticipated undertakings to be given in connection with the Investment Canada Act Approval.


Set out below is information at May 9, 2011 regarding the individuals who will serve as initial directors of the Mergeco Board, their functions in the Merged Group, their ages and their relevant management expertise and experience. Details of current directorships, other than with TMX Group or LSEG, and directorships held by each individual within the past five years are set out below the biographical information. Details of the number of Existing LSEG Shares or TMX Group Shares beneficially owned, directly or indirectly by each individual, or over which they exercise control or discretion are set out in paragraphs 6 and 7, below, and information on remuneration paid to such individuals in the last financial year is set out in paragraph 5, below.

Biographies of Mergerco Directors

	<p>Wayne C. Fox⁽¹⁾ Chair of TMX Group Oakville, Ontario, Canada</p> <p>TMX Group Shares: Nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since April 29, 1997 • Independent 	<p>Mr. Fox, 63, was appointed to the TMX Group Board in April 1997. He is the Chair of TMX Group and a Corporate Director. Until September 2005, he was Vice Chair and Chief Risk Officer, Treasury, Balance Sheet and Risk Management, Canadian Imperial Bank of Commerce (chartered bank). In the previous five years, Mr. Fox held several increasingly senior positions in CIBC and in several CIBC affiliates. In addition, he was a member of the Steering Committee on Regulatory Capital, Institute of International Finance Inc. and on the Board of Governors of McMaster University and Junior Achievement of Central Ontario. In 2006, Mr. Fox became an accredited director through the Directors College program at McMaster University. Mr. Fox is Governor Emeritus of Appleby College and is a member of the Accounting Standards Oversight Council.</p>
<p>Current Directorships/Partnerships⁽³⁾</p>		<p>Former directorships/partnerships (during the last five years)⁽³⁾</p>
<p>None</p>		<p>None</p>


	<p>Chris Gibson-Smith Deputy Chairman of LSEG London, England</p> <p>LSEG Shares: 63,757</p> <p>LSEG Board Details:</p> <ul style="list-style-type: none"> • Director since July 2009 • Independent 	<p>Mr. Gibson-Smith, 65, was appointed to the LSEG Board in May 2003 and is currently the Chairman of LSEG. He is also Chairman of The British Land Company plc and Non-Executive Director of Qatar Financial Centre Authority. He is a Trustee of the London Business School. Mr. Gibson-Smith was previously Chairman of National Air Traffic Services Ltd from 2001 to 2005, Director of Lloyds TSB plc from 1999 to 2005, Group Managing Director of BP plc from 1997 to 2001, and a past Trustee of the Institute of Public Policy Research and the arts charity, Arts & Business.</p>
<p>Current Directorships/Partnerships</p>		<p>Former directorships/partnerships (during the last five years)</p>
<p>The British Land Company Public Limited Company Qatar Financial Centre Authority</p>		<p>Arts and Business Limited</p>


	<p>Massimo Tononi Deputy Chairman of LSEG Milan, Italy</p> <p>LSEG Shares: Nil</p> <p>LSEG Board Details:</p> <ul style="list-style-type: none"> • Director since September 2010 • Independent 	<p>Mr. Tononi, 46, was appointed to the LSEG Board in September 2010. He is a Director of Borsa Italiana S.p.A, Mittel S.p.A, Sorin S.p.A and Prysman S.p.A. Previously, he was a Partner and Managing Director in the investment banking division of Goldman Sachs from 2008 to July 2010. While at Goldman Sachs, Mr. Tononi played a senior role in the business development and execution of investment banking transactions throughout Europe. Between 2006 and 2008, he was Treasury Undersecretary at the Italian Ministry of Economy & Finance in Rome.</p>
<p>Current Directorships/Partnerships</p>		<p>Former directorships/partnerships (during the last five years)</p>
<p>Mittel S.p.A. Sorin S.p.A. Prysman S.p.A.</p>		<p>Goldman Sachs</p>


	<p>Xavier Rolet Chief Executive Officer of LSEG London, England</p> <p>LSEG Shares: 23,000</p> <p>LSEG Board Details:</p> <ul style="list-style-type: none"> • Director since March 2009 • Non-Independent (CEO of LSEG) 	<p>Mr. Rolet, 51, was appointed to the LSEG Board in March 2009 and appointed Chief Executive Officer on May 20, 2009. From 2000 to 2008 he was a senior executive at Lehman Brothers and, latterly, the Chief Executive Officer of Lehman in France. Prior to Lehman Brothers, Mr. Rolet held senior positions at Dresdner Kleinwort Benson from 1997 to 2000, Credit Suisse First Boston from 1994 to 1996 and Goldman Sachs from 1984 to 1994. He was a Non-Executive Director of LCH.Clearnet from June 2009 to July 2010.</p>
<p>Current Directorships/Partnerships</p>		<p>Former directorships/partnerships (during the last five years)</p>
<p>None</p>		<p>The Lehman Brothers Foundation Europe LCH.Clearnet Group Limited</p>




	<p>Thomas A. Kloet CEO, TMX Group Toronto, Ontario, Canada</p> <p>TMX Group Shares: 17,500</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since July 30, 2008 • Non-Independent (CEO of TMX Group) 	<p>Mr. Kloet, 53, was appointed to the TMX Group Board in July 2008. He is the CEO of TMX Group, a position he assumed on July 14, 2008. Prior to joining TMX Group Mr. Kloet was, from 2003, the Senior Executive Vice President and Chief Operating Officer of the American Zone for Fimat and its successor, Newedge Group. From 2000 to 2002, Mr. Kloet served as the first Chief Executive Officer and Executive Director of the Singapore Exchange Limited. Mr. Kloet has held various management positions in the securities industry throughout his career. Mr. Kloet also serves on the boards of the World Federation of Exchanges, IIROC, Elmhurst College and the Elmhurst Memorial Hospital.</p>
<p>Current Directorships/Partnerships⁽³⁾</p>		<p>Former directorships/partnerships (during the last five years)⁽³⁾</p>
<p>None</p>		<p>None</p>


	<p>Michael Ptasznik CFO, TMX Group Toronto, Ontario Canada</p> <p>TMX Group Shares: 11,903</p>	<p>Mr. Ptasznik, 43, is Chief Financial Officer of TMX Group. He is also a member of the CanDeal.ca Inc. Board of Directors and the Board of Directors of The Canadian Depository for Securities Limited. Prior to his promotion to CFO in 2002, Mr. Ptasznik held several senior positions at Toronto Stock Exchange including Vice President, Finance & Administration, Director, Financial Planning & Analysis, and Director, Finance & Administration. Before joining Toronto Stock Exchange in 1996, Mr. Ptasznik held a number of positions in Finance at Procter & Gamble Canada Inc.</p>
<p>Current Directorships/Partnerships⁽³⁾</p>		<p>Former Directorships/Partnerships (during the last five years)⁽³⁾</p>
<p>None</p>		<p>None</p>


 <p>Raffaele Jerusalemi CEO and Director of Capital Markets of Borsa Italiana Milan, Italy</p> <p>LSEG Shares: 40,100</p> <p>LSEG Board Details:</p> <ul style="list-style-type: none"> • Director since June 2010 • Non-Independent 	<p>Mr. Jerusalemi, 50, was appointed to the LSEG Board in June 2010. In addition to his role as Director of Capital Markets, Mr. Jerusalemi was appointed as Chief Executive Officer of Borsa Italiana in April 2010. Mr. Jerusalemi is also a board member of Borsa Italiana, Monte Titoli, CC&G, MTS S.p.A. and EDX. Prior to joining Borsa Italiana in 1998, he was head of trading for Italian fixed income at Credit Suisse First Boston from 1993 to 1998. From 1996 to 1998, Mr. Jerusalemi was a member of the proprietary trading group in London. From 1997 to 1998, he was a Board Member of MTS S.p.A., representing Credit Suisse First Boston and from 1989 to 1993 he was head of trading for the fixed income and derivatives divisions at Cimo S.p.A. in Milan.</p>
	<p>Current Directorships/Partnerships</p> <p>None</p>


 <p>Raymond Chan Calgary, Alberta, Canada</p> <p>TMX Group Shares: 10,000</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since July 26, 2006 • Independent 	<p>Mr. Chan, 55, was appointed to the TMX Group Board in July 2006. He is the Executive Chairman of Baytex Energy Corp. (public oil and gas company), a position he has held since January 1, 2009. Mr. Chan was the Chief Executive Officer of Baytex Energy from September 2003 until December 31, 2008. Prior thereto, Mr. Chan was Senior Vice-President and Chief Financial Officer and a Director of Baytex Energy from October 1998. Mr. Chan is a chartered accountant and has held senior executive positions in the Canadian oil and gas industry since 1982. Mr. Chan also serves on the board of WestFire Energy Ltd.</p>
	<p>Current Directorships/Partnerships⁽³⁾</p> <p>Baytex Energy Corp. WestFire Energy Ltd.</p>

 <p>Denyse Chicoyne Montreal, Quebec, Canada</p> <p>TMX Group Shares: 74,595</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since May 1, 2008 • Independent 	<p>Ms. Chicoyne, 58, is a Corporate Director who was appointed to the TMX Group Board in May 2008. She serves on the board of directors of Richelieu Hardware Ltd., Deans Knight Income Corporation, Canada Post Corporation and Purolator Holdings Inc. Ms. Chicoyne is also a member of the Investment Advisory Committee for the Pension Fund of Canada Post Corporation. Ms. Chicoyne has worked in the securities industry as a top ranked analyst for brokerage firms such as BMO Nesbitt Burns, Nesbitt Thomson, McNeil Mantha and was also a senior analyst and portfolio manager for the Caisse de dépôt et placement du Québec. Ms. Chicoyne is also a member of the CFA Institute.</p>
	<p>Current Directorships/Partnerships⁽³⁾</p> <p>Richelieu Hardware Ltd. Deans Knight Income Corporation</p>

	<p>Gay Huey Evans Non-Executive Director of LSEG London, England</p> <p>LSEG Shares: Nil</p> <p>LSEG Board Details:</p> <ul style="list-style-type: none"> • Director since June 2010 • Independent 	<p>Ms. Huey Evans, 56, was appointed to the LSEG Board in June 2010. She was appointed Vice Chairman of the Board and Non-Executive Chairman for Europe of The International Swaps and Derivatives Association in 2011. Previously, she was Vice Chairman of Investment Banking and Investment Management, at Barclays plc from 2008 to 2010, Head of Governance at Citi Alternative Investments (EMEA) from 2007 to 2008, President of Tribeca Global Management from 2005 to 2007 (both part of Citigroup) and a Director of Markets Division and Head of Capital Markets Sector at the FSA from 1998 to 2005.</p>
Current Directorships/Partnerships		Former directorships/partnerships (during the last five years)
<p>The Wigmore Hall Trust Eaton Mansions (Westminster) Limited London String Quartet Foundation Wellbeing of Women The International Swaps and Derivatives Association</p>		<p>Friends of Benjamin Franklin House Benjamin Franklin House Limited Tribeca Global Management (Europe) Ltd. Krupaco Finance (UK) Limited Citibank International Plc</p>
	<p>Paul Heiden Non-Executive Director of LSEG London, England</p> <p>LSEG Shares: 3,000</p> <p>LSEG Board Details:</p> <ul style="list-style-type: none"> • Director since June 2010 • Independent 	<p>Mr. Heiden, 54, was appointed to the LSEG Board in June 2010. He is Chairman of Talaris Topco Limited and Independent Non-Executive Director of United Utilities Group plc. He has also recently been appointed as a Non-Executive Director of Meggitt plc. Previously, Mr. Heiden was Chief Executive Officer of FKI plc from 2003 to 2008 and Group Finance Director of Rolls-Royce plc from 1999 to 2003. He has had previous senior finance roles at Hanson plc and Mercury Communications, and was a Non-Executive Director of Bunzl plc from 1998 to 2005 and a Non-Executive Director of Filtrona plc from 2005 to 2006.</p>
Current Directorships/Partnerships		Former directorships/partnerships (during the last five years)
<p>United Utilities Group Plc United Utilities Water Plc Talaris Topco Limited Meggitt Plc</p>		<p>FKI Limited FKI Engineering Limited FKI Industries Limited FKI Nominees Limited Bridon Limited Danks Holdings Limited Fisher-Karpark Holdings Limited Hawker Siddeley Power Transformers Limited United Utilities Plc Filtrona Plc</p>
	<p>J. Spencer Lanthier⁽¹⁾ Toronto, Ontario, Canada</p> <p>TMX Group Shares: Nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since February 8, 2000 • Independent 	<p>Mr. Lanthier, 70, is a Corporate Director who was appointed to the TMX Group Board in February 2000. He also serves on the boards of Ellis-Don Inc. (Chair), Zarlink Semiconductor Inc. and Wellspring Cancer Support. Mr. Lanthier is past Chairman of the board of Wellspring Cancer Support. Mr. Lanthier previously served as Lead Director of the Bank of Canada and Biovail Inc. He is a former director of the board of Rona Inc. Mr. Lanthier was appointed as a Member of the Order of Canada in 1999. He received an Honorary Doctor of Laws Degree from the University of Toronto in 2002. When he retired in 1999, Mr. Lanthier was a partner of KPMG Canada and from 1993 until 1999 he was Chairman and Chief Executive of KPMG Canada and a member of the KPMG International Executive Committee.</p>
Current Directorships/Partnerships⁽³⁾		Former directorships/partnerships (during the last five years)⁽³⁾
<p>Zarlink Semiconductor Inc.</p>		<p>Rona Inc. Biovail Inc. Gerdau Ameristeel Corporation Torstar Corporation Emergis Inc.</p>

	<p>John P. Mulvihill⁽¹⁾⁽²⁾ Toronto, Ontario, Canada</p> <p>TMX Group Shares: Nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since June 12, 1996 • Independent 	<p>Mr. Mulvihill, 63, was appointed to the TMX Group Board in June 1996. He is Chairman and CEO, Mulvihill Capital Management Inc. (investment counsel), a position he has held for more than five years. Mr. Mulvihill is the Chairman of the Board of University Health Network and is a Director of 12 exchange-traded funds listed on Toronto Stock Exchange (Canadian Utilities & Telecom Income Fund, Core Canadian Dividend, Gold Participation & Income Fund, Government Strip Bond Trust, Premium Canadian Income Fund, Premium Canadian Bank, S Split Corp., Top 10 Canadian Financial Trust, Top 10 Split Trust and World Financial Split). Mr. Mulvihill is also a member of the CFA Institute.</p>
<p>Current Directorships/Partnerships</p>		<p>Former directorships/partnerships (during the last five years)⁽³⁾</p>
<p>None</p>		<p>None</p>

	<p>Andrea Munari Non-Executive Director of LSEG Milan, Italy</p> <p>LSEG Shares: Nil</p> <p>LSEG Board Details:</p> <ul style="list-style-type: none"> • Director since October 2007 • Independent 	<p>Mr. Munari, 48, was appointed to the LSEG Board in October 2007. He is Managing Director of Banca IMI (Intesa Sanpaolo group). Previously, he was a Managing Director of Morgan Stanley Fixed Income Division, and CEO and Managing Director of Banca Caboto (now Banca IMI). In addition, he was a Director of MTS S.p.A. from 2003 to 2005 and of TLX S.p.A. from January 2007 to September 2007.</p>
<p>Current Directorships/Partnerships⁽³⁾</p>		<p>Former directorships/partnerships (during the last five years)</p>
<p>None</p>		<p>TLX S.p.A. Association for Financial Markets in Europe Banca Caboto</p>

	<p>Robert Webb Q.C. Non-Executive Director of LSEG London, England</p> <p>LSEG Shares: 1,200</p> <p>LSEG Board Details:</p> <ul style="list-style-type: none"> • Director since February 2001 • Independent 	<p>Mr. Webb, 62, was appointed to the LSEG Board in February 2001. He is the Non-Executive Chairman of Autonomy Corporation plc, BBC Worldwide and of Sciemus Limited. He is also a Non-Executive Director of the BBC Executive Board, Hakluyt Ltd, Argent Group plc and the Emerging Health Threats Forum. He is a bencher, Inner Temple. Mr. Webb was General Counsel of British Airways from September 1998 to April 2009, responsible for law, government affairs, safety, security and risk management. He was also formerly the Head of Chambers at 5 Bell Yard, London.</p>
<p>Current Directorships/Partnerships</p>		<p>Former directorships/partnerships (during the last five years)</p>
<p>Hakluyt & Company Limited Emerging Health Threats Forum CIC Argent Group Plc Argent (King's Cross) Limited Argent Estates Limited Argent King's Cross GP Limited Argent King's Cross Nominee Limited Argent Projects No 4 GP Limited Argent Projects No 4 Nominee Limited Autonomy Corporation Plc BBC Worldwide Limited BBC Commercial Holdings Limited Sciemus Ltd.</p>		<p>London First</p>

(1) Indicates the year from which each has continually served as director of TMX Group, TSX Inc. or their predecessors. On April 3, 2000, The Toronto Stock Exchange demutualized and continued under the OBCA as The Toronto Stock Exchange Inc. The Toronto Stock Exchange Inc. had a board of governors, which became the Board of Directors of The Toronto Stock

- Exchange Inc. on demutualization. The Toronto Stock Exchange Inc. was renamed TSX Inc. on July 10, 2002. On November 12, 2002, TSX Inc. completed a corporate reorganization through which TMX Group acquired all of the outstanding common shares of TSX Inc. and became the holding company of the TMX group of companies which includes TSX Inc.
- (2) Mr. Mulvihill is prohibited from purchasing common shares of TMX Group by the terms of employment with his employer.
 - (3) Public Board Membership only reflects corporate board membership and not exchange traded funds or entities that do not issue shares to the public.

Each member of the Mergeco Board may be contacted at the joint headquarters of the Merged Group.

Save as set out below, none of the TMX Group Nominees or the LSEG Nominees has any business interests nor performs any activities outside TMX Group or LSEG, as the case may be, that are significant with respect to TMX Group or LSEG, as the case may be.

As at May 9, 2011, and save as set out below, none of the TMX Group Nominees or LSEG Nominees nor any confirmed executive officer of Mergeco have, during the last ten years:

- (i) been convicted in relation to a fraudulent offence;
- (ii) been associated with any bankruptcies, receiverships or liquidations while acting in the capacity of a member of administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company;
- (iii) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- (iv) been disqualified by court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company;
- (v) while acting in the capacity as a director, Chief Executive Officer or Chief Financial Officer of a company, been the subject of a cease trade order or similar order, or an order that denied the company access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days;
- (vi) while acting in the capacity as a director or executive officer of a company, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (vii) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or entered into a settlement agreement with a securities regulatory authority;
- (viii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; or
- (ix) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Xavier Rolet was a director of Banque Lehman Brothers S.A. until September 15, 2008 and of Lehman Brothers Conseil S.A. and Lehman Brothers Services SNC until January 7, 2009 (all entities incorporated under French law). Banque Lehman Brothers S.A. entered into provisional administration as a solvent entity under the control of the French Commission Bancaire on September 15, 2008. On January 5, 2009, the Commercial Court of Paris formally approved, by way of homologation: (i) the conciliation agreement entered into between Banque Lehman Brothers S.A., Banque Nomura France, Lehman Brothers Conseil S.A. and Lehman Brothers Services SNC; and (ii) the conciliation agreement entered into between Banque Lehman Brothers S.A., Lehman Holdings Inc., Lehman Brothers Conseil S.A. and Lehman Brothers Services SNC. On January 7, 2009, Banque Lehman Brothers S.A. merged with Lehman Brothers Conseil and Lehman Brothers Services, and the combined entity entered into solvent liquidation under French law on the same day.

Denyse Chicoyne was a director of Albums DF Ltée until June 16, 2003, when she withdrew from the board, which was six months before the bankruptcy of this company on December 6, 2003.

None of the TMX Group Nominees or LSEG Nominees has, or has had, any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of LSEG or TMX Group, as the case may be, and which, taken as a whole, was effected by LSEG or TMX Group, as the case may be, in the current or three immediately preceding financial years of LSEG or TMX Group, as the case may be, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

No TMX Group Nominee or LSEG Nominee has any conflict of interest between his or her duties to Mergeco and any private interests or other duties.

There are no family relationships between any of the TMX Group Nominees or LSEG Nominees.

2. Executive Officers of Mergeco

Executive Officers

Following completion of the Merger, the following individuals will serve as executive directors of Mergeco:

- Xavier Rolet, Chief Executive Officer;
- Thomas Kloet, President;
- Michael Ptasznik, Chief Financial Officer; and
- Raffaele Jerusalmi, Chief Executive Officer and director of Capital Markets of Borsa Italiana.

The executive management team of Mergeco will be confirmed following completion of the Merger. For information regarding composition of the Mergeco executive management team, see “Regulation of the Merged Group” and “Proposed Investment Canada Act Undertakings”.

3. Governance of the Merged Group

Mergeco Board

The Mergeco Board will be responsible for setting and overseeing implementation of the Merged Group's strategic objectives and will be accountable for the financial and operational performance of the Merged Group.

LSEG and TMX Group are both committed to high standards of corporate governance and Mergeco will continue to be so following completion of the Merger.

In addition, LSEG and TMX Group have a number of codes of conduct, policies and procedures that are designed to outline and enhance the system of internal control both at board level and throughout the Merged Group. These policies will be reviewed and updated to meet changing business needs and will be available to all employees. In particular, these policies address the statutory fiduciary duties that will apply to the Mergeco Directors as well as reporting requirements in relation to unethical behaviour.

Following completion of the Merger, it is intended that Mergeco will continue to comply with the UK Corporate Governance Code. In addition, following completion of the Merger, Mergeco will comply with Canadian corporate governance principles and rules. Accordingly, following completion of the Merger, the Mergeco Board will carry out a review of the board terms of reference and adopt revised terms of reference appropriate in the context of the two governance regimes set out above.

The Mergeco Board will develop a written list of matters that may be undertaken only with the approval of the Mergeco Board. It is expected that the Mergeco Board will require the executive management team to present to the Mergeco Board on their business responsibilities on a regular basis and will also present at the Mergeco Board's periodic strategy sessions.

The roles of the Chairman and Chief Executive Officer will continue to be distinct and separate, with a clear division of responsibilities. The Chairman, who is an independent member of the Mergeco Board, will lead the Mergeco Board and will be responsible for ensuring its effectiveness. The Mergeco Board will have two Deputy Chairmen who will assume the responsibilities of the Chairman when the Chairman is unable to do so.

As is currently the case, it is expected that the Chief Executive Officer will have delegated authority from, and be responsible to, the Mergeco Board for managing the Merged Group's business.

It is expected that the independent Mergeco Directors will hold regular meetings at which non-independent Mergeco Directors and management are not in attendance and Mergeco committees will hold regular committee meetings at which only independent members of the particular committee will be in attendance.

It is expected that each new director will receive a comprehensive orientation, including an overview of the role of the Mergeco Board, the committees of the Mergeco Board and each individual member, the nature and operation of the Merged Group's business and the contribution and time commitment the new director is expected to make. The orientation will include access to the Merged Group's senior management and facilities. The Chairman will also

meet with each new director to orient that director on the independent operation and functioning of the Mergeco Board. The Mergeco Directors are invited to ask questions at any time of any officer or Mergeco Director.

The Mergeco Board will consider, from time to time, appropriate continuing education for directors, which may include presentations from management, site visits and presentations from industry experts. Each Mergeco Director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director and, as discussed in more detail below, is subject to an annual evaluation.

The Mergeco Board will carry out an annual review of the effectiveness of the Mergeco Board, its committees and individual Mergeco Directors. In fiscal year 2011 (prior to completion of the Merger), LSEG's annual review was conducted by the LSEG company secretary using a detailed questionnaire completed by all LSEG Directors. The results were discussed by the LSEG Board and actions agreed where appropriate. Following completion of the Merger, the Mergeco Board will continue to assess its performance on an annual basis.

Mergeco Board Committees

As a first order of business following completion of the Merger, it is expected that the Mergeco Board and committees will review the roles and responsibilities of the nomination, remuneration and audit and risk committees in order, among other things, to assess any changes required to comply with Canadian corporate governance requirements. Further information is set out below.

In connection with Securities Regulatory Approvals and the Investment Canada Act Approval, certain undertakings have been made as to representation of Canadian Directors on the committees of the Mergeco Board. See "Regulation of the Merged Group" and "Proposed Investment Canada Act Undertakings" for further information. Following completion of the Merger, membership of the existing nomination, remuneration and audit and risk committees will be changed to reflect these undertakings, UK and Canadian governance requirements and the new Mergeco Board.

Nomination Committee

The Nomination Committee of Mergeco will be constituted upon completion of the Merger. The Nomination Committee currently invites the Chief Executive Officer to attend its meetings. The Nomination Committee has written terms of reference, under which its current role is to review the size and structure of the Mergeco Board, succession planning and to make recommendations to the Mergeco Board on potential candidates for the Mergeco Board.

It is expected that the terms of reference for the Nomination Committee adopted on completion of the Merger will be consistent with the UK Corporate Governance Code and Canadian corporate governance principles and rules.

Remuneration Committee

The Remuneration Committee of Mergeco will be constituted upon completion of the Merger. The Remuneration Committee of LSEG currently invites the Chief Executive Officer, head of

human resources and Chief Financial Officer to attend part of the meetings. The Remuneration Committee has written terms of reference, under which its current role includes presenting recommendations to the Mergeco Board regarding remuneration and conditions of service of the Chairman, Chief Executive Officer, Executive Directors and Senior Managers and granting entitlements under employee share plans.

It is expected that the terms of reference for the Remuneration Committee adopted on completion of the Merger will be consistent with the UK Corporate Governance Code and Canadian corporate governance principles and rules.

Audit and Risk Committee

The Audit and Risk Committee of Mergeco will be constituted upon completion of the Merger. As required by applicable Laws and governance guidelines in the United Kingdom and Canada, the Mergeco Board will satisfy itself, from time to time, that the various members of the Audit and Risk Committee are independent, financially literate and have recent and relevant financial experience.

Please see Annex P for a copy of the current LSEG Audit and Risk Committee terms of reference. It is contemplated that new terms of reference for the Audit and Risk Committee will be adopted on completion of the Merger to be consistent with both the UK Corporate Governance Code and Canadian corporate governance principles and rules.

4. Remuneration of Mergeco Executives

Overview

As is currently the case with LSEG, the Remuneration Committee of the Mergeco Board will be responsible for establishing, implementing and overseeing the executive compensation policies and programs for the Merged Group. The Remuneration Committee will ensure that the total compensation paid to the executives of Mergeco is fair, reasonable, competitive and responsible, and structured in a way that motivates the executive officers to achieve individual and corporate objectives while ensuring that they do not take undue risks, helps to retain their talent and aligns their interests appropriately with those of shareholders.

The Mergeco Board and the newly constituted Remuneration Committee will determine the executive compensation arrangements that will apply to the Merged Group following completion of the Merger, after a comprehensive review of compensation practices and having regard to governance rules and principles in the United Kingdom and Canada. It is expected that the executive compensation arrangements will include a mix of base salary, annual bonus and share-based incentives.

Compensation Philosophy and Objectives

Following completion of the Merger, it is intended that Mergeco will comply with UK corporate governance standards on executive compensation. In addition, following completion of the Merger, Mergeco will comply with Canadian corporate governance standards on executive compensation. To this end, the Merged Group's philosophy will seek to:

- attract, motivate, reward and retain high-quality key employees needed to support financial, operational and strategic success;

- link a significant proportion of compensation to corporate and individual performance;
- ensure performance related elements of compensation are stretching and motivate employees to achieve and promote the long-term success of the Merged Group;
- encourage executives to achieve exceptional performance by providing an opportunity to be compensated in the top quartile of the compensation paid by public companies with similar market capitalizations when superior results are achieved;
- provide flexibility to recognize and reward an individual executive's performance, responsibilities, experience, skills, value and contribution to the Merged Group;
- be sensitive to pay and conditions elsewhere in the Merged Group, especially when determining annual pay increases;
- comply with best practices as expressed by institutional shareholders and their representative bodies; and
- reflect the increasingly international nature of the Merged Group's business.

Elements of Executive Director Compensation

LSEG's current compensation arrangements for its executive directors include the following elements:

- *Base salary*: LSEG pays its executive directors basic salary to compensate them for services performed for LSEG.
- *Annual bonus*: LSEG Executive Directors are eligible to receive an annual cash bonus based on meeting or exceeding bonus targets that are set at the beginning of LSEG's financial year.
- *Share-based incentive compensation*: LSEG Executive Directors are eligible to receive share-based incentive compensation pursuant to the LSEG LTIP. The LSEG LTIP (which is described further below) has two elements: a conditional award of performance shares and an award of matching shares linked to investment by the executive director of some or all of his or her annual bonus or other income in LSEG Shares.
- *Retirement*: for executive directors based in the UK, pension provision takes the form of a non-consolidated allowance, currently equivalent to 25% of salary, which may be invested in LSEG's defined contribution pension scheme up to HMRC lifetime allowance limits and, to the extent these are exceeded, or as elected by the executive director, paid as a cash supplement. Executive directors based in Italy are entitled to a statutory payment (*trattamento di fine rapporto*) equal to 7.4% of all amounts paid during employment, which accrues during employment and is released or paid into a retirement fund as a lump sum when the employment ends.
- *Other Benefits*: LSEG Executive Directors based in the UK receive a flexible benefits allowance of £20,000 per annum, together with certain other benefits in kind, which principally include private health care and life assurance arrangements. Executive directors in Italy enjoy similar benefit packages, including health care, life assurance disability assurance, accident insurance cover, luncheon vouchers and car and fuel benefits.

Summary of Compensation Paid to the Confirmed Executive Officers of Mergeco

Details of the remuneration paid in respect of the most recently completed financial year of each of LSEG and TMX Group for the four confirmed executive officers of Mergeco are set out below. No decision has been taken yet on the remuneration to be paid to the executive officers of Mergeco following completion of the Merger.

Name and principal position	Year ⁽¹⁾	Salary \$/£	Share-based awards ⁽⁷⁾ \$/£	Option-based awards \$/£	Non-equity incentive plan compensation - Annual incentive plans ⁽⁶⁾ \$/£	Pension Value ⁽⁹⁾ \$/£	All other compensation ⁽¹⁰⁾ \$/£	Total compensation \$/£
Xavier Rolet ⁽²⁾⁽³⁾ (CEO)	2010/2011	£670,000	£1,139,586 ⁽¹¹⁾	—	£1,300,000 ⁽¹⁴⁾	—	£162,500 ⁽¹³⁾	£3,272,086
Michael Ptasznik ⁽⁴⁾ (CFO)	2010	\$375,000	\$ 175,000	\$175,000 ⁽⁸⁾	\$ 320,000	\$ 38,622	\$ 3,841	\$1,087,463
Thomas Kloet ⁽⁴⁾ (President)	2010	\$700,000	\$ 700,000	\$700,000 ⁽⁸⁾	\$ 700,000	\$165,877	\$ 2,683	\$2,968,560
Raffaele Jerusalemi ⁽²⁾⁽³⁾⁽⁵⁾ (Director)	2010/2011	€326,286 ⁽¹⁶⁾	£ 342,140 ⁽¹²⁾	—	£ 486,037 ⁽¹⁵⁾	—	—	£1,181,495

- (1) These figures relate to the respective financial years of LSEG and TMX Group. For LSEG, this is the period ending March 31, 2011, for TMX Group, this is the period ending December 31, 2010.
- (2) The figure for Mr. Rolet's salary includes his flexible benefits allowance of £20,000. In addition to the amounts set out in the above table, Mr. Rolet and Mr. Jerusalemi received benefits with a value of £1,000 and £27,032, respectively. "Benefits" represent the cash value of health and life assurance cover and, for Mr. Jerusalemi only, the cash value of disability assurance, accident insurance cover, luncheon vouchers and car and fuel benefit.
- (3) Amounts paid by LSEG (or its Subsidiaries).
- (4) Amounts paid by TMX Group (or its Subsidiaries).
- (5) Raffaele Jerusalemi is paid in Euros. Where remuneration is presented in pounds sterling, a Euro: pounds sterling conversion rate of 1:1.13 has been used for 2010 and 1:1.18 for 2011.
- (6) For TMX Group, all figures under non-equity incentive plan compensation are annual bonuses.
- (7) TMX Group's share-based awards are comprised of TMX Group RSUs. The grant price of a TMX Group RSU is the closing price of one TMX Group Share on Toronto Stock Exchange at the close of business on December 31 or the last trading day of the previous year. To calculate the number of TMX Group RSUs to be granted the compensation value of the TMX Group RSU award is divided by 91.5% of the closing price. This discount reflects the assessment of risk and vesting (the TMX Group RSUs will not vest until December 31st of the second calendar year following the grant date). The closing price on December 31, 2010 was \$36.96 and the number of TMX Group RSUs granted in 2011 was determined by dividing the compensation value of the TMX Group RSU award by the discounted value of \$33.818. LSEG's share-based awards are comprised of grants under the LSEG LTIP and the Individual LSEG LTIP for Xavier Rolet, details of which are given in paragraphs 8 and 9 below.
- (8) The Black Scholes valuation methodology is used to value the TMX Group Options as it is the predominant methodology in the Canadian marketplace. TMX Group's compensation consultant, Towers Watson, provides TMX Group with the Black Scholes calculations. For TMX Group Options granted in 2011, the Black Scholes value of \$7.68 was used to determine the present value of the TMX Group Options, which represents a value ratio of 20.8% using the December 31, 2010 TMX Group Share closing price of \$36.96. The number of TMX Group Options granted was determined by dividing the value of the option award by \$7.68. The exercise price of a TMX Group Option will not be less than the fair market value of the TMX Group Shares, being the weighted-average trading price of the TMX Group Shares on Toronto Stock Exchange, for the five trading days immediately preceding the effective date of the grant.
- (9) Pension value for Mr. Kloet and Mr. Ptasznik is the compensatory change that is provided in the table in paragraph 13.
- (10) For 2010, "All other compensation" includes premiums for term life insurance maintained for the benefit of Mr. Kloet and Mr. Ptasznik and employer contributions to the Employee Share Purchase Plan.

Name	Life Insurance/ Medical Coverage/ Contribution to ESPP (\$)
Thomas A. Kloet	2,683
Michael Ptasznik	3,841

- (11) The amount shown represents the fair market value for accounting purposes of the share awards granted to Mr. Rolet under the LSEG LTIP during the year ended March 31, 2011 relating to a total of 234,930 Existing LSEG Shares, details of which are set out in paragraphs 8 and 9 below.
- (12) The amount shown represents the fair market value for accounting purposes of the share awards granted to Mr. Jerusalemi under the LSEG LTIP during the year ended March 31, 2011 relating to a total of 71,428 Existing LSEG Shares, details of which are set out in paragraphs 8 and 9 below.
- (13) For Mr. Rolet, “All other compensation” represents a supplementary cash allowance in lieu of contributions to a pension plan, details of which are set out in paragraph 13, below.
- (14) For Mr. Rolet, the figure in “Non-equity incentive plan compensation—Annual incentive plans” represents the amount of his annual bonus.
- (15) For Mr. Jerusalemi, the figure in “Non-equity incentive plan compensation—Annual incentive plans” represents the amount of his annual bonus.
- (16) This figure reflects the salary paid to Mr. Jerusalemi prior to his appointment as director on June 4, 2010 and the increased salary paid to him thereafter.

Share-Based and Other Incentive Compensation Plan Awards for the Confirmed Executive Officers of Mergeco

The table set out below shows the share-based and other incentive compensation plan awards, in respect of the most recently completed financial year of each of LSEG and TMX Group for the four confirmed executive officers of Mergeco:

Outstanding Option-Based Awards and Share-Based Awards for Executive Officers								
Name	Option based awards					Share based awards		
	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price (\$/£)	Option expiry date	Value of unexercised in-the-money options (\$/£)⁽⁶⁾	Grant Date	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested⁽⁸⁾ (\$/£)
Xavier Rolet ⁽¹⁾⁽⁴⁾ (CEO)	—	—	—	—	—	17-Mar-09	290,016	£ 820,829 ⁽⁸⁾
	—	—	—	—	—	16-Jul-09	147,928	£ 455,655 ⁽⁸⁾
	—	—	—	—	—	14-Sep-10	142,857	£1,189,285 ⁽⁸⁾
	—	—	—	—	—	27-Sep-10	92,073	£ 766,508 ⁽⁸⁾
Michael Ptasznik ⁽²⁾⁽³⁾⁽⁵⁾⁽⁷⁾ (CFO)	02-Feb-05	9,726	\$29.636	01-Feb-12	\$ 71,233	—	—	—
	10-Feb-06	7,762	\$49.635	09-Feb-13	—	—	—	—
	09-Feb-07	8,529	\$53.037	08-Feb-14	—	—	—	—
	22-Feb-08	10,983	\$45.226	21-Feb-15	—	2008	Paid Jan 14, 2011	\$ 27,711
	11-Aug-08	50,000	\$36.464	10-Aug-15	\$ 24,800	—	—	—
	06-Feb-09	28,966	\$31.589	05-Feb-16	\$155,576	2009	7,539	\$ 69,889
	22-Feb-10	20,345	\$29.519	21-Feb-17	\$151,387	2010	5,211	\$ 45,899
Thomas Kloet ⁽²⁾⁽³⁾⁽⁷⁾ (President)	11-Aug-08	50,000	\$36.464	10-Aug-15	\$ 24,800	—	—	—
	06-Feb-09	64,317	\$31.589	05-Feb-16	\$345,447	2009	16,768	\$ 155,433
	22-Feb-10	61,077	\$29.519	21-Feb-17	\$454,474	2010	15,623	\$ 137,603
Raffaele Jerusalemi ⁽¹⁾⁽⁴⁾ (Director)	—	—	—	—	—	27-Jun-08	26,049	£ 0 ⁽⁹⁾
	—	—	—	—	—	23-Jul-08	40,213	£ 0 ⁽⁹⁾
	—	—	—	—	—	16-Jul-10	73,964	£ 227,828 ⁽⁹⁾
	—	—	—	—	—	14-Sep-10	71,428	£ 594,638 ⁽⁹⁾

Notes:

- (1) Awards granted by LSEG over LSEG Shares.
- (2) TMX Group Options and TMX Group RSUs outstanding at December 31, 2010.
- (3) Under the Plan of Arrangement, the outstanding TMX Group Options held by Mr. Kloet and Mr. Ptasznik will be replaced with options to acquire Mergeco Shares. The number of Mergeco Shares under a Replacement Option will be equal to the number of TMX Group Shares shown against the corresponding TMX Group Option noted above multiplied by the Exchange Ratio, and the exercise price for each Replacement Option will be equal to the option exercise price of the corresponding TMX Group Option divided by the Exchange Ratio. Details of the Replacement Options are set out in paragraph 10 below.
- (4) The number of LSEG Shares over which a performance share or matching share award may vest is subject to the achievement of performance conditions the details of which are set out in paragraph 9 below.
- (5) Mr. Ptasznik was awarded an off-cycle long-term incentive award in 2008 (granted August 11, 2008) to recognize the skill and experience required to transition the new Chief Executive Officer, and also as a means of retention.
- (6) The value of unexercised in-the-money TMX Group Options at December 31, 2010 is the difference between the exercise price of the TMX Group Options and the closing price of a TMX Group Share on Toronto Stock Exchange on December 31, 2010, which was \$36.960 per TMX Group Share.

- (7) The 2008 TMX Group RSUs vested on December 31, 2010 and were paid January 14, 2011 using the fair market value of \$37.079 and the minimum multiplier of 25%. Mr. Kloet and Mr. Ptasznik's 2009 and 2010 payout value contemplates a minimum payout value, being 25% of accumulated units. TMX Group used the same fair market value and minimum multiplier to calculate the 2009 minimum TMX Group RSU payouts. For 2010 TMX Group RSUs, TMX Group used the same minimum multiplier but a 30 day FMV of \$35.231 per plan design. For the 2009 and 2010 minimum payouts, no assumptions were made for future dividend TMX Group RSU credits, and no assumptions were made for the TSR performance based multiplier. As outlined under "Restricted Share Unit Plan", upon redemption, TMX Group adjust the number of TMX Group RSUs by the TSR performance factor. If target TSR is achieved 100% of TMX Group RSUs will vest. If target TSR is exceeded, the number of TMX Group RSUs will be adjusted upwards to a maximum of 180% for awards granted prior to 2011. If target TSR is not achieved, the number of TMX Group RSUs will be adjusted downward, to a minimum multiplier of 25% for awards granted prior to 2011.
- (8) The amount shown represents the fair market value of the share awards granted to Mr. Rolet under the LSEG LTIP and the Individual LSEG LTIP for Xavier Rolet that have not vested as at March 31, 2011, details of which are set out in paragraphs 8 and 9 below.
- (9) The amount shown represents the fair market value of the share awards granted to Mr. Jerusalmi under the LSEG LTIP that have not vested as at March 31, 2011 details of which are set out in paragraphs 8 and 9 below. The fair market value of awards granted in 2008 is zero since, as at March 31, 2011, the performance conditions to which these awards are subject had not been met. The awards will lapse on the third anniversary of the date of grant, unless the applicable performance conditions have been met at that date.

The table set out below shows the value vested or earned under incentive plan awards in respect of the most recently completed financial year for each of LSEG and TMX Group for the four confirmed executive officers of Mergeco. Detailed information on the individual option and share-based awards held by Xavier Rolet and Raffaele Jerusalmi are set out in paragraphs 8 and 9, below, and by Thomas Kloet and Michael Ptasznik are set out in paragraph 10, below.

Executive Officers Incentive Plan Awards — Value Vested or Earned During the Year

Name	Option-based awards — Value vested during the year ⁽¹⁾ (\$/£)	Share-based awards — Value vested during the year ⁽²⁾ (\$/£)	Non-equity incentive plan compensation — Value earned during the year ⁽³⁾ (\$/£)
Xavier Rolet ⁽⁴⁾ (CEO)	—	—	£1,300,000
Michael Ptasznik ⁽⁵⁾ (CFO)	\$ 0	\$27,711	\$ 320,000
Thomas Kloet ⁽⁵⁾ (President)	\$ 0	—	\$ 700,000
Raffaele Jerusalmi ⁽⁴⁾ (Director)	—	—	£ 486,037

- (1) For TMX Group, the value of option holdings was estimated using the closing price on the vesting date or the next trading day if the share options vested on a weekend.
- (2) For TMX Group, the 2008 performance RSUs vested on December 31, 2010. These were paid on January 14, 2011 using the minimum multiplier of 25% and a fair market value of \$37.079.
- (3) For both TMX Group and LSEG, under non-equity incentive plan compensation, all figures are annual bonuses.
- (4) Amounts paid by LSEG.
- (5) Amounts paid by TMX Group.

5. Non-Executive Director Compensation of Mergeco

The Mergeco Board will determine the compensation arrangements that will apply to the non-executive directors on the Mergeco Board for the future, after a comprehensive review of compensation practices and having regard to governance rules and principles in the United Kingdom and Canada.

Director Compensation Table

The table set out below shows the compensation paid in respect of the most recently completed financial year of each of LSEG and TMX Group for the TMX Group Nominees or LSEG Nominees (other than the four identified executive officers of Mergeco, details of whose compensation is set out above) are set out below. No decision has been taken yet on the compensation to be paid to the Mergeco Directors following completion of the Merger.

Name	Fees/ salary (£)/(\$)	Share-based awards⁽⁴⁾ (£)/(\$)	Option-based awards (£)/(\$)	Non-equity incentive plan compensation (£)/(\$)	Pension value (£)/(\$)	All other compensation (£)/(\$)	Total⁽³⁾ (£)/(\$)
Wayne C. Fox ⁽²⁾	\$125,000	\$150,000	—	—	—	—	\$275,000
Chris Gibson-Smith ⁽¹⁾	£370,000	—	—	—	—	£37,000	£407,000
Massimo Tononi ⁽¹⁾	£ 39,000	—	—	—	—	—	£ 39,000
Raymond Chan ⁽²⁾	\$ 82,500	\$ 50,000	—	—	—	—	\$132,500
Denyse Chicoyne ⁽²⁾	\$ 72,000	\$ 50,000	—	—	—	\$ 6,000 ⁽⁵⁾	\$128,000
Paul Heiden ⁽¹⁾	£ 59,000	—	—	—	—	—	£ 59,000
Gay Huey Evans ⁽¹⁾	£ 44,000	—	—	—	—	—	£ 44,000
J. Spencer Lanthier ⁽²⁾	\$ 91,667	\$ 50,000	—	—	—	—	\$141,667
John P. Mulvihill ⁽²⁾	\$ 68,667	\$ 50,000	—	—	—	—	\$118,667
Andrea Munari ⁽¹⁾	£ 54,000	—	—	—	—	—	£ 54,000
Robert Webb Q.C. ⁽¹⁾	£ 72,000	—	—	—	—	—	£ 72,000

- (1) Amounts paid by LSEG (or its Subsidiaries). For the period ending March 31, 2011, each of the current LSEG Non-Executive Directors (other than Chris Gibson-Smith) received a base annual fee of £54,000. The fee for chairmanship of each of the audit and remuneration committees was £17,500. The amounts paid to Massimo Tononi, Paul Heiden and Gay Huey Evans reflect the period from their appointment to March 31, 2011.
- (2) Amounts paid by TMX Group (or its Subsidiaries).
- (3) These figures relate to the respective financial years of LSEG and TMX Group. For LSEG, this is the period ending March 31, 2011, for TMX Group, this is the period ending December 31, 2010.
- (4) During 2010, TMX Group was regularly and actively engaged in activities relating to exploring acquisition or business combination opportunities which resulted in a prolonged “black out” period during which time the TMX Group Board was unable to grant the TMX Group Director’s annual TMX Group DSU retainer earned in respect of the 2010-2011 TMX Group Board year. On February 8, 2011, the TMX Group Board granted \$150,000 in TMX Group DSUs to the Chairman of the TMX Group Board and \$50,000 in TMX Group DSUs to each non-employee TMX Group Director representing the TMX Group DSUs annual retainer earned which would ordinarily have been granted immediately following the annual and special meeting in 2010.
- (5) Ms. Chicoyne received retainer and meeting fees for sitting on MX’s Rules and Policies Committee. For 2010, the retainer and meeting fees received by Ms. Chicoyne was \$6,000.

With effect from April 1, 2011, each of the current LSEG Non-Executive Directors (other than Chris Gibson-Smith and Massimo Tononi) receives a base annual fee of £60,000 plus £5,000 for committee membership. The chairman of each of the audit and remuneration committees receives an annual fee of £20,000. Massimo Tononi will receive a base annual fee of £150,000 following the approval of his appointment as chairman of Borsa Italiana on May 27, 2011.

The LSEG Non-Executive Directors are not eligible, and following their appointment the TMX Group Nominees (other than Thomas Kloet and Michael Ptasznik) will not be eligible to participate in any incentive or pension arrangements of Mergeco.

There is no arrangement under which any LSEG Nominee has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year ended March 31, 2011.

6. Interests of LSEG Nominees

The interests of the LSEG Nominees and persons connected with them, all of which are beneficial, in the issued share capital of LSEG as at May 9, 2011, and in the issued share capital of Mergeco immediately upon Admission, are as follows:

	Number of LSEG Shares	Percentage holding in existing issued share capital of LSEG (%)	Percentage holding in issued share capital of Mergeco immediately upon Admission⁽¹⁾ (%)
Directors			
Chris Gibson-Smith	63,757	0.024	0.024
Massimo Tononi	—	—	—
Xavier Rolet	23,000	0.008	0.009
Raffaele Jerusalemi	40,100	0.015	0.015
Paul Heiden	3,000	0.001	0.001
Gay Huey Evans	—	—	—
Andrea Munari	—	—	—
Robert Webb	1,200	0.0004	0.004

Notes:

- (1) This is based on LSEG's and TMX Group's issued share capital at May 23, 2011. 494,645,221 New Mergeco Shares will be issued pursuant to the Merger (assuming that no options to acquire LSEG Shares are exercised or LSEG Shares issued under the LSEG Employee Share Plans between May 23, 2011 and Admission of the New Mergeco Shares).

Except as disclosed in this paragraph 6, none of the LSEG Nominees or their immediate families, nor any person connected with any such LSEG Director (within the meaning of section 252 of the Companies Act) will, at Admission, have any interest, whether beneficial or non beneficial, in any share or loan capital of Mergeco or any of its Subsidiaries.

7. Interests of TMX Group Nominees

The interests of the TMX Group Nominees and persons connected with them, all of which are beneficial, in the issued share capital of TMX Group as at May 9, 2011, and in the issued share capital of Mergeco immediately upon Admission, are as follows:

Directors	Number of TMX Group Shares	Corresponding number of Mergeco Shares immediately upon Admission⁽⁵⁾	Percentage holding in issued share capital of Mergeco immediately upon Admission⁽⁶⁾ (%)	Number of TMX Group DSUs⁽¹⁾	Equity at risk⁽³⁾ (\$)	Corresponding number of Amended DSUs immediately upon Admission⁽²⁾⁽⁵⁾
Thomas A. Kloet (CEO)	17,500	52,435	0.011	41,316	\$2,361,346	123,794
Michael Ptasznik (CFO)	11,903	35,666	0.007	27,338	\$1,575,528	81,911
Wayne C. Fox (Chair)	0	0	0	76,590	\$3,067,420	229,486
Raymond Chan (Director)	10,000	29,963	0.006	6,659	\$ 670,493	19,952
Denyse Chicoyne (Director)	74,595	223,508	0.045	4,213	\$3,180,888	12,624
J. Spencer Lanthier (Director)	0	0	0	27,268	\$1,092,069	81,702
John P. Mulvihill ⁽⁴⁾ (Director)	0	0	0	28,179	\$1,128,581	84,434

Notes:

- (1) The DSU interests noted above entitle the individual to a cash payment equal to the fair market value of one TMX Group Share for each DSU subject to the terms of the TMX Group DSU Plans, which are described in paragraph 10 below.
- (2) Each of the TMX Group DSU Plans will be amended to reflect, from and after the Effective Date: (i) a conversion of the number of TMX Group DSUs then in each participant's account (including dividend DSUs) into Amended DSUs by multiplying each TMX Group DSU by 2.9963; (ii) a reference to Mergeco Shares in substitution for TMX Group Shares to which such Amended DSUs relate; (iii) a reference to dividends accruing on such Amended DSUs as dividends are paid on the Mergeco Shares (in substitution for TMX Group Shares); and (iv) that the amount to be paid on redemption of the Amended DSUs will be linked to the fair market value of one Mergeco Share for each Amended DSU subject to the terms of the TMX Group DSU Plans, which are described in paragraph 10 below.
- (3) Equity at Risk is determined by adding the value of TMX Group Shares and TMX Group DSUs owned. The value of all TMX Group Shares is determined with reference to the closing price for TMX Group Shares on Toronto Stock Exchange on May 9, 2011, which was \$40.380. The value of all TMX Group DSUs is determined with reference to the fair market value of a TMX Group DSU on May 9, 2011, calculated based on the weighted average trading price of TMX Group Shares on Toronto Stock Exchange for the five trading days preceding May 9, 2011, which was \$40.050.
- (4) Mr. Mulvihill is prohibited from purchasing common shares of TMX Group by the terms of employment with his employer.

- (5) Mergeco Shares have been rounded up or down, as the case may be, to account for fractional interest in TMX Group Shares provided for under the ESPP and TMX Group DSUs.
- (6) This is based on LSEG's and TMX Group's issued share capital at May 23, 2011. 494,645,221 New Mergeco Shares will be issued pursuant to the Merger (assuming that no options to acquire TMX Group Shares are exercised or TMX Group Shares acquired under the ESPP between May 23, 2011 and Admission of the New Mergeco Shares).

Details of the Replacement Options, Amended RSUs and Amended DSUs that will be held by Thomas Kloet and Michael Ptasznik immediately upon Admission and following completion of the Merger are as follows:

Outstanding Replacement Options and Amended RSUs and Amended DSUs Awards for Executive Officers										
Name	Replacement Options⁽⁵⁾				Amended RSUs⁽¹⁾			Amended DSUs⁽²⁾		
	Grant Date	Number of Mergeco Shares underlying unexercised Replacement Options (#)	Replacement Options exercise price (\$)	Replacement Options expiry date	Number of Amended RSUs (#)	Date of award	Final vesting date	Number of Amended DSUs (#)	Date of award	Final vesting date
Thomas Kloet (President)	11-Aug-08	149,815	\$12.170	10-Aug-15	50,755	06-Feb-09	31-Dec-11	22,268	25-Feb-11	— ⁽³⁾
	6-Feb-09	192,713	\$10.543	05-Feb-16	47,289	22-Feb-10	31-Dec-12	101,526	17-Feb-11	— ⁽⁴⁾
	22-Feb-10	183,005	\$ 9.852	21-Feb-17	62,657	17-Feb-11	31-Dec-13	—	—	—
	17-Feb-11	273,089	\$13.931	16-Feb-18	—	—	—	—	—	—
Michael Ptasznik (CFO)	10-Feb-06	23,257	\$16.565	09-Feb-13	22,821	06-Feb-09	31-Dec-11	31,359	31-Dec-01	— ⁽³⁾
	9-Feb-07	25,555	\$17.701	08-Feb-14	15,774	22-Feb-10	31-Dec-12	50,552	31-Dec-02	— ⁽³⁾
	22-Feb-08	32,908	\$15.094	21-Feb-15	15,649	17-Feb-11	31-Dec-13	—	—	—
	11-Aug-08	149,815	\$12.170	10-Aug-15	25,381	17-Feb-11	17-Feb-14	—	—	—
	6-Feb-09	86,791	\$10.543	05-Feb-16	—	—	—	—	—	—
	22-Feb-10	60,960	\$ 9.852	21-Feb-17	—	—	—	—	—	—
	17-Feb-11	68,337	\$13.931	16-Feb-18	—	—	—	—	—	—

Notes:

- (1) The TMX Group RSU Plan and TMX Group Special Retention RSU plans will be amended to reflect, from and after the Effective Date: (i) a conversion of the number of TMX Group RSUs and TMX Group Special Retention RSUs then in each participant's account (including dividend RSUs) into Amended RSUs by multiplying each TMX Group RSU and TMX Group Special Retention RSU by 2.9963; (ii) a conversion of the grant price for the TMX Group RSUs and TMX Group Special Retention RSUs into an amended grant price by dividing the grant price by 2.9963; (iii) a reference to Mergeco Shares in substitution for TMX Group Shares to which such Amended RSUs relate; (iv) a reference to dividends accruing on such Amended RSUs as dividends are paid on the Mergeco Shares (in substitution for TMX Group Shares); and (v) that the amount to be paid on redemption of the Amended RSUs will be linked to the fair market value of one Mergeco Share for each Amended RSU subject to the terms of the TMX Group RSU Plan, which are described in paragraph 10 below.
- (2) The TMX Group DSU Plans will be amended to reflect, from and after the Effective Date: (i) a conversion of the number of TMX Group DSUs then in each participant's account (including dividend DSUs) into Amended DSUs by multiplying each TMX Group DSU by 2.9963; (ii) a reference to Mergeco Shares in substitution for TMX Group Shares to which such Amended DSUs relate; (iii) a reference to dividends accruing on such Amended DSUs as dividends are paid on the Mergeco Shares (in substitution for TMX Group Shares); and (iv) that the amount to be paid on redemption of the Amended DSUs will be linked to the fair market value of one Mergeco Share for each Amended DSU subject to the terms of the TMX Group DSU Plans, which are described in paragraph 10, below.
- (3) 100% Vested. Redeemed post-employment subject to the TMX Group Executive DSU Plan provisions.
- (4) Will vest 100% on February 17, 2014. Once vested, redeemed post-employment subject to the TMX Group Executive DSU Plan provisions.
- (5) Assumes that no options to acquire TMX Group Shares are exercised between May 9, 2011 and Admission of the New Mergeco Shares.

8. Participation in LSEG Employee Share Plans by Executive LSEG Nominees

(a) LSEG LTIP

As at May 9, 2011, awards over LSEG Shares, the vesting of which is dependent on the achievement of performance targets, which are termed "performance share awards", are held under the LSEG LTIP by Xavier Rolet and Raffaele Jerusalmi. Please refer to the Outstanding Option-Based Awards and Share-Based Awards for Executive Officers table, above, for details of such awards.

As at May 9, 2011, Xavier Rolet and Raffaele Jerusalem elected to acquire LSEG Shares under the LSEG LTIP (which are termed “**Invested Shares**”) and, consequently, further awards over LSEG Shares, the vesting of which is dependent on the achievement of performance targets and which are termed “matching share awards”, are held under the LSEG LTIP. Please refer to the Outstanding Option-Based Awards and Share-Based Awards for Executive Officers table, above, for details of such awards.

The terms of the LSEG LTIP are described in paragraph 9 below.

(b) Individual LSEG LTIP for Xavier Rolet

As at May 9, 2011, Xavier Rolet holds an award over LSEG Shares pursuant to the terms of the Individual LSEG LTIP for Xavier Rolet. Please refer to the Outstanding Option-Based Awards and Share-Based Awards for Executive Officers table, above, for details of such awards.

The terms of the Individual LSEG LTIP for Xavier Rolet are described in paragraph 9 below.

9. Share-Based Incentive Compensation Plans operated by LSEG

LSEG currently operates the LSEG LTIP, the ESOP, the Performance Aligned RSA Plan and the International Sharesave Plan.

The SAYE Option Scheme, Individual LSEG LTIPs, the TRM2 Plan, the ESOS and the Initial and Annual Share Plans are closed in respect of new awards.

Executive LSEG Nominees have been granted awards under the LSEG LTIP and the Individual LSEG LTIP for Xavier Rolet as described in paragraph 8, above.

The terms of the LSEG LTIP and the Individual LSEG LTIP for Xavier Rolet are described in paragraphs (a) and (b), respectively, below.

(a) LSEG LTIP

Eligibility

Any employee of LSEG is eligible to participate in the LSEG LTIP. The matching share award element of the LSEG LTIP only applies to LSEG Executive Directors and selected other executives. A wider group of executives, as well as the LSEG Directors and selected other executives, are also eligible for the performance share award element of the LSEG LTIP.

Grant of Awards

The LSEG LTIP is operated in conjunction with shareholding guidelines, under which LSEG Executive Directors and a number of other senior executives are expected to build up, over a three-year period, and then hold LSEG Shares with a value (measured at the time of their acquisition) at least equal to their base salary.

Awards will normally only be granted within 42 days after the announcement by LSEG of its results for any period or, in exceptional circumstances, at such other time as the Remuneration Committee considers that a grant would be appropriate.

No awards may be granted under the LSEG LTIP after July 13, 2014.

Performance Share Awards

The total market value (at the time of grant) of LSEG Shares subject to performance share awards granted to a participant, in any financial year, may not be more than 200% of the participant's basic salary, or if the Remuneration Committee considers that exceptional circumstances apply to any particular grant, 300% of the participant's basic salary.

Performance share awards will normally vest three years after grant, provided the participant is still employed in LSEG (or any of its Subsidiaries) at that time. The number of LSEG Shares that may be acquired on vesting of a performance share award will depend on the extent to which the performance condition applying to the award has been satisfied at the end of a performance period of three financial years, beginning on the first day of the financial year in which the award is made. Participants will not be required to make any payment to acquire these shares.

Matching Share Awards

Participants may be invited to invest in LSEG Shares using their annual cash bonus or such other income as the Remuneration Committee may permit.

The Remuneration Committee may determine, at its discretion, that LSEG shares will be designated as Invested Shares for the purposes of the LSEG LTIP where a spouse or civil partner of a participant has applied the relevant amount in acquiring shares or where such an amount has been applied for the benefit of the participant by or through a self invested pension plan or other similar individual pension arrangement, through a recognized investment vehicle or by a family trust of which the participant may be a beneficiary.

The maximum amount of annual bonus or other income (expressed on a pre-tax basis) which may be used to acquire Invested Shares will be set by the Remuneration Committee but may not exceed 50% of a participant's basic annual salary (expressed on a pre-tax basis). A participant who has designated Invested Shares will be granted a matching share award over LSEG Shares having a value of not more than 200% of the gross value of the amount invested.

The extent to which matching share awards will vest at the end of the performance period will be determined on the same basis as for performance share awards. However, if a participant sells or otherwise deals with any of his or her invested shares before the end of the performance period, the matching share awards will lapse proportionately. Participants will not be required to make any payment to acquire the LSEG Shares under matching awards.

Performance Conditions

- (i) For performance and matching share awards granted in the year to March 31, 2011, the proportion of LSEG Shares which vest is determined 50% by LSEG's absolute total shareholder return ("**Absolute TSR**") performance and 50% by LSEG's adjusted earnings per share performance ("**AEPS**") over a single three-year performance period beginning on the first day of the financial year in which the award is made. Absolute TSR represents share price appreciation over the relevant performance period plus the value of dividends paid in that period assuming they are reinvested in shares. Share price appreciation is

calculated using a two-month average share price at the start and end of the performance period to ensure that any anomalous share price movements at these measurement points do not have a disproportionate effect on the assessment of performance over the full three-year period.

For awards made in the year to March 31, 2011, the following vesting schedules apply:

Absolute TSR growth	Percentage of LSEG Shares in TSR Tranche that Vest
Less than 8 percentage points per annum	0%
8 percentage points per annum	30%
Straight line pro-rating applies between these points 16 percentage points per annum	100%

Absolute AEPS growth	Percentage of LSEG Shares in AEPS Tranche that Vest
Below 6 percentage points per annum	0%
6 percentage points per annum	30%
Straight line pro-rating applies between these points 12 percentage points or more per annum	100%

- (ii) For performance and matching share awards granted in the year to March 31, 2010, the proportion of LSEG Shares which vest is determined 50% by LSEG's comparative total shareholder return ("**Comparative TSR**") performance and 50% by LSEG's aggregate adjusted earnings per share performance ("**Aggregate AEPS**") over a single three-year performance period beginning on the first day of the financial year in which the award is made. Comparative TSR represents share price appreciation over the relevant performance period plus the value of dividends paid in that period assuming they are reinvested in shares. Share price appreciation is calculated using a two-month average share price at the start and end of the performance period to ensure that any anomalous share price movements at these measurement points do not have a disproportionate effect on the assessment of performance over the full three-year period.

For awards made in the year to March 31, 2010, the following vesting schedules apply:

Comparative TSR performance against FTSE 31-100 (excluding investment trusts)	Proportion of Comparative TSR element vesting
Less than median	0%
Median	30%
Straight line pro-rating applies between these points Upper quintile	100%

Aggregate AEPS performance over the three-year period	Proportion of Aggregate AEPS element vesting
Below 181p	0%
181p	30%
Straight line pro-rating applies between these points 234p or above	100%

- (iii) For performance and matching share awards granted in the year to March 31, 2009, the proportion of LSEG Shares which vest is determined 50% by LSEG's Comparative TSR

performance and 50% by LSEG's earnings per share in excess of the retail price index increase performance ("**Excess EPS**") over a single three year performance period beginning on the first day of the financial year in which the award is made. For Comparative TSR, performance is determined relative to the companies (excluding investment trusts) which are ranked between 31st and 100th in the FTSE Index at the start of the performance period. For the Excess EPS, performance is calculated by comparing the earning per share in the final year of the performance period and with the earnings per share in the year preceding the grant date. This is compared with the increase in the retail price index over the same performance period.

For awards made in the year to March 31, 2009, the following vesting schedules apply:

Comparative TSR performance against FTSE 31-100 (excluding investment trusts)	Proportion of Comparative TSR element vesting
Less than median	0%
Median	30%
Straight line pro-rating applies between these points Upper quintile	100%

Excess EPS growth over the three-year period	Proportion of Excess EPS element vesting
Less than 5% p.a.	\$ (35)
5% p.a.	\$54,600
Straight line pro-rating applies between these points 9% p.a. or above	100%

An award will lapse to the extent the relevant performance condition is not met at the end of the performance period.

Cessation of Employment

Awards will normally lapse if the participant ceases to be employed by LSEG or any of its Subsidiaries before vesting. However, an award will vest early in the event of the participant's death, or if he or she leaves by reason of injury, disability, ill health, redundancy, upon a sale of the business or company in which he or she is employed or in other circumstances at the Remuneration Committee's discretion.

The award will vest on the date of death or cessation to the extent that the performance condition is satisfied at the end of the performance period, but the number of shares (if any) in respect of which it vests will be reduced, on time pro-rated basis, to reflect the proportion of the performance period completed prior to the date of death or cessation of employment.

If a participant retires, whether by reason of early or normal retirement, the performance share award will continue until the end of the performance period and will then vest, to the extent that the performance condition is satisfied at the end of the performance period. The Remuneration Committee may, however, allow awards to vest at the time of retirement, in which case, the award will vest to the extent the performance condition is satisfied to the date of retirement and the number of shares will be reduced on a time pro-rated basis.

Change of Control

If there is a change of control of LSEG by way of a takeover offer or a scheme of arrangement (but not a restructuring), awards will vest to the extent that the performance condition has been satisfied at the date of the change of control but the number of shares to which a participant will be entitled will be reduced on a time pro-rated basis (subject to the Remuneration Committee's discretion to override the time pro-rating if the circumstances of the change of control so warrant).

Alternatively, awards may be exchanged for equivalent awards over shares in an acquiring company, subject to the consent of that company. These awards would include broadly similar performance conditions.

Variation of Capital

If there is a variation in LSEG's or Mergeco's share capital (such as a rights issue, dividend *in specie* or any capitalization issue) or if a transaction occurs which would affect the value of awards (such as a demerger), the Remuneration Committee may adjust the number of shares subject to an award (and/or the exercise price of an option, if any) in such manner as it considers appropriate.

Dilution Limits

No award may be made under the LSEG LTIP which would, at the time of award, cause the aggregate number of LSEG Shares which have been or may be issued or transferred from treasury under that award and other awards or options granted in the previous 10 years:

- (i) under the LSEG LTIP and all other share plans established by LSEG, to exceed 10% of LSEG's issued ordinary share capital from time to time; and
- (ii) under the LSEG LTIP and all other discretionary share plans established by LSEG, to exceed 5% of LSEG's issued ordinary share capital from time to time.

Awards may be satisfied by issuing new LSEG Shares or by transferring LSEG Shares from treasury or by the transfer of existing LSEG Shares.

Amendments

The Remuneration Committee may amend the LSEG LTIP at any time, but any amendments to the provisions governing eligibility, individual participation limits, plan limits, the basis for determining a participant's entitlement to shares, the terms of the shares and the consequences of any capitalization issue, rights issue or subdivision or any other variation of capital which are to the advantage of participants or eligible employees, will require the prior approval of LSEG Shareholders.

The approval of LSEG Shareholders will not be required for any minor amendment that is to benefit the administration of the LSEG LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of LSEG (or any of its Subsidiaries).

(b) Individual LSEG LTIP for Xavier Rolet

An award was made under the Individual LSEG LTIP for Xavier Rolet in March 2009 when Mr. Rolet joined LSEG. The terms of the Individual LSEG LTIP for Xavier Rolet are substantially the same as the LSEG LTIP (as described in (a) above) with the following vesting schedules each applying to 50% of the award:

Comparative TSR performance against FTSE 31-100 (excluding investment trusts)	Proportion of Comparative TSR element vesting
Less than median	0%
Median	30%
Straight line pro-rating applies between these points	
Upper quintile	100%

Excess EPS growth over the three-year period	Proportion of Aggregate AEPS element vesting
Less than 5% p.a.	0%
5% p.a.	30%
Straight line pro-rating applies between these points 9% p.a. or above	
	100%

10. Share-Based Incentive Compensation Plans operated by TMX Group

(a) Replacement of TMX Group Options granted under the TMX Group Option Plan

General

The TMX Group Option Plan was designed to motivate participants to focus on creating shareholder value. Employees or officers of TMX Group (and those of TMX Group’s designated Subsidiaries), at or above the director-level, and certain employees below the director-level designated by the Chief Executive Officer, are eligible to be granted options to acquire TMX Group Shares under the TMX Group Option Plan.

For further details regarding the TMX Group Option Plan and the MX Replacement Options, see Annex M — “TMX Group Annual Meeting Information”.

Amendments

Under the Plan of Arrangement, outstanding TMX Group Options that have not been duly exercised prior to the Effective Time will be replaced with options to acquire New Mergeco Shares granted by Mergeco. The number of New Mergeco Shares under a Replacement Option will be equal to the number of TMX Group Shares under the corresponding TMX Group Option multiplied by the Exchange Ratio, and the exercise price for each Replacement Option will be equal to the current exercise price of the TMX Group Option divided by the Exchange Ratio (as further described under “Description of the Merger — Arrangement Mechanics”). The existing terms of the TMX Group Options will otherwise remain unchanged. The replacement of TMX Group Options is conditional on TMX Group Shareholders approving the Arrangement Resolution.

As at May 9, 2011, on the basis of the Exchange Ratio, and on the assumption that at the Effective Date there are outstanding TMX Group Options (which includes MX Replacement Options) under the TMX Group Option Plan, over 1,906,661 TMX Group Shares, Replacement Options will be granted over an aggregate of approximately 5,712,928 New Mergeco Shares.

No further TMX Group Options will be granted under the TMX Group Option Plan following completion of the Merger.

(b) TMX Group Restricted Share Unit Plans

TMX Group RSU Plan

The TMX Group RSU Plan has been designed to further align management's interest with that of its shareholders. TMX Group employees (or those of TMX Group's designated Subsidiaries) at or above the director-level, and certain employees below the director-level designated by the Chief Executive Officer, are eligible to be granted restricted share units ("**TMX Group RSUs**") under the TMX Group RSU Plan.

For further details regarding the TMX Group RSU Plan, see Annex M — "TMX Group Annual Meeting Information".

TMX Group Special Retention Restricted Share Unit Plan

In February 2011, the TMX Group Human Resources Committee approved TMX Group Special Retention RSU awards for all TMX Group employees (excluding the TMX Group's Chief Executive Officer) who received TMX Group LTIP awards relating to the 2010 fiscal year. The grant price of a TMX Group Special Retention RSU is the fair market value of TMX Group Shares, being the weighted-average trading price of TMX Group Shares on TSX, for the five trading days preceding the effective date of the grant. The TMX Group Special Retention RSUs cliff vest on the third anniversary of the grant date (February 17, 2014). The TMX Group Special Retention RSUs will be forfeited if the recipient employee is no longer employed at time of vesting.

There are no performance conditions or multipliers applied to the TMX Group Special Retention RSU grants. The TMX Group Special Retention RSUs will be valued using the fair market value per Mergeco Share determined as at the date of redemption. The number of TMX Group Special Retention RSUs to be redeemed is multiplied by the fair market value.

See Annex M — "TMX Group Annual Meeting Information".

Proposed Changes to the TMX Group RSU Plan and TMX Group Special Retention RSU Plan Under the Merger

Upon completion of the Merger, the TMX Group RSU Plan and the TMX Group Special Retention RSU Plan will be amended to reflect from and after the Effective Date: (i) a conversion of the number of TMX Group RSUs and TMX Group Special Retention RSUs then in each participant's account (including dividend RSUs) into Amended RSUs by multiplying each TMX Group RSU and TMX Group Special Retention RSU by 2.9963; (ii) a conversion of the grant price for the TMX Group RSUs and TMX Group Special Retention RSUs into an amended

grant price by dividing the grant price by 2.9963; (iii) a reference to Mergeco Shares in substitution for TMX Group Shares to which such Amended RSUs relate; (iv) a reference to dividends accruing on such Amended RSUs as dividends are paid on the Mergeco Shares (in substitution for TMX Group Shares); and (v) that the amount to be paid on redemption of the Amended RSUs will be linked to the fair market value of a Mergeco Share.

No further TMX Group RSUs or TMX Group Special Retention RSUs will be granted under the TMX Group RSU Plan or TMX Group Special Retention RSU Plan following completion of the Merger.

(c) TMX Group DSU Plans (TMX Group Non-Executive Director DSU Plan and TMX Group Executive DSU Plan)

A deferred share unit represents an entitlement to be paid a lump sum cash amount upon redemption of the deferred share unit subject to the terms of the relevant plan equal to the fair market value of one TMX Group Share.

TMX Group Non-Executive Directors DSU Plan

TMX Group's non-executive (non-employee) directors must achieve ownership of \$250,000 of TMX Group Shares over a five year period (including ownership of deferred share units or "TMX Group DSUs"). Until the mandated level of ownership is reached, these directors must take at least 50% of their TMX Group Board and committee compensation in the form of TMX Group DSUs (although Directors are free to elect a higher level of TMX Group DSU participation).

TMX Group Executive DSU Plan

General

In 2001 and 2002, TMX Group awarded grants to officers and director-level employees under an interim bonus plan, which was introduced in lieu of a long-term compensation plan for those years. The interim bonus plan provided eligible employees with a deferred award based on TMX Group's annual financial performance. For officers, TMX Group converted the deferred awards into TMX Group DSUs. TMX Group converted the awards for 2001 at its IPO share price of \$9.00, and for 2002 at the share price of \$10.566, being the weighted average price for the five trading days before December 31, 2002. All TMX Group DSUs granted under the interim bonus plan are fully vested.

The TMX Group Executive DSU Plan is also used to assist officers with respect to meeting their equity ownership requirements, TMX Group gives its officers the opportunity to convert all or part of their short-term incentive plan award into TMX Group DSUs. TMX Group limits this opportunity to those officers who have not yet achieved their required level of equity ownership.

For further details regarding the TMX Group Executive DSU Plan, see Annex M — "TMX Group Annual Meeting Information".

In February 2011, the TMX Group Board approved a special retention TMX Group DSU award for Mr. Kloet. The award is subject to the terms and conditions of the TMX Group Executive DSU Plan, with the exception that the special retention TMX Group DSUs do not vest until the third anniversary of the grant date and will be forfeited if Mr. Kloet resigns, retires or is terminated for any reason prior to the vesting date.

Proposed Changes to the TMX Group DSU Plans

Upon completion of the Merger, the TMX Group DSU Plans, which for greater certainty, refers to both the TMX Group Non-Executive Directors DSU Plan and the TMX Group Executive DSU Plan, will be amended to reflect, from and after the Effective Date: (i) a conversion of the number of TMX Group DSUs then in each participant's account (including dividend DSUs) into Amended DSUs by multiplying each TMX Group DSU by 2.9963; (ii) a reference to Mergeco Shares in substitution for TMX Group Shares to which such Amended DSUs relate; (iii) a reference to dividends accruing on such Amended DSUs as dividends are paid on the Mergeco Shares (in substitution for TMX Group Shares); and (iv) that the amount to be paid on redemption of the Amended DSUs will be linked to the fair market value of a Mergeco Share.

No further TMX Group DSUs will be granted under either of the TMX Group Non-Executive Directors DSU Plan and the TMX Group Executive DSU Plan following completion of the Merger.

11. Indebtedness of Directors and Executive Officers of Mergeco

As at May 9, 2011, none of the TMX Group Nominees, the LSEG Nominees or the confirmed executive officers of Mergeco are indebted to LSEG or any of its Subsidiaries.

As at May 9, 2011, no outstanding loans or guarantees have been granted or provided to, or for the benefit of, any TMX Group Nominee or LSEG Nominee by LSEG or any of its Subsidiaries.

12. Executive Director Service/Employment and Service Agreements and Non-Executive Director Letters of Appointment

Save as specified in this paragraph 12, there are no existing or proposed employment agreements between any of the LSEG Nominees or TMX Group Nominees and LSEG or any of its Subsidiaries.

Service Agreements for Executive LSEG Nominees

Xavier Rolet has a service agreement with LSEG and Raffaele Jerusalemi has a service agreement with Borsa Italiana relating to his position as General Manager of that company and head of Capital Markets and a service agreement with LSEG Holdings (Italy) Limited Italian Branch relating to his position as Institore of that company. The terms of each service agreement are set out below:

- (a) Xavier Rolet entered into a service contract with LSEG on March 16, 2009. The service agreement may be terminated by Mr. Rolet or LSEG on not less than 12 months notice. Alternatively, LSEG may terminate the contract by payment in lieu of notice of a sum equal to 12 months salary and benefits paid in a lump sum or, at the discretion of LSEG's Remuneration Committee, on a monthly basis. Instalments will be reduced by any earnings from new employment taken up within 12 months after leaving employment.

- (b) Raffaele Jerusalemi entered into a service contract with each of Borsa Italiana and LSEG Holdings (Italy) Limited Italian Branch on May 3, 2011 effective from May 4, 2011. He has been employed by Borsa Italiana since October 1, 2001 and he is treated as having continuous employment with each company since that date. The terms of his employment with each company are substantially the same. The contracts state that no collective agreement applies to his employment and, accordingly, the terms applying to the termination of his employment under both contracts are governed by Italian law. If Mr. Jerusalemi is dismissed, his notice period will be equal to eight months, if the length of service is between nine and 15 years, or nine months, if the length of service is 15 years or more. If Mr Jerusalemi resigns, he is required to give three months' notice. On termination of either employment for any reason, Mr. Jerusalemi is entitled to severance payments under Italian law. Mr. Jerusalemi has an entitlement under Italian law to: (i) *trattamento di fine rapporto*, which accrues during his employment and is released or paid into a retirement fund as a lump sum payment when the employment ends and is equal to 7.4% of all sums paid to Mr. Jerusalemi during his employment; (ii) pro-rated supplementary monthly payments (the annual salary is normally paid in 12 instalments plus 2 supplementary monthly payments); and (iii) payment in lieu of untaken holidays, if any. Where no just cause for termination exists, a payment in lieu of notice is payable if the employment is terminated with immediate effect. The payment in lieu of notice is paid in addition to the payments in (i), (ii) and (iii) above and is equal to the overall salary due to Mr. Jerusalemi during the notice period. For these purposes, monthly salary includes base salary, the average of any bonuses or commissions paid, during the last 36 months of the employment relationship and benefits in kind. Mr. Jerusalemi's annual salary under each employment is €190,000.
- (c) Xavier Rolet and Raffaele Jerusalemi each receive benefits in kind, principally, health care and life assurance. Mr. Jerusalemi also receives disability assurance. In addition, Xavier Rolet (in common with all LSEG staff) participates in a flexible benefit plan whereby he receives an allowance in the amount of £20,000 per annum from which he can purchase additional benefits or receive all or a portion as a cash supplement. This flexible benefit allowance is not used to calculate bonus payments or pension contributions.
- (d) In addition, Xavier Rolet and Raffaele Jerusalemi are eligible to:
- (i) participate in the LSEG annual bonus plan. Cash bonus awards are approved by LSEG's Remuneration Committee and are based on annual financial targets and individual performance; and
 - (ii) participate in the LSEG LTIP which comprises conditional performance share awards and matching share awards linked to investment by the participant in LSEG Shares.
- (e) The pension arrangements for Xavier Rolet and Raffaele Jerusalemi are described in paragraph 13, below.

Employment Agreements for Executive TMX Group Nominees

Thomas Kloet has an employment agreement with TMX Group. The terms of his employment agreement are set out below:

- (a) Thomas Kloet entered into an employment agreement with TMX Group on June 9, 2008. Pursuant to this employment agreement, Mr. Kloet's salary is C\$700,000 per annum. Additionally, in connection with the Merger, Mr. Kloet entered into an addendum to his employment agreement, which, upon completion of the Merger, amends and supersedes

certain sections of Mr. Kloet's current employment agreement with TMX Group. In the event of termination of Mr. Kloet's employment by Mergeco without cause during the Resignation Window, Mr. Kloet will be entitled to receive the Existing Termination Payments; and (2) continuation of pension and certain benefits for twelve months. Additionally, all unvested TMX Group Options and TMX Group RSUs granted prior to the Effective Date will be forfeited on termination. Mr. Kloet will receive a cash amount equal to the compensation value (attributed to the respective awards at the time of grant) of such forfeited unvested TMX Group Options and TMX Group RSUs (less applicable withholdings). If Mr. Kloet resigns outside of the Resignation Window, he will be entitled only to the Existing Termination Payments and to regular treatment of TMX Group Options and TMX Group RSUs in accordance with the rules of those plans, but not the cash payment in lieu of forfeiture of unvested TMX Group Options and TMX Group RSUs. If Mr. Kloet secures employment elsewhere within 12 months following termination, coverage under all pension and benefits programs maintained by TMX Group (or the Merged Group following completion of the Merger) will immediately cease.

- (b) Michael Ptasznik began employment with TMX Group on October 15, 1996. Mr. Ptasznik does not have a written employment agreement. Mr. Ptasznik's employment, however, may be terminated without cause by TMX Group in accordance with the Ontario *Employment Standards Act, 2000* and applicable common law. Under the *Employment Standards Act, 2000*, an employee terminated without cause may be entitled to a maximum of eight weeks' notice plus severance pay, if any, based on length of service. Common law entitlements are based on the court's evaluation of the circumstances surrounding the termination, including, but not limited to, his age, length of service, position with the company and ability to find alternative employment. Due to common law considerations and factors, Mr. Ptasznik's entitlement at common law would significantly exceed the legislative requirements. On termination of employment with cause, resignation or retirement, Mr. Ptasznik would be entitled to any earned but unpaid compensation up to his last day of employment.
- (c) Thomas Kloet and Michael Ptasznik receive benefits in kind, principally health care, dental care, vision care, emergency travel accident insurance and life assurance. In addition, they are eligible to:
 - (i) participate in TMX Group's short term incentive plan under which they will receive a cash bonus with, in the case of Mr. Ptasznik, a value of between 60% and 120% of his base salary and, in the case of Mr. Kloet, a value of between 100% and 200% of his base salary. For Mr. Kloet only, cash bonus awards are approved by the TMX Group Board and are based on financial and non-financial targets agreed by Mr. Kloet and TMX Group;
 - (ii) participate in TMX Group's long term incentive award program which comprises an award of TMX Group Options and TMX Group RSUs, as described above. Vesting of awards granted to Mr. Kloet or Mr. Ptasznik will not be accelerated as a result of the Merger; and
 - (iii) receive annual taxable cash perquisite allowances. Other perquisites include parking, medical exams and home security where warranted.
- (d) The pension arrangements for Thomas Kloet and Michael Ptasznik are described in paragraph 13, below.

Non-Executive Directors Letters of Appointment

Wayne C. Fox, Raymond Chan, Denyse Chicoyne, J. Spencer Lanthier and John P. Mulvihill will each enter into a letter of appointment with Mergeco which will take effect from their appointment as directors of the Mergeco Board on the Effective Date and will expire on the third anniversary of the Effective Date.

Chris Gibson-Smith has a letter of appointment with LSEG dated July 15, 2009. His appointment is for a period of three years, until the annual general meeting in 2012, is terminable on six months' notice and will continue on the same basis upon appointment as Deputy Chairman of Mergeco.

On the Effective Date, Massimo Tononi will be appointed as deputy chairman of Mergeco, a position he will hold jointly with Chris Gibson-Smith. The terms of his appointment have not yet been determined.

Each of the other Non-Executive LSEG Nominees has a letter of appointment with LSEG which sets out their respective responsibilities and commitments. Each of the appointments is for an initial period of three years, expiring on the dates noted below, unless the LSEG Non-Executive Director is not re-elected by LSEG Shareholders at the next annual general meeting at which he or she is required to stand for re-election. The LSEG Non-Executive Directors (other than Chris Gibson-Smith) are not entitled to any compensation on termination or non-renewal of their appointment. The date of their appointment or reappointment and expiry are as follows:

<u>LSEG Directors</u>	<u>Position</u>	<u>Date of appointment or reappointment</u>	<u>Date of expiry of appointment</u>
Chris Gibson-Smith . .	Chairman	July 15, 2009	2012 ⁽¹⁾
Massimo Tononi	Non-Executive Director	September 27, 2010	September 26, 2013
Paul Heiden	Non-Executive Director	June 4, 2010	June 4, 2013
Gay Huey Evans	Non-Executive Director	June 4, 2010	June 4, 2013
Andrea Munari	Non-Executive Director	October 1, 2010	September 30, 2013
Robert Webb Q.C. . . .	Non-Executive Director	February 1, 2010	January 31, 2013

(1) Chris Gibson-Smith's appointment expires at the end of the 2012 AGM.

13. Pension Plan Benefits

LSEG

Xavier Rolet is entitled to a cash supplement in lieu of contribution to a pension plan equal to 25% of his basic salary.

Raffaele Jerusalmi is entitled, under Italian law, to *trattamento di fine rapporto* (a form of deferred salary which is granted to all employed workers in the private sector in Italy), which accrues during his employment and is released or paid into a retirement fund as a lump sum when the employment ends and is equal to 7.4% of all sums paid to Mr. Jerusalmi during his employment relationship with Borsa Italiana.

With the exception of Thomas Kloet and Michael Ptasznik, none of the other TMX Group Nominees or LSEG Nominees is eligible to receive pension plan benefits from Mergeco.

In relation to the last full financial year, save as described above and in paragraph 12 there are no amounts set aside or accrued by London Stock Exchange, LSEG or its Subsidiaries to provide pension, retirement or similar benefits to non-executive LSEG Nominees.

TMX Group

Michael Ptasznik participates as a non-contributory member in the defined benefit component of TMX Group's registered pension plan for employees. The pension benefit under the registered pension plan will be limited to the maximum amount prescribed under the Canadian Tax Act.

TMX Group also maintains a non-contributory supplementary retirement plan for executive officers and other members of senior management. The supplementary retirement plan provides the portion of the pension benefits that exceed the maximum permitted under the defined benefit tier of the registered pension plan. Benefits provided by the supplementary retirement plan are securely funded through a retirement compensation arrangement.

If Mr. Ptasznik retires on the normal retirement date, the amount of annual pension from the registered pension plan and supplementary retirement plan combined will be 2% of the average of the best three consecutive years of pensionable earnings multiplied by credited years of service, subject to a maximum annual pension of 100% of final salary. Pensionable earnings refers to base salary plus short term incentive bonus, with the amount of bonus being capped at 50% of salary for Mr. Ptasznik, commencing in 2006.

Thomas Kloet participates in a non-contributory supplementary pension plan that is funded through a retirement compensation arrangement. The total pension payable from the supplementary retirement plan will be 2% of the average of the best three consecutive years of pensionable earnings multiplied by credited years of service, subject to a maximum annual pension of 100% of final salary. Pensionable earnings refer to base salary plus short-term incentive bonus, with the amount of bonus being capped at 50% of salary.

For Mr. Kloet, the pension benefit is payable in a lump sum equal to the commuted value of the annual pension determined in respect of the member. Mr. Kloet is guaranteed the greater of the commuted value of his accrued pension benefit and the amount equivalent to 10% of his pensionable earnings accumulated each year with interest while a member of the supplementary retirement plan.

The table set out below shows the annual benefits payable to Mr. Kloet and Mr. Ptasznik upon retirement in connection with each of their defined benefit pension plans, as described above.

Name	Number of Years Credited Service (#)	Annual Benefits Payable (\$)		Accrued Obligation At Start of Year (\$) ⁽¹⁾	Compensatory Change (\$) ⁽²⁾	Non-Compensatory Change (\$) ⁽³⁾	Accrued Obligation At Year End (\$) ⁽⁴⁾
		At Year End	At Age 65				
Thomas A. Kloet	2.5	51,839	312,589	270,001	165,877	137,417	573,295
Michael Ptasznik	12.2	130,792	361,917	876,964	38,622	427,239	1,342,825

(1) Accrued obligation at start of year is the value of the projected pension earned for service up to December 31, 2009, determined using the same actuarial assumption used to calculate the pension plan obligations at December 31, 2009, as disclosed in the notes to the 2009 financial statements.

(2) The values shown under the column headed "Compensatory Change" include the value of the projected pension earned for service in the year using the same actuarial methods and assumptions used to calculate the current service cost for the 2010 pension expense disclosed in the 2010 financial statements plus the increase or decrease in the accrued obligation due to the difference between actual compensation in the year and the actuarial assumption for the year that was assumed at the end of the prior year.

- (3) The values shown under the column headed "Non-Compensatory Change" include amounts attributable to interest accruing on the beginning-of-year obligation, experience gains and losses other than those associated with compensation levels and changes in actuarial assumptions.
- (4) Accrued obligation at year end is the value of the projected pension earned for service up to December 31, 2010, determined using the same actuarial assumption used to calculate the pension plan obligations at December 31, 2010, as disclosed in the notes to the 2010 financial statements.

EXCHANGEABLE SHARE STRUCTURE

Overview

Eligible Canadian Residents

The Exchangeable Share structure provides the opportunity for a deferral of Canadian tax for beneficial owners of TMX Group Shares who are Canadian Residents. A Canadian Resident means a resident of Canada for purposes of the Canadian Tax Act who is not exempt from tax under Part I of the Canadian Tax Act and includes a partnership any member of which is a Canadian Resident. To obtain a deferral of Canadian tax, both (i) TMX Group Shares must be exchanged for Exchangeable Shares and (ii) such owner must file certain tax elections described under the heading “Canadian Tax Considerations for TMX Group Shareholders — TMX Group Shareholders Resident in Canada” in respect of such exchange.

Exchangeable Shares also allow Canadian Residents to receive dividends from a Canadian corporation which are generally subject to more favourable tax treatment than dividends from a non-Canadian corporation.

Only a TMX Group Shareholder who is (i) a Canadian Resident who is holding TMX Group Shares on its own behalf or (ii) holding TMX Group Shares on behalf of a beneficial owner who is a Canadian Resident (“**Eligible Canadian Resident**”) can elect to receive Exchangeable Shares.

TMX Group Shareholders who are not Eligible Canadian Residents cannot elect to receive Exchangeable Shares.

Exchangeable Shares

Merger terms

On the Effective Date, each TMX Group Shareholder will transfer all of its TMX Group Shares to Exchangeco and will receive in exchange:

- 2.9963 New Mergeco Shares for each TMX Group Share in respect of which the TMX Group Shareholder has not validly elected to receive Exchangeable Shares; and
- 2.9963 Exchangeable Shares (together with the Ancillary Rights) for each TMX Group Share in respect of which the Eligible Canadian Resident has validly elected to receive Exchangeable Shares,

each in accordance with elections made by such TMX Group Shareholder in the Letter of Transmittal and Election Form completed by it.

Maximum entitlement

If the Elected Exchangeable Share Amount exceeds the Available Exchangeable Share Amount, then notwithstanding the election (or deemed election) by a TMX Group Shareholder in respect of any particular TMX Group Share: (a) the number of TMX Group Shares of any TMX Group Shareholder that are Exchangeable Elected Shares shall be deemed to be the result determined by multiplying (i) the total number of Exchangeable Elected Shares of such holder prior to the operation of this adjustment, by (ii) the fraction obtained by dividing the Available Exchangeable Share Amount by the Elected Exchangeable Share Amount, and rounding down such resulting number of TMX Group Shares to the nearest whole number; and (b) the balance of the holder’s TMX Group Shares will be deemed to be Non-Rollover Shares.

Fractional shares

If an Eligible Canadian Resident is entitled to a fractional interest in an Exchangeable Share, that entitlement shall instead be satisfied by a cash payment (without interest) determined by multiplying such fraction by an amount equal to the (i) average of the daily high and low sales prices per share of the TMX Group Shares on TSX on the last trading day immediately prior to the Effective Date divided by (ii) the Exchange Ratio.

Tax

The Canadian tax consequences of receiving or holding Exchangeable Shares may differ significantly from the Canadian tax consequences of receiving or holding New Mergeco Shares depending upon the particular circumstances of a TMX Group Shareholder. Careful consideration should be given by Canadian Residents to the tax consequences in determining whether or not an election should be made to receive Exchangeable Shares in the Merger. See “Canadian Tax Considerations for TMX Group Shareholders”.

Key features for holders of Exchangeable Shares

The Exchangeable Shares will be issued by Exchangeco, an indirect Subsidiary of Mergeco. The Exchangeable Shares (together with Ancillary Rights) will carry substantially equivalent economic entitlements (including as to dividends) to the New Mergeco Shares issued by Mergeco.

Exchangeable Shareholders will receive, through the Voting and Exchange Trust Agreement, the benefit of voting rights attaching to Mergeco Shares. To enable Exchangeable Shareholders to exercise such voting rights, a number of New Mergeco Shares will be issued to Jerseyco on the Effective Date equal to the number of Exchangeable Shares being issued to Eligible Canadian Residents on that date. A holder of Exchangeable Shares will be entitled to instruct the Trustee to exercise the votes attaching to one Mergeco Share for each Exchangeable Share held by the Exchangeable Shareholder on the same basis and in the same circumstances as if the holder held one Mergeco Share.

At its option, a holder of Exchangeable Shares other than a U.S. Holder will be able to exchange its Exchangeable Shares for Mergeco Shares on a one-for-one basis. Upon the exchange of the Exchangeable Shares, an equal number of Mergeco Shares will be delivered to the holder of Exchangeable Shares.

On or after the seventh anniversary of the Effective Date, and in certain circumstances prior to the seventh anniversary of the Effective Date (including if the number of Exchangeable Shares outstanding (and not held by Mergeco and its affiliates) is fewer than 7,500,000 (subject to any adjustment as described under “Redemption Date” below)), Exchangeco may redeem all of the outstanding Exchangeable Shares at its option. Upon such a redemption, holders of the outstanding Exchangeable Shares will receive an equal number of Mergeco Shares in exchange for their Exchangeable Shares.

More detail on the Exchangeable Share structure is set out on the following pages of this section.

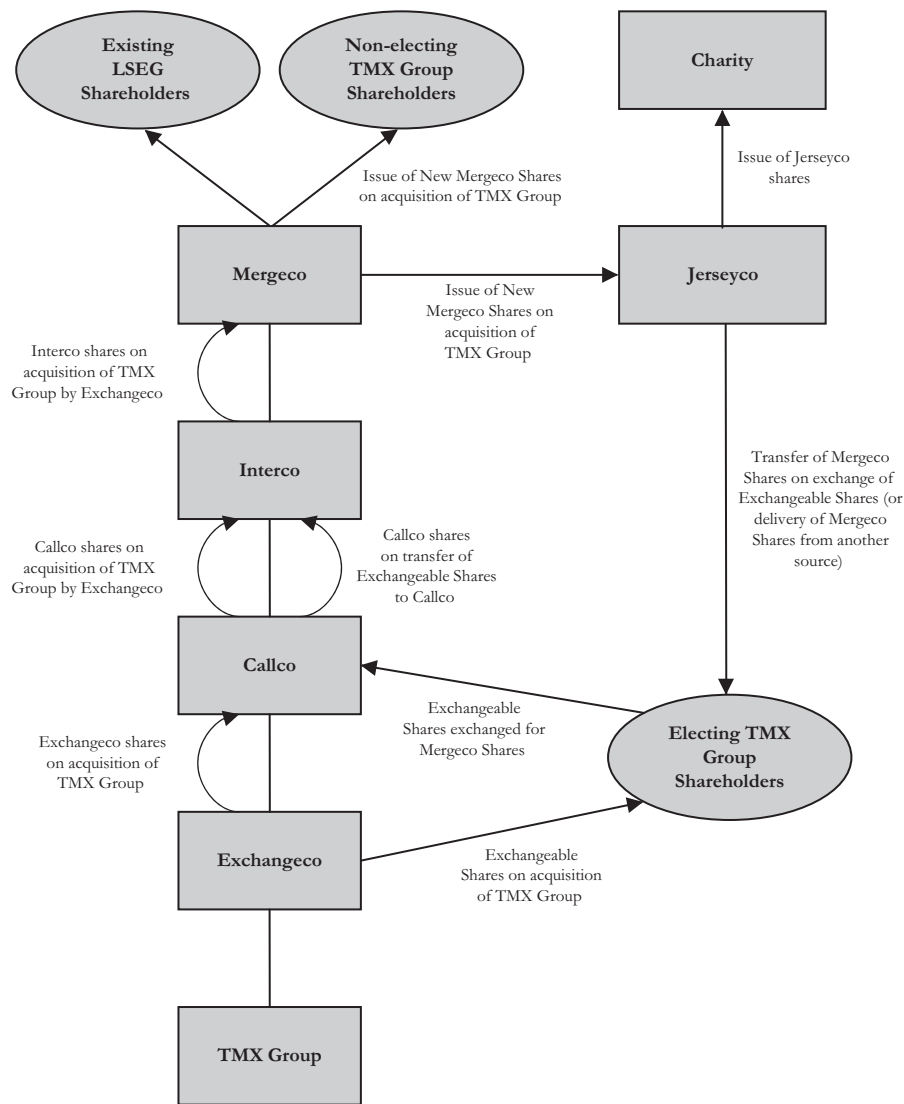
The implementation structure

As described above, the Exchangeable Shares are issued by Exchangegeo. The Exchangeable Share structure will be implemented by Mergeco through a chain of Subsidiaries: Interco, Callco and Exchangegeo. LSEG has also established Jerseyco to hold New Mergeco Shares issued to Jerseyco on the Effective Date.

Issue mechanism

The following diagram illustrates the mechanisms by which New Mergeco Shares and/or Exchangeable Shares will be issued to TMX Group Shareholders.

Further information with respect to the entities involved in the Exchangeable Share structure of the Merged Group is given below.



Entities involved

Exchangeco

Exchangeco is a company incorporated under the OBCA on May 24, 2011 for the purpose of implementing the Merger. To date, Exchangeco has not carried on and, following the Effective Date will not carry on, any business, except in connection with its role as a party to the Merger, as described above. Exchangeco is a Subsidiary of Callco and its registered office address is 100 King Street West, Suite 6100, 1 First Canadian Place, Toronto, Ontario M5X 1B8.

LSEG will agree that, without the prior approval of Exchangeco and the holders of Exchangeable Shares, as long as any outstanding Exchangeable Shares are owned by a person other than Mergeco or any of its affiliates, Mergeco will be and will remain the direct and/or indirect beneficial owner of all of the issued and outstanding voting shares in the capital of Exchangeco.

The directors of Exchangeco (the “**Exchangeco Board**”) and officers of Exchangeco upon the Effective Date will be chosen from the directors and officers of Mergeco.

In addition to the Exchangeable Shares, Exchangeco’s share capital will comprise common shares (all of which will be held by Callco and, therefore, indirectly by Mergeco). The holders of these common shares are entitled to receive notice of and to attend all meetings of the shareholders of Exchangeco and are entitled to one vote for each share held on all matters submitted to a vote of holders of common shares.

The holders of common shares are also entitled to receive such dividends as may be declared by the Exchangeco Board out of funds legally available therefor. However, these rights are expressly subject to the prior rights of the Exchangeable Shareholders with respect to priority in the payment of dividends.

Upon any liquidation, dissolution or winding-up of Exchangeco, holders of common shares are entitled to receive the remaining property and assets of Exchangeco. Again, these rights are expressly subject to the prior rights of the Exchangeable Shareholders with respect to priority in the distribution of property and assets on a liquidation, dissolution or winding-up.

Callco

Callco is a company incorporated under the OBCA on May 24, 2011 for the purpose of implementing the Merger. Callco will hold certain call rights related to the Exchangeable Shares, as described in more detail below. To date, Callco has not carried on and, following the Effective Date will not carry on, any business, except in connection with its role as a party to the Merger, as described above. Callco is a wholly-owned Subsidiary of Interco and its registered office address is 100 King Street West, Suite 6100, 1 First Canadian Place, Toronto, Ontario M5X 1B8.

LSEG has agreed that, without the prior approval of Exchangeco and the holders of Exchangeable Shares, as long as any outstanding Exchangeable Shares are owned by a person other than Mergeco or any of its affiliates, Mergeco will be and remain the direct and/or indirect beneficial owner of all of the issued and outstanding voting shares in the capital of Callco.

The directors and officers of Callco upon the Effective Date will be chosen from the directors and officers of Mergeco.

Interco

Interco is a company incorporated under the Laws of England and Wales on May 10, 2011 for the purpose of implementing the Merger. Interco acts as an intermediate holding company between Mergeco and Callco. To date, Interco has not carried on and, following the Effective Date, will not carry on, any business except in connection with its role as a party to the Merger, as described above. Interco is a wholly-owned UK Subsidiary of LSEG and its registered office address is 10 Paternoster Square, London EC4M 7LS.

The directors and officers of Interco upon the Effective Date will be chosen from the directors and officers of Mergeco.

Jerseyco

Jerseyco is a company incorporated under the Laws of the Isle of Jersey on May 17, 2011 for the purpose of implementing the Merger. To date, Jerseyco has not carried on and, following the Effective Date, will not carry on, any business except in connection with its role as a party to the Merger, as described above. Jerseyco is wholly-owned by a charitable trust, the trustee for which is LSEG Jerseyco Trustee Limited, as described below. Jerseyco's registered office address is 47 Esplanade, St Helier, Jersey JE1 0BD.

The directors of Jerseyco upon the Effective Date are expected to be David Richard King and Jane Alison Stammers, both of whom are resident for tax purposes in Jersey. Jerseyco is expected to be solely resident in Jersey for tax purposes.

A number of New Mergeco Shares will be issued to Jerseyco on the Effective Date equivalent to the number of Exchangeable Shares being issued to former TMX Group Shareholders on the Effective Date. As described more particularly below, it is the voting rights attaching to the Mergeco Shares held by Jerseyco which can be voted by holders of Exchangeable Shares either in person or by a direction given to the Trustee. The benefit of the dividend rights attaching to the Mergeco Shares held by Jerseyco from time to time will be irrevocably waived for as long as Jerseyco holds such shares.

LSEG Jerseyco Trustee Limited is a company incorporated under the laws of Jersey on May 19, 2011 for the purpose of implementing the Merger. To date, LSEG Jerseyco Trustee Limited has not carried on and, following the Effective Date, will not carry on, any business except in connection with its role as trustee of the charitable trust that owns Jerseyco as described above. LSEG Jerseyco Trustee Limited is wholly owned by a charitable trust and its registered office address is 47 Esplanade, St Helier, Jersey JE1 0BD.

The directors of LSEG Jerseyco Trustee Limited upon the Effective Date are expected to be Elizabeth Ann Mills and Susan Jill Fossey, both of whom are resident for tax purposes in Jersey. LSEG Jerseyco Trustee Limited is expected to be solely resident in Jersey for tax purposes.

Trustee

The Trustee under the Voting and Exchange Trust Agreement is expected to be CIBC Mellon Trust Company at its offices in Toronto, Ontario.

Transfer agent

The transfer agent and registrar for the Exchangeable Shares will be CIBC Mellon Trust Company at its offices in Toronto, Ontario.

Security package

Jerseyco will agree with LSEG to irrevocably waive its rights to dividends on the Mergeco Shares held by it from time to time for as long as it holds such shares. Jerseyco will also agree with LSEG, the Trustee and Exchangeco that it will not sell or transfer the Mergeco Shares except as permitted under the Voting and Exchange Trust Agreement.

Further, as security for the obligations of Jerseyco under the Voting and Exchange Trust Agreement, and to ensure that the Mergeco Shares held by Jerseyco remain available for the purposes for which they are intended, Jerseyco has provided the following additional protections in the Voting and Exchange Trust Agreement:

- a covenant in favour of LSEG that for so long as it holds any interest in a Mergeco Share, it shall not (i) carry on any business or activity, enter into any arrangement, agreement or transaction, incur any obligation or acquire or dispose of any assets other than to comply with its obligations under the Voting and Exchange Trust Agreement or the Security Agreement; or (ii) create or permit to subsist any security interest in or over any of its assets (other than pursuant to a Security Agreement); and
- an undertaking in favour of LSEG that it shall (i) not exercise on its own behalf the voting rights attaching to the Mergeco Shares it holds, (ii) for so long as it holds any interest in a Mergeco Share, on each anniversary of the date of the Voting and Exchange Trust Agreement execute such further documentation and do all such other acts or things as may be necessary or desirable to grant a power of attorney to the Trustee to exercise the voting rights attaching to the Mergeco Shares it holds, on the occurrence of an Event of Default, (A) notify all other parties to that agreement of the occurrence of such event and (B) transfer all of the Jerseyco LSEG Shares then held by it to such entity as Interco directs.

Key documentation

The key documentation which underpins the Exchangeable Share structure is as follows:

Plan of Arrangement

The court-approved Plan of Arrangement, which will become effective at the Effective Time, will be binding on, amongst others, TMX Group, LSEG, Callco, Exchangeco, Jerseyco, the Trustee and all holders and beneficial owners of TMX Group Shares. It is also binding on all holders and beneficial owners of New Mergeco Shares and/or Exchangeable Shares received in exchange for TMX Group Shares.

It is the Plan of Arrangement which contains the fundamental terms of the Merger, sets the Exchange Ratio and makes the Merger binding on all TMX Group Shareholders. The Plan of Arrangement also includes the Exchangeable Share Provisions (containing the rights attaching to the Exchangeable Shares) which form an exhibit to the Plan and also grants certain call rights in respect of the Exchangeable Shares to Callco which are described more fully in the remainder of this section.

Exchangeable Share Provisions

The Exchangeable Share Provisions contain the share rights of the Exchangeable Shares, including the rights of the Exchangeable Shareholders to dividends, to exchange their

Exchangeable Shares for Mergeco Shares (except in the case of a U.S. Holder) and their rights on a liquidation, dissolution or winding-up of Exchangeco. Further information on the rights attaching to the Exchangeable Shares are set out under “Further information on the Exchangeable Shares” below.

Voting and Exchange Trust Agreement

The parties to the Voting and Exchange Trust Agreement, which will be executed so as to be effective from the Effective Time, will be LSEG, Exchangeco, Interco, Jerseyco and the Trustee.

The Voting and Exchange Trust Agreement contains provisions under which Jerseyco and the Trustee will be granted specified rights and will agree to specified obligations in relation to the voting rights attaching to certain Mergeco Shares, including those described below, for the benefit of the Exchangeable Shareholders from time to time. It is under this agreement that Jerseyco grants a power of attorney in favour of the Trustee over the voting rights attaching to the Mergeco Shares it holds, with the Trustee’s interest in those voting rights and the power of attorney to be held in trust for the benefit of holders (other than Mergeco and its affiliates) of Exchangeable Shares from time to time (the “**Beneficiaries**”). The Voting and Exchange Trust Agreement also contains the mechanics by which Beneficiaries can exercise these voting rights.

Exchangeable Share Support Agreement

The parties to the Exchangeable Share Support Agreement, which will be executed so as to be effective from the Effective Time, will be LSEG, Callco and Exchangeco.

The Exchangeable Share Support Agreement contains provisions under which LSEG will agree to specified obligations, including those described below, to support the obligations of Exchangeco and Callco with respect to the Exchangeable Shares.

The Exchangeable Share Support Agreement is described more fully under the subheading “Exchangeable Share Support Agreement” below.

Callco Agreement

As part of the Merger, LSEG, Exchangeco and Callco will enter into the Callco Agreement under which Callco will agree to exercise its overriding Retraction Call Right, Redemption Call Right and/or Liquidation Call Right (each as defined below) whenever it is possible for it to do so. Accordingly (save where the Exchangeable Shares have been acquired by Mergeco or Callco under the Automatic Exchange Right) on a redemption or retraction of Exchangeable Shares or on a liquidation, dissolution or winding-up of Exchangeco or other distribution of the assets of Exchangeco among its shareholders for the purpose of winding-up its affairs, the purchase of the Exchangeable Shares should always occur pursuant to Callco exercising its overriding Retraction Call Right, Redemption Call Right and/or Liquidation Call Right and Callco (not Exchangeco) will acquire the Exchangeable Shares.

Further information on the Exchangeable Shares

As described above, the Exchangeable Shares will be issued by Exchangeco. The Exchangeable Shares (together with the Ancillary Rights) will carry substantially the equivalent economic rights to those of the Mergeco Shares that a TMX Group Shareholder would have received if

such TMX Group Shareholder had elected to receive Mergeco Shares. Holders of Exchangeable Shares will also receive, through the Voting and Exchange Trust Agreement, the benefit of the voting rights attached to the Mergeco Shares issued to, and held by, Jerseyco entitling the holder to direct the voting of one Mergeco Share for each Exchangeable Share held by it (on the same basis and in the same circumstances as if the holder held a Mergeco Share).

Further information on the rights attaching to the Exchangeable Shares (arising both under the Exchangeable Share Provisions and under the Voting and Exchange Trust Agreement) is set out below.

Exchange

The Exchangeable Shares will be exchangeable at any time before the Redemption Date (defined below under “Redemption of Exchangeable Shares”), at the option of the holder, on a one-for-one basis for Mergeco Shares. Further detail on how to exercise the right of exchange are set out under “Exiting the Exchangeable Share Structure” below.

Dividend rights

Upon the declaration of any dividend or distribution on Mergeco Shares, subject to applicable Law, the Exchangeco Board will declare, and the holders of Exchangeable Shares will be entitled to receive, a dividend or distribution on each Exchangeable Share:

- in the case of a cash dividend or distribution declared on Mergeco Shares, in an amount in cash equal to, and in the currency of, the cash dividend or distribution paid on each Mergeco Share or an equivalent amount in Canadian dollars;
- in the case of a stock dividend or distribution declared on Mergeco Shares to be paid in Mergeco Shares, by the issue by Exchangeco of the number of Exchangeable Shares (with nominal paid-up capital for the purposes of the Canadian Tax Act) for each Exchangeable Share as is equal to the number of Mergeco Shares to be paid on each Mergeco Share; and
- in the case of a dividend or other distribution declared on Mergeco Shares in any other type of property, in the type and amount of property as is the same as or economically equivalent to the type and amount of property to be paid on each Mergeco Share.

The declaration date, record date and payment date for these dividends and distributions on the Exchangeable Shares will be the same as the relevant dates for the corresponding dividends or distributions declared on the Mergeco Shares.

In the case of a stock dividend or distribution declared on the Mergeco Shares to be paid in Mergeco Shares, in lieu of declaring a corresponding stock dividend or distribution on the Exchangeable Shares, the Exchangeco Board may elect to effect a contemporaneous and economically equivalent subdivision of the outstanding Exchangeable Shares.

The Exchangeco Board will determine, in good faith and in its sole discretion, “economic equivalence” for these purposes. Its determination, which will be based upon a number of factors, will be binding on the holders of Exchangeable Shares and on Exchangeco. Among

other things, the factors generally require the Exchangeco Board to consider the number of shares to be issued, the fair market value of the dividend or other distribution being made on the Mergeco Shares in relation to the then current market price of a Mergeco Share and the general Tax consequences of the event on holders of Exchangeable Shares.

Voting rights

Voting rights with respect to Exchangeco

Except as required by Law and under the Exchangeable Share Provisions, Exchangeable Shareholders are not entitled to receive notice of or to attend any meeting of the shareholders of Exchangeco or to vote at any such meeting, including but not limited to class votes. Holders of Exchangeable Shares do, however, have certain rights as regards amendments to the Exchangeable Share Provisions. See “Amendment and Approval” below.

Voting rights with respect to Mergeco

Under the Voting and Exchange Trust Agreement, Mergeco will issue such number of New Mergeco Shares to Jerseyco as is equal to the number of Exchangeable Shares issued to Eligible Canadian Residents on the Effective Date. Also under that agreement, Jerseyco will grant an irrevocable power of attorney in respect of the voting rights attaching to the Mergeco Shares held by it to the Trustee. The Beneficiaries (defined above) will, in the aggregate, be entitled to instruct the Trustee as to the voting of a number of Mergeco Shares equal to the then outstanding number of Exchangeable Shares held by all Beneficiaries. The Trustee will exercise (either by proxy or in person) the vote attached to each Mergeco Share only as directed by the relevant Beneficiary and, in the absence of instructions from a Beneficiary as to voting, will not exercise that vote.

Each Beneficiary holding Exchangeable Shares on the record date for any meeting at which Mergeco Shareholders are entitled to vote will be entitled to instruct the Trustee to exercise the vote attached to one Mergeco Share for each Exchangeable Share held by such Beneficiary.

A Beneficiary may, upon instructing the Trustee, obtain a proxy entitling such Beneficiary to exercise the votes to which such Beneficiary is entitled directly at the relevant meeting.

Shareholder materials

The Trustee will use reasonable efforts to forward to the Beneficiaries (on the same day as Mergeco mails or otherwise sends the notice and materials to the other Mergeco Shareholders) the notice of each meeting at which Mergeco Shareholders are entitled to vote, together with the related meeting materials and a statement as to the manner in which the Beneficiaries may instruct the Trustee to exercise the votes attaching to the Mergeco Shares held by Jerseyco. The Trustee will also send to the Beneficiaries copies of all information statements, interim and annual financial statements, reports and other materials sent by Mergeco to Mergeco Shareholders at the same time as the materials are sent to the Mergeco Shareholders. The Trustee will also send to the Beneficiaries all materials sent by third parties to the Mergeco Shareholders (if such receipt is known by Mergeco), including dissident proxy circulars and tender and exchange offer circulars, as soon as reasonably practicable after the materials are delivered to the Trustee.

Liquidation rights

Liquidation rights with respect to Exchangeco

In the event of the liquidation, dissolution or winding-up of Exchangeco or other distribution of the assets of Exchangeco among its shareholders for the purpose of winding-up its affairs, holders of Exchangeable Shares will have, subject to applicable Law, the right to receive, for each Exchangeable Share held: (i) one Mergeco Share (or, if the holder is Mergeco or an affiliate, an amount in cash calculated by reference to the then current market price of a Mergeco Share); and (ii) an amount in cash equal to the declared and unpaid dividends on that Exchangeable Share. These rights of holders of Exchangeable Shares rank in preference to the rights of the holders of the common shares or other shares ranking junior to the Exchangeable Shares issued by Exchangeco.

In these circumstances, Callco will have an overriding Liquidation Call Right to purchase all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by Mergeco and its affiliates) from the holders thereof on the liquidation date for the same consideration per share as set out in the preceding paragraph, except where the Exchangeable Shares have been acquired by Mergeco or Callco under the Automatic Exchange Right.

Insolvency event

Upon the occurrence and during the continuance of an “insolvency event” (as defined below), Mergeco (or Callco, should Mergeco so designate) shall automatically purchase from each holder of Exchangeable Shares (other than Mergeco and its affiliates) all of the Exchangeable Shares held by each such holder.

The purchase price payable by Mergeco (or Callco) will be equal to: (i) one Mergeco Share; and (ii) an amount in cash equal to the declared and unpaid dividends on that Exchangeable Share.

An “insolvency event” means:

- the winding-up of Exchangeco or the institution by Exchangeco of any proceeding to be adjudicated a bankrupt or insolvent or to be wound up, or the consent of Exchangeco to the institution of bankruptcy, insolvency or winding-up proceedings against it;
- the filing of a petition, answer or consent seeking dissolution, reorganization, or winding-up under any bankruptcy, insolvency or analogous Laws, including the *Companies Creditors' Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and Exchangeco's failure to contest in good faith the proceedings commenced in respect of Exchangeco within 30 days of becoming aware of the proceedings or the consent by Exchangeco to the filing of the petition or to the appointment of a receiver;
- the making by Exchangeco of a general assignment for the benefit of creditors, or the admission in writing by Exchangeco of its inability to pay its debts generally as they come due; or
- Exchangeco not being permitted, under solvency requirements of applicable Law, to redeem any retracted Exchangeable Shares under the Exchangeable Share Provisions.

Rights with respect to Mergeco Liquidation

In order for the holders of Exchangeable Shares (other than Mergeco and its affiliates) to participate on a *pro rata* basis with Mergeco Shareholders, on the fifth Business Day prior to the effective date of a Mergeco liquidation event (being a specified event relating to the voluntary or involuntary liquidation, dissolution, winding-up or other distribution of the assets of Mergeco among its shareholders for the purpose of winding-up its affairs), each Exchangeable Share (other than those held by Mergeco and its affiliates) will automatically be purchased from each holder for (i) one Mergeco Share and (ii) an amount in cash equal to any declared and unpaid dividends on that Exchangeable Share.

Ranking

The Exchangeable Shares will rank ahead of the common shares of Exchangeco and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Exchangeco, whether voluntary or involuntary, or any other distribution of the assets of Exchangeco, among its shareholders for the purpose of winding-up its affairs.

Restrictions on Exchangeco

Without the approval of the Exchangeable Shareholders (see “Amendment and Approval” below), so long as any of the Exchangeable Shares are outstanding, Exchangeco will not:

- pay any dividends on the common shares of Exchangeco or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in common shares of Exchangeco or any such other shares ranking junior to the Exchangeable Shares, as the case may be;
- redeem or purchase or make any capital distribution in respect of common shares of Exchangeco, or any other shares ranking junior to the Exchangeable Shares;
- redeem or purchase any other shares of Exchangeco ranking equally with the Exchangeable Shares with respect to the payment of dividends or on any liquidating distribution; or
- issue any Exchangeable Shares or any other shares of Exchangeco ranking equally with, or superior to, the Exchangeable Shares other than by way of stock dividends to Exchangeable Shareholders or pursuant to a shareholders rights plan adopted by Exchangeco.

These restrictions will not apply at any time when all dividends on the outstanding Exchangeable Shares corresponding to dividends declared and paid on the Mergeco Shares have been declared and paid on the Exchangeable Shares.

Withholding

TMX Group, Mergeco, Exchangeco, Callco, the Trustee, the Transfer Agent and the Depositary will be entitled to deduct and withhold from any dividends, distributions or other consideration payable to any holder of Exchangeable Shares (including upon an exchange or transfer of

Exchangeable Shares for Mergeco Shares, whether upon a redemption, an optional retraction at the request of a holder, the insolvency, dissolution or winding-up of Exchangeco or Mergeco or the exercise by Callco of any of its overriding call rights) any amount it is required or permitted to deduct or withhold pursuant to applicable Tax Laws.

If the amount required or permitted to be deducted or withheld exceeds the cash portion of the consideration that is otherwise payable to the holder of Exchangeable Shares, TMX Group, Mergeco, Exchangeco, Callco, the Trustee, the Transfer Agent and the Depositary are authorized to sell the portion of the consideration necessary to provide the cash to comply with the deduction or withholding requirement. In such event, TMX Group, Mergeco, Exchangeco, Callco, the Trustee, the Transfer Agent or the Depositary shall remit to such holder of Exchangeable Shares any unapplied balance of the net proceeds of such sale.

Amendment and Approval

The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed only with the approval of the holders of Exchangeable Shares.

Any approval given by the holders of Exchangeable Shares requires a resolution to be passed by not less than two-thirds of the votes cast on that resolution at a meeting of the holders of Exchangeable Shares duly called and held at which the holders of at least 10% of the outstanding Exchangeable Shares at that time are present or represented by proxy.

If no such quorum is present at the meeting within one-half hour after the appointed time, the meeting will be adjourned to the place and time (not less than five days later) as may be designated by the chairman of the meeting. At that adjourned meeting, the holders of Exchangeable Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed at the meeting by not less than two-thirds of the votes cast on the resolution will constitute the approval or consent of Exchangeable Shareholders.

Exiting the Exchangeable Share Structure

Optional Retraction of Exchangeable Shares

Optional retraction by the holder

The retraction of a share is a well understood concept in Canada and equates to a right of a shareholder to require the company in which it holds shares to redeem its shares.

Holders of Exchangeable Shares other than U.S. Holders will be entitled, at any time, to exercise their retraction right in respect of their Exchangeable Shares and thereby require Exchangeco, subject to Callco's Retraction Call Right (defined below), to redeem any or all of their Exchangeable Shares in return for: (i) one Mergeco Share per Exchangeable Share (or, if the holder is Mergeco or an affiliate, an amount in cash calculated by reference to the then current market price of a Mergeco Share); and (ii) (on the designated payment date therefor) an amount in cash equal to the declared and unpaid dividends on that Exchangeable Share.

In order to exercise this right, a holder of Exchangeable Shares must deliver to Exchangeco at its registered office or at an office of the Transfer Agent specified by Exchangeco, among other

things, a written retraction request and the certificate(s) representing the Exchangeable Shares to be redeemed, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the by-laws of Exchangeco.

The holder must state in the retraction request the Business Day on which the holder desires Exchangeco to redeem all or any number of Exchangeable Shares the holder owns, which date must be 10 to 15 Business Days after the date on which the request is received by Exchangeco. The holder must also certify in the retraction request that it is not a U.S. Holder, or making the retraction request for or on behalf of a U.S. Holder. If the holder fails to specify a Business Day in the request, the retraction date will be the 15th Business Day after the date on which the request is received by Exchangeco.

Callco's Retraction Call Right

In the event that a holder of Exchangeable Shares exercises this retraction right to require that Exchangeco redeem any of its Exchangeable Shares, Callco will have an overriding right (the "**Retraction Call Right**") to purchase all but not less than all of those Exchangeable Shares for a price per Exchangeable Share equal to: (i) one Mergeco Share (or, if the holder is Mergeco or an affiliate, an amount in cash calculated by reference to the then current market price of a Mergeco Share); and (ii) (on the designated payment date therefor) an amount in cash equal to the declared and unpaid dividends on that Exchangeable Share.

Upon receipt of a retraction request, Exchangeco will immediately notify Callco, which must then advise Exchangeco within five Business Days as to whether it will exercise its Retraction Call Right. Callco, Exchangeco and Mergeco have agreed under the Callco Agreement that Callco will exercise its Retraction Call Right each time a holder of Exchangeable Shares exercises its retraction right. Callco must then advise Exchangeco that Callco will exercise its Retraction Call Right within five Business Days after Exchangeco notified it. On exercise of the Retraction Call Right by Callco, the retraction request will be considered only to be an offer by the holder to sell to Callco the Exchangeable Shares identified in the retraction request.

Revocation of retraction

A holder of Exchangeable Shares may revoke its retraction request by notice, in writing, at any time prior to the close of business on the Business Day immediately preceding the retraction date, in which case, the Exchangeable Shares identified in the retraction request will not be purchased by Callco or redeemed by Exchangeco. Unless the holder revokes the retraction request, the Exchangeable Shares identified in the retraction request will be purchased by Callco (or redeemed by Exchangeco, as the case may be) and Callco (or Exchangeco, as the case may be) will: (i) (in the case of a holder other than Mergeco or its affiliates) deliver or cause to be delivered to such holder the Mergeco Shares to which such holder is entitled; and (ii) send such holder, on the payment date therefor, a cheque in an amount equal to the amount of the declared and unpaid dividends, if any, on the redeemed or purchased Exchangeable Shares, less any amounts withheld on account of Tax.

Automatic exchange

If, as a result of solvency requirements of applicable Law, Exchangeco is not permitted to redeem all Exchangeable Shares tendered by a retracting holder, and Callco is prevented from exercising its Retraction Call Right to acquire such shares, Exchangeco will be obligated to

redeem only those Exchangeable Shares tendered by the holder (rounded down to a whole number of shares) as would not be contrary to such applicable Law. In such event, Mergeco (or Callco, should Mergeco so designate) will be required to purchase all of the Exchangeable Shares (other than Exchangeable Shares held by Mergeco and its affiliates) pursuant to the Automatic Exchange Right.

Redemption of Exchangeable Shares

On the Redemption Date, as described below, Exchangeco will, subject to Callco's Redemption Call Right (as defined below), redeem all, but not less than all, of the then outstanding Exchangeable Shares (other than those held by Mergeco or its affiliates) for a price per Exchangeable Share of (i) one Mergeco Share and (ii) an amount in cash equal to the declared and unpaid dividends on that Exchangeable Share.

Redemption Date

The "**Redemption Date**" for the Exchangeable Shares means the date, if any, established by the Exchangeco Board for the redemption by Exchangeco of all, but not less than all, of the outstanding Exchangeable Shares. The Redemption Date shall not be earlier than the seventh anniversary of the Effective Date, unless:

- a) the number of outstanding Exchangeable Shares (excluding Exchangeable Shares held by Mergeco and its affiliates) is fewer than 7,500,000 (subject to any adjustment as may be agreed to be made to such number by the Exchangeco Board to give effect to any subdivision or consolidation of, or stock dividend on, the Exchangeable Shares or other specified events), in which case, the Exchangeco Board may, upon at least 60 days' prior written notice to the holders of the Exchangeable Shares and the Trustee, accelerate the Redemption Date to an earlier date;
- b) each of the following occurs: (1) a matter arises on which the holders of Exchangeable Shares are entitled to vote as shareholders of Exchangeco (other than a matter described in (c) below, and excluding any matter in respect of which holders of Exchangeable Shares are entitled to vote in their capacity as Beneficiaries under the Voting and Exchange Trust Agreement) (an "**Exchangeable Share Voting Event**"); (2) the Exchangeco Board has determined, in good faith and in its sole discretion, that it is not reasonably practicable to accomplish the business purpose intended by the matter (which business purpose must be *bona fide* and not for the primary purpose of causing the occurrence of the Redemption Date) in any other commercially reasonable manner that does not result in the occurrence of an Exchangeable Share Voting Event; and (3) the holders of Exchangeable Shares fail to take the necessary action at a meeting or other vote of the holders of Exchangeable Shares to approve or disapprove, as applicable, the Exchangeable Share Voting Event, in which case the Redemption Date will be the Business Day following the day on which the holders of Exchangeable Shares failed to take such action;
- c) each of the following occurs: (1) a matter arises on which the holders of Exchangeable Shares are entitled to vote as shareholders of Exchangeco in order to approve any change to, or in the rights of the holders of, the Exchangeable Shares; (2) the change is necessary to maintain the economic equivalence of the Exchangeable Shares and the Mergeco

Shares; and (3) the holders of Exchangeable Shares fail to take the necessary action at a meeting or other vote of the holders of Exchangeable Shares to approve or disapprove, as applicable, the change, in which case, the Redemption Date will be the Business Day following the day on which the holders of Exchangeable Shares failed to take the necessary action; or

- d) an LSEG Control Transaction occurs, provided that the Exchangeco Board determines, in good faith and in its sole discretion, that it is not practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with the LSEG Control Transaction or that the redemption of all, but not less than all, of the outstanding Exchangeable Shares (other than those held by Mergeco and its affiliates) is necessary to enable the completion of the LSEG Control Transaction in accordance with its terms, in which case, the Exchangeco Board may accelerate the Redemption Date to an earlier date as it may determine upon such number of days' prior written notice to Exchangeable Shareholders and the Trustee as the Exchangeco Board determines to be reasonably practicable in such circumstances.

Notice of redemption

Exchangeco must notify the holders of Exchangeable Shares in writing at least 30 days before the proposed Redemption Date, if occurring on or after the seventh anniversary of the Effective Date or as described in (a) above. In the case of a redemption described in (b), (c) or (d) above, Exchangeco must give written notice on or before the Redemption Date on as many days' notice as the Exchangeco Board determines to be reasonably practicable in the circumstances. However, the accidental failure or omission to give notice of a redemption described under (a), (b), (c) or (d) above, will not invalidate the redemption.

Callco's Redemption Call Right

On the Redemption Date, Callco will have an overriding right to purchase (the "**Redemption Call Right**") all, but not less than all, of the outstanding Exchangeable Shares (other than those held by Mergeco and its affiliates) for a price per Exchangeable Share of: (i) one Mergeco Share; and (ii) an amount in cash equal to the declared and unpaid dividends on that Exchangeable Share.

Callco, Exchangeco and LSEG have agreed under the Callco Agreement that Callco will exercise its Redemption Call Right on the Redemption Date. Upon the exercise of the Redemption Call Right by Callco, each holder of Exchangeable Shares (other than Mergeco and its affiliates) will be obligated to sell to Callco, on the Redemption Date, all of the Exchangeable Shares held by such holder on payment of the purchase price therefor, and Exchangeco will have no obligation to redeem such shares so purchased by Callco.

Purchase for cancellation

Subject to applicable Law, Exchangeco may, at any time and from time to time, purchase for cancellation all or any part of the outstanding Exchangeable Shares. Exchangeco shall be entitled, subject to applicable laws, to pay and satisfy the purchase price for such Exchangeable Shares through the issuance of common shares of Exchangeco or any shares ranking junior to the Exchangeable Shares or otherwise as Exchangeco may determine.

Exchangeco may also, at any time and from time to time, purchase for cancellation all or any part of the Exchangeable Shares then outstanding at any price by tender to all the holders of outstanding Exchangeable Shares or through any stock exchange on which the Exchangeable Shares are listed or quoted at any price per share.

Exchangeable Share Support Agreement

As part of the Merger, LSEG, Callco and Exchangeco will enter into the Exchangeable Share Support Agreement. This agreement effectively underpins the obligations of Exchangeco and Callco as towards the holders of Exchangeable Shares by imposing obligations on Mergeco to provide support to Exchangeco and/or Callco of their respective obligations.

Summary of key obligations

Pursuant to the Exchangeable Share Support Agreement, for so long as any Exchangeable Shares (other than Exchangeable Shares owned by Mergeco or its affiliates) remain outstanding:

In respect of dividends

- Mergeco will not take any action that will result in the declaration or payment of any dividends or other distributions on the Mergeco Shares unless Exchangeco simultaneously declares or pays, as the case may be, an economically equivalent dividend or distribution on the Exchangeable Shares, or if the dividend or distribution is a stock or share dividend or distribution, Exchangeco chooses to effect, in lieu of that dividend or distribution, an economically equivalent subdivision of the outstanding Exchangeable Shares;
- Mergeco will advise Exchangeco sufficiently in advance of the declaration of any dividend or other distribution on the Mergeco Shares and take all action reasonably necessary, in co-operation with Exchangeco, to ensure that the respective declaration date, record date and payment date for dividends or other distributions on the Exchangeable Shares are the same as that for the dividend or other distribution on the Mergeco Shares, and the record date, if any, and the effective date for the subdivision of the outstanding Exchangeable Shares, as described above, are the same as that for the dividend or other distribution on the Mergeco Shares; and
- Mergeco will ensure that the record date for any dividend or other distribution declared on the Mergeco Shares is not less than 10 Business Days after the declaration date of that dividend or other distribution.

In respect of a liquidation of Exchangeco, a retraction request or a redemption

- Mergeco will take all actions and do all things reasonably necessary or desirable to enable and permit Exchangeco, in accordance with applicable Law, to pay and otherwise perform its obligations arising upon the liquidation, dissolution or winding-up or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding-up its affairs or in the event of a retraction request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares on the Redemption Date, as the case may be, including all actions and things that are

necessary or desirable to enable and permit Exchangeco to cause to be delivered Mergeco Shares to the holders of Exchangeable Shares together with a cheque for any amount in respect of declared and unpaid dividends where obligated to do so;

- Mergeco will take all actions and do all things reasonably necessary or desirable to enable and permit Callco, in accordance with applicable Law, to pay or otherwise perform its obligations arising upon the exercise by it of its overriding call rights, including all actions and things as are necessary or desirable to enable and permit Callco to deliver or cause to be delivered Mergeco Shares to the holders of Exchangeable Shares, together with a cheque for any amount in respect of declared and unpaid dividends where obligated to do so; and
- Mergeco will ensure that Callco (or its affiliates) does not exercise its vote as a shareholder to initiate the voluntary liquidation, dissolution or winding-up of Exchangeco nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of Exchangeco.

In respect of the Trustee's exercise of the voting rights with respect to the Mergeco Shares owned by Jerseyco

- Mergeco will take all actions and do all things reasonably necessary or desirable to enable and permit the Trustee, in accordance with applicable Law, to perform its obligations under the Voting and Exchange Trust Agreement, including all actions and things as are necessary or desirable to enable the Trustee to exercise such number of votes with respect to the Mergeco Shares held by Jerseyco as is equal to the aggregate number of Exchangeable Shares outstanding (and not held by Mergeco and its affiliates) at the relevant time.

Mergeco Shares to be delivered on an exchange of Exchangeable Shares

Mergeco agrees to make available such number of Mergeco Shares, without duplication, (a) as is equal to the sum of (i) the number of Exchangeable Shares issued and outstanding from time to time and (ii) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time and (b) in addition to those in (a) above, as are required to enable and permit Mergeco, Callco and Exchangeco to meet their respective obligations under the Plan of Arrangement, the Exchangeable Share Provisions, the Exchangeable Share Support Agreement and the Voting and Exchange Trust Agreement. Mergeco Shares held by Jerseyco may be used for this purpose.

Restrictions on Mergeco dividends etc. and economic equivalence

The Exchangeable Share Support Agreement will also provide that, so long as any Exchangeable Shares (other than those held by Mergeco or its affiliates) are outstanding, Mergeco will not, without the prior approval of Exchangeco and the Exchangeable Shareholders, issue or distribute to all or substantially all the Mergeco Shareholders (excluding Jerseyco):

- Mergeco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Mergeco Shares) by way of a stock or share dividend or other distribution (other than to Mergeco Shareholders who exercise an option to receive those securities in lieu of receiving a cash dividend or pursuant to a dividend reinvestment plan or similar arrangement);

- rights, options or warrants to subscribe for or purchase Mergeco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Mergeco Shares);
- other securities, rights options or warrants of Mergeco;
- evidences of indebtedness of Mergeco; or
- other assets of Mergeco,

unless the economic equivalent of such Mergeco Shares (or such other securities or property) is simultaneously issued, distributed or otherwise provided to holders of Exchangeable Shares.

In addition, the Exchangeable Share Support Agreement provides that, so long as any Exchangeable Shares (other than those held by Mergeco or its affiliates) are outstanding, Mergeco will not, without the prior approval of Exchangeco and the Exchangeable Shareholders:

- subdivide, redivide, reduce, combine, consolidate or otherwise change the then outstanding Mergeco Shares into a different number of Mergeco Shares; or
- reclassify or otherwise change the Mergeco Shares or effect an amalgamation, merger, reorganization or other transaction affecting Mergeco Shares,

unless the same or an economically equivalent change to, or in the rights of the holders of, the Exchangeable Shares is made simultaneously. Mergeco will ensure that the record date for any of the foregoing events (or the effective date if there is no record date) is not less than five Business Days after the date that Mergeco announces or declares the event (with contemporaneous notification thereof to Exchangeco). The Exchangeco Board will determine, in good faith and in its sole discretion, “economic equivalence” for these purposes. Its determination, which will be based upon a number of factors, will be conclusive and binding on Exchangeco and the holders of Exchangeable Shares. Among other things, the factors generally require the Exchangeco Board to consider the number of shares to be issued, the fair market value of the dividend or other distribution being made on the Mergeco Shares in relation to the then current market price of a Mergeco Share and the general Tax consequences of the event on holders of Exchangeable Shares.

Acquisition of Mergeco (by way of takeover offer or otherwise)

In the event of any proposed tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Mergeco Shares which is recommended by the Mergeco Board and in connection with which the Exchangeable Shares are not purchased by Calco pursuant to its overriding Redemption Call Right (or redeemed by Exchangeco), Mergeco will use its reasonable efforts in good faith to take all actions and do all things necessary or desirable to enable and permit holders of Exchangeable Shares (other than Mergeco and its affiliates) to participate in such transaction to the same extent and on an economically equivalent basis as the Mergeco Shareholders, without discrimination.

Mergeco will further use its reasonable efforts in good faith to ensure that holders of Exchangeable Shares may participate in such transaction without being required to retract their Exchangeable Shares as against Exchangeco (or if so required, to ensure that any such retraction will be effective only upon, and be conditional upon, the closing of such transaction and only to the extent necessary to tender or deposit to the transaction). This will not affect the

rights of Exchangeco to redeem (or Callco to purchase pursuant to its overriding Redemption Call Right) Exchangeable Shares in the event of an LSEG Control Transaction.

In addition, subject to limited exceptions, Mergeco will not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, merger, amalgamation, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation unless the rights of the holders of Exchangeable Shares are substantially preserved and not impaired in any material respect.

Notices

In order to assist Mergeco to comply with its obligations under the Exchangeable Share Support Agreement and to permit Callco to exercise its overriding call rights, Exchangeco is required to notify Mergeco and Callco of the occurrence of certain events, such as the liquidation, dissolution or winding-up of Exchangeco, Exchangeco's receipt of a retraction request from a holder of Exchangeable Shares, the determination of a Redemption Date of the Exchangeable Shares and the issuance by Exchangeco of any Exchangeable Shares (or rights to acquire Exchangeable Shares).

Restrictions on voting Exchangeable Shares held by Mergeco and its affiliates

Under the Exchangeable Share Support Agreement, Mergeco has agreed not to exercise any voting rights attached to the Exchangeable Shares owned by it or any of its affiliates on any matter considered at meetings of holders of Exchangeable Shares. Mergeco has also agreed to use its reasonable best efforts to (i) maintain a listing for the Exchangeable Shares on a stock exchange which is a designated stock exchange within the meaning of the Canadian Tax Act and (ii) ensure that Exchangeco remains a "public corporation" within the meaning of the Canadian Tax Act.

Amendment of the Exchangeable Share Support Agreement

With the exception of administrative changes for the purpose of adding covenants, making certain necessary or desirable amendments or curing ambiguities or clerical errors (in each case provided that the Mergeco Board, Exchangeco Board and board of directors of Callco are of the opinion that the amendments are not prejudicial to the rights or interests of the holders of Exchangeable Shares), the Exchangeable Share Support Agreement may not be amended without the approval of the holders of Exchangeable Shares as set forth under "Amendment and Approval" above.

Treatment of U.S. Holders of Exchangeable Shares

Notwithstanding any of the rights of holders of Exchangeable Shares described above, none of Mergeco, Exchangeco or Callco shall be required to issue or deliver any Mergeco Shares to a U.S. Holder if the issuance or delivery of Mergeco Shares to that U.S. Holder is subject to the registration requirements of the U.S. Securities Act or the registration or qualification requirements of any applicable state "blue sky" securities laws, and no exemption from such requirements is available. In that event, as determined in the sole discretion of Mergeco, Exchangeco or Callco, as the case may be, it may elect instead to arrange for the sale outside the United States of the Mergeco Shares otherwise issuable or deliverable to such U.S. Holder, and deliver to such U.S. Holder the net cash proceeds derived from the sale.

REGULATION OF THE MERGED GROUP

Section A of this section describes the regulatory regime in each of the core jurisdictions in which the Merged Group will operate. In the case of Canada, it also describes the proposed changes to the existing recognition requirements in order to obtain the necessary Securities Regulatory Approvals.

A summary of the share ownership restrictions that will apply to the Merged Group is set out in Section B of this section.

Section A: Regulatory Matters

1. TMX Group Regulatory Matters

Overview of the Recognition and Regulation of TMX Group

Different organizations regulate or monitor the participants in the Canadian capital markets. These participants include issuers, brokerage firms, exchanges, ATSS, trading and quotation systems and IDBs. Self-regulatory organizations, such as IIROC, regulate the activities of brokerage firms and their capital requirements, as well as their business and trading conduct. TMX Group's equity exchanges, TSX and TSX Venture Exchange, also establish standards for their listed issuers and rules for their trading participants to maintain quality marketplaces and investor confidence.

TMX Group is a reporting issuer in all provinces and territories of Canada. Following completion of the Merger, Mergeco will become a reporting issuer in all provinces and territories of Canada. TMX Group will apply to the securities regulatory authorities in Canada to cease to be a reporting issuer upon completion of the Merger.

TSX Venture Exchange Inc., TSX Inc. and TMX Group are all regulated as exchanges in Canada. TSX Inc. is also regulated as an information processor by the AMF and operates as an information processor in accordance with a determination made by the Canadian Securities Administrators ("CSA") Chairs. NGX is regulated as an exchange and a clearing agency in Canada. In addition, NGX currently operates as an exempt commercial market pursuant to the U.S. *Commodity Exchange Act* and is registered as a derivatives clearing organization with the CFTC. MX is regulated as an exchange and an SRO in Canada and as a foreign board of trade ("FBOT") in the U.S. In addition, MX is subject to certain regulatory requirements imposed by other foreign regulators. CDCC is regulated as an SRO in Canada. CDCC is also subject to regulatory requirements of the SEC and various U.S. state securities regulators. BOX is regulated in the U.S. by the SEC. Shorcan is an OSC registrant under the category of "exempt market dealer" and is an IIROC-approved IDB for the purposes of IIROC members' financial reporting requirements.

An exchange or clearing agency operating in Canada must be recognized in certain jurisdictions under applicable legislation. In some circumstances, an exchange or clearing agency may obtain an exemption from this requirement. The Quebec, Ontario, Alberta and British Columbia securities regulatory authorities have issued recognition orders and oversee the operations of TMX Group and those of TSX, TSX Venture Exchange, NGX, MX and CDCC to ensure they are operated in the public interest. The OSC is the lead regulator for TMX Group and TSX Inc. (which operates TSX), the ASC and BCSC are the joint lead regulator for TSX Venture Exchange Inc. (which operates TSX Venture Exchange), the ASC is the lead exchange regulator for NGX and the AMF is the lead regulator for MX and CDCC.

The lead regulator of an exchange or clearing agency focuses, among other things, on the listing or eligibility standards and trading or clearing activities (embodied in the rules of the exchange or the clearing agency), including its market quality rules, and, in the case of equity exchanges, universal market integrity rules approved by all of the recognizing regulators. Generally, the lead regulator must approve any new standards or rules or changes to existing rules. In some instances, new rules or changes to existing rules must be published for a 30-day public comment period as part of the rule approval process. With respect to MX and CDCC, under the *Derivatives Act* (Quebec), new rules pertaining to market activities or new products, or rule changes must be submitted to the AMF in accordance with the self-certification process. Significant rule changes must also be published for a 30-day public comment period before self-certification. The lead regulator also has the general power to make any decision in respect of an exchange or clearing agency that it deems necessary in the public interest, and can review any direction, decision, order or ruling of that exchange or clearing agency at the request of the regulator's executive director, or equivalent position, or any person directly affected by the direction, decision, order or ruling.

Proposed Changes in Connection with the Merger

Pursuant to the Merger Agreement, LSEG has agreed, in furtherance of obtaining the Securities Regulatory Approvals from the OSC, AMF, ASC and BCSC, to provide written undertakings to certain securities regulators and to agree to amendments to the recognition orders of certain TMX Group exchanges and CDCC. Additionally, LSEG will request confirmation from the OSC, AMF and MSC for the continuing application of exemptive relief in respect of TSX Venture Exchange Inc. Approval of the SEC is also required for certain aspects of the Merger (in relation to BOX). Below is a description of the current recognition orders of TMX Group and certain of its Subsidiaries, as well as a list of changes to be made to such recognition orders in connection with the Securities Regulatory Approvals.

It is possible that the terms and conditions agreed between LSEG and TMX Group to obtain the Securities Regulatory Approvals will be modified. With respect to terms and conditions related to corporate governance, LSEG would be obliged under the terms of the Merger Agreement to accept any changes emerging from the regulatory process which are of no substantive effect. With respect to the terms and conditions other than corporate governance matters, LSEG would be obliged under the terms of the Merger Agreement to accept changes that are not material, either individually or in the aggregate, in relation to such matters. LSEG has further agreed to offer, accept and agree to additional terms and conditions in respect of matters that are not contemplated by the Merger Agreement and that are acceptable to LSEG, acting in good faith and reasonably. Accordingly, the final terms and conditions required to obtain the Securities Regulatory Approvals may vary from those described in this Circular.

TMX Group and TSX Inc.

TSX Inc. (which operates TSX) and TMX Group, as the parent holding company of TSX Inc., are recognized and regulated by the OSC as carrying on business as an exchange, subject to certain terms and conditions. TSX Inc. has received an exemption from recognition from the regulators in British Columbia, Alberta and Quebec.

Overview of Current TSX Inc. and TMX Group Recognition Order

The terms and conditions of the current OSC recognition order for TSX Inc. and TMX Group include the following:

- TSX Inc. must ensure that its governance structure provides for fair and meaningful representation on its board of directors and any governance committee of the board, including a requirement that at least 50% of its board of directors be independent. A director is independent if he or she is independent within the meaning of section 1.4 of National Instrument 52-110 — *Audit Committees*, and he or she meets the additional standards established by TSX Inc.'s board of directors. The additional standards establish examples of when an individual is considered to have a material relationship with TSX Inc. and is, therefore, considered not to be independent (e.g., an employee of a participant). Approximately 90% of the current members of the board of TSX Inc. are independent for these purposes. TSX Inc. is also required to take reasonable steps to ensure that each of its directors and officers is fit to serve in that role;
- TSX Inc. is required to meet specified financial viability tests to ensure that it maintains sufficient financial resources to properly perform its functions. Those financial ratios consist of:
 - a current ratio that must be greater than or equal to 1.1-to-1, based on current assets to current liabilities;
 - a debt to cash flow ratio that must be less than or equal to 4-to-1, based on total debt used to finance TSX Inc.'s operations to adjusted earnings before interest, taxes, depreciation and amortization for the most recent 12 month period; and
 - a financial leverage ratio that must be less than or equal to 4-to-1, based on adjusted total assets to adjusted shareholders' equity.

If any of these tests are not met for a period of more than three months, TSX Inc.'s Chief Executive Officer must immediately deliver a letter advising the OSC staff of the reasons for the continued deficiencies and the steps being taken to rectify the situation. In these circumstances, TSX Inc. will not, without the prior approval of the director of the OSC, pay dividends (among other things) until the deficiencies have been eliminated for at least six months or a shorter period of time as agreed to by OSC staff;

- all fees imposed by TSX Inc. on participants must be equitable and cannot have the effect of creating barriers to access;
- TSX Inc. must meet requirements for the capacity and integrity of the components of its trading system;
- any material agreement or transaction entered into between TSX Inc. and TMX Group or a Subsidiary or associate of TMX Group must be on terms that are at least as favourable to TSX Inc. as market terms and conditions;
- TSX Inc. is required to maintain board-approved policies and procedures to: evaluate and approve material outsourcing arrangements with parties except TMX Group or an affiliate or associate of TMX Group; assess the risk of any such arrangement; and, in certain circumstances, ensure that the outsourcing contract permits the OSC to have access to any data and information maintained by the service provider; and

- TSX Inc. has special terms and conditions relating to the listing of TMX Group Shares on TSX; after the Merger, it is proposed that such terms and conditions will apply to Mergeco and Exchangeco.

TMX Group has similar requirements to TSX Inc. with respect to governance structure, including the independence requirement (TMX Group's independent directors are currently the same as TSX Inc.'s independent directors) and fitness of officers and directors. TMX Group is also required to allocate sufficient financial and other resources to TSX Inc., so long as TSX Inc. carries on business as an exchange, to permit TSX Inc. to operate in accordance with the terms of its recognition order. In addition, TMX Group is required to do everything in its control to cause TSX Inc. to comply with the terms and conditions in its recognition order.

See also "Section B: Share Ownership Restrictions — Canadian Share Ownership Restrictions", below.

Proposed Amendments to TSX Inc. and TMX Group Recognition Order

TMX Group and LSEG made application to the OSC on May 13, 2011 to amend and restate the TMX Group and TSX Inc. recognition order to reflect the Merger. Pursuant to this application, following completion of the Merger, the provisions of the current recognition order relating to TSX Inc. will remain in effect, except as modified by the following additional provisions:

- *Corporate Governance:* At least 50% of the directors and members of each of the committees of the TSX Inc. board of directors will be both ordinarily resident in Canada and independent, as defined in the current recognition order.
- *Offices:* The head office and the executive offices of TSX Inc. will be located in Toronto.
- *Senior Management:* The Chief Executive Officer, and the most senior executives of TSX Inc. responsible for each of listing and issuer services, trading, market data and compliance and regulation functions (or their equivalents from time to time), will be ordinarily resident in Ontario and their principal place of business will be in Toronto. For greater certainty, those most senior executives will be subject to the strategic and policy direction of Mergeco.
- *Continuity of Operations:* TSX Inc. will be locally managed, subject to the strategic and policy direction of Mergeco. TSX Inc. will maintain its core operations in Canada, except to the extent that, in accordance with its obligations outlined in the next paragraph, TSX Inc. ceases or otherwise changes its operations.
- *Change in Operations:* TSX Inc. will not cease to operate or suspend, discontinue or wind up all or a significant portion of TSX Inc.'s operations, or dispose of all or substantially all of TSX Inc.'s assets, without:
 - providing the OSC at least six months' prior notice of TSX Inc.'s intention; and
 - complying with any terms and conditions that the OSC may impose in the public interest for the orderly discontinuance of TSX Inc.'s operations or the orderly disposition of TSX Inc.'s assets.
- *Regulation Functions to be carried on in Canada:* The recognition order will be revised to ensure that all regulation functions of TSX Inc. will be carried on in Canada.

- *Self-Listing Conditions:* The listing on TSX of the Mergeco Shares and the Exchangeable Shares will be subject to special conflict of interest rules designed to ensure that the initial and continued listing of those shares are dealt with appropriately, including by providing the OSC with the right to approve or disapprove the listing. See “Listing of TMX Group Shares on TSX”, below.
- *Outsourcing:* The requirements of the recognition order regarding outsourcing that currently apply to third parties shall also apply to associates and affiliates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.
- *Related Party Transactions:* The provisions of the recognition order regarding related party transactions will govern material agreements and transactions between TSX Inc. and TMX Group and any affiliate of TMX Group, in addition to Subsidiaries and associates of TMX Group.
- *Appendix I:* Appendix I to the recognition order (which sets out the self-listing conditions, related party transaction and other conflict of interest provisions referred to above) will remain in effect, except as modified to reflect the fact that TMX Group will no longer be a listed issuer on TSX, and that Mergeco and Exchangeco each propose to become a listed issuer on TSX.

Pursuant to the application, following completion of the Merger, the provisions of the current recognition order relating to TMX Group will remain in effect, except as modified by the following additional provisions:

- *Corporate Governance:* At least 50% of the directors and members of each of the committees of the TMX Group Board will be both ordinarily resident in Canada and independent. TMX Group shall maintain the Finance and Audit Committee of its board of directors.
- *Offices:* The head office and executive offices of TMX Group will be located in Toronto.
- *Senior Management:* The Chief Executive Officer of TMX Group will be ordinarily resident in Ontario and his or her principal place of business will be in Toronto. For greater certainty, that officer will be subject to the strategic and policy direction of Mergeco.

Undertakings of LSEG to the OSC Regarding Corporate Governance

LSEG has agreed, pursuant to the Merger Agreement, to provide written undertakings to the OSC in support of the application by TMX Group to amend the recognition order of TMX Group and TSX Inc.

The undertakings to the OSC will contain the following provisions regarding the corporate governance of Mergeco.

Corporate Governance until the Fourth Anniversary of the Undertakings

The Mergeco Board will consist of 15 directors, subject to permitted adjustment. Appropriate nominations will be made by the Mergeco Board at each AGM of Mergeco to ensure that the Mergeco Board will consist of at least seven directors who are Canadian Directors (assuming

that the election of those nominees is approved by the Mergeco Shareholders). In the event that any of those nominees are not elected by the shareholders of Mergeco, the directors of Mergeco will identify and appoint alternative directors to the Mergeco Board so that at least seven of Mergeco's Directors are Canadian Directors as soon as reasonably practicable thereafter and will ensure that those alternative directors are nominated by the Mergeco Board for election at the next AGM of Mergeco.

Subject to permitted adjustment, the Canadian Directors will include:

- the most senior executive officer of Mergeco (and its Subsidiaries worldwide) (excluding, for greater certainty, the Chair of the Mergeco Board) who is ordinarily resident in Canada (the "**Senior Canadian Officer**");
- at least four independent Canadian Directors (who may include, for greater certainty, the Chair of the Mergeco Board), at least three of whom will be independent directors of TMX Group at the relevant time; and
- residents of Quebec in a number equal to 25% of the independent Canadian Directors (rounded down).

The composition and number of the Canadian Directors are permitted to be adjusted either if Mergeco (or its Subsidiaries worldwide) expands its operations through a transaction with another party and adds directors from the other party's board of directors to the Mergeco Board or if Mergeco adds directors who are resident outside Canada and Europe, on the basis that, after the addition:

- Canadian Directors represent at least the same proportion of those individuals who both were directors of Mergeco before the change and continue as directors of Mergeco after the change (rounded down) as Canadian Directors represented of directors of Mergeco before the change, subject to a minimum of three Canadian Directors;
- one of the Canadian Directors will be the Senior Canadian Officer;
- at least 50% of the Canadian Directors will be independent directors (who may include, for greater certainty, the Chair of the Mergeco Board) who will be independent directors of TMX Group at the relevant time; and
- of those independent Canadian Directors, 25% (rounded down) will be residents of Quebec.

The Canadian Directors who are members of committees of the Mergeco Board will be substantially proportionate to the percentage of Canadian Directors, from time to time, and at least one standing committee of the Mergeco Board will be chaired by an independent Canadian Director.

Corporate Governance after the Fourth Anniversary of the Undertakings

On or after the fourth anniversary of the date of the undertakings, the number of Canadian Directors is permitted to be reduced to a minimum that is the greater of:

- the number that the Mergeco Board, in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all the jurisdictions in which Mergeco

(and its Subsidiaries worldwide) operates from time to time, determines to be appropriate in light of the overall current and prospective significance of the Canadian business to Mergeco's business as a whole (and to the business of its Subsidiaries worldwide), having regard to both relevant financial measures and non-financial factors, including the strategic significance of the Canadian business to the Mergeco business (or to the business of its Subsidiaries worldwide) and the development of the Mergeco business (or that of its Subsidiaries worldwide) since the Merger of TMX Group and LSEG; and

- three;

and:

- of those Canadian Directors, at least 50% will be independent directors of TMX Group at the relevant time; and
- of those independent Canadian Directors, 25% (rounded down) will be residents of Quebec.

In the event that the Mergeco Board, in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all jurisdictions in which the Merged Group operates from time to time, determines that a material change in circumstances makes inappropriate the requirement of three Canadian Directors provided for in the immediately preceding paragraph, Mergeco may apply to the OSC for a change in that requirement and the OSC may, in the public interest, consider that change.

The nomination procedure provided for under the subheading "Corporate Governance until the Fourth Anniversary of the Undertakings" in this section, above, will also apply to the election or appointment of Canadian Directors on the basis of permitted adjustment or reduction of the number or composition of the Canadian Directors.

There will be appropriate representation of Canadian Directors on committees of the Mergeco Board, as determined by the Mergeco Board in the exercise of its fiduciary duties and having regard to the interests of all stakeholders in all the jurisdictions in which Mergeco (and its Subsidiaries worldwide) operates from time to time.

Undertakings of LSEG to the OSC Regarding Business Continuity

In addition, LSEG's written undertakings to the OSC in support of the application by TMX Group to amend the recognition order of TMX Group and TSX Inc. will contain the following provisions regarding the business continuity of TMX Group and TSX Inc.

Allocation of Resources

Mergeco will undertake that the Merged Group will allocate sufficient financial and other resources to TMX Group and TSX Inc. to ensure that each of TMX Group and TSX Inc. can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of its recognition order. Mergeco will notify the OSC immediately upon becoming aware that it is or will be unable to allocate such resources to either TMX Group or TSX Inc. to ensure that each of TMX Group and TSX Inc. can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of its recognition order.

Continuity of Operations

Mergeco will cause TSX Inc. to be locally managed, subject to the strategic and policy direction of Mergeco. Mergeco will cause TSX Inc. to maintain its core operations in Canada, except to the extent that, in accordance with its obligations with respect to “Change in Operations” under its recognition order, TSX Inc. ceases or otherwise changes its operations.

Mergeco will not do anything to cause TSX Inc. to cease to be the Canadian national exchange for the listing of issuers and the trading of their securities without the prior approval of the OSC and complying with any terms and conditions it may impose in the public interest in connection with any change to TSX Inc.’s operations.

Financial Information

Mergeco will prepare, as mandated for the Merged Group under applicable securities legislation, and file with the OSC within periods as are mandated for the Merged Group under applicable securities legislation, unaudited interim consolidated financial statements of the Merged Group and audited annual consolidated financial statements of the Merged Group.

Compliance

Mergeco will do everything within its control to cause each of TMX Group and TSX Inc. to carry out its activities as an exchange recognized under section 21 of the Securities Act and to comply with the terms and conditions in its recognition order.

Access to Information

Mergeco will, and will cause its Subsidiaries to, permit the OSC to have access to and to inspect all data and information in its or their possession that is required for the assessment by the OSC of the performance of TSX Inc. of its regulation functions and the compliance of each of TMX Group and TSX Inc. with the terms and conditions in its recognition order. Mergeco will permit the OSC to have access to and to inspect all data and information in its possession that is required for the assessment by the OSC of the compliance of Mergeco with its undertakings to the OSC.

Change in Ownership of TMX Group or TSX Inc.

The Merged Group will not sell or otherwise dispose of any voting or equity securities of TMX Group or TSX Inc. (except, for greater certainty, to their direct or indirect wholly-owned Subsidiaries) without the prior approval of the OSC.

Failure to Comply

If Mergeco fails to perform any of its undertakings, then, after any period that the OSC in its discretion grants Mergeco to remedy the failure, the OSC may require the recognition order of TMX Group or of TSX Inc. to be changed, including, without limitation, by revoking it.

Term

The undertakings of Mergeco to the OSC will cease to have effect if: (i) the OSC revokes the TMX Group and TSX Inc. recognition order for any reason other than the failure by Mergeco to fulfill its undertakings with the OSC; (ii) TMX Group and TSX Inc. cease to carry on the business after complying with any terms and conditions the OSC may impose; or (iii) TMX Group and TSX Inc. cease to be Subsidiaries of Mergeco.

TSX Inc. as Information Processor

TSX Inc. also operates as an information processor for exchange-traded securities other than options. TSX Inc. is recognized by the AMF to act as an information processor, subject to certain terms and conditions, and the CSA Chairs have determined that it is not contrary to the public interest for TSX Inc. to act as the information processor for exchange-traded securities other than options, based on regulatory filings and undertakings provided by TSX Inc. to the CSA. TSX Inc.'s information processor mandate continues until June 30, 2014.

TSX Inc. can determine, in its discretion, to re-apply to operate as an information processor for a subsequent period. The terms and conditions of the AMF recognition order for TSX Inc. as information processor include the following:

- the governance structure for carrying on the TSX Inc. information processor business must ensure: (i) fair and significant representation of each data contributing marketplace on the governance committee created for the information processor business; and (ii) appropriate representation of data contributing marketplaces and those parties who access information processor services;
- TSX Inc. must not discriminate in favour of any particular marketplace when collecting, processing, disseminating or publishing the information;
- all fees charged must be transparent, fair and reasonable; and
- the financial and other resources allocated to the information processor business must be sufficient for the proper performance of the information processor's functions and must ensure the information processor's financial viability.

TSX Inc. has not made an application to the AMF for any amendments to the recognition order recognizing TSX Inc. as an information processor in connection with the Merger.

Undertakings made by TSX Inc. to the CSA in Connection with its Role as the Information Processor

The undertakings made by TSX Inc. to the CSA in connection with its role as the information processor for exchange-traded securities other than options include the following:

- TSX Inc. must establish policies and procedures to separate TSX Inc.'s marketplace business operations from the information processor operations, and manage inherent conflicts of interest;
- data required to be provided to the information processor cannot be used for other products without the permission of the data contributors;
- as of July 1, 2012, TSX Inc. will conduct a review of the information processor's pass-through fee model and provide the results of its review to the CSA; and
- TSX Inc. will conduct an annual self-assessment of its compliance with provisions applicable to an information processor in National Instrument 21-101 — *Marketplace Operations*.

Such undertakings will not change in connection with the Merger.

TSX Venture Exchange Inc.

Overview of Current TSX Venture Exchange Inc. Recognition Order

The ASC and BCSC each recognize and regulate TSX Venture Exchange Inc. (which operates TSX Venture Exchange) as an exchange, subject to certain terms and conditions. TSX Venture Exchange Inc. is exempt from recognition by the securities regulatory authorities in Ontario, Manitoba and Quebec. The ASC and BCSC recognition orders for TSX Venture Exchange Inc. recognize it as an exchange and impose similar terms and conditions to those in the OSC recognition order for TSX Inc. regarding: (i) governance structure, including the independence requirement (TSX Venture Exchange Inc.'s independent directors are the same as TSX Inc.'s independent directors); (ii) fitness of directors and officers; (iii) fees and fair access to the trading facilities; (iv) trading system capacity and integrity; (v) material related party agreements or transactions; and (vi) material outsourcing. In addition, at least 25% of the directors of TSX Venture Exchange Inc. must have expertise in or be associated with the Canadian public venture capital market. The current members of the board of directors of TSX Venture Exchange Inc. for this purpose are Messrs. Fox, Hagg, Jaako, Cedraschi, Martel, Turmel, Mulvihill and Kloet and Mss. Chicoyne, O'Neill and Sinclair, who together comprise approximately 80% of the directors of TSX Venture Exchange Inc. TSX Venture Exchange Inc. cannot, without the prior approval of the ASC and BCSC, implement any significant changes to its governance structure and the practices of its board of directors.

The ASC and BCSC recognition orders also state that TSX Venture Exchange Inc. will not cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or dispose of all or substantially all of its assets, without: (i) providing the ASC and BCSC at least six months' prior written notice of its intention; and (ii) complying with any terms and conditions that the ASC and BCSC may impose in the public interest for the orderly discontinuance of its operations or the orderly disposition of its assets. In addition, the ASC and BCSC recognition orders state that TSX Venture Exchange Inc. will not cease to be wholly-owned or directly controlled by TSX Inc. or TMX Group without TSX Venture Exchange Inc.: (i) providing the ASC and BCSC at least three month's prior notice of its intention; and (ii) complying with any terms that the ASC or BCSC may impose in the public interest.

TSX Inc. and TMX Group — Undertakings Regarding TSX Venture Exchange Inc.

TSX Inc. and TMX Group have provided related undertakings to the ASC and BCSC (the "**Undertakings Regarding TSX Venture Exchange**"), including undertakings to allocate sufficient financial and other resources to TSX Venture Exchange Inc. to permit it to operate in accordance with its recognition order. They have also agreed not to cause or permit TSX Venture Exchange Inc. to cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations or dispose of all or substantially all of TSX Venture Exchange Inc.'s assets without: (i) providing the ASC and BCSC with at least six months' prior notice of their intention; and (ii) complying with any terms and conditions that the ASC or BCSC may impose in the public interest.

In addition, TMX Group and TSX Inc. have represented in the Undertakings Regarding TSX Venture Exchange that they will do everything in their control to cause TSX Venture Exchange Inc. to comply with the terms and conditions of its recognition order. TMX Group has also created and agreed to maintain a public venture market committee of its board of

directors. The ASC and BCSC recognition orders for TSX Venture Exchange Inc. impose conditions related to changes in ownership. TSX Inc. and TMX Group also agreed in the Undertakings Regarding TSX Venture Exchange not to complete or authorize a transaction that would result in TSX Venture Exchange Inc. ceasing to be wholly-owned or directly controlled by TSX Inc. without: (i) providing the ASC and BCSC at least three months' prior notice of their intention; and (ii) complying with any terms and conditions that the ASC or BCSC may impose in the public interest.

The Undertakings Regarding TSX Venture Exchange will remain in effect following the completion of the Merger.

Proposed Amendments to TSX Venture Exchange Recognition Order

TMX Group and LSEG made application to the ASC and BCSC on May 13, 2011 to amend and restate TSX Venture Exchange Inc.'s recognition orders to reflect the Merger. Pursuant to this application, following completion of the Merger the provisions of the current recognition orders relating to TSX Venture Exchange Inc. will remain in effect, except as modified by the following additional provisions.

The proposed amendments under this application include:

- *Corporate Governance:* At least 50% of the directors and members of each of the committees of the TSX Venture Exchange Inc. board of directors will be both ordinarily resident in Canada and independent;
- *Regulation Functions:* The requirements of the recognition orders will be revised to ensure that all regulation functions of TSX Venture Exchange Inc. will be carried on in Canada; and
- *Outsourcing:* The requirements of the recognition order will be modified to provide that the outsourcing requirements in the recognition orders that apply to third parties also apply to affiliates and associates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.

Undertakings of LSEG to the ASC and BCSC Regarding TSX Venture Exchange Inc.

LSEG has agreed, pursuant to the Merger Agreement, to provide written undertakings to the ASC and BCSC in support of the application by TMX Group to amend the recognition orders of TSX Venture Exchange Inc.

Under these written undertakings, Mergeco will undertake to the ASC and BCSC that it will:

- do everything within its control to cause TMX Group and TSX Inc. to perform their undertakings to the ASC and BCSC with respect to TSX Venture Exchange Inc.;
- do everything within its control to cause TSX Venture Exchange Inc. to comply with the terms and conditions of its recognition orders; and
- assume certain undertakings of TMX Group with respect to TSX Venture Exchange Inc. as if it were the maker of them, including with respect to: (a) performance of functions; (b) change in ownership of operation; (c) systems; (d) access to

information; and (e) corporate governance with respect to the creation and maintenance of the TMX Group public venture market committee.

These undertakings will cease to have effect if: (i) the ASC or BCSC, as applicable, revokes the TSX Venture Exchange Inc. recognition order for any reason other than the failure by Mergeco to fulfill its undertakings with the ASC or BCSC, as applicable; (ii) TSX Venture Exchange ceases to carry on business after complying with any terms and conditions that the ASC or BCSC, as applicable, may impose; or (iii) TSX Venture Exchange Inc. ceases to be a Subsidiary of Mergeco.

MX and CDCC

The AMF recognizes and regulates MX as an exchange and an SRO for the purpose of carrying on business in Quebec, subject to certain terms and conditions. MX received an exemption from recognition as an exchange and registration as a commodities futures exchange from the OSC.

Overview of Current MX Recognition Order

The AMF recognition order for MX imposes similar terms and conditions to those in the OSC recognition order for TSX Inc. regarding: the independence requirement of MX's governance structure (MX's independent directors are the same as TSX Inc.'s independent directors); fitness of directors and officers; fees and fair access to the trading facilities; trading system capacity and integrity; material related party agreements or transactions; and material outsourcing of its business functions.

The terms and conditions of the AMF recognition order for MX (and CDCC to the extent applicable) include the following:

- In addition to the independence requirement, MX's governance structure shall provide:
 - that at least 25% of its directors are residents of Quebec at the time of their election or appointment; and
 - fair and meaningful representation of directors with expertise in derivatives on the board of directors and the special committee — regulatory division. MX's special committee is responsible for the regulatory division. Members of the special committee are appointed by the MX board of directors, and a majority of the special committee members must be residents of Quebec and must satisfy the same independence requirements as those set out for MX directors.
- The MX regulatory division must have a separate administrative structure and must be completely autonomous in performing its functions and in its decision-making process. The MX regulatory division must be a separate business unit of MX and operate on a cost-recovery/not-for-profit basis. Any changes to the MX regulatory division's administrative and organizational structure or to MX's special committee that may materially affect regulatory duties and operations must be approved by the AMF. The AMF imposes periodic financial reporting, activity reporting and other reporting obligations regarding the MX regulatory division's regulatory functions.

- The head office and executive offices of MX and CDCC will remain in Montreal, Quebec, and the most senior executive officer of each of MX and CDCC will be a resident of Quebec at the time of his or her appointment and for the duration of his or her term of office and will work in Montreal, Quebec.
- MX will not cease to operate or suspend, discontinue or wind-up all or a significant portion of its operations, or dispose of all or substantially all of its assets, without:
 - (i) providing the AMF at least six months' prior written notice of its intention; and
 - (ii) complying with any terms and conditions that the AMF may impose in the public interest for the orderly discontinuance of its operations or the orderly disposition of its assets.
- MX shall maintain sufficient financial and other resources to ensure: (i) its financial viability and the proper performance of its functions; and (ii) the exercise of the self-regulatory functions of the MX regulatory division and must meet the following financial viability tests:
 - a working capital ratio of greater than 1.5:1;
 - a cash flow /total debt outstanding ratio greater than 20%; and
 - a financial leverage ratio of less than 4:1 (total assets/capital).

The above-mentioned ratios are calculated based on MX's consolidated financial statements.

Should MX fail to respect any of the above-mentioned financial ratios for a period of more than three months, it must promptly inform the AMF in writing of the reasons for the continued ratio deficiencies and the steps being taken to rectify the problem and re-establish its financial equilibrium. In these circumstances, MX will not, without the prior approval of the AMF, pay dividends (among other things) until the ratio deficiencies have been eliminated for at least six months.

No person or company and no combination of persons or companies acting jointly or in concert shall own or exercise control or direction over more than 10% of any class or series of voting shares of MX without the prior approval of the AMF, except for TMX Group or an affiliate of TMX Group. See also "Section B: Share Ownership Restrictions", below.

As a condition to obtaining the necessary approval for the MX Combination, on April 9, 2008, TMX Group provided the AMF with a written undertaking in support of the AMF recognition order for MX (the "**TMX Group Undertaking**") which provides for certain restrictions and undertakings. TMX Group has also agreed, in the TMX Group Undertaking, that it will not complete or authorize a transaction that would result in any person or company, or any combination of persons or companies acting jointly or in concert, owning or exercising control or direction over more than 10% of any class or series of voting shares of MX, without obtaining the prior authorization of the AMF, except for TMX Group or an affiliate of TMX Group. Furthermore, TMX Group undertook to continue to exercise control or direction over more than 50% of all classes or series of voting shares of MX. TMX Group also undertook not to complete or authorize a transaction that would result in more than 50% of any class or series of voting shares of MX ceasing to be controlled by TMX Group, directly or indirectly, without obtaining the prior authorization of the AMF. See also "Section B: Share Ownership Restrictions", below.

In addition to restrictions relating to share ownership, TMX Group agreed in the TMX Group Undertaking that 25% of TMX Group directors will be residents of Quebec. TMX Group also agreed in the TMX Group Undertaking that it shall cause the existing derivatives trading and related products operations of MX (as those operations existed on May 1, 2008) to remain in Montreal.

Proposed Amendments to MX Recognition Order

TMX Group, MX and LSEG made application to the AMF on May 13, 2011 to reflect the Merger. Pursuant to this application, following completion of the Merger the provisions of the current recognition order relating to MX will remain in effect, except as modified by the following additional provisions:

- *Corporate Governance*: the corporate governance provisions would be modified to add a condition that at least 50% of the directors and members of each of the committees of the MX board of directors will be both ordinarily resident in Canada and independent; and
- *Outsourcing*: the outsourcing provision would also be modified to add that the outsourcing requirements in the recognition order that apply to third parties also apply to affiliates and associates of TMX Group that are incorporated, or that primarily carry on business, outside Canada.

Undertakings of LSEG to the AMF Regarding MX

LSEG has also agreed, pursuant to the Merger Agreement, to provide written undertakings to the AMF in support of the application by TMX Group and MX to amend the recognition order of MX. These undertakings will contain the following provisions.

Mergeco will undertake to the AMF that it will:

- do everything within its control to cause TMX Group to perform its undertakings to the AMF with respect to MX;
- do everything within its control to cause MX to comply with the terms and conditions in its recognition order;
- ensure that appropriate nominations are made by the Mergeco Board at each Mergeco AGM to ensure that the directors of Mergeco will include directors who are both residents of Canada and independent directors, with residents of Quebec in a number equal to 25% of those independent directors (rounded down to the next lowest integer); and
- assume certain undertakings of TMX Group with respect to MX as if it were the maker of them in lieu of TMX Group, including: (a) MX operations; (b) change in ownership; (c) strategic plan for derivatives; (d) access to information; and (e) non-compliance.

These undertakings will cease to have effect if: (i) the AMF revokes the MX recognition order for any reason other than the failure by Mergeco to fulfill its undertakings with the AMF; (ii) MX ceases to carry on business after complying with any terms and conditions the AMF may impose; or (iii) MX ceases to be a Subsidiary of Mergeco.

The TMX Group Undertakings to the AMF with respect to MX will remain in effect.

MX is also subject to certain foreign regulatory requirements imposed by the regulators which have granted MX specific authorizations. In 2002, the CFTC granted a no-action relief to MX, as an FBOT, permitting U.S. broker-dealers to have remote access to most of MX's futures products. According to the no-action relief, MX is required to report to the CFTC on a regular basis and disclose any material changes affecting its application. MX allows remote access to its futures and options products to UK "authorized persons" and, as such, is required to notify the FSA of material changes to its business. In France, the Autorité des marchés financiers recognized MX as an exchange, thereby enabling it to give remote access to its futures and options markets to French broker-dealers. MX is required to notify France's Autorité des marchés financiers of any material changes affecting its recognition.

The CFTC has published for comments proposed rules that consist of a proposed registration requirement for FBOTs. These proposed rules would establish a registration requirement to replace the current no-action relief framework for FBOTs wishing to provide direct access from the U.S. to the FBOT's electronic trading platform. If these proposed rules were to be implemented as published, it would impose additional regulatory compliance obligations upon MX.

Current Regulation of CDCC

The AMF recognizes and regulates CDCC as an SRO in Quebec (since 1987, when CDCC was known as Trans Canada Options Inc. and recognized by the Commission des valeurs mobilières du Quebec, predecessor to the AMF). CDCC must provide the AMF, and the OSC through the AMF, with specified information on a regular basis in compliance with AMF requirements and pursuant to the terms and conditions of the OSC exemption order for CDCC, such as the rules that it files for review and approval with the AMF and financial information. CDCC is also subject to regulatory requirements of the SEC and various U.S. state regulators.

Recent amendments to the Securities Act prohibit clearing agencies from carrying on business in Ontario unless they are either recognized by the OSC as a clearing agency or exempted from this requirement. CDCC's operations are undergoing major changes and are likely to evolve significantly in the near future. Specifically, CDCC is expected to begin clearing fixed income repurchase agreements and cash buy and sell transactions during the fall of 2011. CDCC has also recently responded to an industry-issued request for information by indicating its intention to operate as a CCP for the Canadian market for OTC interest rate swaps and other derivatives. In addition, the Bank of Canada is undertaking a comprehensive assessment of CDCC's operations, systems, rules and risk management for the purposes of designating and overseeing of CDCC pursuant to the *Payment Clearing and Settlement Act (Canada)*. As a result of these changes and developments, the OSC has provided CDCC with a temporary exemption from the requirement to be recognized as a clearing agency. The temporary exemption order will terminate on the earlier of (i) the date that the OSC renders a subsequent order recognizing CDCC as a clearing agency or exempting it from such requirement and (ii) March 1, 2012. The temporary exemption order should provide CDCC with the time needed to establish its new clearing functions (particularly in relation to fixed income securities) and should provide the OSC with the time needed to assess the impact of CDCC's new functions and to consider an appropriate regulatory framework for CDCC.

Proposed Amendments to CDCC Recognition Order

CDCC is in the process of applying to the AMF for recognition as a clearing house on a basis that is independent of the Merger. AMF published the application of CDCC on May 13, 2011 and concurrently published a notice and request for comments. For the purposes of approval of the Merger, the terms of that recognition order may be modified by the following additional provisions.

- *Corporate Governance* — At least 50% of the directors and members of each of the committees of the board of directors of CDCC will be both ordinarily resident in Canada and independent; and
- *Outsourcing* — The requirements of the section of its recognition order dealing with outsourcing that apply to third parties also apply to affiliates and associates of CDCC that are incorporated, or that primarily carry on business, outside Canada.

For purposes of approval of the Merger, Mergeco and TMX Group will undertake that Mergeco and/or TMX Group will do everything within their control to cause CDCC to comply with the terms and conditions of its recognition order.

NGX

Overview of Current NGX Recognition Order

The ASC recognizes and regulates NGX as an exchange for the trading of natural gas, electricity and crude oil contracts, exempts NGX from the requirement to obtain acceptance from the ASC of the form of NGX's current contracts as exchange contracts and exempts NGX from registration requirements for the contracting parties who enter into NGX's standard form exchange agreement with NGX. The ASC also recognizes NGX as a clearing agency for clearing and settlement of natural gas, electricity and crude oil contracts, certain of which constitute exchange contracts, futures contracts or options. The terms and conditions of the ASC recognition orders require NGX to comply with certain exchange and clearing principles, reporting requirements, notification and other obligations.

NGX currently operates as an exempt commercial market pursuant to the U.S. *Commodities Exchange Act*, and is also registered as a derivatives clearing organization with the CFTC. NGX provided notice to the CFTC on November 5, 2002 of its operation as an exempt commercial market and has requested an extension to operate as an exempt commercial market for a period of one year following the effective date of the Dodd-Frank Act. NGX currently intends to replace the exempt commercial market status with an alternative status under the Dodd-Frank Act. As an exempt commercial market, NGX must comply with certain legislative requirements for the transactions in exempt commodities that are traded on a principal-to-principal basis by eligible commercial entities. The terms and conditions of the derivatives clearing organization order include the requirement for NGX to operate its clearing system in accordance with certain clearing principles as well as reporting and other obligations. NGX currently anticipates derivatives clearing organization regulation expanding under the Dodd-Frank Act.

No changes are proposed to NGX's recognition orders as a result of the Merger.

BOX

BOX is regulated by the SEC. BOX's options trades are cleared through the Options Clearing Corporation. BOX is also a party to a regulatory services agreement (the "**RSA Agreement**")

with NASDAQ OMX Group, Inc., NASDAQ OMX BX, Inc., formerly Boston Stock Exchange, and Boston Options Exchange Regulation LLC, a wholly-owned Subsidiary of NASDAQ OMX BX, Inc. Under the RSA Agreement, NASDAQ OMX BX, Inc. has delegated to Boston Options Exchange Regulation LLC certain of its day-to-day responsibilities for the surveillance operations of the BOX marketplace and also administers the regulatory aspects of BOX's relationship with BOX participants and has also delegated other market regulation services under a regulation services agreement to the Financial Industry Regulatory Authority, Inc., an SRO. The RSA Agreement will terminate on the earlier of May 31, 2012 or automatically on the 90th calendar day following the date BOX is approved as an SRO by the SEC or has obtained another regulatory services provider.

No changes are proposed to BOX's regulations as a result of the Merger.

Other Regulation of Canadian Markets

Regulation of Brokerage Firms

All brokerage firms trading through TSX, TSX Venture Exchange or MX must be members of a recognized SRO which regulates its members. These organizations regulate the broker-client relationships, business conduct and capital adequacy of their members. This regulation seeks to maintain the credibility of marketplaces, protect investors' interests and instil investor confidence by addressing general issues of trading ethics and investor protection in the markets. Participants and member firms trading on TSX and TSX Venture Exchange and Canadian-approved participants trading on MX are regulated by IIROC. Foreign-approved participants trading through MX must be regulated by a recognized SRO or regulator in their jurisdiction. The exchanges, however, also have criteria for access to their markets.

Regulation of Market Participants

In Canada, an exchange can regulate its markets and its participants and enforce its requirements either directly or through a regulation services provider. IIROC is the SRO that provides regulation services to both TSX and TSX Venture Exchange, monitoring and enforcing compliance with UMIR.

The regulatory functions of MX are conducted by the MX regulatory division. As a recognized exchange and SRO, the MX regulatory division is responsible for regulating its markets and its participants on a day-to-day basis. The MX regulatory division achieves this by adopting and enforcing rules and policies governing MX's markets and the conduct of approved participants.

The MX regulatory division is independent from its other operations and is under the sole internal oversight of the MX special committee, which is fully independent from MX and its management. The objective of creating the MX regulatory division was to ensure neutrality and impartiality when the MX regulatory division applies the rules that govern MX's markets and the relationships between MX and its approved participants.

No changes are proposed to the MX regulatory division as a result of the Merger.

Issuers of Securities

In Canada, there is one securities regulatory body in each province or territory. These provincial and territorial securities regulatory authorities regulate the offering of securities by

issuers and their reporting and continuous and other timely disclosure requirements and, in certain cases, the conduct of various market participants, including exchanges and intermediaries. The ASC and BCSC have required TSX Venture Exchange to review and approve certain prospectuses filed by issuers listed on TSX Venture Exchange.

Each of TMX Group's equity exchanges establishes standards for listed issuers, and enforces compliance with those standards through the exchange's powers to halt trading in a security or to suspend or delist the listing of a security.

Listing of TMX Group Shares on TSX

TSX and staff of the OSC approved the listing and posting for trading of TMX Group's Shares on TSX under the symbol "X" on November 12, 2002. The OSC established procedures that require TSX to promptly report to the OSC any conflicts or potential conflicts of interest that arise or may arise with respect to TMX Group's continued listing or the initial listing or continued listing of a competitor of TMX Group or its affiliates. Under these procedures, TMX Group established a conflicts committee, with at least two members who are independent of TSX Inc., and all conflict determinations and resolutions must be approved by staff of the OSC.

After the Merger, it is proposed that these procedures will apply to the listing of Mergeco and Exchangeco on TSX.

2. LSEG Group Regulatory Matters

The LSEG Group currently comprises a number of regulated companies in various European countries. The principal regulated entity in the UK is the London Stock Exchange, which is a UK RIE regulated by the FSA. The London Stock Exchange operates a number of different markets under its RIE status, including the Main Market and AIM, its growth market. The Main Market is a regulated market for the purposes of MiFID, while AIM is a Multilateral Trading Facility for the purposes of MiFID. The LSEG Group has a second UK RIE, EDX, which is a derivatives market and a regulated market for the purposes of MiFID. As well as its RIEs, the group also contains two UK firms, Turquoise Global Holdings Limited and EuroMTS Limited, which are not RIEs but are authorized by the FSA to undertake a variety of regulated activities including operating Multilateral Trading Facilities. The UK regime for RIEs and authorized firms is described in the "UK Regulatory Matters" section below.

In Italy, the LSEG Group's operations include Borsa Italiana, which is regulated by CONSOB in Italy. Like the London Stock Exchange, Borsa Italiana operates a number of different markets, including the Borsa Italiana MTA market, which is a regulated market for the purposes of MiFID, and Borsa Italiana AIM ITALIA market, which is a Multilateral Trading Facility for the purposes of MiFID. In addition, MTS is the parent company of the operator of the Italian wholesale regulated market for Italian government bonds and other fixed income securities, which is regulated and supervised by the Bank of Italy. The LSEG Group's Italian operations also include Monte Titoli, which is the settlement system and central securities depository in Italy, and CC&G, which acts as the CCP for Borsa Italiana. Monte Titoli and CC&G are authorized and supervised by both the Bank of Italy and CONSOB. The Italian regulatory regime is described in the "Italian Regulatory Matters" section below.

The LSEG Group also has a regulated subsidiary in France, MTS France S.A.S., which is authorized as an investment firm operating a Multilateral Trading Facility. MTS France S.A.S. is regulated in France by both the Autorité de contrôle prudentiel and France's Autorité des marchés financiers.

UK Regulatory Matters

Overview of UK Regulatory Regime

The primary statute covering financial services in the UK is FSMA. FSMA sets out the framework for the UK regulatory system and establishes the FSA as the single statutory financial services regulator in the UK with statutory objectives and powers, including its powers to make rules and guidance.

A central element of the UK regulatory regime is the specification of regulated activities. Section 19 of FSMA prohibits any person from carrying on a regulated activity in the UK unless that person is authorized by the FSA or exempt (the “**general prohibition**”). The list of regulated activities includes dealing in investments, arranging deals in investments and operating a Multilateral Trading Facility. A person operating an exchange or similar execution venue which brings together buyers and sellers of investments and through which contracts in those investments are concluded is likely to be carrying on certain regulated activities (including arranging deals in investments). As a result, a person operating an exchange or similar execution venue in the UK would either need to be authorized by the FSA or exempt.

RIE Regime

Section 285 of FSMA provides that an RIE is an exempt person in respect of any regulated activity which is carried on as part of the exchange's business as an investment exchange. Consequently, a person operating an exchange in the UK could seek exemption from the general prohibition by obtaining RIE status. In order to become, and remain, recognized as an RIE an investment exchange must satisfy the requirements set out in the UK FSMA (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 (as amended).

Application for recognition is made to the FSA, which is the body responsible for determining whether the applicant exchange satisfies the recognition criteria. The FSA has published guidance on the recognition criteria in its Recognized Investment Exchanges and Recognized Clearing Houses Sourcebook, which is part of the FSA Handbook.

The recognition criteria include the following:

Financial Resources

- The exchange must have financial resources sufficient for the proper performance of its functions as a recognized investment exchange. In considering whether this requirement is satisfied, the FSA will take into account all circumstances, including the exchange's connection with any person and any activity carried on by the exchange and the risks to which the exchange is exposed.

Suitability

- The exchange must be a fit and proper person to perform the functions of an RIE. The FSA may take into account all circumstances, including the exchange's connection with any person, when considering whether this requirement is satisfied. In addition, the persons who effectively direct the business and operations of the exchange must be of sufficiently good repute and sufficiently experienced to ensure the sound and prudent management and operation of the financial markets operated by it and any persons who are in a position to exercise significant influence over the management of the exchange, whether directly or indirectly, must also be suitable.

Systems and Controls

- The exchange must ensure that the systems and controls used in the performance of its functions are adequate and appropriate for the scale and nature of its business. This applies in particular to: (i) systems and controls concerning the transmission of information; (ii) the assessment, mitigation and management of risks to the performance of the exchange's functions; (iii) the effecting and monitoring of transactions on the exchange; (iv) the technical operation of the exchange, including contingency arrangements for disruption to its facilities; (v) the operation of arrangements for securing timely discharge of rights and liabilities of parties to transactions effected on the exchange; and (vi) (where relevant) the safeguarding and administration of assets belonging to users of the exchange's facilities.

Safeguards for Investors

- The exchange must ensure that business conducted by means of its facilities is conducted in an orderly manner and so as to afford proper protection to investors. Access to the exchange's facilities must be subject to criteria designed to protect the orderly functioning of the market and the interests of investors. It must have transparent and non-discretionary rules and procedures to provide for fair and orderly trading and to establish objective criteria for the efficient execution of orders.
- In addition, the exchange must make pre- and post-trade information about share trading available to the public on reasonable commercial terms and on a continuous basis during normal trading hours. Detailed rules exist as to the pre- and post-trade information that must be made available to investors.

Access to Facilities

- The exchange must make transparent and non-discriminatory rules, based on objective criteria, governing access to, or membership of, its facilities. These rules must permit the exchange to give access only to investment firms, credit institutions and persons who are fit and proper, have a sufficient level of trading ability and competence and have adequate organizational arrangements (where applicable) and sufficient resources. The list of the users or members of its facilities must be regularly supplied to the FSA.

Settlement and Clearing

- The exchange has to ensure that there are satisfactory arrangements in place for the timely discharge of the rights and liabilities of parties to transactions made on exchange.

Financial Crime and Market Abuse

- The exchange must ensure that appropriate measures, including monitoring transactions effected on its facilities, are adopted to reduce the extent to which the exchange's facilities can be used for market abuse or financial crime, and to facilitate their detection and monitor their incidence.

Availability of Information and Admission of Financial Instruments to Trading

- The exchange must have clear and transparent rules concerning the admission to trading of financial instruments. The rules must ensure that all financial instruments admitted to trading on a regulated market are capable of being traded in a fair, orderly and efficient manner, that transferable securities are freely negotiable and that contracts for derivatives allow for orderly pricing and effective settlement.
- The exchange must also ensure that appropriate arrangements are in place for "relevant information" (information which is relevant to enable investors to determine the current value of investments) to be made available to persons engaged in dealing on the exchange. In relation to any Multilateral Trading Facility operated by the exchange, this includes ensuring that sufficient information is publicly available to enable users to form investment judgments.

Promotion and Maintenance of Standards

- The exchange must be able and willing to promote and maintain high standards of integrity and fair dealing in the carrying on of regulated activities by persons in the course of using the facilities provided by the exchange, sharing information with regulators when appropriate.

Rules and Consultation

- The exchange must ensure that appropriate procedures are adopted for it to make rules, keep its rules under review and amend its rules, including provisions on consulting its users on changes to its rules.

Discipline

- The exchange must have effective arrangements for monitoring and enforcing compliance with its rules and for monitoring transactions effected on the exchange in order to identify disorderly trading conditions. These arrangements must include procedures for investigating complaints and the fair, independent and impartial resolution of appeals against decisions of the exchange. Any financial penalties must be put towards meeting the costs of the investigation or appeal, for the benefit of users of the exchange's facilities, or for charitable purposes.

Complaints

- The exchange must have effective arrangements for the investigation and resolution of complaints arising in connection with the performance of, or failure to perform, any of its regulatory functions. The arrangements must include arrangements for a complaint to be fairly and impartially investigated by a person independent of the exchange, and for him or her to report on the result of his or her investigation to the exchange and the complainant.

Default Rules

- The exchange must have default rules which enable action to be taken in respect of unsettled market contracts in the event of a member of the exchange being or appearing to be unable to meet its obligations.

Supervision of RIEs by the FSA

The London Stock Exchange and EDX, as RIEs, must satisfy the Recognition Requirements at all times in order to retain their RIE status. The FSA is responsible for supervising RIEs and ultimately being satisfied that an RIE continues to meet the Recognition Requirements. The FSA expects to have an open, co-operative and constructive relationship with the RIEs that it supervises on a close and continuous basis to enable it to have a broad picture of an RIE's activities and its ability to meet the Recognition Requirements. The FSA holds regular meetings with senior management in the LSEG Group as part of its supervision of the RIEs in the group.

The FSA applies ARROW to the UK RIEs in the LSEG Group. A risk mitigation programme (“**RMP**”) is produced annually for the RIEs in the group.

In addition to the regular meetings between an RIE and the FSA, an RIE is subject to a number of formal notification requirements which oblige it to notify the FSA if certain events occur. These include:

- changes to key individuals within the RIE;
- changes to the constitution of the RIE;
- provide copies of the RIE annual report and accounts, including the annual report and accounts of any consolidated group of which the RIE belongs, as well as quarterly or monthly management accounts;
- delegation of certain functions to another person, including any of the RIEs regulatory functions;
- changes to the types of financial instruments that are admitted to trading on the RIE's facilities;
- trading suspensions or disruptions in services offered by the RIE; and
- changes to the type of person admitted as a member, disciplinary action taken by the RIE against any of its members and the declaration of a default in respect of a member.

Members of the London Stock Exchange

In order to satisfy the Recognition Requirements relating to access to its facilities, the rules of the London Stock Exchange provide that members of the London Stock Exchange must at all times be authorized under relevant UK or appropriate overseas legislation or, in the view of the London Stock Exchange, be otherwise appropriate to be a member. The rules provide further detail as to the persons that the London Stock Exchange will consider to be appropriately authorized or sufficiently regulated.

Members must have adequate trade execution, recording, reporting and settlement procedures and systems and, if relevant, order and quote management procedures and systems, sufficient staff with adequate knowledge, experience, training and competence, adequate internal procedures and controls and compliance officers competent to advise the member and its employees on the rules of the London Stock Exchange.

Authorized Firm Regime

As an alternative to seeking exemption as an RIE, a person wishing to operate an exchange or similar trading venue may apply for a permission under Part IV of FSMA to carry on the relevant regulated activities as an authorized person, which would include permissions for arranging deals in investments and operating a Multilateral Trading Facility.

The FSA is also the body responsible for determining applications for authorization under Part IV of FSMA. In order to obtain and retain authorization an applicant must show that it meets the Threshold Conditions set out in FSMA. These include the following:

- if the applicant is a body corporate constituted under UK law, its head office and registered office must be in the UK;
- if the applicant has close links with another person, the FSA must be satisfied that those links are not likely to prevent the FSA's effective supervision of the applicant, and, if it appears to the FSA that the other person is subject to the laws, regulations or administrative provisions of a territory which is not an EEA State, that neither those foreign provisions, nor any deficiency in their enforcement, would prevent the FSA's effective supervision of the applicant. The relationship of close links is based, broadly, on group structure and control;
- the resources of the applicant must, in the opinion of the FSA, be adequate (sufficient in terms of quantity, quality and availability) in relation to the regulated activities that it seeks to carry on, or carries on. The FSA may take into account the applicant's membership of a group and any effect which that membership may have, and the liabilities and risk management of the applicant and its group; and
- the applicant must satisfy the FSA that it is a fit and proper person having regard to all the circumstances, including its connection with any person, the nature of any regulated activity that it carries on or seeks to carry on, and the need to ensure that its affairs are conducted soundly and prudently.

If the applicant is seeking permission to operate a Multilateral Trading Facility it must also satisfy the specific requirements set out in Chapter 5 of the Market Conduct Sourcebook of the FSA Handbook, which include the following:

Safeguards for Investors

- The establishment of transparent and non-discretionary rules and procedures for fair and orderly trading.
- The establishment of objective criteria for the efficient execution of orders.
- The provision of certain pre- and post-trade information in respect of shares admitted to trading on a regulated market to the public on reasonable commercial terms. Detailed rules exist as to the pre- and post-trade information that must be made available to investors.

Availability of Information and Admission of Financial Instruments to Trading

- The establishment of transparent rules regarding the criteria for determining which financial instruments can be traded by means of the Multilateral Trading Facility's facilities.
- The provision of, or access to, sufficient publicly available information to enable the users of the Multilateral Trading Facility to form an investment judgment, taking into account the nature of the users and financial instruments involved. This will include the provision on reasonable commercial terms of pre- and post-trade information relating to shares not admitted to trading on a regulated market and the publication of post-trade information for financial instruments other than shares.

Access to Facilities

- The establishment of transparent rules, based on objective criteria, governing access to the Multilateral Trading Facility's facilities. The members or participants must be investment firms, certain credit institutions or other persons who are fit and proper, have a sufficient level of trading ability and competence, have adequate organizational arrangements (where applicable) and have sufficient resources for the role they are to perform taking into account the different financial arrangements that the firm operating the Multilateral Trading Facility may have established to guarantee adequate settlement of transactions.

Settlement and Clearing

- The provision of clear information to its users of their respective responsibilities for the settlement of transactions.
- The establishment of arrangements necessary to facilitate the efficient settlement of transactions.

Financial Crime and Market Abuse

- The establishment of effective arrangements and procedures for the regular monitoring of the compliance by its users with its rules, and monitoring of the transactions undertaken by its users to identify breaches of those rules, disorderly trading conditions or conduct that may involve market abuse.

- The reporting, without delay, to the FSA and other competent authorities of significant breaches of the firm's rules, disorderly trading conditions and conduct that may involve market abuse, as well as the provision of full assistance to the FSA and any other competent authority during investigations and prosecutions relating to market abuse on or through the Multilateral Trading Facility's systems.

A number of other regulatory requirements are imposed on authorized firms, including those operating Multilateral Trading Facilities, in the FSA Handbook. These include the following:

Regulatory Capital Requirements

- An authorized firm must at all times maintain overall financial resources, including capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. There is a comprehensive regime dealing with the capital and liquidity resources that must be held by authorized firms.

Systems and Controls

- An authorized firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business. These should address its organizational structure, compliance, financial crime and money laundering, risk assessment, management information, employees and agents, audits, business strategy, remuneration policies, business continuity and record keeping.

Outsourcing

- When outsourcing critical functions, a firm operating a Multilateral Trading Facility must ensure that it takes reasonable steps to avoid undue additional operational risk and must not undertake the outsourcing of important operational functions in such a way as to impair materially the quality of its internal control or the ability of the FSA or any other regulator to monitor the firm's compliance with its obligations. The FSA Handbook contains detailed rules and guidance governing outsourcing arrangements.

Approved Persons

- Firms authorized by the FSA must take reasonable care to ensure that no person performs a "controlled function" under an arrangement entered into by it in relation to any regulated activity carried on by it unless the FSA has first approved that person to perform that controlled function. Controlled functions include the director function, the compliance function, the systems and controls function and the customer function. The FSA may grant an application for approval only if it is satisfied that the candidate is a fit and proper person to perform the function to which the application relates and it may withdraw its approval if it considers that the person in respect of whom the approval was given is not fit and proper to perform the controlled function. The FSA will have regard to a number of factors when assessing the fitness and propriety of a person to perform a particular controlled function, including the person's honesty, integrity and reputation, competence and capability and financial soundness.

- Statements of Principle and a Code of Practice are set out in the FSA Handbook and apply to approved persons. The Statements of Principle include provisions to the effect that an approved person must act with integrity and with due skill, care and diligence, observe proper standards of market conduct, deal with the FSA and other regulators in an open and cooperative way and disclose appropriately any information of which the FSA would reasonably expect notice.

Conduct of Business Rules

- A section of the FSA Handbook is dedicated to conduct of business rules, which include requirements to act honestly, fairly and professionally in accordance with the best interests of clients and to comply with certain information requirements in respect of clients, as well as rules governing inducements, communications and a number of other conduct of business requirements.

FSA Supervision of Authorized Firms

The authorized firms in the LSEG Group, Turquoise Global Holdings Limited and EuroMTS, are supervised by the same team within the FSA that supervises the RIEs. Issues relating to the authorized firms are also addressed in regular meetings that take place between the firms and FSA. The authorized firms are also subject to the FSA's ARROW process and annual RMP.

In addition, as for RIEs, authorized firms are subject to a number of formal notification requirements, which oblige firms to inform the FSA upon the occurrence of certain events. In particular, all authorized firms are required to disclose to the FSA under Principle 11 of the FSA's Principles for Businesses "anything relating to the firm of which the FSA would reasonably expect notice". As mentioned above, authorized firms which have permission to operate a Multilateral Trading Facility are also specifically required to inform the FSA of: (i) significant breaches in the firm's rules; (ii) disorderly trading conditions; and (iii) conduct that may involve market abuse.

FSA Enforcement Powers in Respect of RIEs and Authorized Persons

Under FSMA, the FSA has certain, specific powers in relation to RIEs. The FSA may give directions to an RIE who has failed, or is likely to fail, to satisfy the recognition requirements or has failed to comply with any other obligation imposed on it by or under FSMA. The FSA may direct the RIE to take specified steps to secure compliance, which may include granting access to the RIE's premises and the suspension of the carrying on of regulated activities by the RIE.

The FSA also has a wide range of powers in relation to authorized firms. The FSA has significant information gathering and investigation powers. Disciplinary sanctions include private warnings, public censure, public statements and financial penalties. The FSA may on its own initiative vary or cancel an authorized firm's Part IV FSMA permission if: (i) it appears to the FSA that the firm is failing, or is likely to fail, to satisfy the threshold conditions; (ii) the firm has failed, during a period of at least 12 months, to carry on a regulated activity for which it has a Part IV FSMA permission; or (iii) it is desirable to exercise the power in order to meet any of the FSA's regulatory objectives.

Proposed Changes to the UK Regulatory Structure

In the UK, the regulatory structure is under review by the government with the proposed creation of a new model that would replace the single FSA with two new regulators: the PRA (broadly responsible for micro-prudential regulation) and the FCA (broadly responsible for conduct, markets and consumer protection).

Under the current proposals, the FCA will be solely responsible for the conduct and prudential regulation of RIEs, such as the London Stock Exchange and EDX. Authorized firms that operate Multilateral Trading Facilities, such as Turquoise Global Holdings Limited and EuroMTS, will also be regulated by the FCA as to both conduct and prudential matters.

The UK government is committed to putting the new regulatory architecture in place by the end of 2012.

Italian Regulatory Matters

Overview of Italian Regulatory Regime

The primary piece of legislation governing financial services in Italy is the TUF.

The TUF sets out, *inter alia*, the minimum standards for organization and management of financial markets, centralized management of financial instruments, corporate governance of listed companies and allocates responsibilities among the Ministry for Economy, CONSOB and the Bank of Italy with regard to the supervision of the regulated markets.

Article 61 — *ter et seq* of the TUF provides that the management of regulated markets is a regulated activity subject to administrative authorization and public oversight.

In order to become and remain authorized to manage regulated markets, a company must satisfy the requirements set out under the TUF and under implementing regulations issued by CONSOB, Italy's Ministry for Economy and by the Bank of Italy (as the case may be, depending on the type of financial instruments traded in the relevant market), which include the following:

- the company must have an exclusive corporate purpose restricted to the organization and management of regulated markets and to activities ancillary or instrumental thereto;
- the exchange must have financial resources sufficient for the proper performance of its functions;
- persons performing management and oversight functions at the company must comply with specific experience, integrity and independence requirements; and
- shareholders holding a participation higher than 5% of the corporate capital with voting rights must comply with specific integrity requirements.

In addition, the regulated markets, as such, must become authorized by CONSOB with the Bank of Italy, if the market relates to private and public debt securities other than government securities (*titoli di Stato*), as well as markets of money market instruments and financial derivatives based on public securities, interest rates and currencies. As to the market of

governmental bonds (*titoli di Stato*), Italy's Ministry for Economy may derogate from these provisions, having heard CONSOB and the Bank of Italy. In order to become and remain so authorized they must fulfill particular requirements, which include the following:

- the management company must fulfill the requirements set out above; and
- the market rules must be compliant with community Law and must be suitable to ensure market transparency, orderly trading and investors' protection.

CONSOB is the body responsible for authorizing stock markets and (upon consultation with the Bank of Italy) wholesale corporate bond markets and (upon consultation with the authority for energy and gas) derivative markets on energy and gas. The Ministry for Economy and the Bank of Italy are the bodies responsible for authorizing wholesale government bond markets.

Regulation of Borsa Italiana

Borsa Italiana is the group parent of the Borsa Italiana group and is responsible for the organization and management of the Italian stock exchange. The group includes three Subsidiaries that perform regulated business: MTS Group, Monte Titoli and CC&G.

Borsa Italiana is regulated and supervised by CONSOB. Any amendments to its by-laws or to the market rules must be approved by CONSOB. CONSOB is entitled to request that the market rules be changed and other decisions be taken by Borsa Italiana in accordance with CONSOB's requirements. In urgent cases, CONSOB is entitled to step in and directly take any necessary measures. In case of serious irregularities, CONSOB is entitled to withdraw any authorizations granted to Borsa Italiana.

MTS is the parent company of the operator of the Italian wholesale regulated markets for Italian government bonds and other fixed income securities. In operating such markets, it is regulated and supervised by the Bank of Italy, which can exercise substantially the same powers of CONSOB. MTS is also authorized to operate the wholesale market for corporate bonds. In operating such markets, it is regulated and supervised by CONSOB.

In their capacity as operators of regulated markets, Borsa Italiana and MTS are subject to a number of regulatory requirements. In particular, they must:

- adopt appropriate measures to identify and manage conflicts of interests between the regulated markets and their owners or managers;
- adopt appropriate measures to identify, mitigate and manage any risks to which they are exposed;
- ensure the sound management of technical operations relating to the trading systems, including effective arrangements for business continuity in case of system failures; and
- implement effective mechanisms to facilitate the efficient and timely conclusions of transactions executed on the markets.

To this end, they must inform the competent regulators on matters such as projects for the acquisition of participations in other companies which exclusively or substantially carry on selected activities only.

Moreover, all business plans submitted to the board of directors shall be sent to CONSOB, together with information on timing and manner of implementation. Agreements submitted to the board of directors regarding alliances or cooperation agreements that might have an impact on the organization and functioning of the markets shall also be transmitted to CONSOB.

Furthermore, they shall file with CONSOB their financial statements, the minutes of shareholders and board meetings and an annual report on the organizational and IT structure and the procedures adopted for the management of risks. The board of auditors shall provide CONSOB with a copy of any internal investigations and any other significant information.

Monte Titoli acts as the Italian Settlement Company and Central Securities Depository. It is authorized by the Bank of Italy in agreement with CONSOB with regard to settlement services. It is also authorized by CONSOB to provide central depositories services. It is supervised by CONSOB and the Bank of Italy. When serious irregularities are found, the Ministry for Economy, acting on the proposal of either the Bank of Italy or CONSOB, may order the dissolution of its management bodies.

CC&G operates the CCP system for the stock market and is authorized and supervised by the Bank of Italy and CONSOB. When serious irregularities are found, the Ministry for Economy, acting on the proposal of either the Bank of Italy or CONSOB, may order the dissolution of its management bodies.

Monte Titoli and CC&G must comply with the regulatory requirements set out under the Joint Regulations of February 22, 2008 (as subsequently amended) issued by CONSOB and the Bank of Italy concerning their organization (e.g. corporate governance rules, conflicts of interests, risk management, accounting standards and practices, internal controls etc.). To this end, they provide the Bank of Italy and CONSOB with all necessary information on an on-going basis. In particular, they file an annual report on the organizational and IT structure and the procedures adopted for the management of risks.

Additionally, they must provide information to CONSOB and the Bank of Italy on any business plans, financial statements, shareholders' meetings, amendments to the companies' by-laws, strategic agreements relating to the services provided, changes in the ownership structure and managing bodies of the companies and any material information relating, *inter alia*, to the services provided and the facilities employed.

European Regulatory Developments

Following the financial crisis and the high-profile failures of several major financial institutions in 2008 and 2009, a range of regulatory measures have either been implemented or are under discussion in Europe.

In the EU, one such key regulatory measure is the MiFID Review. The European Commission published a consultation paper in December 2010 setting out its proposals for revisions to MiFID, which included proposals relating to market structures and practices, SME markets (*i.e.*, markets for small and medium sized enterprises), automated trading, pre-and post-trade transparency, data consolidation and on-venue trading of standardized OTC derivatives, among other things. In addition, the EU is looking at the adoption of a European Market Infrastructure

Regulation (“**EMIR**”) (to address issues relating to clearing of OTC derivatives, CCPs and trade repositories) as well as the adoption of a Short Selling Regulation (which would involve greater transparency, clear powers for regulators and a coordinated European framework on short selling and tackling specific risks of naked short selling).

In January 2011, the EU created three new European supervisory authorities, including the European Securities and Markets Authority, which replaces the Committee of European Securities Regulators. Considerable powers are being passed to these new supervisory authorities, including the ability to make binding technical standards and, in certain limited circumstances, to address decisions directly to regulated firms in Member States.

3. Regulation of the Exchanges in the Merged Group

Following completion of the Merger, the exchanges contained in the Merged Group will continue to operate under the same regulatory structure that TMX Group’s and LSEG’s exchanges currently follow and in the same manner. The Merger does not involve any mergers of the exchanges themselves, but rather the merger of ownership of TMX Group and LSEG.

Section B: Share Ownership Restrictions

Canadian Share Ownership Restrictions

Current Share Ownership Restrictions of TMX Group

Pursuant to section 21.11 of the Securities Act, Ontario regulation 261/02 made thereunder, the order of the OSC of September 3, 2002 made thereunder and section 7 of the recognition order of TMX Group and TSX, there are share ownership restrictions attached to TMX Group Shares. These restrictions provide that no person or company (or combination of persons or companies acting jointly or in concert) may beneficially own or exercise control or direction over more than 10% of any class or series of TMX Group Shares without the prior approval of the OSC. In addition, pursuant to the TMX Group Undertaking, TMX Group agreed that it is subject to the restriction that no person or company and no combination of persons or companies acting jointly or in concert may beneficially own or exercise control or direction over more than 10% of any class or series of TMX Group’s voting shares without the prior approval of the AMF. The foregoing restrictions (the “**TMX Group Share Ownership Restrictions**”) are set forth in the articles of incorporation of TMX Group.

Post-Merger Share Ownership Restrictions

Following the Merger, the TMX Group Share Ownership Restrictions will remain in force and therefore the OSC and AMF must approve any legal (also referred to as *de jure*) change of control of Mergeco and any effective (also known as *de facto*) change of control of Mergeco.

Following the Merger, the following TMX Group Share Ownership Restrictions will continue to apply to Mergeco: Mergeco will require the approvals of the OSC and AMF for either legal, or *de jure*, change of control of Mergeco, or an effective, or *de facto*, change of control of Mergeco, each as described below. Additionally, approval of the FSA will be required for the acquisition of shares or voting power in Mergeco at the level of 10% and at other higher levels.

Legal Change of Control of Mergeco

If, after the Merger, a person or company were to hold more than 50% of the Mergeco Shares, that person or company would have what is commonly known as legal control of Mergeco. Under Canadian Securities Laws, a person or company that has legal control of Mergeco would be deemed to own beneficially all of the TMX Group Shares, as they will be owned by Exchangeco, a Subsidiary of Mergeco. Accordingly, the OSC and AMF must approve a legal change of control of Mergeco.

Effective Change of Control of Mergeco

If, after the Merger, a person or a company were to acquire effective control of Mergeco, that person or company would be considered to exercise control or direction over all of the TMX Group Shares. Accordingly, the OSC and AMF must approve an effective change of control of Mergeco. Although “control or direction” is not defined in the Securities Act, both subordinate instruments and decisions and statements of the OSC confirm that “control or direction” over shares means the power to vote the shares or the power to make investment decisions in relation to the shares and that those powers may be exercised indirectly; the person or company who has effective control of Mergeco would have, through its Subsidiaries, both those powers over all of the TMX Group Shares. A person or company has effective control over another company if the person or company has, in fact, the power to elect a majority of the board of directors of the other company. Since, however, the question of effective control is one of fact, other circumstances, in the judgment of the OSC, could also justify the conclusion.

Enforcement for Contravention of Share Ownership Restrictions

The articles of incorporation of TMX Group provide for comprehensive enforcement mechanisms that are applicable in the event of a contravention of the TMX Group Share Ownership Restrictions. After determination of a contravention by the TMX Group Board, some of the enforcement mechanisms are that no person may vote the TMX Group Shares of the contravening persons or companies, dividends on the TMX Group Shares are limited or prohibited and TMX Group is required to send a notice requiring the sale of the TMX Group Shares held in contravention. In the event that such a required sale is not made, the further enforcement mechanisms then applicable include the prohibition of the exercise of any right or privilege attached to the TMX Group Shares and the right of TMX Group to sell or redeem the TMX Group Shares held in contravention and remit the net proceeds to the holder.

In addition to the enforcement mechanisms provided for in the articles of incorporation of TMX Group, there are sanctions and remedies for (i) the offence of a contravention of section 21.11 of the Securities Act, including fines, imprisonment and remedial orders of the OSC and the courts, and (ii) the failure to comply with the TMX Group Undertaking, including fines and remedial orders of the AMF.

UK Share Ownership Restrictions

A person proposing to acquire, or increase, control over Mergeco must obtain the consent of the FSA, before they do so, through a formal process in accordance with sections 178 to 192 of FSMA. The acquisition or increase of control without that FSA consent is a criminal offence.

Acquisition of control of Mergeco for this purpose means:

- acquiring 10% of the shares or voting power in Mergeco; or
- acquiring shares or voting power in Mergeco as a result of which the acquiror is able to exercise a significant influence over the management of any of its U.K.-regulated Subsidiaries.

Prior approval, following the same process as for acquisitions of control, will also be required where a person wishes to increase their control over Mergeco above the following additional thresholds: 20% or more, 30% or more, 50% or more or to become a parent undertaking (if different from the increase to more than 50%).

In all cases, levels of control are assessed by reference to the aggregate holdings of a person and any other person with whom he or she has agreed to jointly exercise his or her shareholding or voting power.

In assessing the request to acquire or increase control over Mergeco, the FSA must:

- consider the suitability of the proposed acquiror – broadly speaking, this goes to an assessment of the fitness and propriety of the acquiror based on a range of criteria, including potential impact on the continuing ability of any of Mergeco's U.K.-regulated Subsidiaries to meet its obligations; and
- have regard to the influence that the proposed acquiror will have over the U.K.-regulated Subsidiaries of Mergeco.

For an acquisition of, or increase in, control of Mergeco, the FSA will have broad discretion in deciding whether to approve or to refuse the request for approval, based on a broad range of criteria, and to approve subject to conditions.

In addition to the specific process for acquisition of the levels of control, described above, the FSA has a number of broad Recognition Requirements that the London Stock Exchange, as an RIE, must meet on an ongoing basis, and will therefore be of relevance in any acquisition or increase of control of Mergeco. These high level requirements provide the FSA with discretion to take account of any holding in Mergeco where it has concerns about the impact of the holding upon the London Stock Exchange.

In relation to contravening acquisitions, the FSA may issue restriction notices, which may direct that the shares or voting power held by the acquiror are, until further notice, subject to one or more of the following:

- any transfer of shares or voting power in Mergeco, without a court order, is void;
- no voting power in Mergeco is to be exercisable;
- no further shares in Mergeco are to be issued pursuant to any right held by, or any offer made to, the acquiror; and
- except in a liquidation, no payment is to be made of any sums due from Mergeco on any such shares, whether in respect of capital or otherwise.

Italian Share Ownership Restrictions in Respect of MTS

With regard to MTS, special provisions of the company's by-laws require the consent of the Italian Treasury with regard to sales of controlling interests in the company. Under the by-laws, the definition of control is set in accordance with antitrust criteria and joint control. An acquisition of more than 50% of the Mergeco Shares would amount to a controlling interest in MTS and would, as such, require the consent of the Italian Treasury.

PROPOSED INVESTMENT CANADA ACT UNDERTAKINGS

LSEG has agreed, pursuant to the Merger Agreement, that Mergeco will provide written undertakings to Her Majesty in right of Canada in support of the application by LSEG to the Investment Review Division of Industry Canada. In furtherance of obtaining the Investment Canada Act Approval, LSEG has agreed that Mergeco will offer, accept and agree to a list of key undertakings appended to the Merger Agreement for a period of four years. Should Investment Canada Act Approval be received, the Merged Group will be subject to such undertakings for such period. The proposed undertakings appended to the Merger Agreement are summarized below.

In connection with obtaining approval, it is possible that the terms of the undertakings to be provided by Mergeco in relation to the Merger will be modified. The Merger Agreement sets out the commitment which LSEG has made to TMX Group in connection with variations to the undertakings. With respect to the undertakings related to corporate governance matters (including board structure, how the principal leadership roles in the Merged Group would be shared, and where the Merged Group headquarters for the principal global business and support functions would be located, and undertakings as to minimum Canadian employment levels as agreed between the parties) and certain other matters set out in the Merger Agreement, LSEG would be obliged to accept any changes emerging from the regulatory process which are of no substantive effect. With respect to the undertakings related to other matters, LSEG would be obliged to accept changes that are not material, either individually or in the aggregate, in relation to such matters.

LSEG has further agreed to offer, accept and agree to additional undertakings in respect of matters that are not contemplated by the Merger Agreement and that are acceptable to LSEG, acting in good faith and reasonably. LSEG has not entered into any agreements or undertakings requiring it to make changes which are material to the terms of the Merger. In addition to the undertakings it agreed to provide pursuant to the Merger Agreement, LSEG may be required to provide additional undertakings in order to obtain Investment Canada Act Approval. Accordingly, the final undertakings to be given in connection with Investment Canada Act Approval may vary from those set out in this Circular.

See “Description of the Merger — Section C: Certain Approvals” for a description of the initial findings of the Select Committee.

Proposed Investment Canada Act Undertakings

The undertakings contemplated by the Merger Agreement include the following:

The Mergeco Board

- The Mergeco Board will initially consist of the following nominees from each of LSEG and TMX Group:
 - initially coming from LSEG: the individuals who hold the positions of LSEG Chairman, LSEG Chief Executive Officer and Chief Executive Officer of Borsa Italiana, in each case, immediately before completion of the Merger, as well as five additional directors from the LSEG Board immediately before completion of the Merger; and

- initially coming from TMX Group: the individuals who hold the positions of TMX Group Chair, TMX Group Chief Executive Officer and TMX Group Chief Financial Officer, in each case, immediately before completion of the Merger, as well as four additional independent directors coming from the TMX Group Board immediately before completion of the Merger.
- The Mergeco Board will consist of 15 directors. The Mergeco Board will ensure that appropriate nominations are made at each Mergeco AGM to ensure that the Mergeco Board will consist of at least seven Canadian Directors (assuming that the election of such nominees is approved by the Mergeco Shareholders). Of the seven Canadian Directors, one will be the most senior executive officer of Mergeco (excluding the Chair) who is a Canadian resident, at least four will be independent Canadians and at least three of those four will be independent Canadian Directors of TMX Group at the relevant time (which may include the Chair of Mergeco).
- The Canadian members of the Mergeco Board's committees will be substantially proportionate to the percentage of Canadian Directors on the Mergeco Board from time to time. At least one standing committee will be chaired by an independent Canadian Director.
- In each calendar year, a minimum of one-third (rounded down) of the Mergeco Board's meetings will be held in Canada, except as necessary to maintain sole UK tax residency of Mergeco.
- The initial Chair of Mergeco will be TMX Group's Chair immediately before completion of the Merger. Mergeco will undertake that the Chair will be a Canadian resident.
- The role of the Chair will be consistent with UK and Canadian corporate governance principles.

Merged Group Senior Management Positions

- The initial President of Mergeco will be TMX Group's Chief Executive Officer immediately before completion of the Merger. LSEG will undertake that the President of Mergeco will principally perform his or her duties and be resident in Toronto (but will spend substantial time in London and elsewhere globally as necessary to perform his or her function).
- The initial Chief Financial Officer of Mergeco will be TMX Group's Chief Financial Officer immediately before completion of the Merger. LSEG will undertake that the Chief Financial Officer of Mergeco will principally perform his or her duties and be resident in Toronto (but will spend substantial time in London and elsewhere globally as necessary to perform his or her function).

Merged Group Co-Headquarters

- Toronto and London will be the designated co-headquarters of the Merged Group (and its Subsidiaries worldwide), with one or more global business units and one or more support functions being headquartered in Toronto.

Merged Group Global Business Units and Functions Headquarters

- The global primary markets business unit (listings and issuer services) will be headquartered in Toronto and run by an executive of Mergeco who principally performs his or her duties and is resident in Toronto.
- The Merged Group's global finance function will be headquartered in Toronto and run by the Chief Financial Officer of Mergeco who principally performs his or her duties and is resident in Toronto.
- The global derivatives business unit will be headquartered in Montreal and run by an executive of Mergeco who principally performs his or her duties and is resident in Montreal.
- The global energy business unit will be headquartered in Calgary and run by an executive of Mergeco who principally performs his or her duties and is resident in Calgary.

For the purposes of the proposed undertakings, a business unit or a support function is "headquartered" in the jurisdiction where both: (i) the most senior executive officer of Mergeco (other than the Chief Executive Officer or President) responsible for that business unit or support function; and (ii) executives who are responsible for managing the development and execution of the policy and direction for that business unit or support function sufficient to permit the executive officer to execute his or her responsibilities effectively from that location, perform their respective duties and responsibilities, and are resident.

Other

- The applicable stock exchanges will remain headquartered in Canada and will be locally managed in Canada with a locally resident Chief Executive Officer, under the strategic and policy direction of Mergeco.
- Mergeco will publicly disclose the full text of the undertakings referred to in the Merger Agreement following completion of the transaction. Mergeco will disclose, on an annual basis in its public securities filings, its compliance with the undertakings.
- Mergeco will acknowledge in the "About Merged Group" disclosure at the bottom of press releases, in all other references in disclosure documents to the Merged Group's head office or headquarters and in any substantive description of the combination, that the Merged Group is co-headquartered in Toronto and London.

Adjustment of Mergeco Board, Merged Group Senior Management Positions and Business Units and Support Functions Undertakings

- If Mergeco (and its Subsidiaries worldwide) (i) expands its operations through a transaction with another party and adds directors from the other party's board of directors to the Mergeco Board or (ii) adds directors who are resident outside Europe and Canada to the Mergeco Board, then in either case, the composition and size of the Mergeco Board may change on the following basis. Canadian Directors will represent at least the same proportion of those individuals who both were Mergeco Directors before the change and continue as directors of Mergeco after the change

(rounded down) as Canadian Directors (including, for greater certainty, any directors who are Canadian residents for purposes of these undertakings) represented of the full Mergeco Board before the change. During the term of the undertaking, there will also be a minimum of three Canadian Directors. Of the Canadian Directors, at least 50% will be independent Canadian Directors of TMX Group and at least one will be the most senior executive officer of Mergeco (excluding the Chair) that is a Canadian resident.

- If the Chief Executive Officer principally performs his or her duties and becomes resident in Toronto, the undertakings in respect of the Chair, President and Chief Financial Officer set out above will not be applicable, so long as there is a substitute undertaking in place that the Chief Executive Officer of Mergeco will continue to principally perform his or her duties and be resident in Toronto.
- The global business units and support functions headquartered in Canada may be moved and headquartered outside Canada at any time (other than in the context of an acquisition or expansion described below), provided that the Merged Group maintains both an overall balance between global business units and support functions headquartered in Canada and those headquartered in the UK and Italy, and an overall balance between members of senior management who perform their duties and responsibilities and are Canadian residents and those who perform their duties and responsibilities and are resident in the UK and Italy, in each case, as determined by the Mergeco Board.
- The undertakings with respect to senior management positions, business units and functions will be subject to adjustment in the event of a significant acquisition or significant greenfield expansion outside of the UK, Italy and Canada, in each case, that materially changes the overall scale or profile of the Canadian business relative to the pro forma operations of the Merged Group. These undertakings may be adjusted to add additional co-headquarters locations and relocate or change the Merged Group's global business units, support functions and senior management positions, having regard to, among other things, the principle that the transaction is a merger of equals and that the Merged Group will continue to be co-headquartered in Toronto.

In addition to the key undertakings described above, LSEG has agreed to offer, accept and agree to:

- an undertaking as to minimum Canadian employment levels as agreed between TMX Group and LSEG, subject to changes of no substantive effect;
- other customary undertakings as agreed between TMX Group and LSEG, subject to changes that are not material, either individually or in the aggregate, in relation to such agreed undertakings; and
- additional undertakings that are not contemplated by the Merger Agreement that are acceptable to LSEG, acting in good faith and reasonably.

DISSENTING SHAREHOLDERS' RIGHTS

TMX Group Shareholders may dissent from the Arrangement Resolution, thus requiring TMX Group to acquire the TMX Group Shares held by such shareholder for the fair value thereof, determined as of the close of business on the day before the Arrangement Resolution is adopted. In order to do so, TMX Group Shareholders are required to follow the procedure set out in section 185 of the OBCA with modifications to the provisions of section 185 as provided in the Plan of Arrangement and the Interim Order (the “**Dissent Rights**”). The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Section 185 provides that a shareholder may only make a claim with respect to all the shares of a class held by him or her on behalf of any one beneficial owner and registered in that shareholder's name. **One consequence of this provision is that TMX Group Shareholders may only exercise the right to dissent under section 185 (as modified by the Plan of Arrangement and the Interim Order) in respect of TMX Group Shares which are registered in their name.** TMX Group Shareholders whose shares are registered either: (i) in the name of an intermediary that the shareholder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, and their nominees); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the intermediary is a participant, are Non-Registered TMX Group Shareholders and are not entitled to exercise the right to dissent under section 185 directly (unless the shares are re-registered in the Non-Registered TMX Group Shareholder's name). Non-Registered TMX Group Shareholders who wish to exercise their right to dissent should immediately contact their intermediary and either: (i) instruct the intermediary to exercise the right to dissent on their behalf (which, if the shares are registered in the name of a clearing agency, would require that the shares first be re-registered in the name of the intermediary); or (ii) instruct the intermediary to re-register the shares in the name of such Non-Registered TMX Group Shareholder, in which case that shareholder would acquire the right to dissent directly.

A Registered TMX Group Shareholder who wishes to dissent must provide a written objection to the Arrangement Resolution (the “Notice of Dissent”) to Exchangeco by registered mail at its head office at 1 First Canadian Place, 100 King Street West, Suite 6100, Toronto, Ontario, M5X 1B8, Attention: Corporate Secretary, at or before 5:00 p.m. (Eastern time) on June 28, 2011 or, in the event that the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the day the adjourned or postponed Meeting is reconvened or held, as the case may be. It is important that Registered TMX Group Shareholders strictly comply with this requirement, which is different from the statutory dissent provision of the OBCA.

The sending of a Notice of Dissent does not deprive a Registered TMX Group Shareholder of their right to vote on the Arrangement Resolution at the Meeting. A vote, either in person or by proxy, against the Arrangement Resolution does not constitute a Notice of Dissent and is not required in order to dissent. However, a vote in favour of the Arrangement Resolution will deprive TMX Group Shareholders of further rights under section 185 of the OBCA.

Within ten days after the adoption of the Arrangement Resolution, TMX Group is required to notify, in writing, each Dissenting Shareholder that the Arrangement Resolution has been adopted. Dissenting Shareholders must, within 20 days after receiving notice of adoption of the Arrangement Resolution or, if no such notice is received, within 20 days after such Dissenting Shareholder learns that the Arrangement Resolution has been adopted, send to TMX Group a written notice (the “**Demand for Payment**”) containing the Dissenting Shareholder’s name and address, the number of TMX Group Shares in respect of which a dissent is made and a demand for payment of the fair value of such TMX Group Shares. Within 30 days after sending the Demand for Payment, the Dissenting Shareholder must send the share certificate(s) representing the TMX Group Shares in respect of which a dissent is made to TMX Group or its Transfer Agent. TMX Group or its Transfer Agent will endorse on the share certificates a notice that the holder thereof is a Dissenting Shareholder under section 185 of the OBCA and will forthwith return the share certificate(s).

Dissenting Shareholders that fail to send the Notice of Dissent, the Demand for Payment or the share certificate(s) within the applicable time periods have no right to make a claim under section 185 of the OBCA or the Interim Order.

Under section 185 of the OBCA and the Interim Order, after sending a Demand for Payment, Dissenting Shareholders cease to have any rights as a holder of the TMX Group Shares in respect of which they have dissented, other than the right to be paid the fair value of such TMX Group Shares as determined under section 185 of the OBCA, unless: (i) the Demand for Payment is withdrawn before Exchangeco makes a written offer to pay (the “**Offer to Pay**”); (ii) Exchangeco fails to make a timely Offer to Pay to the Dissenting Shareholder and the Dissenting Shareholder withdraws his or her Demand for Payment; or (iii) the TMX Group Board revokes the Arrangement Resolution relating to the Merger. No TMX Group Shareholders shall be permitted to withdraw such holder’s Demand for Payment without the prior written consent of LSEG. In all three cases described above, the Dissenting Shareholder’s rights as a TMX Group Shareholder are reinstated as of the date of the Demand for Payment, and in the first two cases, the TMX Group Shares in respect of which Dissent Rights had been exercised will be subject to the Merger if it has been completed.

Not later than seven days after the later of the Effective Date of the Merger and the day TMX Group receives the Demand for Payment, Exchangeco shall send to each Dissenting Shareholder who has sent a Demand for Payment an Offer to Pay for the TMX Group Shares in respect of which the Dissenting Shareholder has dissented in an amount considered by the TMX Group Board to be the fair value thereof, accompanied by a statement showing how the fair value was determined or a notification that Exchangeco is unable to lawfully pay for the TMX Group Shares if Exchangeco is, or after the payment would be, unable to pay its liabilities as they become due, or the realizable value of Exchangeco’s assets would thereby be less than the aggregate of its liabilities. Every Offer to Pay made to Dissenting Shareholders for TMX Group Shares will be on the same terms. The amount specified in an Offer to Pay which has been accepted by a Dissenting Shareholder will be paid by Exchangeco within ten days of the acceptance, but an Offer to Pay lapses if Exchangeco has not received an acceptance thereof within 30 days after the Offer to Pay has been made.

If an Offer to Pay is not made by Exchangeco or if a Dissenting Shareholder fails to accept an Offer to Pay, Exchangeco may, within 50 days after the Effective Date of the Merger or within such further period as a court may allow, apply to the Court to fix a fair value for the

TMX Group Shares of any Dissenting Shareholder. If Exchangeco fails to so apply to the Court, a Dissenting Shareholder may apply to the Court for the same purpose within a further period of 20 days or within such further period as the Court may allow. A Dissenting Shareholder is not required to give security for costs in any application to the Court.

Before making an application to the Court or not later than seven days after receiving notice of an application to the Court by a Dissenting Shareholder, Exchangeco will give to each Dissenting Shareholder who has sent a Demand for Payment and has not accepted an Offer to Pay, notice of the date, place and consequences of the application and of the Dissenting Shareholder's right to appear and be heard in person or by counsel. A similar notice will be given to each Dissenting Shareholder who, after the date of the first mentioned notice and before termination of the proceedings commenced by the application, sends TMX Group a Demand for Payment and does not accept an Offer to Pay, such notice to be sent within three days thereafter. All such Dissenting Shareholders will be joined as parties to any such application to the Court to fix a fair value and will be bound by the decision rendered by the Court in the proceedings commenced by such application. The Court is authorized to determine whether any other person is a Dissenting Shareholder who should be joined as a party to such application.

The Court will fix a fair value for the TMX Group Shares of all Dissenting Shareholders and may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the Effective Date of the Merger until the date of payment of the amount ordered by the Court. The fair value fixed by the Court may be more or less than the amount specified in an Offer to Pay. The final order of the Court in the proceedings commenced by an application by Exchangeco or a Dissenting Shareholder will be rendered against Exchangeco and in favour of each Dissenting Shareholder who, whether before or after the date of the order, sends TMX Group a Demand for Payment and does not accept an Offer to Pay. The cost of any application to a Court by Exchangeco or a Dissenting Shareholder will be in the discretion of the Court. Where, however, Exchangeco fails to make an Offer to Pay, the costs of the application by a Dissenting Shareholder are to be borne by Exchangeco unless the Court orders otherwise.

Pursuant to the Plan of Arrangement, holders of TMX Group Shares who duly exercise such rights of dissent and who are ultimately determined to be entitled to be paid fair value for their TMX Group Shares, shall be deemed to have transferred such TMX Group Shares immediately prior to the Effective Time to Exchangeco, to the extent the fair value therefor is paid by Exchangeco, without any further act or formality, and free and clear of all liens, claims and encumbrances and Exchangeco shall be recorded as the registered holder of such TMX Group Shares and shall be deemed to be the legal and beneficial owner thereof.

Pursuant to the Plan of Arrangement, holders of TMX Group Shares who duly exercise such rights of dissent and who are ultimately determined not to be entitled, for any reason, to be paid fair value for their TMX Group Shares, shall be deemed to have participated in the Merger on the same basis as a non-dissenting holder of TMX Group Shares who did not make a valid election to receive Exchangeable Shares in exchange for his or her TMX Group Shares, and shall receive Mergeco Shares on the basis of 2.9963 Mergeco Shares in exchange for each TMX Group Share.

Notwithstanding the above, in no case shall Mergeco, Callco, Exchangeco, the Depositary or any other Person be required to recognize such Dissenting Shareholders as holders of TMX Group Shares after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the registers of holders of TMX Group Shares at the Effective Time. No TMX Group Shareholder shall be permitted to withdraw such holder's dissent without the prior written consent of LSEG.

TMX Group Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their TMX Group Shares as determined under applicable provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the consideration under the Merger. In addition, any judicial determination of fair value will result in delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's dissenting shares.

The above is only a summary of the dissenting shareholder provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order), which are technical and complex. The full text of section 185 is attached as Annex E to this Circular. Registered TMX Group Shareholders who wish to exercise their right to dissent should seek legal advice, as failure to comply with the strict requirements set out in section 185 of the OBCA (as modified by the Plan of Arrangement and the Interim Order) will result in the loss or unavailability of the right to dissent.

CANADIAN TAX CONSIDERATIONS FOR TMX GROUP SHAREHOLDERS

In the opinion of Torys LLP, Canadian counsel to TMX Group, the following is a summary of the principal consequences under the Canadian Tax Act generally applicable to a TMX Group Shareholder who is the beneficial owner of TMX Group Shares and who, for the purposes of the Canadian Tax Act and at all relevant times, holds TMX Group Shares, and will hold any Exchangeable Shares and Mergeco Shares, as capital property, and who deals at arm's length with, and is not affiliated with, any of TMX Group, LSEG/Mergeco, Callco or Exchangeco. TMX Group Shares, Exchangeable Shares and Mergeco Shares will generally constitute capital property to a holder thereof unless the holder holds such shares in the course of carrying on a business or has acquired such shares in a transaction or transactions considered to be an adventure in the nature of trade. Certain TMX Group Shareholders who are or are deemed to be a Canadian resident and whose TMX Group Shares might not otherwise qualify as capital property may make an irrevocable election in accordance with subsection 39(4) of the Canadian Tax Act to have the TMX Group Shares and every "Canadian security" (as defined in the Canadian Tax Act) owned by such TMX Group Shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Where a TMX Group Shareholder makes a section 85 election in respect of TMX Group Shares, as described below, an Exchangeable Share received in exchange will not be a "Canadian security" for this purpose. TMX Group Shareholders should consult with their own tax advisors for advice with respect to whether an election under subsection 39(4) is available in their particular circumstances.

This summary does not apply to a TMX Group Shareholder in respect of whom LSEG/Mergeco is or will be a foreign affiliate within the meaning of the Canadian Tax Act. It is assumed, for the purposes of this summary, that Exchangeco will be a "taxable Canadian corporation" within the meaning of the Canadian Tax Act at all relevant times.

This summary is based upon the current provisions of the Canadian Tax Act, all specific proposals to amend the Canadian Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**"). No assurances can be given that the Tax Proposals will be enacted as proposed, if at all.

This summary is not applicable to a TMX Group Shareholder: (i) that is a "financial institution" (as defined in the Canadian Tax Act) for purposes of the mark-to-market rules; (ii) an interest in which is a "tax shelter investment" (as defined in the Canadian Tax Act); or (iii) who reports its "Canadian tax results" in a currency other than Canadian currency. Such holders should consult their own tax advisors. In addition, TMX Group Shareholders who acquired their TMX Group Shares on the exercise of a TMX Group Option should consult their own tax advisors.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative practices or assessing policies of the CRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular TMX Group Shareholder. Accordingly, TMX Group Shareholders should consult their own tax advisors for advice with respect to the income tax consequences to them of disposing of their TMX Group Shares pursuant to the Merger, and holding and disposing of Exchangeable Shares and/or Mergeco Shares, having regard to their own particular circumstances.

For purposes of the Canadian Tax Act, all amounts (including amounts related to the acquisition, holding or disposition of Mergeco Shares, such as dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the date such amounts arose, or such other rate of exchange as is acceptable to the CRA. The amount of capital gains and losses may be affected by changes in foreign currency exchange rates.

TMX Group Shareholders Resident in Canada

The following portion of this summary is applicable to a TMX Group Shareholder who, for the purposes of the Canadian Tax Act and any applicable income tax convention, at all relevant times, is or is deemed to be a Canadian resident while holding TMX Group Shares, Exchangeable Shares or Mergeco Shares.

A TMX Group Shareholder may elect to receive Exchangeable Shares, Mergeco Shares or a combination thereof for such TMX Group Shareholder's TMX Group Shares in connection with the Merger, provided that only Eligible Canadian Residents may elect to receive Exchangeable Shares. The number of Exchangeable Shares to be issued in connection with the Merger is subject to the Available Exchangeable Share Amount. As a result, a TMX Group Shareholder may receive fewer Exchangeable Shares than the number elected. The resulting consequences are discussed separately below.

Receipt of Ancillary Rights

A TMX Group Shareholder who receives Exchangeable Shares under the Merger will also receive the Ancillary Rights. A TMX Group Shareholder will be required to account for the Ancillary Rights in determining the proceeds of disposition of such holder's TMX Group Shares and the cost of Exchangeable Shares received in the Merger. TMX Group is of the view that the Ancillary Rights have a nominal fair market value. In arriving at this view, TMX Group retained Ernst & Young LLP and considered Ernst & Young LLP's advice. Ernst & Young LLP's retainer was limited to providing valuation advice to TMX Group and not taxation advice to TMX Group Shareholders. This determination of value is not binding upon the CRA and it is possible that the CRA could take the position that the Ancillary Rights have a fair market value in excess of a nominal amount. Counsel expresses no opinion as to the appropriateness or accuracy of this view.

Grant of Call Rights

TMX Group is of the view that the Call Rights have a nominal fair market value. In arriving at this view, TMX Group retained Ernst & Young LLP and considered Ernst & Young LLP's advice. Ernst & Young LLP's retainer was limited to providing valuation advice to TMX Group and not taxation advice to TMX Group Shareholders. This determination of value is not binding upon the CRA and it is possible that the CRA could take the position that the Call Rights have a fair

market value in excess of a nominal amount. Counsel expresses no opinion as to the appropriateness or accuracy of this view. Based on this view, the granting of the Call Rights by a TMX Group Shareholder will not result in any material adverse income tax consequences to a TMX Group Shareholder. However, should the CRA challenge this view and ultimately succeed in establishing that the Call Rights have a fair market value in excess of a nominal amount, TMX Group Shareholders will realize a capital gain in an amount equal to the fair market value of the Call Rights. The general tax treatment of capital gains and capital losses is discussed below under “Taxation of Capital Gain or Capital Loss”.

Exchange of TMX Group Shares

Exchange of TMX Group Shares for All Mergeco Shares

A TMX Group Shareholder who exchanges TMX Group Shares for all Mergeco Shares will be considered to have disposed of such TMX Group Shares for proceeds of disposition equal to the sum of (a) the fair market value, at the time of acquisition, of the Mergeco Shares acquired on the exchange; and (b) any cash received in respect of a fractional Mergeco Share. Such TMX Group Shareholder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of such TMX Group Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the TMX Group Shareholder of such TMX Group Shares. See “Taxation of Capital Gain or Capital Loss” below.

The cost to the TMX Group Shareholder of Mergeco Shares acquired on the exchange will be equal to the fair market value, at the time of acquisition, of such Mergeco Shares, and will be averaged with the adjusted cost base of any other Mergeco Shares held by the TMX Group Shareholder as capital property at that time for the purposes of determining the holder’s adjusted cost base of such Mergeco Shares.

Exchange of TMX Group Shares for All Exchangeable Shares

- **Non-Rollover Transaction.** A TMX Group Shareholder who exchanges TMX Group Shares for all Exchangeable Shares and Ancillary Rights and who does not make a joint election under subsection 85(1) or 85(2) of the Canadian Tax Act (as described below under “Section 85 Election”) will be considered to have disposed of such TMX Group Shares for proceeds of disposition equal to the sum of (a) the fair market value, at the time of acquisition, of the Exchangeable Shares acquired on the exchange, (b) any cash received in respect of a fractional Exchangeable Share, and (c) the fair market value of the Ancillary Rights acquired on the exchange. Such TMX Group Shareholder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of such TMX Group Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the TMX Group Shareholder of such TMX Group Shares. See “Taxation of Capital Gain or Capital Loss” below.

The cost to the TMX Group Shareholder of Exchangeable Shares acquired on the exchange will be equal to the fair market value at the time of acquisition of such Exchangeable Shares. The cost to the TMX Group Shareholder of Ancillary Rights acquired on the exchange will be equal to the fair market value, at the time of acquisition, of such rights. For these purposes, the TMX Group Shareholder will be required to determine the fair market value of the Ancillary Rights received on the

exchange on a reasonable basis. TMX Group is of the view that such rights will have only nominal value. As mentioned above, in arriving at this view, TMX Group retained Ernst & Young LLP and considered Ernst & Young LLP's advice. Ernst & Young LLP's retainer was limited to providing valuation advice to TMX Group and not taxation advice to TMX Group Shareholders. This determination of value is not binding on the CRA and counsel expresses no opinion on matters of factual determination such as this.

- **Rollover Transaction.** A TMX Group Shareholder who validly exchanges TMX Group Shares for all Exchangeable Shares and Ancillary Rights may make a joint election with Exchangeco pursuant to subsection 85(1) of the Canadian Tax Act (or, in the case of a TMX Group Shareholder that is a partnership, pursuant to subsection 85(2) of the Canadian Tax Act). Such election may result in the full or partial deferral of capital gains otherwise arising on the exchange of such TMX Group Shares as described under “Non-Rollover Transaction”, above. Provided that, on the Effective Date, the adjusted cost base to a TMX Group Shareholder of such TMX Group Shares equals or exceeds the sum of (a) any cash received in respect of a fractional Exchangeable Share, and (b) the fair market value of the Ancillary Rights acquired by such TMX Group Shareholder on the exchange, the TMX Group Shareholder may elect so as to not realize a capital gain for the purposes of the Canadian Tax Act on the exchange. The amount elected for purposes of such joint election (the “**Elected Amount**”) will be determined by each TMX Group Shareholder who makes such a joint election, subject to the limitations under the Canadian Tax Act described under “Section 85 Election”, below. Unless a TMX Group Shareholder validly makes such a joint election with Exchangeco, the exchange of TMX Group Shares for Exchangeable Shares in connection with the Merger will result in the recognition, for Canadian federal income tax purposes, of any accrued gains on the holder's TMX Group Shares.

Exchange of TMX Group Shares for a Combination of Mergeco Shares and Exchangeable Shares

A TMX Group Shareholder may elect to exchange TMX Group Shares for a combination of Exchangeable Shares and Mergeco Shares, provided that only Eligible Canadian Residents may elect to receive Exchangeable Shares. As well, there is a maximum number of Exchangeable Shares, in the aggregate, that can be issued to TMX Group Shareholders in connection with the Merger (see the description of the Available Exchangeable Share Amount under the heading “Description of the Merger — Letter of Transmittal and Election Form”) and, accordingly, the number of Exchangeable Shares received by a TMX Group Shareholder may be subject to proration. In the event of such proration, TMX Group Shareholders who validly elected to receive Exchangeable Shares will receive a combination of Exchangeable Shares and Mergeco Shares. As discussed above, a TMX Group Shareholder who receives Exchangeable Shares may wish to consider the availability of an election under the Canadian Tax Act (as described under “Section 85 Election”, below) to obtain a full or partial tax deferral. Proration may limit the extent of such TMX Group Shareholder's tax deferral.

- **Non-Rollover Transaction.** A TMX Group Shareholder who exchanges TMX Group Shares for a combination of Mergeco Shares and Exchangeable Shares and who does not make a joint election under subsection 85(1) or 85(2) of the Canadian Tax Act (as described under “Section 85 Election”, below) will be considered to have disposed of such TMX Group Shares for proceeds of disposition equal to the sum of (a) the

aggregate fair market value, at the time of acquisition, of the Mergeco Shares and Exchangeable Shares acquired on the exchange, (b) any cash received in respect of a fractional Mergeco Share or a fractional Exchangeable Share, and (c) the fair market value of Ancillary Rights acquired on the exchange. Such TMX Group Shareholder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of such TMX Group Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the TMX Group Shareholder of such TMX Group Shares. See “Taxation of Capital Gain or Capital Loss”, below.

The cost to the TMX Group Shareholder of Mergeco Shares, Exchangeable Shares and Ancillary Rights acquired on the exchange will be equal to the respective fair market values thereof at the time of acquisition. With respect to the fair market value of the Ancillary Rights, see “Receipt of Ancillary Rights”, above. The cost of Mergeco Shares so acquired will be averaged with the adjusted cost base of any other Mergeco Shares held by the TMX Group Shareholder as capital property for purposes of determining the holder’s adjusted cost base of such Mergeco Shares.

- **Rollover Transaction.** A TMX Group Shareholder who validly exchanges TMX Group Shares for a combination of Exchangeable Shares and Mergeco Shares may make a joint election with Exchangeco pursuant to subsection 85(1) of the Canadian Tax Act (or, in the case of a TMX Group Shareholder that is a partnership, pursuant to subsection 85(2) of the Canadian Tax Act). Such election may result in the full or partial deferral of capital gains otherwise arising on the exchange of such TMX Group Shares as described under “Non-Rollover Transaction”, above. Subject to the limitations set forth in subsection 85(1) of the Canadian Tax Act regarding the Elected Amount (which may not be less than the amount of cash received and the aggregate fair market value of any Mergeco Shares and Ancillary Rights received), if the Elected Amount is equal to the aggregate of the adjusted cost base, determined immediately before the disposition, of the TMX Group Shares disposed of and any reasonable costs of disposition, no capital gain or capital loss will be realized by an electing TMX Group Shareholder. To the extent that the Elected Amount in respect of such shares exceeds (or is less than) the aggregate of the adjusted cost base and any reasonable costs of disposition thereof, such holder will realize a capital gain (or capital loss). See “Taxation of Capital Gain or Capital Loss”, below.

Section 85 Election

Subject to the limitations and conditions described below, Exchangeco will make a joint election under subsection 85(1) or subsection 85(2), as applicable, of the Canadian Tax Act (and the corresponding provisions of any applicable provincial tax legislation) with a TMX Group Shareholder who validly receives Exchangeable Shares or a combination of Exchangeable Shares and Mergeco Shares, at the amount selected by the holder subject to the limitations under the Canadian Tax Act. The joint election allows the TMX Group Shareholder to elect an amount which, subject to the limitations under the Canadian Tax Act described generally below, will be treated for the purposes of the Canadian Tax Act as the holder’s proceeds of disposition of such TMX Group Shares.

In order to make an election under subsection 85(1) or subsection 85(2), as applicable, of the Canadian Tax Act (and the corresponding provisions of any applicable provincial tax legislation), a TMX Group Shareholder must provide two signed copies of the necessary

prescribed election forms to Exchangeco within 90 days following the Effective Date, duly completed with the details of the number of TMX Group Shares transferred and the applicable Elected Amounts for the purposes of such elections. It is the responsibility of each TMX Group Shareholder who wishes to make such an election to obtain and complete the necessary forms in the manner described in the tax election package, including any necessary provincial election forms, and submit the forms to Exchangeco for execution by Exchangeco. Thereafter, subject to the election forms being correct and complete and complying with the provisions of the Canadian Tax Act (and applicable provincial income tax law), the forms will be signed by Exchangeco and returned to such former holder of TMX Group Shares within 90 days after the receipt thereof by Exchangeco for filing with the CRA (or the applicable provincial taxing authority) by such former holder. Exchangeco will not be responsible for the proper completion of any election form and, except for Exchangeco's obligation to return (within 90 days after the receipt thereof) duly completed election forms which are received by Exchangeco within 90 days of the Effective Date, Exchangeco will not be responsible for any taxes, interest or penalties resulting from the failure by a former TMX Group Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Canadian Tax Act (or any applicable provincial legislation).

The relevant tax election form is CRA Form T2057 (or, in the event that the TMX Group Shares are held as partnership property, CRA Form T2058). A TMX Group Shareholder interested in making an election should so indicate in the Letter of Transmittal and Election Form in the space provided therein and a tax election package will be sent to such holder. TMX Group Shareholders should consult their own tax advisors to determine whether separate election forms must be filed with any other provincial or territorial taxing authority.

Where TMX Group Shares are held in joint ownership and two or more of the co-owners wish to elect, one of the co-owners designated for such purpose should file the designation and a copy of the CRA Form T2057 (and where applicable, the corresponding provincial form) for each co-owner along with a list of all co-owners electing, which list should contain the address and social insurance number or tax account number of each co-owner. Where the TMX Group Shares are held as partnership property, a partner designated by the partnership must file one copy of the CRA Form T2058 on behalf of all members of the partnership (and where applicable, the corresponding form in duplicate with the relevant provincial authorities). Such CRA Form T2058 must be accompanied by a list containing the name, address, social insurance number or tax account number of each partner as well as the letter signed by each partner authorizing the designated partner to complete and file the form.

In general, where an election is made, the Elected Amount is subject to the following limitations in respect of those TMX Group Shares that are the subject of the election:

- the Elected Amount may not be less than the sum of (i) the aggregate amount of any cash received in respect of a fractional Mergeco Share or a fractional Exchangeable Share; and (ii) the aggregate fair market value of the Mergeco Shares and Ancillary Rights received on the exchange;
- the Elected Amount may not be less than the lesser of the adjusted cost base to the TMX Group Shareholder of the holder's TMX Group Shares disposed of determined immediately before the time of the disposition, and the fair market value of the TMX Group Shares disposed of at that time; and

- the Elected Amount may not be greater than the fair market value at the time of the disposition of the TMX Group Shares so disposed of.

Elected amounts which do not comply with the foregoing limitations will be automatically adjusted pursuant to the provisions of the Canadian Tax Act.

Where a TMX Group Shareholder and Exchangeco make an election, the tax treatment to the holder generally will be as follows:

- the holder's TMX Group Shares will be deemed to have been disposed of for proceeds of disposition equal to the Elected Amount;
- if the proceeds of disposition of the TMX Group Shares are equal to the aggregate of the adjusted cost base to the holder of the holder's TMX Group Shares, determined immediately before the disposition, and any reasonable costs of disposition, no capital gain or capital loss will be realized by the holder;
- to the extent that the proceeds of disposition of the TMX Group Shares exceed (or are less than) the aggregate of the adjusted cost base thereof to the holder, determined immediately before the exchange, and any reasonable costs of disposition, the holder will, in general, realize a capital gain (or capital loss) (See "Taxation of Capital Gain or Capital Loss", below); and
- the cost to a holder of any Mergesco Shares and Ancillary Rights received on the exchange will be equal to the respective fair market values thereof at that time and the cost to a holder of Exchangeable Shares received on the exchange will be equal to the amount by which the proceeds of disposition of the TMX Group Shares exchanged by the holder exceed the sum of the amount of any cash and the aggregate fair market value of any Mergesco Shares and Ancillary Rights received on the exchange. The cost of Mergesco Shares will be averaged with the adjusted cost base of any other Mergesco Shares held by the TMX Group Shareholder as capital property for purposes of determining the holder's adjusted cost base of such Mergesco Shares.

The Plan of Arrangement provides that, where a TMX Group Shareholder exchanges TMX Group Shares for a combination of Exchangeable Shares (and Ancillary Rights) and Mergesco Shares, a *pro rata* portion of the total number of Exchangeable Shares (and Ancillary Rights) and Mergesco Shares will be allocated to each TMX Group Share held by that TMX Group Shareholder so that such person will receive for each TMX Group Share held by such person at the Effective Time the same combination of Exchangeable Shares (and Ancillary Rights) and Mergesco Shares as is received for every other TMX Group Share held by such person at the Effective Time.

In order for the CRA to accept a tax election without a late filing penalty being paid by an electing TMX Group Shareholder, the required election forms must be received by such revenue authorities on or before the day that is the earliest of the days on or before which either Exchangeco or the electing TMX Group Shareholder is required to file a Tax Return for the taxation year in which the exchange of the TMX Group Shares occurs. LSEG and Exchangeco have advised TMX Group and its counsel that the current taxation year of Exchangeco is scheduled to end on March 31, 2012. Thus, where the exchange occurs prior to December 31, 2011, the tax election forms will, in the case of an electing TMX Group

Shareholder who is an individual (other than a trust), generally have to be received by the revenue authorities by April 30, 2012 (being generally the last day for filing the Tax Returns for the individual's 2011 taxation year). Electing TMX Group Shareholders other than individuals are urged to consult their own advisors as soon as possible respecting the deadlines applicable to their own particular circumstances. However, regardless of such deadline, the tax election forms must be received by Exchangeco no later than the 90th day after the Effective Date.

Any TMX Group Shareholder who does not ensure that Exchangeco has received two duly completed copies of the necessary election forms on or before the 90th day after the Effective Date will not be able to benefit from the rollover provisions of the Canadian Tax Act. Accordingly, all TMX Group Shareholders who wish to enter into an election with Exchangeco should give their immediate attention to this matter. The instructions for requesting a tax election package will be set out in the Letter of Transmittal and Election Form. TMX Group Shareholders are referred to Information Circular 76-19R3 and Interpretation Bulletin IT-291R3, issued by the CRA, for further information respecting the election. TMX Group Shareholders wishing to make the election should consult their own tax advisors. The comments herein with respect to such elections are provided for general assistance only. The law in this area is complex and contains numerous technical requirements.

Exchangeable Shares and Mergeco Shares

Dividends on Exchangeable Shares

In the case of a TMX Group Shareholder who is an individual, dividends received, or deemed to be received, on the Exchangeable Shares will be required to be included in computing the TMX Group Shareholder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from a corporation resident in Canada. To the extent that Exchangeco designates a dividend as an "eligible dividend" in accordance with the provisions of the Canadian Tax Act, the dividend will be eligible for the enhanced gross-up and dividend tax credit.

Subject to the discussion below as to the denial of the dividend deduction, in the case of a TMX Group Shareholder that is a corporation, other than a "specified financial institution" (as defined in the Canadian Tax Act), dividends received, or deemed to be received, on the Exchangeable Shares will be included in computing the corporation's income and will generally be deductible in computing its taxable income. In the case of a TMX Group Shareholder that is a specified financial institution, such a dividend will be deductible in computing its taxable income only if either: (i) the specified financial institution did not acquire the Exchangeable Shares in the ordinary course of the business carried on by such institution; or (ii) at the time of the receipt of the dividend by the specified financial institution, the Exchangeable Shares are listed on a designated stock exchange in Canada (which currently includes TSX) and the "specified financial institution", either alone or together with persons with whom it does not deal at arm's length, does not receive (or is not deemed to receive) dividends in respect of more than 10% of the issued and outstanding Exchangeable Shares.

If Mergeco, or any other person with whom Mergeco does not deal at arm's length (or any trust or partnership of which such person is a beneficiary or member), including Exchangeco, is a "specified financial institution" at the time that dividends are paid on the Exchangeable Shares, dividends received or deemed to be received by a TMX Group Shareholder that is a corporation generally will not be deductible in computing taxable income but will be fully

includable in taxable income under Part I of the Canadian Tax Act. LSEG has advised counsel that, immediately after the Effective Time, Mergeco will not be a “specified financial institution” for purposes of the Canadian Tax Act.

A TMX Group Shareholder that is a “private corporation” (as defined in the Canadian Tax Act) or any other corporation resident in Canada and controlled or deemed to be controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable under Part IV of the Canadian Tax Act to pay a refundable tax of 33⅓% on dividends received or deemed to be received on the Exchangeable Shares to the extent that such dividends are deductible in computing the TMX Group Shareholder’s taxable income.

The Exchangeable Shares will be “taxable preferred shares” and “short-term preferred shares” for purposes of the Canadian Tax Act. Accordingly, Exchangeco will be subject to a tax under Part VI.1 of the Canadian Tax Act on dividends paid or deemed to be paid on the Exchangeable Shares and will be entitled to a deduction of an amount in respect of such tax in computing its taxable income under Part I of the Canadian Tax Act. Dividends received or deemed to be received on the Exchangeable Shares will not be subject to the 10% tax under Part IV.1 of the Canadian Tax Act.

Dividends on Mergeco Shares

Dividends on Mergeco Shares will be required to be included in the recipient’s income for the purposes of the Canadian Tax Act. Such dividends received by a TMX Group Shareholder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Canadian Tax Act. A TMX Group Shareholder that is a corporation will include such dividends in computing its income and generally will not be entitled to deduct the amount of such dividends in computing its taxable income.

Redemption, Retraction or Exchange of Exchangeable Shares

On the redemption (including a retraction) of an Exchangeable Share by Exchangeco, the Exchangeable Shareholder will be deemed to have received a dividend equal to the amount, if any, by which the redemption proceeds (the fair market value at that time the Mergeco Shares received by the shareholder from Exchangeco on the redemption plus the Dividend Amount, if any) exceeds the paid-up capital (for purposes of the Canadian Tax Act) of the Exchangeable Share at the time the Exchangeable Share is so redeemed. The amount of any such deemed dividend will be generally subject to the tax treatment described under “Dividends on Exchangeable Shares”, above.

On the redemption, the Exchangeable Shareholder will also be considered to have disposed of the Exchangeable Share for proceeds of disposition equal to the redemption proceeds less the amount of such deemed dividend. A holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which the adjusted cost base to the holder of the Exchangeable Share is less than (or exceeds) such proceeds of disposition, net of any reasonable costs of disposition. See “Taxation of Capital Gain or Capital Loss”, below. In the case of an Exchangeable Shareholder that is a corporation, in some circumstances, the amount of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

On the exchange of an Exchangeable Share by the holder thereof with Callco or Mergeco for Mergeco Shares, the holder will, in general, realize a capital gain (or a capital loss) to the

extent the proceeds of disposition of the Exchangeable Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Exchangeable Shareholder. For these purposes, the proceeds of disposition will be the aggregate of the fair market value, at the time of the exchange, of the Mergeco Shares received on the exchange. The proceeds of disposition may also include any Dividend Amount unless such Dividend Amount is paid by Exchangeco as a dividend on or before the date of exchange and, accordingly, is required to be included in computing income of the holder as a dividend. See “Taxation of Capital Gain or Capital Loss”, below.

Because of the existence of the Call Rights, the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation, an Exchangeable Shareholder cannot control whether such holder will receive Mergeco Shares by way of redemption (including retraction) of the Exchangeable Shares by Exchangeco or by way of purchase of the Exchangeable Shares by Mergeco or Callco. However, pursuant to the Callco Agreement, Callco, Exchangeco and LSEG will agree that Callco will exercise the relevant Call Right when an Exchangeable Shareholder, or Exchangeco, chooses to redeem Exchangeable Shares. As described above, the Canadian federal income tax consequences of a redemption (including retraction) by Exchangeco differ from those of a purchase by Callco or Mergeco.

Acquisition and Disposition of Mergeco Shares

The cost of Mergeco Shares received on the redemption (including a retraction) or exchange of an Exchangeable Share with Callco or Mergeco will be equal to the fair market value of such Mergeco Shares at the time of such event, to be averaged with the adjusted cost base of any other Mergeco Shares held at that time by the holder as capital property for the purpose of determining the adjusted cost base of all Mergeco Shares held by the holder.

A disposition or deemed disposition of Mergeco Shares by a holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Mergeco Shareholder immediately before the disposition.

Disposition of Exchangeable Shares other than on Redemption, Retraction or Exchange

A disposition or deemed disposition of Exchangeable Shares by a holder, other than on the redemption, retraction or exchange of such shares, will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of Exchangeable Shares immediately before the disposition.

Taxation of Capital Gain or Capital Loss

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a TMX Group Shareholder in a taxation year must be included in computing the income of that TMX Group Shareholder, and one-half of any capital loss (an “**allowable capital loss**”) realized by a TMX Group Shareholder in a taxation year must be applied to reduce taxable capital gains realized by the TMX Group Shareholder in that year. Allowable capital losses for the year in excess of taxable capital gains generally may be applied by the TMX Group Shareholder to reduce net taxable capital gains realized in any of the three preceding years or in any subsequent year, subject to the detailed provisions of the Canadian Tax Act.

Capital gains realized by an individual or trust, other than certain trusts, may be relevant for purposes of calculating liability for alternative minimum tax under the Canadian Tax Act.

In the case of a corporation, the amount of any capital loss arising on a disposition, or deemed disposition, of any share may be reduced by the amount of dividends received, or deemed to have been received, by it on such share. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any shares.

Additional Refundable Tax

A TMX Group Shareholder that is a Canadian-controlled private corporation (as defined in the Canadian Tax Act) is liable for tax, a portion of which may be refundable, on certain investment income, including taxable capital gains realized and dividends received or deemed to be received in respect of Exchangeable Shares (but not dividends or deemed dividends that are deductible in computing taxable income) or Mergeco Shares.

Foreign Property Information Reporting

A holder who is a “specified Canadian entity” (as defined in the Canadian Tax Act) for a taxation year or fiscal period whose total cost amount of “specified foreign property” (as defined in the Canadian Tax Act), which includes the Mergeco Shares, the Exchangeable Shares and the Ancillary Rights, at any time in the year or fiscal period exceeds \$100,000, is required to file an information return for the year or period disclosing prescribed information in respect of such property. Such holders are advised to consult their tax advisors.

Dissenting Shareholders

A TMX Group Shareholder who exercises dissent rights and receives from Exchangeco the fair value of the holder’s TMX Group Shares, together with interest thereon, will be required to include the amount of interest awarded by the court in income and will be considered to have disposed of the TMX Group Shares for proceeds of disposition equal to the amount received by the Dissenting Shareholder less the amount of any interest. Such a disposition of TMX Group Shares by a Dissenting Shareholder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of those TMX Group Shares immediately before the disposition. See “Taxation of Capital Gain or Capital Loss”, above.

TMX Group Shareholders not Resident in Canada

The following portion of the summary is applicable to holders of TMX Group Shares who, for purposes of the Canadian Tax Act or any applicable income tax convention, have not been and will not be resident or deemed to be resident in Canada at any time while they have held TMX Group Shares and who do not use or hold or are not deemed to use or hold the TMX Group Shares in carrying on a business in Canada (a “**Non-Resident TMX Group Shareholder**”). Special rules, which are not discussed in this summary, may apply to Non-Resident TMX Group Shareholder that is an insurer carrying on business in Canada and elsewhere.

Disposition of TMX Group Shares

A Non-Resident TMX Group Shareholder will not be subject to capital gains tax under the Canadian Tax Act on the disposition of TMX Group Shares unless the TMX Group Shares constitute “taxable Canadian property” of the holder for purposes of the Canadian Tax Act.

Generally, TMX Group Shares will not constitute taxable Canadian property of a Non-Resident TMX Group Shareholder at a particular time provided that such shares are listed at that time on a designated stock exchange (which currently includes TSX), unless at any particular time during the 60-month period that ends at that time, (A) 25% or more of the issued shares of any class or series of the capital stock of TMX Group were owned by the Non-Resident TMX Group Shareholder, persons with whom the Non-Resident TMX Group Shareholder does not deal at arm’s length, or the Non-Resident TMX Group Shareholder together with such persons, and (B) the TMX Group Shares derived more than 50% of their fair market value, directly or indirectly, from one or any combination of: (a) real or immovable properties situated in Canada, (b) “timber resource property” (as defined in the Canadian Tax Act), (c) “Canadian resource property” (as defined in the Canadian Tax Act) or (d) options in respect of, or interests in, or for civil law, rights in, any of the foregoing property, whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Canadian Tax Act, TMX Group Shares could be deemed to be taxable Canadian property.

In the event that the TMX Group Shares constitute or are deemed to constitute taxable Canadian property to any Non-Resident TMX Group Shareholder, the Non-Resident TMX Group Shareholder may be entitled to relief under the provisions of an applicable income tax treaty or convention. Non-Resident TMX Group Shareholders whose TMX Group Shares may be taxable Canadian property should consult with their own tax advisors.

Dissenting Non-Resident TMX Group Shareholders

Where a Non-Resident TMX Group Shareholder receives interest consequent upon the exercise of dissent rights (see “Dissenting Shareholders”, above) such amount will not be subject to Canadian withholding tax.

Eligibility for Investment in Canada

Provided the Mergeco Shares are listed on a designated stock exchange (which currently includes the London Stock Exchange), the Mergeco Shares would, on the date hereof, be qualified investments on such date under the Canadian Tax Act for trusts governed by RRSPs, RRIFs, RESPs, DPSPs, RDSPs and TFSAs.

The Mergeco Shares will not be a “prohibited investment” (as defined in the Canadian Tax Act) for a trust governed by a TFSA, provided that, for purposes of the Canadian Tax Act, the holder of the TFSA does not have a “significant interest” (as defined in the Canadian Tax Act) in Mergeco or in any corporation, trust or partnership with which Mergeco does not deal at arm’s length. The March 22, 2011 Canadian Federal Budget proposed to extend the application of the definition in the Canadian Tax Act of “prohibited investment” to trusts governed by RRSPs and RRIFs.

UK TAX CONSIDERATIONS FOR TMX GROUP SHAREHOLDERS

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Mergeco Shares or Exchangeable Shares. They are based on current UK legislation and what is understood to be the current practice of HM Revenue & Customs as at the date of this Circular, both of which may change, possibly with retroactive effect. They are also based on Mergeco's understanding that HM Revenue & Customs regard CDS as a clearance service for stamp duty and stamp duty reserve tax purposes. They apply only to TMX Group Shareholders who are resident for tax purposes in (and only in) Canada and neither resident nor (in the case of individuals) ordinarily resident or domiciled for tax purposes in the UK (except insofar as express reference is made to the treatment of UK residents or those domiciled in the UK), who will hold their Mergeco Shares and/or Exchangeable Shares as an investment (other than under an individual savings account), who are absolute beneficial owners of their Mergeco Shares and/or Exchangeable Shares and any dividends paid on them, and whose Mergeco Shares, if they hold any, are registered in an overseas branch register kept in Canada, only a duplicate of which will be kept in the UK. The tax positions of certain categories of TMX Group Shareholders who are subject to special rules (such as persons acquiring their Mergeco Shares or (as relevant) Exchangeable Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) are not considered.

Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK or Canada are strongly recommended to consult their own professional advisors.

Dividends on Mergeco Shares

Mergeco is not required to withhold UK tax when paying a dividend on the Mergeco Shares.

Dividends on Exchangeable Shares

Exchangeco is not required to withhold UK tax when paying a dividend on the Exchangeable Shares.

Taxation of Disposals of Mergeco Shares or Exchangeable Shares

Prospective investors who may be subject to UK taxation of capital gains in circumstances described in the following paragraphs are strongly recommended to consult their own professional advisors.

A disposal or deemed disposal of Mergeco Shares by a holder who is not resident or ordinarily resident in the UK for tax purposes will not generally be subject to UK taxation of capital gains unless:

- (a) the holder is carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate holder, a permanent establishment) in connection with which the Mergeco Shares are used, held or acquired, in which case such a disposal or deemed disposal may, depending upon the holder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains; or

- (b) the holder is an individual who has ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five tax years and who disposes of all or part of his Mergeco Shares during that period, in which case the holder may be liable to capital gains tax in respect of any chargeable gain arising from such a disposal on his return to the UK, subject to any available exemptions or reliefs.

A disposal or deemed disposal of Exchangeable Shares by a holder who is not resident or ordinarily resident in the UK for tax purposes should not generally be subject to UK taxation of capital gains unless the holder is an individual who has ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five tax years and who disposes of all or part of his or her Exchangeable Shares during that period, in which case the holder may be liable to capital gains tax in respect of any chargeable gain arising from such a disposal on his or her return to the UK, subject to any available exemptions or reliefs.

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The statements in paragraphs (i) to (vi) below apply to any TMX Group Shareholders irrespective of their residence, summarize the current position and are intended as a general guide only. Statements regarding Mergeco Shares apply only to Mergeco Shares registered in an overseas branch register. Special rules apply to agreements made by, amongst others, intermediaries.

- (i) The Merger — Issue of New Mergeco Shares and Exchangeable Shares

The issue of New Mergeco Shares and/or Exchangeable Shares directly to TMX Group Shareholders acquiring such shares pursuant to the Merger will not generally give rise to stamp duty or SDRT.

- (ii) Subsequent Transfers of Mergeco Shares — General

Stamp duty will not generally be payable on an instrument transferring Mergeco Shares, unless the instrument is executed in a part of the UK. HM Revenue & Customs have indicated to Mergeco that no 0.5% SDRT charge will generally arise on an agreement to transfer Mergeco Shares.

- (iii) Mergeco Shares Held Through CDS

TMX Group Shareholders will not bear the cost of any stamp duty or SDRT arising on the issue or delivery of New Mergeco Shares into CDS: (a) to persons acquiring such shares pursuant to the Merger; or (b) to persons acquiring such shares pursuant to the provisions attaching to the Exchangeable Shares, provided that in either case the issue or delivery of Mergeco Shares into CDS is for the purpose of trading those Mergeco Shares on TSX. Paperless transfers of Mergeco Shares within CDS will not generally be liable to stamp duty or to SDRT.

- (iv) Mergeco Shares Held Through Other Clearance Services or Depository Receipt Systems

Under current UK law, where Mergeco Shares are issued or transferred (including upon an exchange of Exchangeable Shares in accordance with the provisions attaching to the Exchangeable Shares): (a) to, or to a nominee for, a person whose business is or includes the

provision of clearance services; or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, SDRT will generally be payable at the higher rate of 1.5% of the amount or value of the consideration payable or, in certain circumstances, the value of the Mergeco Shares, but stamp duty should not generally be payable unless an instrument transferring the Mergeco Shares is executed in a part of the UK. This liability for SDRT will strictly be accountable by the depositary or clearance service operator or the nominee, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt system. Transfers within the clearance service, and transfers of depositary receipts, are generally made free of SDRT or stamp duty. Clearance services may opt, provided certain conditions are satisfied, for SDRT to apply in the usual way to issues or transfers of Mergeco Shares into, and to transactions within, such services instead of the 1.5% charge generally applying to an issue or transfer of Mergeco Shares into the clearance service.

Following a recent European Court of Justice judgment, HMRC have confirmed that they will no longer seek to apply the 1.5% stamp duty or SDRT charge on an issue of shares into a clearance service or depositary receipt system within the EU, on the basis that the charge is not compatible with EU law. However, the judgment may have broader application than HMRC currently accept. Accordingly, specific professional advice should be sought before paying the 1.5% stamp duty or SDRT charge in any circumstances.

(v) Subsequent Transfers of Exchangeable Shares

No UK stamp duty should generally be payable in practice on an instrument transferring Exchangeable Shares. Generally, no SDRT is expected to be payable in respect of an agreement to transfer Exchangeable Shares, although the position is not free from doubt.

(vi) Exchange of Exchangeable Shares in Accordance with Provisions Attaching to the Exchangeable Shares

The issue of Mergeco Shares directly to persons acquiring such shares pursuant to the provisions attaching to the Exchangeable Shares will not generally give rise to stamp duty or SDRT. Stamp duty will not generally be payable on an instrument transferring Mergeco Shares directly to such persons, unless the instrument is executed in a part of the UK. HM Revenue & Customs have indicated to Mergeco that no 0.5% SDRT charge will generally arise on an agreement to transfer Mergeco Shares. In any event, the Merged Group will bear the cost of any 0.5% SDRT payable in respect of a transfer of Mergeco Shares on an exchange of Exchangeable Shares in accordance with the provisions attaching to the Exchangeable Shares.

Where Mergeco Shares are issued or transferred on an exchange of Exchangeable Shares in accordance with the provisions attaching to the Exchangeable Shares: (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, SDRT may be payable on the basis set out in paragraph (iv) above, but stamp duty should not generally be payable unless an instrument transferring the Mergeco Shares is executed in a part of the UK. Mergeco will be responsible for any SDRT which may be payable under the provisions described in paragraph (iv) above on any delivery or issue of Mergeco Shares into CDS on an exchange of Exchangeable Shares in accordance with the provisions attaching to the Exchangeable Shares for the purpose of trading those Mergeco Shares on TSX.

The position for Exchangeable Shares transferred on an acquisition of Mergeco Shares pursuant to the provisions attaching to the Exchangeable Shares will be as described in paragraph (v) above.

Inheritance Tax on New Mergeco Shares and Exchangeable Shares

The New Mergeco Shares and the Exchangeable Shares will be assets situated outside the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets should not give rise to a liability to UK inheritance tax unless the holder is either domiciled in the UK or deemed to be domiciled there under certain rules relating to long residence or previous domicile (subject to certain exemptions and reliefs).

For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold Mergeco Shares or Exchangeable Shares, bringing them within the charge to inheritance tax. Holders of Mergeco Shares or Exchangeable Shares should consult an appropriate tax advisor if they make a gift or transfer at less than market value or intend to hold any Mergeco Shares or Exchangeable Shares through trust arrangements.

DESCRIPTION OF SHARE CAPITAL OF MERGECO

Information about the New Mergeco Shares

The New Mergeco Shares will be credited as fully-paid and rank *pari passu*, in all respects, with the Existing LSEG Shares in issue at the time the New Mergeco Shares are delivered pursuant to the Merger. This includes the right to receive all dividends and other distributions (if any) declared, made or paid after the date of issue of the New Mergeco Shares, except that any dividend to be paid to the Mergeco Shareholders after completion of the Merger relating to the period between March 31, 2011 and the Effective Date shall, in accordance with the terms of the Merger Agreement, be paid only to the LSEG shareholders. The expected date of issue of the New Mergeco Shares is the date of Admission.

The New Mergeco Shares will be ordinary shares in registered form and, from Admission, will be capable of being held either (i) in certificated form or (ii) in uncertificated form, and title to such shares may be transferred by means of a relevant system (as defined in the Regulations) (essentially, a book-entry system). Where New Mergeco Shares are held in certificated form, share certificates will be sent to the registered members by first class post. Where New Mergeco Shares are held in uncertificated form, the relevant CREST stock account of the registered members will be credited.

Share Capital of Mergeco

Immediately prior to the publication of this Circular, the share capital of LSEG was £18,756,935.60, comprised of 271,108,651 LSEG Shares of 67⁷/₈₆ pence each, all of which were fully paid or credited as fully paid.

The ISIN number for the Mergeco Shares is GB00B0SWJX34.

Memorandum of Association

The Memorandum of Association is available for inspection at LSEG's registered and head office located at 10 Paternoster Square, London EC4M 7LS.

Articles

The LSEG Articles, which will become the Mergeco Articles, include provisions to the effect noted below. The Mergeco Articles will be amended following completion of the Merger, as necessary, to reflect the Merger and comply with applicable Canadian corporate governance rules.

Share Rights

Subject to the provisions of the Companies Act, and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as Mergeco may, by ordinary resolution, determine or, subject to and in default of such determination, as the Mergeco Board shall determine.

The Mergeco Board may issue shares which are to be redeemed, or are liable to be redeemed, at the option of Mergeco or the holder. Subject to the Mergeco Articles and the Companies Act, the unissued share capital of Mergeco (whether forming part of the original or any increased capital) is at the disposal of the Mergeco Board.

The rights attaching to the Existing LSEG Shares are set out below.

Voting Rights on Existing LSEG Shares

Subject to any rights or restrictions attached to any shares, on a show of hands, every member who is present in person or represented by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he or she is the holder.

No member shall be entitled to vote at any general meeting unless all monies presently payable by him or her in respect of shares in Mergeco have been fully paid.

If, at any time, the Mergeco Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to Mergeco the information thereby required or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Mergeco Board may, in its absolute discretion at any time thereafter by notice to such member, direct that, in respect of the shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

Dividends and Other Distributions on Existing LSEG Shares

Subject to the provisions of the Companies Act, Mergeco may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Mergeco Board. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of calls shall be treated for these purposes as paid on the share.

Subject to the provisions of the Companies Act, the Mergeco Board may pay interim dividends if it appears to the Mergeco Board that they are justified by the profits of Mergeco available for distribution.

The Mergeco Board may also pay, at intervals determined by it, any dividend at a fixed rate if it appears to the Mergeco Board that the profits available for distribution justify the payment. If the Mergeco Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against Mergeco unless otherwise provided by the rights attached to the share.

The Mergeco Board may withhold payment from a person of all or any part of any dividend or other monies payable in respect of shares in Mergeco if those shares represent at least a 0.25% interest in Existing LSEG Shares or any class thereof and if, in respect of those shares, such person has been served with a restriction notice after failure (whether by such person or by another) to provide Mergeco with information concerning interests in those shares required to be provided under section 793 of the Companies Act.

Except as otherwise provided by the rights and restrictions attached to any class of shares, all dividends will be declared and paid according to the amounts paid-up on the shares during any portion of the period in respect of which the dividend is paid.

The Mergesco Board may, if authorized by an ordinary resolution of Mergesco, offer any holder of shares the right to elect to receive shares by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Mergesco Board) of any dividend.

Mergesco may by ordinary resolution direct that any dividend recommended by the Mergesco Board and declared at a general meeting shall be satisfied wholly or partly by the distribution of assets, including, without limitation, paid up shares or debentures of another body corporate.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Mergesco Board so resolves, be forfeited and cease to remain owing by Mergesco.

Except as provided by the rights and restrictions attached to any class of shares, the holders of Existing LSEG Shares will, under general Law, be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the *Insolvency Act 1986*, divide among the members *in specie* the whole or any part of the assets of Mergesco and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

Variation of Rights

Subject to the provisions of the Companies Act, if at any time the capital of Mergesco is divided into different classes of shares, the rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

Lien and Forfeiture

Mergesco shall have a first and paramount lien on every share (not being a fully paid share) for all monies payable to Mergesco (whether presently or not) in respect of that share. Mergesco may sell any share on which Mergesco has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that, if the notice is not complied with, the share may be sold.

The Mergesco Board may, from time to time, make calls on the members in respect of any monies unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to Mergesco the amount called on his or her shares. If a call or any instalment of a call remains unpaid, in whole or in part, after it has become due and payable, the Mergesco Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid, together with any interest which may have accrued and any costs, charges and expenses incurred by Mergesco by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

Transfer of Shares

A member may transfer all or any of his or her certificated shares by an instrument of transfer in any usual form or in any other form which the Mergeco Board may, from time to time, approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

The Mergeco Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully-paid share, provided that the refusal does not prevent dealings in shares in Mergeco from taking place on an open and proper basis. The Mergeco Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

- (i) is lodged and duly stamped (if stampable) at the Mergeco office or at another place appointed by the Mergeco Board, accompanied by the certificate for the share to which it relates and such other evidence as the Mergeco Board may reasonably require to show the right of the transferor to make the transfer;
- (ii) is in respect of one class of share only; and
- (iii) is in favour of not more than four persons.

The Mergeco Board may refuse to register a transfer of shares in Mergeco by a person if those shares represent at least a 0.25% interest in Mergeco Shares or any class thereof and if, in respect of those shares, such person has been served with a restriction notice after failure (whether by such person or by another) to provide Mergeco with information concerning interests in those shares required to be provided under section 793 of the Companies Act, unless: (i) the transfer is an approved transfer (as defined in the Mergeco Articles); (ii) the member is not himself or herself in default as regards supplying the information requested and certifies that no person in default as regards supplying such information is interested in any of the shares being the subject of the transfer; or (iii) the transfer of the shares is required to be registered by the Regulations.

If the Mergeco Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with Mergeco.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the Regulations, the Mergeco Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

General Meetings

The Mergeco Board shall convene and Mergeco shall hold general meetings as AGMs in accordance with the requirements of the Companies Act. The Mergeco Board may call general meetings whenever and at such times and places as it shall determine.

Mergeco Directors

Appointment of Mergeco Directors

Unless otherwise determined by ordinary resolution, the number of Mergeco Directors (other than alternate directors) shall be not less than two but shall not be subject to any maximum number. Mergeco Directors may be appointed by ordinary resolution of Mergeco Shareholders or by the Mergeco Board, provided that the appointment has been recommended by the Mergeco Board or notice has been received by the Mergeco Board from a member qualified to vote at the meeting between 14 and 35 days before the relevant meeting. A Mergeco Director appointed by the Mergeco Board holds office only until the next following AGM and, if not re-appointed at such AGM, shall vacate office at its conclusion.

No Share Qualification

A Mergeco Director shall not be required to hold any shares in the capital of Mergeco by way of qualification.

Retirement of Mergeco Directors by Rotation

At every AGM, one-third of the Mergeco Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The Mergeco Directors to retire by rotation shall be, first, those who wish to retire and not be reappointed and, second, those who have been longest in office since their last appointment or re-appointment. In the case of those who were appointed or re-appointed on the same day, those to retire will be (unless they otherwise agree) determined by lot. A retiring Mergeco Director shall be eligible for re-election.

Removal of Mergeco Directors

Mergeco Directors can be removed by ordinary resolution of the Mergeco Shareholders or by a Mergeco Director if not less than three-quarters of the other Mergeco Directors sign a notice stating that that person should cease to be a Mergeco Director.

Remuneration of Mergeco Directors

The emoluments of any Mergeco Director holding executive office for his or her services, as such, shall be determined by the Mergeco Board and may be of any description.

The ordinary remuneration of the Mergeco Directors who do not hold executive office, but excluding the Mergeco Chair, (excluding amounts payable under any other provision of the Mergeco Articles) shall not exceed in aggregate £1.5 million per annum or such higher amount as Mergeco may, from time to time, by ordinary resolution, determine. Subject thereto, each such Mergeco Director shall be paid a fee (which shall be deemed to accrue from day-to-day) at such rate as may, from time to time, be determined by the Mergeco Board. In addition, any Mergeco Director who does not hold executive office but who performs services outside the scope of the ordinary duties of an Mergeco Director may be paid such extra remuneration as the Mergeco Board may, from time to time, determine.

In addition to any remuneration to which the Mergeco Directors are entitled under the Mergeco Articles, Mergeco Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Mergeco Board or committees of

the Mergeco Board, general meetings or separate meetings of the holders of any class of shares or of debentures of Mergeco or otherwise in connection with the discharge of their duties.

The Mergeco Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Mergeco Director or employee of Mergeco or any of its Subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his or her family or any person who is or was dependent on such Mergeco Director.

Permitted Interests of Mergeco Directors

Subject to the provisions of the Companies Act, and provided that such Mergeco Director has disclosed to the Mergeco Board the nature and extent of his or her interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Companies Act apply, in which case no such disclosure is required), a Mergeco Director notwithstanding his or her office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with Mergeco or in which Mergeco is otherwise (directly or indirectly) interested;
- (b) may act by himself or herself, or his or her firm, in a professional capacity for Mergeco (otherwise than as auditor) and he or she or his or her firm shall be entitled to remuneration for professional services as if he or she were not a Mergeco Director;
- (c) may be a director or other officer of, or employed by, a party to a transaction or arrangement with, or otherwise interested in, any body corporate:
 - (i) in which Mergeco is (directly or indirectly) interested as a shareholder or otherwise; or
 - (ii) with which he or she has such a relationship at the request or direction of Mergeco; and
- (d) shall not, by reason of office, be accountable to Mergeco for any remuneration or other benefit which is derived from any office or employment or from any transaction or arrangement or from any interest in any body corporate:
 - (i) the acceptance, entry into or existence of which has been approved by the Mergeco Board (subject, in any case, to any limits or conditions to which such approval was subject); or
 - (ii) which such Mergeco Director is permitted to hold or enter into by virtue of paragraphs (a), (b), or (c) above;

nor shall the receipt of any such remuneration or other benefit constitute a breach of his or her duty under section 176 of the Companies Act.

Restrictions on Voting

Unless the Mergeco Shareholders resolve by ordinary resolution otherwise, a Mergeco Director shall not vote on any resolution of the Mergeco Board, or any committee of the Mergeco Board, concerning a matter in which such Mergeco Director has an interest, but these prohibitions shall not apply to:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by such Mergeco Director or any other person at the request of, or for the benefit of, Mergeco or any of its Subsidiary undertakings;

- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of Mergeco or any of its Subsidiary undertakings for which the Mergeco Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of Mergeco or any of its Subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) a contract, arrangement, transaction or proposal concerning any other body corporate in which he, she or any person connected with him or her is interested, directly or indirectly, and whether as an officer, Mergeco Shareholder, creditor or otherwise, if he or she and any persons connected with him or her do not, to his knowledge, hold an interest (as that term is used in sections 198 to 211 of the Companies Act) representing 1% or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of the Mergeco Articles to be a material interest in all circumstances);
- (e) a contract, arrangement, transaction or proposal for the benefit of employees of Mergeco or of any of its Subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and
- (f) a contract, arrangement, transaction or proposal concerning any insurance which Mergeco is empowered to purchase or maintain for, or for the benefit of, any Mergeco Directors or for persons who include Mergeco Directors.

Borrowing Powers

The Mergeco Board may exercise all the powers of Mergeco to borrow money, guarantee, indemnify, mortgage or charge its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Mergeco or of any third party.

Indemnity of Officers

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which a Mergeco Director may otherwise be entitled, every Mergeco Director or other officer of Mergeco (other than any person (whether an officer or not) engaged by Mergeco as an auditor) shall be indemnified out of the assets of Mergeco against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part) or in which he or she is acquitted or in connection with any application in which relief is granted to him or her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of Mergeco.

COMPARISON OF SHAREHOLDERS' RIGHTS

Upon completion of the Merger, TMX Group Shareholders will no longer be shareholders of TMX Group and instead will hold ordinary shares of Mergeco or corresponding Exchangeable Shares of Exchangeco that are substantially economically equivalent to the ordinary shares of Mergeco.

Ontario Law and TMX Group's articles and by-laws govern TMX Group and its relations with its shareholders. Following the Merger, the rights of TMX Group Shareholders will be governed by the Laws of England and Wales and by the Mergeco Articles.

Although the rights and privileges of a shareholder of a UK company are, in many instances, comparable to those of a shareholder of a corporation organized under the OBCA, there are several differences. The following discussion summarizes the material differences between the provisions of Ontario Law and the Laws of England and Wales affecting shareholder rights and the material differences between the TMX Group restated articles of incorporation, articles of amendment and amended and restated by-laws and the Mergeco Articles.

This section does not include a complete description of all differences between the rights of these holders, nor does it include a complete description of the specific rights of these holders, and is qualified in its entirety by reference to the text of the relevant provisions of the Laws of Ontario, the Laws of England and Wales and the constating documents of TMX Group and Mergeco, as the case may be. In addition, the identification of some of the differences in the rights of these holders as material is not intended to indicate that other differences that are equally important do not exist.

In addition to below, there are additional regulatory requirements that apply to TMX Group that will also apply to Mergeco upon completion of the Merger. For details, see the section entitled "Regulation of the Merged Group". There are also Investment Canada Act undertakings that apply to TMX Group that will apply to Mergeco upon completion of the Merger. For details, see the section entitled "Proposed Investment Canada Act Undertakings".

OBCA	Companies Act
Authorized Capital Stock	
The authorized share capital of TMX Group consists of an unlimited number of TMX Group Shares and an unlimited number of preferences shares, issuable in series. As of May 23, 2011, there were 74,598,140 TMX Group Shares validly issued and outstanding and no preference shares validly issued and outstanding.	There is no authorized share capital requirement for English companies. As of May 23, 2011, there were 271,108,651 LSEG Shares validly issued and outstanding (to be referred to as Mergeco Shares upon completion of the Merger).
Declaration of Dividends	
Under the OBCA, the directors may declare, and a corporation may pay, a dividend unless the declared dividend to be paid by the corporation is in the form of money or property and there are reasonable grounds for	The Mergeco Articles provide that Mergeco may, subject to the provisions of the Companies Act, by ordinary resolution, declare dividends in accordance with the respective rights of Mergeco Shareholders,

OBCA	Companies Act
<p>believing that (a) the corporation is, or after the payment would be, unable to pay its liabilities as they become due or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and its stated capital of all classes.</p> <p>TMX Group's amended and restated by-laws provide that directors may, from time to time, declare dividends payable to TMX Group Shareholders according to their respective rights and interests in TMX Group.</p>	<p>but no dividend shall exceed the amount recommended by the Mergeco Board.</p> <p>In addition, Mergeco, being a public company, may only make a distribution if: (i) the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves; and (ii) the distribution does not reduce the amount of such assets to less than the aggregate of its called-up share capital and undistributable reserves.</p>
Sources and Form of Dividends	
<p>Under the OBCA, dividends may be paid by issuing fully-paid shares of the corporation or options or rights to acquire fully-paid shares of the corporation and, subject to the restrictions outlined above, a corporation may pay a dividend in money or property.</p>	<p>Under the Companies Act, distributions by a company may only be made out of profits available for that purpose, which are, generally, its accumulated, realized profits, so far as not previously utilized by distribution or capitalization, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganization of capital, duly made.</p> <p>Subject to the provisions of the Companies Act, the Mergeco Board may pay interim dividends (being dividends that are declared and distributed before the company's annual earnings have been calculated) if it appears to the Mergeco Board that dividends are justified by the profits of Mergeco available for distribution.</p> <p>The Mergeco Articles provide that a general meeting declaring a dividend may, on the recommendation of the Mergeco Board by ordinary resolution, direct that it shall be satisfied, wholly or partly, by the distribution of assets, including, without limitation, paid-up shares or debentures of another body corporate.</p>
Capital Calls on Shares	
<p>Under the OBCA, a corporation may not issue a share until the consideration for the share is fully paid and all such consideration is not less in fair value than the fair equivalent of the money that the corporation would have</p>	<p>All new Mergeco Shares issued on the Merger will be issued as fully paid shares. However, Mergeco is permitted to issue partly paid shares in which case, under the Mergeco Articles, the Mergeco Board may,</p>

OBCA	Companies Act
<p>received if the share had been issued for money. All shares issued by the corporation must be non-assessable. Accordingly, TMX Group Shareholders have no liability to further capital calls.</p>	<p>from time to time, make calls on the Mergeco Shareholders in respect of any monies unpaid on their Mergeco Shares (whether in respect of nominal value or premium). Each Mergeco Shareholder shall (subject to receiving at least 14 clear days' notice) pay to Mergeco any unpaid amount called on his or her Mergeco Shares. If a call or any installment of a call remains unpaid, in whole or in part, after it has become due and payable, the Mergeco Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid, together with any interest which may have accrued and any costs, charges and expenses incurred by Mergeco by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with, the Mergeco Shares in respect of which the call was made will be liable to be forfeited.</p> <p>Mergeco shall have a first and paramount lien on every Mergeco Share that is not fully paid, for all monies payable to Mergeco (whether presently or not) in respect of that Mergeco Share.</p>
Limitations on Rights to Own Securities	
<p>There is no law, governmental decree or regulation in Canada that restricts the export or import of capital, or affects the remittance of dividends, interest or other payments to non-resident holders of TMX Group Shares, other than withholding tax requirements.</p> <p>There is no limitation imposed by Canadian law on the right of a non-resident to hold or vote TMX Group Shares, other than as provided by the Investment Canada Act, which requires notification and, in certain cases, advance review and approval by the Government of Canada of the acquisition by a non-Canadian of control of a Canadian business.</p>	<p>There is no Law or governmental decree or regulation under the Laws of England and Wales that restricts the export or import of capital, or affects the remittance of dividends, interest or other payments to non-resident Mergeco Shareholders, other than withholding tax requirements.</p> <p>There is no limitation imposed by the Laws of England and Wales on the right of a non-resident to hold or vote Mergeco Shares.</p> <p>For information regarding the FSA approval requirement for acquisitions of 10% or more, please refer to the section entitled "Regulation of the Merged Group — Section B: Share Ownership Restrictions".</p>

OBCA	Companies Act
<p>TMX Group’s articles of amendment provide that, without the prior approval of the OSC and AMF, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10% of any class or series of TMX Group voting shares or any other percentage as may be from time to time prescribed.</p>	
Registered Office and Records	
<p>Under the OBCA, a corporation is required to have its registered office located in Ontario and must keep its corporate records in Ontario. TMX Group’s registered office is located at The Exchange Tower, 130 King Street West, Toronto, Ontario M5X 1J2, Canada.</p>	<p>Under the Companies Act, a company’s registered office can be at any place in England and Wales and can be freely alterable within those countries by resolution of the directors. LSEG’s registered office is located at 10 Paternoster Square, London EC4M 7LS, England.</p> <p>However, Mergeco is permitted to maintain its executive offices and headquarters in any jurisdiction and has undertaken to have joint headquarters for the Merged Group in Toronto and London. See “Information Concerning the Merged Group”.</p>
Size of the Board of Directors	
<p>Under the OBCA, a board of directors of a public corporation shall have not fewer than three directors. TMX Group’s articles of amendment provide that the number of directors of TMX Group shall consist of a minimum of three and a maximum of 24. The OBCA provides that any amendment to the articles of a corporation to increase or decrease the number, or the minimum or maximum number, of directors requires the approval of such corporation’s shareholders by special resolution.</p>	<p>The Mergeco Articles provide that, unless otherwise determined by ordinary resolution, the number of directors of Mergeco (other than alternate directors) shall not be less than two but shall not be subject to any maximum.</p>
Citizenship and Residency of Directors	
<p>Under the OBCA, at least 25% of the directors of a corporation shall be resident Canadians, but where a corporation has fewer than four directors, at least one director shall be a resident Canadian.</p>	<p>There are no residency requirements for directors of an English company.</p>

OBCA	Companies Act
Removal of Directors	
<p>Under the OBCA, the shareholders of a corporation may, by ordinary resolution at an annual or special meeting, remove any director or directors from office.</p>	<p>Under the Companies Act, a company may, by ordinary resolution at a meeting, remove a director before the expiration of his or her period of office.</p> <p>The Mergesco Articles provide that no special notice need be given of any resolution to remove a director and no director proposed to be removed has any special right to protest against his or her removal.</p>
Filling Vacancies on the Board of Directors	
<p>Under the OBCA, a vacancy among the directors may be filled at a meeting of shareholders at which the director is removed. A quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the number of directors or in the maximum number of directors, as the case may be, or a failure to elect the number of directors required to be elected at any meeting of the shareholders. If there is not a quorum of directors, or if there has been a failure to elect the required number of directors, the directors then in office shall forthwith call a special meeting of the shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.</p>	<p>The Mergesco Articles provide that Mergesco may, by ordinary resolution, appoint a person who is willing to act as a director to fill a vacancy provided that (unless he or she is a director retiring by rotation) that person was either recommended by the Mergesco Directors or notice has been given by a Mergesco Shareholder of its intention to propose that person for appointment to the Mergesco Board; such appointment shall take effect from the end of the meeting.</p> <p>The Mergesco Board may appoint a person who is willing to act as a director to fill a vacancy (whether or not for a fixed term). Irrespective of the terms of his or her appointment, a director so appointed shall hold office only until the first annual general meeting, notice of which is first given under his or her appointment and shall not be taken into account in determining the directors who are to retire by rotation at the meeting. If not reappointed at such annual general meeting, he or she shall vacate office at its conclusion. See “Regulation of the Merged Group — Section A: Regulatory Matters” and “Proposed Investment Canada Act Undertakings”.</p>
Quorum of Directors	
<p>Under the OBCA, unless otherwise provided by the by-laws, a majority of the number of directors or minimum number of directors required by the articles constitutes a quorum at any meeting of directors, but in no case</p>	<p>The Mergesco Articles provide that the quorum for the transaction of the business of the Mergesco Board may be fixed by the Mergesco Board and, unless so fixed at any other number, shall be two. A person who</p>

OBCA	Companies Act
<p>shall quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be. Additionally, where a corporation has fewer than three directors, all directors must be present at any meeting of directors to constitute a quorum.</p> <p>Under TMX Group’s amended and restated by-laws, the quorum for the transaction of business at any meeting of the TMX Group Board shall consist of a majority of the number of directors.</p>	<p>holds office only as an alternate director may, if his or her appointor is not present, be counted in the quorum. If no other director objects, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting.</p>
Required Vote for Certain Transactions — Special Majority Requirements	
<p>Under the OBCA, for the passing of special resolutions, the approval of at least two-thirds of the votes cast at a meeting of shareholders is required. Special resolutions are required for certain extraordinary corporate actions including, among other things:</p> <ul style="list-style-type: none"> • change of the corporation’s name; • certain amalgamations, continuances and sales, leases or exchanges of all or substantially all the property of the corporation other than in the ordinary course of business; and • liquidations, dissolutions, and (if ordered by a court) arrangements. 	<p>Under the Companies Act, for the passing of special resolutions, the approval of 75% of shareholders’ votes cast at a general meeting is required. Special resolutions are required, among other things, for the following:</p> <ul style="list-style-type: none"> • change of the company’s name; • payment out of capital; • variation of the articles and memorandum of association; • disapplication of shareholders’ pre-emption rights; • re-registration of a company as a private company; and • certain liquidations and dissolutions.
Required Vote for Certain Transactions — Simple Majority Requirements	
<p>Under the OBCA, for the transaction of ordinary business, the approval of more than 50% of the votes cast by shareholders, whether present in person or represented by proxy, is required. Ordinary business includes, among other things:</p> <ul style="list-style-type: none"> • electing or removing directors; • appointing or removing auditors; and • approving, amending or repealing by-laws. 	<p>Under the Companies Act, for an ordinary resolution to be passed, the approval of more than 50% of shareholders’ votes cast at a general meeting is required. Ordinary resolutions are required, among other things, for the following:</p> <ul style="list-style-type: none"> • appointment or removal of a director; • appointing or removing auditors; and • authorizing directors to allot securities.

OBCA	Companies Act
Quorum of Shareholders	
<p>Under the OBCA (and unless the by-laws otherwise provide), the holders of a majority of the shares entitled to vote at a meeting of shareholders, whether present in person or represented by proxy, constitute a quorum.</p> <p>Under TMX Group’s amended and restated by-laws, a quorum for the transaction of business at any meeting of TMX Group Shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy holder or representative for an absent TMX Group Shareholder so entitled. There is no requirement for the holder of a minimum percentage of the voting share capital to be present at the meeting.</p>	<p>The Mergeco Articles and the Companies Act provide that two “Qualifying persons” present at a meeting and entitled to vote on the business to be dealt with at that meeting constitute a quorum, unless: (i) each is a Qualifying person only because he or she is authorized under the Companies Act to act as a representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or (ii) each is a Qualifying person only because he or she is appointed as proxy of a shareholder in relation to the meeting, and they are proxies of the same shareholder.</p> <p> (“Qualifying person” means: (i) an individual who is a Mergeco Shareholder; (ii) a person authorized under the Companies Act to act as a representative of the corporation in relation to the meeting; or (iii) a person appointed as proxy of a Mergeco Shareholder in relation to the meeting.)</p> <p>There is no requirement for the holder of a minimum percentage of the voting share capital to be present at the meeting.</p>
Notice of Meeting of Shareholders	
<p>Under the OBCA, notice of the time and place of a meeting of shareholders shall be sent not less than 21 days, and not more than 50 days, before the meeting to each shareholder entitled to vote at the meeting, each director and the auditor of the corporation.</p>	<p>Under the Mergeco Articles and the Companies Act, not less than 21 clear days’ notice is required for an AGM.</p> <p>All other general meetings require not less than 14 clear days’ notice be given unless a special notice is required by the Companies Act.</p>
Annual Meeting of Shareholders	
<p>Under the OBCA, the directors of a corporation are required to call an annual meeting of shareholders no later than 15 months after holding the last preceding annual meeting. All shareholders at the record date are entitled to notice of the meeting and have the right to attend and vote at the meeting.</p>	<p>Under the Mergeco Articles and the Companies Act, the directors shall convene and Mergeco shall hold a general meeting as its AGM in each six month period beginning with the day following its account reference date (in addition to any other meeting held during that period).</p>

OBCA	Companies Act
Special Meeting of Shareholders	
<p>Under the OBCA, a corporation's board of directors may call a special meeting at any time. In addition, the holders of not less than 5% of the issued shares of a corporation that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders.</p> <p>Under TMX Group's amended and restated by-laws, the TMX Group Board, the Chair, the Vice Chair, the Chief Executive Officer or the President may call a special meeting of shareholders at any time.</p>	<p>The Mergeco Articles and the Companies Act provide that the Mergeco Board can call general meetings whenever and at such times as it shall determine. In addition, the holders representing at least 5% of the paid-up capital of the company as carries the right of voting at general meetings of the company (excluding any paid-up capital held as treasury shares) can require the directors to call a general meeting.</p> <p>The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may be properly moved and is intended to be moved at the meeting.</p> <p>A resolution may be properly moved at a meeting unless:</p> <ul style="list-style-type: none"> • if passed, it would be ineffective; • it is defamatory to any person; or • it is frivolous or vexatious. <p>A request may be in hard copy form or in electronic form and must be authenticated by the person or persons making it.</p>
Location of Shareholder Meetings	
<p>Under both the OBCA and TMX Group's amended and restated by-laws, a meeting of shareholders of a corporation must be held at such place in or outside Ontario as the directors of the corporation determine or, in the absence of such a determination, at the place where the registered office of the corporation is located.</p>	<p>The Mergeco Board can call general meetings at such places as it shall determine.</p>
Shareholder Proposals	
<p>Under the OBCA, any shareholder entitled to vote at a meeting of shareholders of a corporation may submit notice of a proposal, provided that, if the proposal includes a nomination for the election of directors, it must be signed by one or more shareholders representing, in the aggregate, not less than 5% of the shares entitled to vote at the meeting at which the proposal is to be presented.</p>	<p>Under the Companies Act, the shareholders of a company may require the company to circulate, to shareholders of the company entitled to receive notice of an AGM, a statement of not more than 1,000 words with respect to a matter referred to in a proposed resolution or other business to be dealt with at that AGM.</p>

OBCA	Companies Act
<p>The corporation need not present a proposal to shareholders if the proposal:</p> <ul style="list-style-type: none"> • is submitted less than 60 days before the anniversary date of the last annual meeting (if the matter is proposed to be raised at an annual meeting) or less than 60 days before a meeting other than the annual meeting (if the matter is proposed to be raised at a meeting other than an annual meeting); • has the primary purpose of enforcing a personal claim or redressing a personal grievance against the corporation or its directors, officers or securityholders; or • does not appear to relate in a significant way to the corporation's business or affairs. <p>A request: (i) must state the business to be transacted at the meeting; (ii) must be sent to the registered office of the corporation; and (iii) must include the name and address of the person making it.</p>	<p>A company is required to circulate a statement once it has received requests to do so from the shareholders of the company representing at least 5% of the total voting rights of all the shareholders who have a relevant right to vote (excluding any voting rights attached to any shares in the company held as treasury shares) or at least 100 shareholders who have a relevant right to vote and hold shares in the company on which there has been paid up, an average sum per shareholder, of at least £100.</p> <p>A request: (i) may be in hard copy form or in electronic form; (ii) must identify the statement to be circulated; (iii) must be authenticated by the person or persons making it; and (iv) must be received by the company at least one week before the meeting to which it relates.</p>
Proxies	
<p>Under both the OBCA and TMX Group's amended and restated by-laws, every shareholder entitled to vote at a meeting of shareholders may, by means of a proxy, appoint a proxy holder or one or more alternate proxy holders, who need not be shareholders, as the shareholder's nominee to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy.</p> <p>Additionally, under TMX Group's amended and restated by-laws, a proxy must be in the form as may be prescribed from time to time by the directors or in such other form as the Chair of the meeting may accept and as complies with all applicable laws and regulations.</p> <p>The appointment of a proxy shall not preclude a Mergeco Shareholder from attending and voting in person at the Mergeco</p>	<p>Under the Companies Act, every shareholder of a company is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at a meeting of the company.</p> <p>The Mergeco Articles provide that the appointment of a proxy shall be made in writing and shall be in any usual form or in any other form which the Mergeco Board may approve. Subject thereto, the appointment of a proxy may be: (i) in hard copy form; or (ii) in electronic form, to the electronic address provided by Mergeco for this purpose.</p> <p>The appointment of a proxy shall not preclude a Mergeco Shareholder from attending and voting in person at the Mergeco meeting or poll concerned. A shareholder may appoint more than one proxy to attend on the same occasion,</p>

OBCA	Companies Act
meeting or poll concerned. A shareholder may appoint more than one proxy to attend on the same occasion, provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.	provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
Amendment of Articles	
Under the OBCA, any amendment to a corporation's articles requires shareholder approval by special resolution of holders of the shares of each class or series entitled to vote thereon.	Under the Companies Act, any amendment to a corporation's articles requires shareholder approval by special resolution of holders of the shares of each class or series entitled to vote thereon.
Amendment of By-laws	
Under the OBCA, the directors may, by resolution, make, amend or repeal any by-laws that regulate the business or affairs of a corporation and they must submit the by-law, amendment or repeal to the shareholders at the next meeting of shareholders, and the shareholders may, by ordinary resolution, confirm, reject or amend the by-law, amendment or repeal.	No corresponding UK Law, as there is no concept of by-laws in the UK. All provisions are included in the articles of association.
Rights of Dissent and Appraisal	
<p>Under the OBCA, each of the following matters listed below will entitle shareholders to exercise rights of dissent:</p> <ul style="list-style-type: none"> • any amalgamation with another corporation (other than with certain affiliated corporations); • an amendment to the corporation's articles to add, change or remove any provisions restricting the issue, transfer or ownership of that class of shares and alteration of class rights; • an amendment to the corporation's articles to add, change or remove any restriction upon the business or businesses that the corporation may carry on; • a continuance under the laws of another jurisdiction; • a sale, lease or exchange of all or substantially all the property of the corporation other than in the ordinary course of business; and 	<p>Under the Companies Act and subject to certain conditions, shareholders may make an application to the court for relief, in certain limited circumstances, including:</p> <ul style="list-style-type: none"> • where shareholders of not less than 5% of the company's issued share capital apply to the court for the cancellation of the resolution passed by a public company to be re-registered as a private limited company; • where shareholders of not less than 15% of the class in question object to a proposed variation of the rights attaching to such class of shares; and • in a takeover situation where the offeror has acquired 90% of the issued share capital of a company and a shareholder objects to his or her shares being compulsorily acquired by the offeror.

OBCA	Companies Act
<ul style="list-style-type: none"> • where a court order permits a shareholder to dissent in connection with an application to the court for an order approving an arrangement. <p>The OBCA provides these dissent rights for both listed and unlisted shares.</p> <p>However, a shareholder is not entitled to dissent if an amendment to the articles is effected by a court order approving a reorganization or by a court order made in connection with an action for an oppression remedy.</p> <p>Under the OBCA, a shareholder may, in addition to exercising dissent rights, seek an oppression remedy for any act or omission of a corporation which is oppressive or unfairly prejudicial to, or that unfairly disregards, a shareholder's interests.</p>	<p>Remedies which the court may grant include:</p> <ul style="list-style-type: none"> • cancellation of the resolution complained of; • regulation of the company's affairs in the future; • preventing the company from doing or continuing an act complained of or requiring the company to do an act it has omitted to do; • preventing the company from making alterations to its articles without the leave of the court; or • providing for the purchase of the shares of any members of the company by other members or by the company itself.
Oppression Remedy	
<p>The OBCA provides an oppression remedy to a shareholder (among others) that enables a court to make any order, both interim and final, to rectify the matters complained of, if the court is satisfied upon application of a complainant that:</p> <ul style="list-style-type: none"> • any act or omission of the corporation or any of its affiliates effects or threatens to effect a result; • the business or affairs of the corporation or any of its affiliates are, have been or are threatened to be carried on or conducted in a manner; or • the powers of the directors of the corporation or any of its affiliates are, have been or are threatened to be exercised in a manner, <p>that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer of the corporation, the court may make an order to rectify the matters complained of.</p>	<p>Under the Companies Act, a shareholder may apply to the court by petition for an order on the ground that the company's affairs are being or have been conducted in a manner which is unfairly prejudicial to the interests of its shareholders generally or some part of its shareholders (including at least himself or herself), or that any actual or proposed act or omission of the company is or would be so prejudicial. If the court is satisfied that a petition is well founded, it may make such order as it thinks fit for giving relief in respect of the matters complained of.</p>

OBCA	Companies Act
Shareholder Derivative Actions	
<p>Under the OBCA, a complainant may apply to the court for leave to bring an action in the name and on behalf of a corporation or any of its subsidiaries, or to intervene in an existing action to which any such body corporate is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the body corporate. However, no action may be brought and no intervention in an action may be made unless the court is satisfied that the complainant has given 14 days' notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court and the court is satisfied that: (i) the directors of the corporation or its subsidiary will not bring, diligently prosecute or defend or discontinue the action; (ii) the complainant is acting in good faith; and (iii) it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.</p> <p>Under the OBCA, the court may make any order it thinks fit including: (i) an order authorizing the complainant or any other person to control the conduct of the action; (ii) an order giving directions for the conduct of the action; (iii) an order directing that any amount adjudged payable by a defendant in the action shall be paid, in whole or in part, directly to former and present securityholders of the corporation or its subsidiary instead of to the corporation or its subsidiary; and (iv) an order requiring the corporation or its subsidiary to pay reasonable legal fees and any other costs reasonably incurred by the complainant in connection with the action.</p>	<p>Under the Companies Act, a minority of shareholders can bring an action in their own name seeking a remedy on behalf of a company in respect of a wrong done to it.</p> <p>A shareholder who is seeking permission to continue a derivative claim (i) is required to make a <i>prima facie</i> case for permission to continue the claim, and (ii) is required to file evidence in respect of its claim. A court may not give permission to continue the claim if (i) it is satisfied that a person acting in accordance with a duty to promote the success of the company would not seek to continue the claim, or (ii) the act or omission giving rise to the cause of action has been authorized or ratified by the company.</p> <p>On hearing the application, the court may (i) give permission to continue the claim as a derivative claim on such terms as it thinks fit, (ii) refuse permission and dismiss the application, or (iii) adjourn the proceedings and give such directions as it thinks fit.</p>
Shareholders' Statutory Pre-emptive Rights	
<p>Under the OBCA but only if a corporation's articles so provide, subject to certain exceptions, no shares of a class or series shall be issued unless the shares have first been offered to the shareholders of the corporation holding shares of that class or series or of another class or series on such terms as are</p>	<p>Under the Companies Act, subject to certain exceptions, prior to an allotment of equity securities for cash, those securities must first be offered to existing shareholders proportionate to their existing holdings. These rights may be excluded or varied by a special resolution passed at a general meeting. No</p>

OBCA	Companies Act
provided in the articles in proportion to such shareholders holdings and at such price and terms as those shares are to be offered to others. TMX Group's articles do not contain such a provision.	such special resolution has been passed for Mergeco, and therefore these pre-emptive rights apply to Mergeco. There are no statutory pre-emption rights where securities are issued for non-cash or partly non-cash consideration.
Indemnification of Directors and Officers	
<p>Under the OBCA, a corporation may indemnify a director or officer of the corporation, a former director or officer of the corporation or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity.</p> <p>Under TMX Group's amended and restated by-laws, TMX Group shall indemnify all persons in such circumstances as the OBCA permits or requires.</p>	<p>Under the Companies Act, subject to certain conditions, directors may be indemnified against liability incurred by the director to a person other than the company or an associated company.</p> <p>The Mergeco Articles provide that every director of the company shall be indemnified out of the assets of Mergeco against any liability incurred by him or her for negligence, default, breach of duty or breach of trust in relation to the affairs of Mergeco, except to the extent that such provision would be void under the Companies Act.</p>
Director Liability	
<p>Under the OBCA, in exercising their powers and discharging their duties, directors and officers must act honestly and in good faith, with a view to the best interests of the corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. No provision in the corporation's articles, by-laws, resolutions or contracts can relieve a director or officer from the duty to act in accordance with the OBCA or relieve a director from liability for breach thereof.</p>	<p>Under the Companies Act, directors must act within their powers, promote the success of the company, exercise independent judgment, exercise reasonable care, skill and diligence, avoid conflicts of interest, not accept benefits from third parties and declare an interest in a proposed transaction or arrangement.</p> <p>The company can ratify a breach of duty by resolution of the members of the company but unlawful acts cannot be ratified.</p>
Limitations on Director Liability	
<p>Under TMX Group's amended and restated by-laws, no director or officer will be liable for:</p> <ul style="list-style-type: none"> • the acts, neglects or defaults of any other director, officer or employee; • for joining in any act for conformity; 	<p>The Companies Act provides that any provision that purports to exempt a director from any liability that would otherwise attach in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void.</p>

OBCA	Companies Act
<ul style="list-style-type: none"> • for any loss, damage or expense happening to TMX Group through the insufficiency or deficiency of title to any property acquired for or on behalf of TMX Group; • for the insufficiency or deficiency of title of any security in or upon which any of the monies of TMX Group are to be invested; • for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of TMX Group are to be deposited; • for any loss occasioned by any error or judgment or oversight on his or her part; or • for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his or her office or in relation thereto. <p>However, none of the above limitations on liability may relieve any director or officer from the duty to act in accordance with the OBCA or any other applicable law or from liability for any breach thereof.</p>	<p>Additionally, the shareholders of a company may ratify a director's breach of duty, releasing such director from liability to the company.</p>
Transactions Involving Directors	
<p>The OBCA requires that a director of a corporation who is a party to a material contract or transaction or a proposed material contract or transaction with the corporation, or who is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or a proposed material contract or transaction with the corporation, must disclose in writing to the corporation or request to have entered in the minutes of the meetings of directors the nature and extent of his or her interest, and shall refrain from voting in respect of the contract or transaction unless the contract or transaction:</p> <ul style="list-style-type: none"> • relates primarily to his or her remuneration as a director of the corporation or an affiliate; • is for indemnity of or insurance for directors of the corporation as contemplated under the OBCA; or • is with an affiliate. 	<p>The Companies Act requires that a director of a corporation who is in any way interested in a transaction or arrangement entered into by the company must declare the nature and extent of the interest to the other directors in a prescribed manner.</p> <p>Directors interested in a transaction may still vote provided they have declared their interests. Where a situational conflict exists because of the existence of a director's relationship with another person, this must be authorized by the other directors and a director shall not participate in any discussions or meetings relating to the conflict.</p>

RISK FACTORS

This section sets out the risk factors in relation to the Merged Group. Notwithstanding that certain of the risk factors are expressed prospectively about the Merged Group following completion of the Merger, many of the risks and uncertainties described below as applying to the Merged Group also apply to LSEG, TMX Group and their respective Subsidiaries prior to completion of the Merger. As such, for the purposes of this section only, references to “Merged Group” should also be taken to include references to LSEG, TMX Group and their respective Subsidiaries prior to completion of the Merger.

An investment in the Mergeco Shares or Exchangeable Shares is subject to a number of risks. Potential investors should carefully consider the following risks and uncertainties together with all the other information set out in, or incorporated by reference into, this Circular prior to making any decision as to whether or not to invest in Mergeco Shares or Exchangeable Shares.

Risks and uncertainties relating to the business of TMX Group are also discussed in the materials that TMX Group files with Canadian Securities Regulators from time to time, including its management’s discussion and analysis for the year ended December 31, 2010 and other documents of TMX Group incorporated by reference herein. Risks and uncertainties relating to the business and operations of LSEG are also discussed in the materials that LSEG filed with securities regulatory authorities in the UK from time to time, including its current annual report for the year ended March 31, 2011.

A number of factors will affect the business, operating results, financial condition and/or prospects of the Merged Group. The risks and uncertainties described below are those which, if they arose, could have an adverse effect on the business, financial condition, operating results and/or prospects of the Merged Group. However, these risks and uncertainties do not purport to be a complete list or explanation of all the risks facing the Merged Group; additional risks and uncertainties not presently known, currently considered to be immaterial, could also impair the business of the Merged Group. In addition, as a result of the Merger, some or all of the risks identified below may be further aggravated and accordingly the risks presented below may change as between each other in order of magnitude and materiality to the Merged Group. If any, or a combination of any of these risks actually occurs, the business, financial condition, operating results and/or prospects of the Merged Group could be materially and adversely affected. In such case, the market price of the Existing LSEG Shares, Mergeco Shares and the Exchangeable Shares could decline and, as a result, investors may lose all or part of their investment.

Risks Relating to the Financial Markets Industry

Economic, Political and Social Factors that Influence the Level of Activity in Capital Markets and Issuers’ Market Capitalizations are Beyond the Merged Group’s Control and May Adversely Affect its Financial Condition.

The Merged Group will be highly dependent upon the level of activity in capital markets, as well as the individual market capitalizations of the issuers listed or admitted to trading on the markets that the Merged Group will operate, for much of its revenues. Many of the factors that

influence the levels of secondary market trading, utilization of the Merged Group's post-trade services and primary market issuance (listings), together with issuers' market capitalizations, will be beyond the control of the Merged Group but have the potential to adversely affect the business, financial condition and operating results of the Merged Group. As shown during the financial crisis (2008 to 2010), material factors are:

- general economic conditions, including the level of economic growth in the relevant economies, governments' monetary policies, the level of interest rates and the rate of inflation;
- broad trends in business and corporate finance, global financial credit, currency, capital or securities markets and the mergers and acquisitions' environment;
- macro-economic trends, such as the current commodities "super-cycle" during which the demand for and the price of many critical natural resources has risen;
- governments' fiscal policies and the laws and regulations of the jurisdictions in which the Merged Group operates, which may affect the relative attractiveness of trading or investing in exchange-traded products and public market equity compared with other forms of investment and/or the attractiveness of the listing venues in which the markets of the Merged Group operate compared with alternative global locations;
- any change or development in global, national or regional political conditions, external events such as acts of terrorism or any outbreak of hostilities or war and natural disasters;
- institutional and retail investor confidence and disposable income levels, which may affect the propensity to invest in and hold exchange-traded products; and
- demographic changes, which may lead to an aging population with a preference for low-risk, guaranteed-return products.

Competitive Pressures Relating to the Merged Group

Consolidation is Making the Exchange Sector More Competitive

In recent years, the gradual liberalization and globalization of world financial markets has resulted in increased competition and consolidation taking place across international boundaries. Exchanges in many developed markets began to demutualize and become public companies in the 1990s and 2000s. Subsequently, there has been consolidation in the exchange industry, first within national borders and now, increasingly, across them. As a result, the exchange sector in which the Merged Group will operate is becoming more competitive. If the Merged Group is unable to compete successfully in this environment, the Merged Group's business, financial condition and operating results may be adversely affected.

Regulatory Changes Have Increased Competitive Pressure on the Merged Group

MiFID, which came into force on November 1, 2007, has liberalized the markets in which the Merged Group will operate by creating a harmonized regime for equity trading across the EU and achieving consistent levels of transparency. While MiFID will provide the Merged Group with the opportunity to compete for pan-European trade reporting, it also results in increased

competition, which could result in a consequent loss of market share and a reduction in the level of fees that the Merged Group's exchanges will be able to charge.

In late 2001, regulatory changes permitting the creation of ATSS in Canada were introduced. There are currently a number of ATSS operating or who intend to operate in Canada. This competition may increase in the future, especially as technological advances create pressure to develop more efficient and less costly trading.

A negative impact on the revenues of the Merged Group may result if competitors are more efficient, more cost-effective or better able to provide a market model to meet evolving customer requirements for trading in securities.

The Merged Group is Exposed to the Risk of Competition From:

Alternative Platforms

The Merged Group, like other traditional exchange groups, will face increased competition from new, alternative platforms, including Multilateral Trading Facilities and ATSS, as well as from internalization by its member firms. Some of these alternative platforms are seeking or may seek exchange status which, if granted, would put such facilities in direct competition with certain of the Merged Group's equity exchanges. Such competition may intensify and result in a reduction in the Merged Group's share of value or volume traded and downward pressure on trading tariffs charged by the markets operated by the Merged Group. If the Merged Group's share of value or volume traded is reduced, then the Merged Group's appeal in price formation as a trading venue may erode.

Competing alternative platforms may be able to respond more quickly to competitive pressures, especially if they are not subject to the same degree of regulatory oversight as the Merged Group's equity exchanges. These alternative platforms are typically smaller entities than the conventional exchanges that will be operated by the Merged Group, which target particular segments of the market and may have different economic objectives.

In addition, many of the global investment banks, who provide significant liquidity to the Merged Group's equity exchanges, now operate their own in-house electronic trade execution platforms, which can bypass exchange markets by executing client orders against each other or against proprietary capital, as well as holding equity interests in other competing alternative platforms. Global investment banks and other major participants in the markets operated by the Merged Group may direct order flow to competing alternative platforms.

Competition from these alternative platforms may increase, placing further strain on the Merged Group's share of value or volume traded and pricing, negatively impacting revenues across the Merged Group and leading to an adverse effect on the Merged Group's business, financial condition and operating results.

Global Equity Markets

The Merged Group's equity markets will face increased competition for business from other venues as they consolidate and investing becomes more global. These equity markets face competition from foreign exchanges and other venues for listings, trading and the provision of

market data for their securities. If the Merged Group's equity markets are unable to continue to provide competitive trade execution, they could fail to attract new listings and the volume traded on the Merged Group's equity platforms could decrease in the future, each of which could adversely affect the Merged Group's operating results.

Derivatives Markets

The Merged Group's derivatives markets may be in direct competition with securities, options and other derivatives exchanges, as well as Multilateral Trading Facilities, ATSS or electronic communication networks and other trading and crossing venues, clearing member firms and IDB firms for the trading, clearing and provision of market data. Furthermore, a large number of derivatives trades do not occur on exchanges, but in the OTC market. These competitors may respond more quickly to competitive pressures, develop similar products to those the Merged Group will offer or alternative competitive products that are preferred by customers, they may price their products more competitively, use, develop and expand their network infrastructures and offerings more efficiently, adapt more swiftly to new or emerging technologies and changes in customer requirements and use better, more user friendly and reliable technology. Increased competition could lead to reduced interest in the Merged Group's products, which could materially adversely affect the Merged Group's business and operating results.

While the Merged Group's derivatives markets have developed various initiatives including a pricing mix designed to attract greater liquidity to its markets while maintaining the Merged Group's derivatives markets' average price per contract, market conditions may result in increased competition which, in turn, may create significant pricing pressures in the future. Some competitors may seek to increase their share of trading by reducing their transaction fees, by offering larger liquidity payments or by offering other forms of financial or other incentives. The Merged Group's business, financial condition and operating results could be materially adversely affected as a result of these developments.

Energy Markets

The Merged Group's business of trading and clearing natural gas, electricity and crude oil contracts will face primary competition in Canada and the U.S. from other exchanges, electronic trading and clearing platforms and from the OTC or bilateral markets (with support from voice brokers). Voice brokers continue to provide efficient contract matching services for both standardized and structured products and are expanding their service offerings to include access to clearing facilities for trading parties who may have credit constraints. Other exchanges and electronic trading platforms are now starting to list physical products designed to compete directly with NGX contracts. If the Merged Group is unable to compete with these platforms and markets, including voice brokers, the Merged Group's energy markets may not be able to maintain or expand their business, which could materially affect the Merged Group's business, financial condition and operating results.

Post-Trade

The post-trade industry is undergoing changes following the financial crisis, with a push by regulators and policy makers for more OTC trading to be carried out on market and for

participants to utilize clearing services following the G20 agreements reached after September 2008 (through the Dodd-Frank Act rules in the U.S. and EMIR in the EU). There is also an increasing desire among participants to have the ability to choose a preferred provider of CCP services. Ongoing developments such as the Target2 Securities initiative from the European Central Bank may facilitate competition in settlement services in Europe.

The competitive landscape developing from such changes may create new business opportunities for the Merged Group's European post-trade facilities, Monte Titoli and CC&G, but could also increase the demand for alternative, competitive post-trade offerings or require the Merged Group to introduce offerings in relation to underlying instruments (such as OTC derivatives) which may lead to an increase in the costs associated with the Merged Group's financial risk management, which could have a consequently negative (or downward) impact on the Merged Group's business, financial condition and operating results.

Technology Sales

The Merged Group's business of technology sales will operate in a rapidly changing and highly competitive environment. If the Merged Group is unable to develop systems that are able to compete effectively with those of its competitors, this may adversely affect its business, financial condition and operating results.

In addition, the Merged Group, as part of its technology sales, commits to develop and deliver new technological platforms and other products to third party customers. Delays or failures (in whole or part) in the delivery of such products may have an adverse effect on the Merged Group's ability to compete and the reputation, revenues and financial condition of the Merged Group.

Risks Relating to the Regulation of the Merged Group

The section entitled "Regulation of the Merged Group" sets out a description of the anticipated regulatory regime as it applies across the Merged Group.

Regulatory Restrictions Apply to the Merged Group's Businesses

The Merged Group and its exchanges and other regulated entities will operate in highly regulated industries and will be subject to extensive regulation by governmental, competition and regulatory bodies at local or provincial and national or federal levels, as well as at a European level. Such regulation:

- may limit the Merged Group's ability to build an efficient, competitive organization and may also limit its ability to expand foreign and global access to its markets;
- limits the Merged Group's ability to outsource its activities;
- places financial and corporate governance restrictions on the Merged Group and its exchanges; and
- constrains some of the Merged Group's operations, including certain listing or trading activities and the fee structures of the Merged Group's markets, as well as the features and operations of, or changes to, its markets' systems and wider business activities. In some cases, such regulatory constraints may affect the Merged Group

disproportionately in comparison to some of its competitors who are subject to less onerous regulatory requirements and restrictions. Such constraints, including the terms and conditions imposed by requisite regulatory approvals or reviews, as well as the timescales involved in seeking them, may increase the Merged Group's costs and delay its plans for implementation of existing and new business strategies.

Such restrictions, restraints, constraints and costs could materially adversely affect the Merged Group's business, financial condition and operating results.

There is a risk that one or more of the Merged Group's regulated entities may fail to comply with the laws and regulatory and competition conditions and obligations to which it is, or becomes, subject. In this event, the regulated entity in question may be subject to censures, fines and other legal proceedings if it fails to comply.

In extreme circumstances, a competent regulatory body could revoke one or more Merged Group entity's authorization or regulatory approval to operate as an exchange or conduct other regulated activities.

The Merged Group May be Subject to More Intensive Regulatory Scrutiny (Including Over Previously Unregulated Areas of the Merged Group's Business) and Such Scrutiny could Impact the Merged Group Disproportionately

The Merged Group could be subject to increased regulatory scrutiny in the future. The multi-market environment and the global economic crisis could lead to more aggressive and intensive regulation of the Merged Group's business by securities and other regulatory agencies in the jurisdictions in which the Merged Group will operate, including the UK, Italy (and Europe more generally), Canada and the U.S. Additionally, regulation could extend to areas of the Merged Group's business that, to date, have not been regulated. Such increased regulatory scrutiny could affect the business of the Merged Group disproportionately in comparison to those of its competitors who are subject to less onerous regulatory requirements and restrictions. This could increase the cost of complying with regulations and co-operating adequately with regulatory bodies, and could reduce scope for, and success of, the new products and strategy of the Merged Group and could have an adverse effect on the business, financial condition and operating results of the Merged Group.

Changes in Applicable Regulations or Requirements May Have a Negative Impact on the Merged Group's Business

A number of regulatory initiatives and changes have been identified or proposed or are being implemented by regulators in the jurisdictions in which the Merged Group will operate. However, the Merged Group cannot be certain whether, or in what form, regulatory changes will take place, and cannot predict with certainty their impact on its businesses and operations. Changes in and additions to the rules and regulations affecting Canadian, U.S. or European exchanges or other trading venues could require the Merged Group to change the manner in which its exchanges and authorized firms conduct their respective businesses or govern themselves. In addition, such changes could extend regulatory restrictions to areas of the Merged Group's businesses that to date have not been regulated.

In particular, key regulatory developments in Europe which may materially affect the Merged Group are the MiFID Review (which includes proposals relating to market structures and

practices, SME markets (i.e. markets for small and medium sized enterprises), automated trading, pre-and post-trade transparency, data consolidation and on-venue trading of standardized OTC derivatives, among other things), EMIR (addressing issues relating to clearing of OTC derivatives, CCPs and trade repositories) and the Short Selling Regulation (involving greater transparency, clear powers for regulators and a co-ordinated European framework on short selling and tackling specific risks of naked short selling). Other planned regulatory measures will cover capital requirements, CSDs, corporate governance, market abuse, issuer transparency, financial transaction/activity taxes and crisis management. In the U.S., expanding regulation and proposed initiatives, in particular, the Dodd-Frank Act, impacts OTC derivatives markets, exempt commercial markets, derivatives clearing organizations and foreign boards of trade, amongst other things. In Canada, the provincial securities regulators have released a proposal paper regarding the regulation of the Canadian OTC derivatives markets. The Canadian provincial securities regulators continue to review developments in the structure of the equities market and have undertaken to conduct a review of market data fees charged by Canadian marketplaces. Regulatory initiatives are under consideration by the CSA that may introduce new or varied regulation in the areas of internalization of order flow by member firms, order execution priority and pre-trade transparency. The CSA have published proposed amendments to the rules that govern marketplace operations in Canada and have published a proposed national instrument regarding electronic trading and direct electronic access to marketplaces. These proposals, if approved in the form proposed, will impact the transparency of marketplace fees, marketplace operations, reporting obligations and the provision of risk management and supervisory controls over members' order flow of certain of the Merged Group's markets.

These developments may affect, among other things: (i) the market structure in which the Merged Group will operate; (ii) the SME markets the Merged Group will operate; (iii) the level of trading on the Merged Group's markets; (iv) sale of the Merged Group's market data; and (v) standards for clearing houses and trade repositories; and may also impose requirements on the Merged Group regarding short selling and imposing settlement discipline. These regulatory initiatives could also impose capital requirements and proprietary trading restraints on market participants, which could constrain the level of activity on certain of the Merged Group's markets.

In Europe, the creation of three new European supervisory authorities with greater powers and the ability to implement binding technical standards as well as the revision of the UK regulatory structure, with the replacement of the FSA with the PRA and the FCA, brings further risk of changes to the regulatory environment in which the Merged Group will operate.

Such changes may also make it more difficult or more costly for the Merged Group to maintain compliance with relevant regulations and for relevant markets within the Merged Group to operate their existing businesses or to enter into new business areas. In addition, high levels of regulation may stifle growth and innovation in capital markets generally and may adversely affect the Merged Group's business, financial condition and operating results.

In addition, certain entities within the Merged Group will perform primary market (listings) regulatory functions, such as acting as the competent listing authority. Changes to applicable regulation or legislation in certain jurisdictions may affect the ability of these entities to perform these functions, as well as the revenues and systems of the Merged Group, and may diminish the extent of the Merged Group's control over its primary markets' offering and products.

Share Ownership Restrictions Apply to the Merged Group

Approvals from local securities regulators will be required in relation to certain share ownership restrictions prior to a change of control of Mergeco. These approvals are described under the heading “Regulation of the Merged Group — Section B: Share Ownership Restrictions”. These restrictions may delay, defer, prevent or render more difficult a takeover attempt that Mergeco Shareholders might consider in their best interests. For instance, they may prevent Mergeco Shareholders from receiving the benefit from any premium to the market price of Mergeco’s Shares offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these restrictions may adversely affect the prevailing market price of the Mergeco Shares if they are viewed as discouraging takeover attempts in the future.

Regulatory Capital Requirements May Negatively Affect the Merged Group’s Business

In order to maintain their regulatory status, certain of the regulated entities within the Merged Group will be subject to minimum capital requirements. The regulatory capital regimes vary by jurisdiction and form of regulatory status and in some cases entities within the Merged Group will benefit from customized regulatory capital regimes which differ from those of banks, broker-dealers or other investment firms, while certain firms in the Merged Group will be subject to the regulatory capital requirements applicable to investment firms established by the EU Capital Requirements Directive. In contrast, other entities within the Merged Group will be subject to regulatory capital requirements that are less prescriptive and which, in certain cases, may require the relevant entities to retain surplus capital, leading to capital inefficiencies within the Merged Group. Since late 2009, LSEG has been in discussions with the FSA about the applicability of the Group Consolidation Rules to LSEG because of the presence of authorized firms in the Merged Group. The FSA has reserved its position regarding the application of the Group Consolidation Rules to LSEG pending the outcome of its forthcoming consultation on the future financial resources requirements regime for Recognized Bodies, which is due to commence in the second or third quarters of 2011.

There is therefore a risk that the regulatory capital regimes which apply to entities within the Merged Group, and the Merged Group itself, may change. Although LSEG and TMX Group are not aware of the content of the proposed consultation process, it is expected that the key focus will be the regulatory capital regime for Recognized Bodies that are undertakings within wider groups of companies. Prior to the outcome of this consultation process, LSEG and TMX Group do not expect that they will be subject to a significant (if any) increase in the level of the financial resources requirements applicable to the Merged Group in the UK.

However, there is a risk that changes to the financial resources requirements applicable to the Merged Group arising out of the proposed consultation by the FSA and any other such changes in the regulatory capital regimes applicable to one or more entities within the Merged Group may result in increased capital requirements for one or more entities within the Merged Group or for the Merged Group as a whole, which may adversely affect the Merged Group’s financial condition, operations and results as a whole.

If such an increase in the capital requirements for one or more entities within the Merged Group or for the Merged Group as a whole is significant, the Merged Group may be required

to raise further capital by an equity issuance or other appropriate financing. Although the Merged Group considers the risk of having to undertake such an equity issuance as highly unlikely as it should be able to take mitigating action to rectify the problem and in any event does not anticipate such an event occurring in the next 12 months, there is a risk that prevailing economic and market conditions may prevent the Merged Group from completing any such financing within any timeframe required. Any failure to do so may lead to the relevant entity or the Merged Group being subject to regulatory sanctions and may adversely affect the Merged Group's reputation, financial condition, operations and results as a whole.

There is also a risk that regulatory changes such as EMIR and/or the CSD Regulation and/or other changes, such as the revised Committee on Payment and Settlement Systems/International Organization of Securities Commissions standards, could lead to a need for increased capital in the post-trade businesses.

There May be Conflicts Between the Regulatory Responsibilities of the Merged Group's Exchanges and its Commercial Relationships with Market Participants

There may be a conflict between the self-regulatory responsibilities of the Merged Group's exchanges and the interests of some of their market participants or the Merged Group's own commercial interests. Although the exchanges of the Merged Group have implemented stringent governance measures to avoid such conflicts, any failure by any of them to diligently and fairly regulate their respective approved participants or to otherwise fulfill their regulatory obligations could significantly harm the Merged Group's reputation, lead to a regulatory investigation of the relevant exchange and/or the Merged Group as a whole, and materially adversely affect the Merged Group's business, financial condition and operating results.

Risks Relating to the Business of the Merged Group

The Merged Group May be Unsuccessful in the Implementation of Future Business Initiatives, Mergers, Acquisitions, Partnerships and Joint Ventures with Third Parties

Following the Merger, new business initiatives, mergers, acquisitions, partnerships and joint ventures with third parties are expected to be a material part of the Merged Group's strategy. Any such business initiatives, mergers, acquisitions, partnerships and joint ventures with third parties may pose regulatory and antitrust risks, as well as integration risks, which may significantly affect the benefit or anticipated benefit of such acquisitions or investments. Furthermore, such actions will require significant time and resources from management and may require the diversion of resources from other activities.

Due to the regulatory environment in which the Merged Group will operate, it will face restrictions with respect to the way in which it conducts certain operations. These may limit the Merged Group's ability to implement its global strategy and its ability to achieve synergies as a consequence of the Merger. Additionally, the Merged Group may experience certain competitive disadvantages if it does not receive necessary regulatory approvals for new business initiatives, or if it receives them in an untimely manner. Certain competitors may be able to obtain regulatory approval more rapidly or with less cost or difficulty than the Merged Group, providing them with an advantage in a new market or product area. All of the foregoing factors may limit the Merged Group's ability to achieve future business growth. Such

risk extends to new acquisitions or mergers and will be particularly relevant if the Merged Group seeks to develop business initiatives in new jurisdictions or in jurisdictions in which the Merged Group has little or no regulatory expertise.

In addition, any companies, businesses or new initiatives acquired or invested in may not achieve levels of profitability or revenue that justify the original investment made by the Merged Group or support the goodwill recorded on the acquisition. The occurrence of any of these risks could have a material adverse effect on the Merged Group's prospects, business, financial condition or results of operations.

The Merged Group is Highly Dependent on the Development and Operation of Sophisticated Technology and Advanced Information Systems — These Systems and Related Development Projects May Fail or be Subject to Disruption (Including by Cyber Attacks)

The provision of platforms for the execution, clearing and settlement, as applicable, of trades on the Merged Group's markets and for the collection and aggregation of trade and price information will predominantly depend on technology that is secure, stable and performs to high levels of availability and throughput at low latency. The Merged Group will operate sophisticated technology platforms and service management processes in conjunction with external suppliers and its markets will not rely upon third party suppliers for the majority of its IT development. However, while such IT insourcing will provide the Merged Group with a greater degree of control, there remains a risk of resource over-stretch to meet both the requirements of the Merged Group and those of third parties.

To compete effectively, the Merged 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 Merged Group will compete are characterized 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. If the Merged Group's systems are unable to expand to meet increased demand, are disrupted or otherwise fail to perform, the Merged Group's reputation, business and operating results could be materially adversely affected.

Major IT projects have risks associated with them, particularly with regards to migrating markets to new technological platforms. Major IT projects and technology migrations are often associated with significant capital investment and there is no guarantee that such migrations will be completed successfully or in line with allocated budgets. It also cannot be assured that new or upgraded trading platforms will perform as intended or that such platforms will deliver the expected benefits including, where relevant, increased trading volumes and lower operating costs. There cannot, therefore, be any assurance that such projects will prove cost-effective and, in such circumstances, the profitability and reputation of the Merged Group, its markets and its technology brands could be damaged if the migration to new technological platforms is not successful or the technological platforms used by the Merged Group fail. The strategic flexibility of the Merged Group and its ability to respond to customer needs for services could consequently be hampered.

The Merged Group will have incident and disaster recovery and business contingency plans and back-up procedures to minimize, mitigate, manage and recover from the risk of an interruption of, or failure to, its critical IT operations. However, the Merged Group cannot

entirely eliminate the risk of a system failure or interruption occurring. If the Merged Group's systems suffer from major or repeated failures, this could interrupt or disrupt the Merged Group's trading, clearing and settlement or information services and undermine confidence in the Merged Group's exchanges and services, cause reputational damage, impact operating results and lead to customer claims, litigation and regulatory sanctions.

As with all IT-dependent companies, the Merged Group's IT systems and networks, and those of its third party service providers, may be vulnerable to cyber attacks, unauthorized access, computer viruses and other security issues. These events could damage the integrity of the Merged Group's markets and data provision as well as the Merged Group's reputation and business more generally.

The Merged Group is Dependent on the Maintenance of its Brands and Reputation

The exchanges operated by LSEG and TMX Group have iconic national brands that are well-recognized at international as well as at provincial and national levels. The strong reputation of the Merged Group's businesses and its valuable brand names will be a key competitive strength. Any events or actions that damage the reputation and/or brands of the Merged Group will adversely affect its business, financial condition and operating results.

Damage to the reputation and brands of the Merged Group may arise from internal factors (technology failures, regulatory investigations, sanctions and litigation) and external factors (legal, economic and political factors) which make the venues in which the Merged Group will operate less attractive. The impact of such damage on the Merged Group may result in a reduction in listings, a loss of trading volumes and market share, a decline in sales of the Merged Group's trading technology and increased regulatory oversight. There may also be an associated direct cost of resolving specific incidents or events.

The Merged Group May Face Challenges in Using its Own and its Licensed Intellectual Property

The Merged Group will derive a significant proportion of its revenues from its information products and services and information technology operations. Consequently, although LSEG and TMX Group are currently unaware of the existence of any such matters that are material in the context of LSEG or TMX Group, as the case may be, as a whole, challenges to the intellectual property belonging to or licensed by the Merged Group and/or claims or allegations of infringement by the Merged Group of third party intellectual property on which the Merged Group will rely for revenue and will be specifically configured for the Merged Group's use could, individually or in the aggregate, have an adverse effect on the Merged Group's business, financial condition, operating results and reputation.

The Merged Group will protect its intellectual property by relying upon a combination of trade mark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements and other contractual arrangements with its affiliates, clients, customers, strategic partners and others. Such protection may be inadequate to deter misappropriation of the Merged Group's proprietary information and other intellectual property rights, and there can be no assurance that the Merged Group's registered intellectual property rights will not be successfully challenged. The Merged Group may not be able to detect the unauthorized use of, or take adequate steps to enforce, its intellectual property rights. Failure to protect its intellectual property rights adequately could harm the Merged Group's reputation and affect the ability of

the Merged Group to compete effectively. Further, defending or enforcing the Merged Group's intellectual property rights could result in the expenditure of significant financial and managerial resources, which could adversely affect the Merged Group's business, financial condition and operating results.

In addition to using its own intellectual property rights, the Merged Group will license a variety of intellectual property rights from third parties. If there was to be a breach or alleged breach of any of these licenses, or any other allegation of intellectual property right infringement, a third party could bring infringement or other claims against the Merged Group or its customers. Any such litigation could be lengthy, costly and could result in the expenditure of significant financial and managerial resources which could adversely affect the Merged Group's reputation, business, financial condition and operating results. If determined in favour of such a third party, it could result in a financial penalty and other remedies being awarded against the Merged Group. Additionally, as a result of such litigation, the Merged Group may be required to develop its own intellectual property or license similar intellectual property from an alternative supplier. There is no guarantee that either outcome could be achieved on cost-effective terms, which could have an impact on the business, financial condition and operating results of the Merged Group.

The Loss of the Merged Group's Senior Management and other Key Employees, as a Whole, Could Have Adverse Consequences on the Merged Group

The calibre and performance of the Merged Group's senior management and other key employees, as a whole, is critical to the success of the Merged Group. The Merged Group's ability to attract and retain key personnel is dependent on a number of factors including prevailing market conditions, compensation packages offered by competing companies and any regulatory impact thereon and the impact of share price performance on the Merged Group's share schemes. There can be no assurance that the Merged Group will be successful in attracting and retaining the personnel it requires, which may adversely affect the Merged Group's ability to conduct its business through an inability to execute business operations and strategies effectively.

The Merged Group's Clearing Activities Expose it to the Risk of a Default by a Clearing Member or a Third Party CCP

The Merged Group's post-trade operations will provide CCP services to multiple trading venues on a broad range of asset classes (such as cash equities, ETFs, equity, fixed income and energy derivatives, closed-end funds, investment companies and government, corporate and convertible bonds and money market repos). This includes providing services for the Merged Group's markets and for markets outside the Merged Group.

The clearing provider entities within the Merged Group will hold margin and/or default funds comprising contributions of cash and highly liquid securities or letters of credit by clearing members. In the case of LSEG, the cash will be invested by the clearing provider. There is a risk that these deposits may not be properly invested, resulting in partial or total loss of the funds. Such loss might occur due to the default of an issuer of bonds in which funds might be invested or the default of a bank in which funds are deposited. There is also a risk that the clearing provider is unable to call upon the letter of credit to monetize a clearing member's obligation. In addition, certain of the third party clearing provider entities within the Merged Group have inter-operability margin arrangements with other CCPs requiring collateral to be

exchanged in proportion to the value of the underlying transactions involved. The relevant clearing provider entities within the Merged Group are therefore exposed to the risk of a default of the third party CCPs under such arrangements by their respective third party CCPs. While the clearing provider entities within the Merged Group have strict policies and procedures for financial management, which set stringent investment limits to mitigate such risk, losses could materially adversely affect the Merged Group's business and operating results.

The Merged Group's clearing providers will assume the counterparty risk for all transactions that are cleared through their markets and are exposed to the risk of default by their clearing members. This risk is greater if market conditions are unfavourable at the time of the default. Exposure to clearing members is closely monitored and addressed by setting high membership standards for firms, holding collateral in the form of margin deposits and letters of credit from clearing members and, in the case of certain clearing providers, by maintaining significant default funds comprised of clearing members' contributions. In addition, credit lines have been arranged with a number of high quality commercial banks to cover the immediate liquidity requirements of the clearing provider. Default by a clearing member could adversely affect the Merged Group's revenues and its customers' goodwill and, in extreme circumstances, in the case of certain clearing providers, should the collateral held in case of default be insufficient, could lead to a call on clearing provider's own capital, or, to the extent guarantees will be in place with companies within the Merged Group, the Merged Group's own capital (to the level of the guarantee which LSEG and TMX Group does not currently consider to be material in the context of the Merged Group overall) potentially impacting the capacity of its clearing providers to continue to do business. In addition, the credit lines are on demand facilities and there can be no guarantee that all of the banks will maintain their facilities or provide immediate liquidity to the clearing provider, particularly in extreme market circumstances. Such circumstances are considered exceptional and highly unlikely to occur. Nevertheless, the Merged Group cannot be certain that its measures will be sufficient to protect it from a default.

The Merged Group will provide routing, netting and settlement services to ensure that cash and securities are exchanged in a timely and secure manner for a multitude of Italian, Canadian and international products. There are operational risks associated with such services, particularly where processes are not fully automated. A failure to receive funds from participants may result in a debiting of the Merged Group's cash accounts.

The Merged Group is Exposed to Third Party Credit Risk

The Merged Group will be exposed to third party credit risk, including from customers (principally from the financial and information services sectors), counterparties and clearing and broking agents. The Merged Group may undertake derivatives transactions in accordance with its treasury management policies. Such parties may default on their obligations to the Merged Group, which may adversely affect the results and operations of the Merged Group.

The Merged Group will rely on established policies with minimum counterparty credit criteria, instructions, rules and regulations as well as procedures specifically designed to actively manage and mitigate such risks. There is no assurance that these measures will be sufficient to protect the Merged Group from a default or that the Merged Group's business, financial condition and operating results will not be materially adversely affected in the event of a significant default.

The Merged Group will hold investments in marketable securities (including units in money market and short-term bond and mortgage funds) to earn investment income and manage its exposure to credit risk arising from such investments in cash deposits and marketable securities by holding a diversified portfolio of investment funds.

The Merged Group's exposure to credit risk resulting from uncollectable accounts will be influenced by the individual characteristics of its customers, many of whom are banks and financial institutions.

The Merged Group Depends on a Number of Third Party Suppliers

The Merged Group will depend on a number of third parties, such as post-trade and regulatory service providers, data processors, software and hardware suppliers (in particular SIA-SSB in relation to the supply of software and hardware to Monte Titoli, MTS and CC&G), index providers, other exchange groups' communication and network suppliers and suppliers of electricity for elements of or relating to its trading, data, post-trade and other systems. These providers may not be able to provide these services or products without interruption and in an efficient, cost-effective manner. They also may not be able to adequately expand their services or develop their products to meet the Merged Group's needs. If a service provider suffers an interruption in or stops providing services or products (including failing to renew applicable license agreements on favourable terms, if at all) and the Merged Group cannot make suitable alternative arrangements or accept additional obligations sought by the relevant third party, it could materially adversely affect the ability of the Merged Group to operate its markets and the Merged Group's business, financial condition and operating results.

CCP clearing services for securities on LSEG's markets are predominantly provided by LCH.Clearnet, a Subsidiary of LCH.Clearnet Group Limited. Since December 2008, SIS X-Clear AG has also provided CCP services for the London Stock Exchange's SETS market.

Detailed contractual provisions will be in place in order to ensure the fair treatment of the Merged Group and its customers by LCH.Clearnet, SIS X-Clear AG and other post-trade service providers, as well as in relation to the quality of the services provided to the Merged Group. In the event that such contractual arrangements are breached by such post-trade service providers, this could impact the efficiency and competitiveness of the Merged Group's markets. It is possible in the future that such post-trade service providers may be owned by one or more competitors of the Merged Group.

Settlement services for UK and Irish securities on the London Stock Exchange's markets are predominantly provided by EUI. Settlement services are provided for Borsa Italiana by Monte Titoli.

Certain clearing and settlement services for securities traded on TMX Group's equity exchanges are provided to TMX Group's equity exchanges' participants by CDS. Although TMX Group has a minority holding in CDS, TMX Group does not have any significant influence over its business generally, particularly with respect to relationships with third parties.

Such settlement service providers play a vital role in the proper safe settlement of the Merged Group's markets' trades, and any difficulties that such settlement service providers may experience may directly affect the Merged Group. Such settlement service providers may materially change their business relationships with the Merged Group in the future.

To the extent that any of these third party providers experiences serious difficulties or materially changes its business with the Merged Group, the markets operated by the Merged Group may be unable to function and the business of the Merged Group may be adversely affected.

There is a Risk that the Merged Group May Not be Able to Refinance or Renew its Long-Term Credit Facilities on Acceptable Terms or at All and May Not be Able to Pursue New Opportunities or Initiatives if it Cannot Secure Financing

LSEG's term borrowing facilities expire at varying times from 2013 and there is a risk that the Merged Group may not be able to secure replacement financing on acceptable or comparable terms. The Merged Group will have existing obligations to meet regular interest payments and comply with certain covenants under its borrowing facilities. Such replacement financings may impose more onerous obligations with respect to interest and covenants than are applicable to the Merged Group's current term borrowing facilities.

The Merged Group may require additional funds to pursue new business initiatives, mergers, acquisitions, partnerships and joint ventures with third parties (other than in respect of the Merger or currently planned business activities, for which no further funding is required). The Merged Group may need to raise such additional funds through equity or debt financing or from other sources. Any additional equity financing may be dilutive to Mergeco Shareholders and any debt financing may not be available or may be available only on less favourable terms than under TMX Group's or LSEG's current borrowing facilities. There is a risk that such financing requirements may prevent the Merged Group from pursuing these opportunities or that they may cause additional restrictions to be placed on the Merged Group's future financing and operating activities.

In addition, legal and technical complexities associated with Mergeco's share capital structure, including those arising from the Exchangeable Shares to be issued in connection with the Merger, may make equity financing more difficult in the future.

The Merged Group is Exposed to Foreign Exchange Rate Fluctuations

The Merged Group will be subject to risks associated with exchange rate fluctuations. Following completion of the Merger, the Merged Group will file its consolidated financial reports and accounts in pounds sterling and pay dividends (which will be declared in pounds sterling) to its shareholders in pounds sterling or in Canadian dollars, as applicable. The Merged Group will generate its revenues and incur its costs in a mixture of currencies, including pounds sterling, Canadian dollars, Euros and United States dollars. There can be no assurance that the Merged Group will be successful in mitigating the impact of such potential risks associated with the volatility in foreign currency rates. Such rates or changes could have an adverse effect on the Merged Group's financial covenant ratios, operating results and financial condition.

The Merged Group is Exposed to Interest Rate Fluctuations

The Merged Group will be subject to risks associated with interest rate fluctuations. The Merged Group will hold a portion of its borrowings and marketable securities and deposit cash and cash equivalents (including but not limited to in the Merged Group's clearing operations) at floating rates of interest. It is also exposed to interest rate risk on its marketable securities.

There can be no assurance that the Merged Group will be successful in mitigating the impact of such potential risks associated with the volatility of interest rates. Such rates or changes could have an adverse effect on the Merged Group's results and financial condition.

The Merged Group's Cost Structure will be Largely Fixed

Most of the Merged Group's expenses will be fixed and cannot be easily reduced in the short-term if its revenue decreases. In addition, regulatory and legal constraints in certain jurisdictions and businesses in which the Merged Group operates further reduce the Merged Group's flexibility to reduce its cost base. This could have an adverse effect on the Merged Group's competitiveness, profitability and financial condition.

Damage to, or Destruction of, the Merged Group's Property or Infrastructure Could Have Adverse Consequences for the Merged Group

The Merged Group will have a portfolio of freehold and leasehold property. Damage to, or destruction of, property or its infrastructure could impair the conduct of its business and adversely impact its revenue. Given the Merged Group's prominence in the global securities industry and property locations in several large cities, including London, Toronto, Montreal, Milan, Rome, Calgary, Vancouver and Colombo, the Merged Group may be more likely than other companies to be the subject of terrorist activity.

While the Merged Group will have established security measures and contingency plans, these may prove inadequate to prevent significant disruptions to its business operations, technology or access to the infrastructure and personnel required to maintain its business. Although unlikely, any damage to the Merged Group's facilities due to terrorist attacks may be in excess of the amount of the Merged Group's insurance coverage. The threat of terrorist attacks may prevent the Merged Group from being insured against such damage at reasonable premiums.

Other potential impacts from this type of property security threat include reputational damage, decreased trading in the Merged Group's markets and an increased difficulty to attract new employees and/or retain existing employees.

Risks Relating to the Merger

The Merger is Conditional and the Conditions May Not be Satisfied

The Merger is conditional, among other things, upon regulatory approvals, including the Investment Canada Act Approval, Securities Regulatory Approvals and antitrust clearances, as well as requisite approvals of LSEG Shareholders and TMX Group Shareholders. Although LSEG and TMX Group have agreed to use their commercially reasonable efforts to take, or cause to be taken, all actions to do, or cause to be done, all things necessary, proper or advisable to obtain the requisite approvals, there can be no assurance that these conditions will be fulfilled to the satisfaction of LSEG or TMX Group or that the Merger will be completed.

In relation to LSEG Shareholder Approval, LSEG has several significant shareholders on its register that may be able to influence the outcome of decisions taken by LSEG Shareholders as a whole in relation to the Merger and any other matters put to LSEG Shareholders by the LSEG Board prior to the Merger.

Regulatory Approval Processes and/or Antitrust Clearances May Take a Lengthy Period of Time to Complete

The regulatory approval processes and/or the antitrust clearance processes may take a lengthy period of time to complete, which could delay completion of the Merger. There can be no assurance as to the outcome of the approval processes, including the undertakings and conditions that may be required for approval.

There Can be No Assurance that Governmental Entities will Not Seek to Impose New or More Stringent Conditions on the Merged Group in Connection with Granting Regulatory Approvals

The relevant Governmental Entities may impose conditions on completion of the Merger or require changes to the terms of the Merger. The terms and conditions of approvals that are granted may impose additional requirements, limitations or costs on the business of the Merged Group. There can be no assurance that these conditions or undertakings will not materially limit the revenues of the Merged Group, increase the costs of the Merged Group, reduce the ability of the Merged Group to achieve cost synergies or lead to the abandonment of the Merger.

See “Regulation of the Merged Group” and “Proposed Investment Canada Act Undertakings” for further details on proposed undertakings, terms and conditions to obtain Investment Canada Act Approval and the Securities Regulatory Approvals. The final undertakings, terms and conditions agreed to in connection with the Investment Canada Act Approval and the Securities Regulatory Approvals may vary from those described in this Circular. Such final undertakings may be given after the LSEG Resolution has been passed. To the extent that any amendments to the terms of the Merger are material, LSEG shall seek a further approval from the LSEG Shareholders for the Merger.

The Merged Group May Fail to Realize the Perceived Benefits of the Merger

LSEG and TMX Group have operated and, until completion of the Merger, will continue to operate independently. LSEG and TMX Group have entered into the Merger Agreement because they believe that the Merger will be beneficial to their respective companies, shareholders and other stakeholders. The success of the Merger will depend, in part, on the ability of LSEG and TMX Group to realize the anticipated benefits and cost savings from combining their respective businesses.

The success of the Merger will depend in large part on the success of management of the Merged Group in integrating the respective operations, systems and personnel of LSEG and TMX Group in an efficient and effective manner following completion of the Merger. The failure to successfully integrate the operations of LSEG and TMX Group, or to otherwise realize any of the anticipated benefits of the Merger, could impair the operating results, profitability and financial results of the Merged Group. In particular, a failure to realize increased earnings, cost savings and enhanced growth opportunities described elsewhere in this Circular could have a material adverse effect on the Merged Group’s operating results.

Key potential difficulties with the integration include:

- integrating technology infrastructure, software, standards, controls, operations, products, services, procedures and accounting and other policies, business cultures and compensation structures;

- consolidating corporate and administrative infrastructures and managing tax costs or inefficiencies associated with the Merged Group;
- co-ordinating geographically dispersed organizations that operate within distinct regulatory structures;
- complexities associated with operating a large number of markets that use different technology platforms and difficulties in rationalizing this technology base;
- loss of key employees; and
- disruption to each company's ongoing business.

It is possible that completion of the Merger, or the post-closing integration, may be delayed, challenged by parties opposing the Merger or not be possible at all. Furthermore, the Merged Group may not realize the expected benefits and synergies from the Merger or may encounter difficulties or higher costs in achieving these anticipated benefits and synergies. This could affect the services that each of LSEG and TMX Group currently provide and the Merged Group will provide going forward and could have a material adverse impact on relationships with customers, regulators, employees, suppliers and other market participants.

The failure to successfully integrate the operations of LSEG and TMX Group could impair the operating results, profitability and financial results of the Merged Group.

The Merged Group will Incur Significant Merger-Related Costs

The Merged Group expects to incur a number of non-recurring costs associated with combining the operations of LSEG and TMX Group after completion of the Merger. There can be no assurance that the actual costs of this integration process will not exceed those estimated and the actual integration process may result in additional and unforeseen expenses. In addition, the Merged Group will incur legal, accounting and other professional services fees and other costs related to the Merger itself. Some of these costs will be payable whether or not the Merger reaches completion. While it is expected that the cost savings and synergies achieved by the Merged Group will offset these transaction and integration-related costs over time, this net benefit may not be achieved in the short-term or at all, particularly if the Merger is delayed or does not happen at all. In addition, the Merged Group may incur increased compliance costs arising from complying with both the UK and Canadian ongoing reporting and disclosure regimes and increased costs arising from the issue of, and ongoing reporting obligations in relation to, the Exchangeable Shares. These combined factors could adversely affect the business, operating profit or overall financial condition of the Merged Group.

TMX Group Shareholders Who Receive New Mergeco Shares or Exchangeable Shares under the Merger Cannot be Certain of the Market Value of the Consideration to be Received Under the Merger at Completion of the Merger

TMX Group Shareholders who receive New Mergeco Shares or Exchangeable Shares under the Merger will receive a fixed number of New Mergeco Shares or Exchangeable Shares, as the case may be, rather than a number of New Mergeco Shares or Exchangeable Shares with a particular fixed market value. The market value of New Mergeco Shares or Exchangeable Shares, as the case may be, at the Effective Date may vary significantly from the market price of those shares on the date of the Merger Agreement, the date of this Circular or the date of the Meeting. Because the Exchange Ratio will not be adjusted to reflect any changes in the market

price of New Mergeco Shares or TMX Group Shares, as the case may be, the value of the consideration paid to the TMX Group Shareholders under the Merger may be higher or lower than the market value of their TMX Group Shares on earlier dates.

Changes in share price may result from a variety of factors that are beyond the control of the Merged Group, including changes in its business, operations and prospects, regulatory considerations, governmental actions, foreign exchange currency movements and legal proceedings and developments. Market assessments of the benefits and drawbacks of the Merger and of the likelihood that the Merger will be completed, as well as general and industry specific market and economic conditions, may also have an effect on share prices. Absent an underlying cause which would permit such a termination, neither LSEG nor TMX Group is permitted to terminate the Merger Agreement solely because of changes in the market price of either party's shares. The section entitled "Summary of Merger Agreement" sets out a description of the circumstances in which TMX Group and LSEG may terminate the Merger Agreement.

In addition, it is possible that the Merger may not be completed until a significant period of time has passed after the shareholder meetings. As a result, the market values of Existing LSEG Shares and TMX Group Shares may vary significantly from the date of the LSEG Meeting and the Meeting to the date of completion of the Merger.

Management Distraction or Overstretch in Connection with the Merged Could Have an Adverse Effect on the Business of the Merged Group

LSEG and TMX Group anticipate benefits and cost savings as a result of the Merger. However, the Merged Group will be required to devote significant management attention and resources to integrating LSEG's and TMX Group's business practices and operations. Furthermore, the Merged Group will operate businesses across nine time zones and, although all regulatory and operational decision-making will be undertaken by each of the markets locally, co-ordinating its decision-making across all the markets in the Merged Group will present challenges to the Merged Group's management team.

There is a risk that the challenges associated with managing the Merged Group will result in management distraction or overstretch and that consequently the underlying businesses will not perform in line with expectations.

Following Completion of the Merger, Mergeco Shares May Not be Eligible for S&P/TSX Indices Which Could Reduce Demand for Mergeco Shares in Canada.

TMX Group Shares are currently included in S&P/TSX indices. Based on current S&P guidelines, TMX Group Shares will be removed from S&P/TSX indices upon completion of the Merger and, because Mergeco will be domiciled in the UK, the Mergeco Shares may not be eligible for inclusion on such indices. Certain Canadian institutional investors are restricted from investing in securities not on the S&P/TSX indices. This could lead to a decreased demand for Mergeco Shares in Canada.

The Rights of Shareholders under Canadian Law May Differ From the Rights of Shareholders under English Law

If the Merger is completed, TMX Group Shareholders will become Mergeco Shareholders (i) upon the Effective Date in the case of holders who receive New Mergeco Shares and (ii) on

the earlier of exchange and, subject to certain circumstances, on or after the seventh anniversary of the Effective Date, in the case of holders who receive Exchangeable Shares. Their rights as Mergeco Shareholders will be governed by the Mergeco Articles and English Law. The rights of shareholders under English Law may differ from the rights of shareholders under Canadian Law and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if Mergeco had been incorporated in Canada. See “Comparison of Shareholders’ Rights” for further details.

Loss of Sole Residency in the UK for Tax Purposes Could Have Adverse Tax Consequences for Mergeco and its Shareholders

It is intended that Mergeco will remain solely resident in the UK for tax purposes. If Mergeco were to cease to be solely resident in the UK for tax purposes and become resident in Canada for tax purposes, this could have adverse tax consequences for Mergeco and its shareholders.

Risks Relating to the Mergeco Shares and the Exchangeable Shares

Future Sales of Mergeco Shares Could Cause the Mergeco Share Price to Fall and Reduce the Value of a Mergeco Shareholder’s Investment

If principal shareholders of Mergeco sell substantial amounts of Mergeco Shares in the public market, the market price of the Mergeco Shares could fall and the value of a shareholder’s investment could be reduced. The perception among investors that these sales may occur could have a similar effect. These factors could also make it more difficult for the Merged Group to raise additional funds through future offerings of Mergeco Shares or other securities.

There Can be No Assurance that the Market Price of a Mergeco Share and an Exchangeable Share will be Equivalent

Although the Merged Group anticipates that the market price of one Exchangeable Share and the market price of one Mergeco Share will reflect essentially equivalent values, there can be no assurance that the market price of one Mergeco Share will be identical, or even similar, to the market price of one Exchangeable Share.

There Can be No Assurance that an Active Trading Market for the Exchangeable Shares or the Mergeco Shares will develop or be sustained in Canada

Prior to the Plan of Arrangement, there will have been no public trading market for the Exchangeable Shares or the Mergeco Shares in Canada. Although Existing LSEG Shares are currently listed and traded on the London Stock Exchange, there can be no assurance that an active trading market for the Exchangeable Shares or Mergeco Shares will develop in Canada or, if it develops, will be sustained following admission and listing on Toronto Stock Exchange. If an active trading market does not develop or is not maintained, the liquidity and trading price of the Exchangeable Shares or the Mergeco Shares in Canada could be adversely affected and investors may have difficulty selling their Exchangeable Shares or their Mergeco Shares in Canada.

The Market Price of the Mergeco Shares and the Exchangeable Shares May Fluctuate Significantly

The market price of the Mergeco Shares and the Exchangeable Shares may, in addition to being affected by the Merged Group's actual or forecasted operating results, fluctuate significantly as a result of factors beyond the Merged Group's control, in particular:

- changes in securities analysts' recommendations or estimates of earnings or financial performance of the Merged Group, its competitors or the industry or the failure to meet expectations of securities analysts;
- fluctuations in stock market prices and volumes, as well as general market volatility;
- changes in laws, rules and regulation applicable to the Merged Group, its operations and the operations in which the Merged Group has interests, and involvement in actual or threatened litigation; and
- general economic and political conditions, including in the regions in which the Merged Group operates.

Demand for the Exchangeable Shares May Exceed the Number of Shares Available

Under the terms of the Merger Agreement, LSEG is only required to offer Exchangeable Shares to electing shareholders in respect of a maximum of 49% of the total TMX Group Shares issued and outstanding prior to completion of the Merger. There can be no guarantee that there will not be a demand for Exchangeable Shares which exceeds this maximum amount. Accordingly, the number of Exchangeable Shares received by electing TMX Group Shareholders may be subject to proration. In the event of such proration, TMX Group Shareholders who elected to receive Exchangeable Shares will receive a combination of Exchangeable Shares and New Mergeco Shares, which may negatively affect the extent of such TMX Group Shareholder's tax deferral for Canadian tax purposes.

There may be a Taxable Event for a Canadian Resident Exchangeable Shareholder as Result of a Transaction Beyond His or Her Control

The Merger has been structured to provide the opportunity for Canadian Residents all or a portion of whose TMX Group Shares are exchanged for consideration that includes Exchangeable Shares and who file certain Canadian tax elections (as described under the heading "Canadian Tax Considerations for TMX Group Shareholders") to defer recognition of some or all of any gain otherwise realized on the Merger for Canadian tax purposes. An Exchangeable Shareholder will, however, generally realize a gain or loss on a disposition of Exchangeable Shares. Prior to the seventh anniversary of the Effective Date, Exchangeco may choose to redeem Exchangeable Shares in limited circumstances, and Exchangeco may redeem the Exchangeable Shares in any circumstances on or after the seventh anniversary of the Effective Date. In either case, if Exchangeco chooses to redeem the Exchangeable Shares, Callco will exercise its Redemption Call Right to purchase such Exchangeable Shares in exchange for Mergeco Shares. Thus, a Canadian Resident may have a taxable event in a transaction beyond his or her control. An Exchangeable Shareholder will also generally realize a gain or loss when he or she demands that Exchangeco redeem those shares and Callco exercises its Retraction Call Right to purchase such Exchangeable Shares in exchange for Mergeco Shares.

LEGAL MATTERS

Certain legal matters in connection with the Merger will be passed upon on behalf of TMX Group by Torys LLP (regarding Canadian matters) and by Allen & Overy LLP (regarding UK matters). As of May 25, 2011, partners and associates of each of Torys LLP and Allen & Overy LLP beneficially owned, directly or indirectly, less than 1% of the outstanding TMX Group Shares and less than 1% of the outstanding LSEG Shares.

Certain legal matters in connection with the Merger will be passed upon on behalf of LSEG by Osler, Hoskin & Harcourt LLP (regarding Canadian matters) and by Freshfields Bruckhaus Deringer LLP (regarding UK matters). As of May 25, 2011, partners and associates of each of Osler, Hoskin & Harcourt LLP and Freshfields Bruckhaus Deringer LLP beneficially owned, directly or indirectly, less than 1% of the outstanding TMX Group Shares and less than 1% of the outstanding LSEG Shares.

OTHER EXPERTS

As of May 12, 2011, BMO Capital Markets and its “designated professionals”, as defined in Form 51-102F2 — *Annual Information Form*, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding TMX Group Shares and less than 1% of the outstanding LSEG Shares.

As of May 6, 2011, BofA Merrill Lynch and its “designated professionals”, as defined in Form 51-102F2 — *Annual Information Form*, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding TMX Group Shares and less than 1% of the outstanding LSEG Shares.

As of May 17, 2011, Ernst & Young LLP and its “designated professionals”, as defined in Form 51-102F2 — *Annual Information Form*, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding TMX Group Shares and less than 1% of the outstanding LSEG Shares.

KPMG LLP, Chartered Accountants, Licensed Public Accountants have advised that they are independent of TMX Group within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

BOARD OF DIRECTORS' APPROVAL

The TMX Group Board has approved the contents and sending of this Circular to TMX Group Shareholders.

A handwritten signature in black ink, appearing to read "Sharon C. Pel". The signature is fluid and cursive, with the first name being the most prominent.

Sharon C. Pel
Senior Vice President, Group Head of Legal and Business Affairs
Toronto, Ontario
May 25, 2011

AUDITORS' CONSENT

To the Board of Directors of TMX Group Inc.

We have read the management information circular (the "**Circular**") of TMX Group Inc. (the "**Company**") dated May 25, 2011 with respect to the merger of the Company and London Stock Exchange Group plc. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned Circular, of (i) our report to the shareholders of the Company dated February 9, 2011 relating to the consolidated balance sheets of the Company as at December 31, 2010 and 2009 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended and (ii) our report to the shareholders of the Company dated February 10, 2010 relating to the consolidated balance sheets of the Company as at December 31, 2009 and 2008 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended.

We also consent to the inclusion in the above-mentioned Circular of our report to the Board of Directors of the Company dated May 25, 2011 relating to the "Reconciliation of TMX Group Financial Information" for the year ended December 31, 2010.

Handwritten signature of KPMG LLP in black ink, with a horizontal line underneath the text.

Chartered Accountants, Licensed Public Accountants

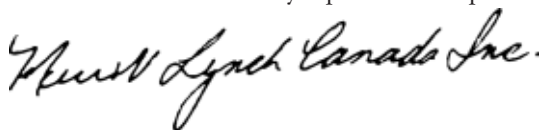
Toronto, Canada
May 25, 2011

CONSENTS OF TMX GROUP ADVISORS

Consent of Merrill Lynch Canada Inc.

To: The Board of Directors of TMX Group Inc.

We hereby consent to the reference under the headings “Summary of the Merger — Fairness Opinions”, “Description of the Merger — Background to the Merger”, “Description of the Merger — Reasons for the Merger” and “Description of the Merger — Fairness Opinions” to the opinion of our firm dated February 8, 2011, which we prepared solely for the Board of Directors of TMX Group Inc. in connection with the merger agreement dated February 9, 2011 entered into between TMX Group Inc. and London Stock Exchange Group plc, and to the inclusion of the full text of the foregoing opinion dated February 8, 2011 in the management information circular. In providing this consent, we do not intend that any person other than the Board of Directors rely upon such opinion.



Toronto, Ontario
May 25, 2011

Consent of BMO Nesbitt Burns Inc.

To: The Board of Directors of TMX Group Inc.

We hereby consent to the reference under the headings “Summary of the Merger — Fairness Opinions”, “Description of the Merger — Background to the Merger”, “Description of the Merger — Reasons for the Merger” and “Description of the Merger — Fairness Opinions” to the opinion of our firm dated February 8, 2011, which we prepared solely for the Board of Directors of TMX Group Inc. in connection with the merger agreement dated February 9, 2011 entered into between TMX Group Inc. and London Stock Exchange Group plc, and to the inclusion of the full text of the foregoing opinion dated February 8, 2011 in the management information circular. In providing this consent, we do not intend that any person other than the Board of Directors rely upon such opinion.

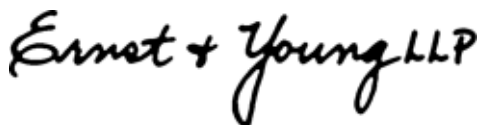


Toronto, Ontario
May 25, 2011

Consent of Ernst & Young LLP

To: The Board of Directors of TMX Group Inc.

We hereby consent to the references under the headings “Canadian Tax Considerations for TMX Group Shareholders” to the valuation advice of our firm dated May 25, 2011, which we prepared solely for the Board of Directors of TMX Group Inc. in connection with the proposed merger between TMX Group Inc. and London Stock Exchange Group plc. In providing this consent, we do not intend that any person other than the Board of Directors rely upon such valuation advice.



Toronto, Ontario
May 25, 2011

GLOSSARY OF TERMS

The following terms have the meanings set out below in this Circular, including the section of this Circular entitled “Summary of the Merger”, but not including the Notice of Meeting or Annexes (other than Annex J — “Operating and Financial Review for LSEG” and Annex M — “TMX Group Annual Meeting Information”):

“**2008 Facility Agreement**” means a £250 million multi-currency revolving loan facility, which was made available on an unsecured basis to LSEG for general corporate purposes and for a period of five years by a syndicate of seven banks, with Lloyds TSB Bank plc acting as agent bank, pursuant to the terms of a facility agreement dated July 24, 2008 and maturing on July 24, 2013;

“**2010 Annual Report**” means the annual report of TMX Group for the year ended December 31, 2010 dated March 25, 2011;

“**2010 Facility Agreement**” means a £250 million multi-currency revolving loan facility, which was made available on an unsecured basis to LSEG for general corporate purposes and for a period of five years by a syndicate of nine banks, with Lloyds TSB Bank plc acting as agent bank, pursuant to the terms of a facility agreement dated November 17, 2010 and maturing on November 17, 2015;

“**2016 Notes**” means LSEG’s £250 million in aggregate principal amount of 5.875% notes, due in 2016;

“**2019 Notes**” means LSEG’s £250 million in aggregate principal amount of 9.125% notes, due in 2019;

“**ABS**” means asset-backed securities;

“**Absolute TSR**” means absolute total shareholder return;

“**Acquisition Proposal**” means, other than the transactions contemplated by the Merger Agreement and other than any transaction involving only a party to the Merger Agreement and/or one or more of its respective wholly-owned Subsidiaries, any offer, proposal or inquiry from any Person or group of Persons, whether or not in writing and whether or not delivered to the shareholders of a party, after the date hereof relating to: (a) any acquisition or purchase, direct or indirect, through one or more transactions, of: (i) the assets of that party and/or one or more of its Subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets of that party and its Subsidiaries, taken as a whole, or which contribute 20% or more of the consolidated revenue of a party and its Subsidiaries, taken as a whole, or (ii) 20% or more of any voting or equity securities of that party or any one or more of its Subsidiaries that, individually or in the aggregate, contribute 20% or more of the consolidated revenues or constitute 20% or more of the consolidated assets of that party and its Subsidiaries, taken as a whole; (b) any take-over bid, tender offer or exchange offer that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of that party; or (c) a plan of arrangement, scheme of arrangement, merger, amalgamation, consolidation, share exchange, share reclassification, business combination, reorganization, recapitalization, liquidation, dissolution or other similar

transaction involving that party and/or any of its Subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or revenues, as applicable, of that party and its Subsidiaries, taken as a whole;

“**Adjusted Earnings Per Share**” or “**AEPS**” means EU-IFRS basic earnings per share adjusted to exclude the impact (including associated tax effect) of non-recurring items which are material by size and/or nature, impairment of goodwill and amortization of acquired intangible assets;

“**adjusted operating profit**” has the meaning ascribed thereto in Annex J — “Operating and Financial Review for LSEG”;

“**Admission**” means the re-admission of the Existing LSEG Shares and the admission of the New Mergeco Shares by the FSA (in its capacity as the UK Listing Authority) to listing on the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange becoming effective;

“**affiliate**” has the meaning ascribed thereto in NI 45-106;

“**Aggregate AEPS**” means aggregate Adjusted Earnings Per Share;

“**AGM**” means annual general meeting;

“**AIM**” means the London Stock Exchange’s market for smaller and growing companies;

“**AIM Italia**” means Borsa Italiana’s market for smaller and growing companies;

“**allowable capital loss**” has the meaning ascribed thereto under the heading “Canadian Tax Considerations for TMX Group Shareholders — Taxation of Capital Gain or Loss”;

“**Alpha Group**” means, collectively Alpha Trading Systems Limited Partnership, and its general partner, Alpha Trading Systems Inc;

“**Amended DSUs**” means the TMX Group DSUs after the Effective Date, the terms of which have been amended to reflect (i) a reference to Mergeco Shares in substitution for TMX Group Shares and (ii) that the amount to be paid on redemption will be linked to the market price of a Mergeco Share as described in more detail under the heading “Directors and Officers of Mergeco”;

“**Amended RSUs**” means the TMX Group RSUs and TMX Group Special Retention RSUs after the Effective Date, the terms of which have been amended to reflect (i) a reference to Mergeco Shares in substitution for TMX Group Shares and (ii) that the amount to be paid on redemption will be linked to the market price of a Mergeco Share as described in more detail under the heading “Directors and Officers of Mergeco”;

“**AMF**” means Quebec’s Autorité des marchés financiers;

“**Ancillary LSEG Resolutions**” has the meaning ascribed thereto under the heading “Description of the Merger — Required Shareholder Approvals”;

“**Ancillary Rights**” means the Voting Rights, the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation;

“**ARC**” means an advance ruling certificate issued by the Commissioner under subsection 102(1) of the Competition Act in respect of the transactions contemplated by the Merger Agreement;

“**Arrangement Resolution**” means the special resolution of the TMX Group Shareholders approving the Merger which is to be considered at the Meeting substantially in the form of Annex A hereto;

“**ARROW**” means the FSA’s Advanced, Risk-Responsive Operating Framework;

“**Articles of Arrangement**” means the articles of arrangement of TMX Group in respect of the Merger to be filed with the OBCA Director after the Final Order is made, which shall be in form and content satisfactory to TMX Group and LSEG, each acting reasonably;

“**ASC**” means the Alberta Securities Commission;

“**ATS**” means an alternative trading system;

“**ATT Only**” means admission to trading only;

“**Authorization**” means any authorization, order, permit, approval, grant, license, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation, of, from or required by any Governmental Entity;

“**Automatic Exchange Right**” has the meaning ascribed thereto in Annex F — “Form of Voting and Exchange Trust Agreement”;

“**Automatic Exchange Rights on Liquidation**” means the benefit of the obligation of Mergeco to effect the automatic exchange of Exchangeable Shares for Mergeco Shares under the Voting and Exchange Trust Agreement in connection with the liquidation or insolvency of Mergeco;

“**Available Exchangeable Share Amount**” means the product obtained by multiplying the number of TMX Group Shares issued and outstanding immediately prior to the Effective Time (other than TMX Group Shares held by TMX Group and TMX Group Shares held by Dissenting Shareholders) by 0.49;

“**BCSC**” means the British Columbia Securities Commission;

“**Beneficiaries**” means the holders (other than Mergeco and its affiliates) of Exchangeable Shares from time to time;

“**BMO Capital Markets**” means BMO Nesbitt Burns Inc.;

“**BMO Fairness Opinion**” means the opinion of BMO Capital Markets dated February 8, 2011, to the TMX Group Board as to the fairness, from a financial point of view and as of the date of the opinion, of the Exchange Ratio to the TMX Group Shareholders, a copy of which is attached as Annex O to this Circular;

“**BofA Merrill Lynch**” means Merrill Lynch Canada Inc.;

“**BofA Merrill Lynch Fairness Opinion**” means the opinion of BofA Merrill Lynch, dated February 8, 2011, to the TMX Group Board as to the fairness, from a financial point of view and as of the date of the opinion, of the Exchange Ratio to the TMX Group Shareholders, a copy of which is attached as Annex N to this Circular;

“**Borsa Italiana**” means Borsa Italiana S.p.A., a company incorporated in Italy and a Subsidiary of LSEG;

“**BOX**” means Boston Options Exchange Group, LLC, a U.S.-operated equity options market;

“**BrokerTec**” means the electronic IDB owned by ICAP;

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or London, United Kingdom;

“**Call Rights**” means, collectively, the Liquidation Call Right, the Redemption Call Right and the Retraction Call Right;

“**Callco**” means LSEG Callco Limited, a corporation existing under the Laws of the Province of Ontario or any successors thereto;

“**Callco Agreement**” means an agreement to be made between LSEG, Exchangeco and Callco, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Canadian Director**” means a director who is ordinarily resident in Canada, or if at least five directors are ordinarily resident in Canada, one may be a Canadian citizen who is not ordinarily resident in Canada, provided that, before the fourth anniversary of LSEG’s undertakings to the OSC, such individual is ordinarily resident anywhere other than Europe;

“**Canadian dollars**”, “**C\$**” or “**\$**” means the lawful currency of Canada;

“**Canadian GAAP**” means Canadian generally accepted accounting principles;

“**Canadian Resident**” means a resident of Canada for purposes of the Canadian Tax Act who is not exempt from tax under Part I of the Canadian Tax Act, and includes a partnership any member of which is a Canadian Resident;

“**Canadian Securities Laws**” means the Securities Act, together with all other applicable provincial securities Laws, rules and regulations and published policies thereunder;

“**Canadian Securities Regulators**” means the BCSC, the ASC, the Saskatchewan Financial Services Commission, the MSC, the OSC, the AMF, the New Brunswick Securities Commission, the Superintendent of Securities of Prince Edward Island, the Nova Scotia Securities Commission, the Securities Commission of Newfoundland and Labrador, the Registrar of Securities of the Northwest Territories, the Registrar of Securities of the Yukon Territory, and the Registrar of Securities of Nunavut;

“**Canadian Tax Act**” means the *Income Tax Act* (Canada), and the *Income Tax Regulations*;

“**Capital Requirements Directive**” means Directive 2006/48/EC of the European Parliament and of the Council of June 14, 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and of the Council of June 14, 2006 on the capital adequacy of investment firms and credit institutions;

“**CC**” means the UK Competition Commission;

“**CC&G**” means Cassa di Compensazione e Garanzia S.p.A., a Subsidiary of LSEG;

“**CCP**” means central counterparty;

“**CD&A**” means TMX Group’s Compensation Discussion and Analysis dated May 25, 2011;

“**CDCC**” means Canadian Derivatives Clearing Corporation;

“**CDS**” means the clearing and depository service operated by CDS Clearing and Depository Services Inc. or The Canadian Depository for Securities Limited, as the context requires;

“**Certificate of Arrangement**” means the certificate of arrangement to be issued by the OBCA Director pursuant to section 183(2) of the OBCA in respect of the Articles of Arrangement;

“**CFD**” means contract for difference;

“**CFTC**” means the U.S. Commodity Futures Trading Commission;

“**Change in Recommendation**” means an LSEG Change in Recommendation or a TMX Group Change in Recommendation, as the context requires;

“**Circular**” means the Notice of Meeting and this management information circular of TMX Group dated May 25, 2011, including all schedules, appendices and exhibits thereto, sent to the TMX Group Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

“**Commissioner**” means the Commissioner of Competition appointed under the Competition Act;

“**Companies Act**” means the Companies Act 2006, including any statutory modification or re-enactment thereof for the time being in force;

“**Companies Act 1985**” means the Companies Act 1985, including any statutory modification or re-enactment thereof;

“**Comparative TSR**” means comparative total shareholder return;

“**Competition Act**” means the *Competition Act* (Canada), as amended and the regulations promulgated thereunder;

“**Consideration**” means the consideration to be received by the TMX Group Shareholders pursuant to the Plan of Arrangement as consideration for their TMX Group Shares, consisting of either 2.9963 New Mergeco Shares or 2.9963 Exchangeable Shares (and Ancillary Rights) per TMX Group Share;

“**CONSOB**” means Commissione Nazionale per le Società e la Borsa;

“**Contract**” means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership or other right or obligation (written or oral) to which a party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**CRA**” means the Canada Revenue Agency;

“**CREST**” means the system for the paperless settlement of trades in securities and the holding of uncertified securities operated by EUI in accordance with the Regulations;

“**CSA**” means Canadian Securities Administrators, the national umbrella group representing Canada’s securities regulators;

“**CSD**” means central securities depository which is an entity that holds and administrates securities and enables securities transactions to be processed by book entry transfer;

“**CSD Regulation**” means the consultation initiated by the European Commission in January 2011 on CSDs and on the harmonization of certain aspects of securities settlement in the EU;

“**DCMC**” means Discovery Capital Management Corp.;

“**DDMplus**” means Diffusione Dati di Mercato, the date dissemination platform for Italian Markets;

“**Declaring Party**” means either of LSEG or TMX Group, as the context requires;

“**Demand for Payment**” has the meaning ascribed thereto under the heading “Dissenting Shareholders’ Rights”;

“**Depository**” means CIBC Mellon Trust Company;

“**Disclosure and Transparency Rules**” means the Disclosure and Transparency Rules made by the FSA pursuant to FSMA;

“**Dissent Rights**” has the meaning ascribed thereto under the heading “Dissenting Shareholders’ Rights”;

“**Dissenting Shareholder**” means a TMX Group Shareholder who has filed a Notice of Dissent and has not voted for the Arrangement Resolution or withdrawn his or her objection;

“**Dividend Amount**” means an amount equal to all declared and unpaid dividends on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase of such share by Callco from such holder;

“**Dodd-Frank Act**” means the US Dodd-Frank Wall Street Reform and Consumer Protection Act;

“**DPSP**” means Deferred Profit Sharing Plan, as defined in the Canadian Tax Act;

“**EBITDA**” means earnings before interest, taxes, depreciation, amortization, non-recurring items and investment income;

“**EDX**” means EDX London Limited;

“**EEA**” means the European Economic Area;

“**Effective Date**” means the date shown on the Certificate of Arrangement giving effect to the Merger;

“**Effective Time**” means 12:01 a.m. (Eastern time) on the Effective Date, or such other time as the parties agree to in writing before the Effective Date;

“**Elected Amount**” has the meaning ascribed thereto under the heading “Canadian Tax Considerations for TMX Group Shareholders — TMX Group Shareholders Resident in Canada”;

“**Elected Exchangeable Share Amount**” means the aggregate number of TMX Group Shares in respect of which holders validly elect to receive Exchangeable Shares as set out in the Plan of Arrangement (determined without regard to the Available Exchangeable Share Amount);

“**Election Deadline**” means 5:00 p.m. (Eastern time) at the place of deposit on the date indicated as the election deadline on the Letter of Transmittal and Election Form, which shall be not more than ten days before the Effective Date;

“**Eligible Canadian Resident**” means a TMX Group Shareholder who is (i) a Canadian Resident who is holding TMX Group Shares on its own behalf, or (ii) holding TMX Group Shares on behalf of a beneficial owner who is a Canadian Resident;

“**EMIR**” means the proposed regulation of the European Parliament and the European Council on OTC derivatives, CCPs and trade repositories, also known as European Market Infrastructure Regulation;

“**EPS**” means earnings per share;

“**EQS**” means the European Quoting Service;

“**Equicom**” means The Equicom Group Inc.;

“**ESOP**” means the London Stock Exchange Group plc Employee Share Option Plan 2009;

“**ESPP**” means TMX Group’s Employee Share Purchase Plan;

“**ESOS**” means the London Stock Exchange Executive Share Option Scheme;

“**ETC**” means exchange-traded commodity;

“**ETF**” means exchange-traded fund;

“**ETFplus**” means Borsa Italiana’s funds market;

“**ETN**” means exchange-traded note;

“**EU**” means the European Union;

“**EU-IFRS**” means International Financial Reporting Standards as adopted by the EU;

“**EUI**” means Euroclear UK & Ireland Limited;

“**EURIBOR**” means Euro Interbank Offered Rate;

“**Euro**” or “**€**” means the official currency of the Eurozone;

“**EuroMTS**” means a segment of the MTS cash market which includes the most liquid Euro benchmark fixed income products;

“**European Commission**” means the Commission of the European Union, originally constituted under Article 4 of the Treaty establishing the European Economic Community, signed in Rome on March 25, 1957;

“**European Parliament**” means the Parliament of the European Union, originally constituted under Article 4 of the Treaty establishing the European Economic Community, signed in Rome on March 25, 1957;

“**Eurosystem**” means the European central banks and the national central banks of the European Member States which have adopted the Euro;

“**Eurozone**” means the subset of European countries who have adopted the Euro;

“**Excess EPS**” means LSEG’s EPS in excess of the retail price index increase performance;

“**Exchange Ratio**” means 2.9963;

“**Exchangeable Elected Share**” means, subject to certain limitations, any TMX Group Share that a TMX Group Shareholder shall have validly elected (in a duly completed Letter of Transmittal and Election Form deposited with the Depositary no later than the Election Deadline) to transfer to Exchangeco under the Merger in exchange for fully paid and non-assessable Exchangeable Shares and Ancillary Rights provided for under the heading “Description of the Merger — Arrangement Mechanics”, provided that at the Effective Time such electing TMX Group Shareholder is either (i) a Canadian Resident holding such TMX Group Share on its own behalf, or (ii) holding such TMX Group Share on behalf of a beneficial owner thereof who is a Canadian Resident;

“**Exchangeable Share Provisions**” means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, which rights, privileges, restrictions and conditions are as set out in Exhibit 1 to the Plan of Arrangement;

“**Exchangeable Share Support Agreement**” means an agreement to be made between LSEG, Exchangeco and Callco, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, substantially in the form attached as Annex G to this Circular;

“**Exchangeable Share Voting Event**” has the meaning ascribed thereto under the heading “Exchangeable Share Structure — Optional Retraction, Redemption and Call Rights; Purchase for Cancellation”;

“**Exchangeable Shareholders**” means the holders of Exchangeable Shares and “Exchangeable Shareholder” shall mean any of them;

“**Exchangeable Shares**” means the exchangeable shares in the capital of Exchangeco, having substantially the rights, privileges, restrictions and conditions set out in Exhibit 1 to the Plan of Arrangement;

“**Exchangeco**” means LSEG Exchangeco Limited, a corporation existing under the Laws of the Province of Ontario or any successors thereto;

“**Exchangeco Board**” means the board of directors of Exchangeco as the same is constituted from time to time;

“**Existing LSEG Shares**” means the 271,108,651 ordinary shares of 67⁷/₈₆ pence each in the capital of LSEG at the date of this Circular;

“**Existing Termination Payments**” has the meaning ascribed thereto under the heading “Description of the Merger — Interests of Officers and Directors in the Merger”;

“**EXPRESS II**” means the net settlement service provided by Monte Titoli;

“**Fairness Opinions**” means, together, the BofA Merrill Lynch Fairness Opinion and the BMO Fairness Opinion;

“**FBOT**” means a foreign board of trade;

“**FCA**” means Financial Conduct Authority;

“**Final Order**” means the final order of the Court pursuant to section 182(5) of the OBCA, in a form acceptable to TMX Group and LSEG, each acting reasonably, approving the Merger, as such order may be amended by the Court (with the consent of both TMX Group and LSEG, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both TMX Group and LSEG, each acting reasonably) on appeal;

“**Financial Times**” means Financial Times Limited;

“**Free Cash Flow**” means cash flow from operating activities adjusted for net interest paid, corporation and withholding tax paid, investing activities (excluding acquisition or disposal of majority and minority stakes) and dividends;

“**FSA**” means the UK Financial Services Authority;

“**FSA Handbook**” means the FSA’s handbook of rules and guidance;

“**FSMA**” means the United Kingdom Financial Services and Markets Act 2000;

“**FTC**” means the Federal Trade Commission;

“**FTSE**” means FTSE International Limited;

“**FTSE 100**” means the benchmark index calculated by FTSE comprising of the 100 most highly capitalized UK-domiciled blue chip companies;

“**FTSE 250**” means the index calculated by FTSE comprising 250 of the largest mid-capitalized companies not covered by the FTSE 100 ;

“**FTSE China**” means the index calculated by FTSE which represents approximately 80 of the largest and most liquid Chinese stocks;

“**FTSE Index**” means a series of indices calculated by FTSE comprised of UK-domiciled companies;

“**FTSE Italia Mid Cap**” means the index calculated by FTSE comprised of the mid-capitalized companies of the Italian market;

“**FTSE MIB**” means the index calculated by FTSE which measures the performance of 40 Italian equities and seeks to replicate the broad sector weights from the stocks trading on the Borsa Italiana main equity market. Analyzed by size and liquidity, the index has appropriate sector representation;

“**FTSE Russia**” means the index calculated by FTSE comprised of companies outside of the FTSE 100 and FTSE 250 indices;

“**FTSE Small Cap Index**” means the index calculated by FTSE comprised of companies outside of the FTSE 100 and FTSE 250 indices;

“**general prohibition**” has the meaning ascribed thereto under the heading “Regulation of the Merged Group — UK Regulatory Matters”;

“**Golden Copy**” means a master copy of data that is validated and verified from a number of independent sources;

“**Governmental Entity**” means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, ministry, bureau or agency, domestic or foreign; (b) except for the purposes of section 6.1(c) of the Merger Agreement, any stock exchange, including TSX and the London Stock Exchange; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing;

“**Group Consolidation Rules**” means the rules set out in Chapter 8 of the FSA Prudential Sourcebook for Banks, Building Societies and Investment Firms which is part of the FSA Handbook;

“**HM Revenue & Customs**” or “**HMRC**” means Her Majesty’s Revenue and Customs;

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

“**ICAP**” means ICAP plc;

“**ICSD**” means a CSD that holds and administrates international securities and enables cross-border transactions to be processed by book entry transfer;

“**IDB**” means inter-dealer broker;

“**IDEM**” means the Italian Derivatives Market;

“**IDEM-Equity**” means the derivatives market for equity products operated by Borsa Italiana;

“**IDEX**” means Borsa Italiana’s derivatives market for power futures;

“**IFRIC**” means the International Financial Reporting Interpretations Committee;

“**IFRS**” means International Financial Reporting Standards as adopted by the International Accounting Standards Board;

“**IIROC**” means the Investment Industry Regulatory Organization of Canada;

“**Indian Rupee**” or “**IRP**” means the lawful currency of India;

“**Individual LSEG LTIPs**” means, collectively, the Long Term Incentive Plans for Xavier Rolet, Kevin Milne and Antoine Shagoury and references to “Individual LSEG LTIP” shall mean any one of them;

“**Initial and Annual Share Plans**” means the London Stock Exchange Initial and Annual Share Plans;

“**Interco**” means LSEG Interco Limited, a corporation existing under the Laws of England and Wales or any successors thereto;

“**Interested Parties**” means, collectively, issuer insiders, associates or affiliates (as those terms are defined in the Securities Act or the rules promulgated thereunder) of TMX Group, LSEG or any of their respective affiliates (and each is an “Interested Party”);

“**Interim Order**” means the interim order of the Court made pursuant to section 182(5) of the OBCA, in a form acceptable to TMX Group and LSEG, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of TMX Group and LSEG, each acting reasonably;

“**International Sharesave Plan**” means the London Stock Exchange Group plc International Sharesave Plan 2008;

“**Invested Shares**” means invested shares under the LSEG LTIP;

“**Investment Canada Act**” means the *Investment Canada Act*, as amended;

“**Investment Canada Act Approval**” means that the Minister of Industry shall have advised LSEG in writing that he or she is satisfied or is deemed to be satisfied that the transactions contemplated by the Merger Agreement are likely to be of “net benefit to Canada” and such approval has not been modified or withdrawn;

“**IOB**” means an electronic order book service for international services;

“**IPO**” means initial public offering;

“**ISIN**” means International Securities Identification Number;

“**ITCH**” means a low-latency and low-bandwidth direct delivery protocol;

“**Jerseyco**” means LSEG Jerseyco Trust Ltd., a corporation existing under the Laws of the Isle of Jersey or any successors thereto;

“**Law**” or “**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, including for this purpose a self-regulatory authority (including, except for the purposes of section 6.1(c) of the Merger Agreement, TSX and the London Stock Exchange), and the term “applicable” with respect to such Laws and in a context that refers to a party to the Merger Agreement, means such Laws as are applicable to such party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the party and/or its Subsidiaries or its or their business, undertaking, property or securities;

“**LCH.Clearnet**” means LCH.Clearnet Limited;

“**Letter of Transmittal and Election Form**” means the letter of transmittal and election form for use by TMX Group Shareholders with respect to the Merger, which shall be mailed to TMX Group Shareholders not less than 20 Business Days (which meets the minimum 10 Business Day requirement of the Interim Order) before the Effective Date;

“**LIBOR**” means London Interbank Offered Rate;

“**Liquidation Call Right**” has the meaning ascribed thereto in Annex B — “Plan of Arrangement”;

“**Listing Rules**” means the listing rules and regulations of the FSA made under Part VI of FSMA relating to the admission of securities to the Official List, as amended from time to time;

“**London Standard**” means issuance of shares, global depositary receipts, debt and securitized derivatives that comply with EU minimum requirements;

“**LSEG**” means the London Stock Exchange Group plc, a public limited company incorporated in England and Wales with registered number 5369106;

“**LSEG Articles**” means the articles of association of LSEG;

“**LSEG Board**” means the board of directors of LSEG as the same is constituted from time to time;

“**LSEG Chairman**” means the Chairman of the LSEG Board;

“**LSEG Change in Recommendation**” means when (1) the LSEG Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to TMX Group or fails to

publicly reaffirm its recommendation of the Merger within five Business Days (and in any case prior to the LSEG Meeting) after having been requested in writing by TMX Group to do so, but in each case only until such time as the condition in section 6.1(d) of the Merger Agreement is satisfied; and (2) the LSEG Board or a committee thereof shall have approved or recommended any Acquisition Proposal;

“LSEG Circular” means the circular issued by LSEG in connection with the implementation of the Merger as required by the Listing Rules;

“LSEG Control Transaction” has the meaning ascribed thereto in Exhibit I to the Plan of Arrangement attached as Annex B to this Circular;

“LSEG Directors” means the current members of the LSEG Board and “LSEG Director” shall mean any one of them;

“LSEG Employee Share Plans” means the LSEG Performance Aligned Restricted Share Plan 2010, the LSEG Employee Share Option Plan 2009, the LSEG Long Term Incentive Plan 2004, the LSEG International Sharesave Plan 2008, the MillenniumIT Share Award Plan, the LSEG Long Term Incentive Plan for Xavier Rolet, the LSEG Long Term Incentive Plan for Kevin Milne, the LSEG Long Term Incentive Plan for Antoine Shagoury, the LSEG Initial and Annual Share Plans and the LSEG Executive Share Option Scheme;

“LSEG Executive Directors” means the current executive members of the LSEG Board and “LSEG Executive Director” shall mean any one of them;

“LSEG Expense Fee” means \$10,000,000 (inclusive of any amounts in respect of VAT, sales or turnover Tax or any other similar Tax, if applicable);

“LSEG Group” means LSEG and the current Subsidiaries of LSEG as at the date of this Circular;

“LSEG LTIP” means the London Stock Exchange Group plc Long Term Incentive Plan 2004;

“LSEG Material Adverse Effect” means any event, change, occurrence, effect or state of facts, that, individually or in the aggregate with other events, changes, occurrences, effects or states of facts is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, capital, property, obligations (whether absolute, accrued, conditional or otherwise) or financial condition of LSEG and its Subsidiaries taken as a whole, except any such event, change, occurrence, effect or state of facts resulting from or arising in connection with:

- (a) any change or development affecting the industries in which LSEG and its Subsidiaries operate;
- (b) any change or development in general economic, business or regulatory conditions or in global financial, credit, currency or securities markets;
- (c) any change or development in global, national or regional political conditions (including any act of terrorism or any outbreak of hostilities or war or any escalation or worsening thereof) or any natural disaster;
- (d) any adoption, proposed implementation or change in applicable Law or any interpretation thereof by any Governmental Entity;

- (e) any change in EU-IFRS;
- (f) the announcement of the entering into of the Merger Agreement;
- (g) actions or inactions expressly required by the Merger Agreement or that are taken with the prior written consent of the applicable party;
- (h) any change in the market price or trading volume of any securities of LSEG (it being understood, without limiting the applicability of paragraphs (a) through (g), that the causes underlying such changes in market price or trading volume may be taken into account in determining whether an LSEG Material Adverse Effect has occurred), or any suspension of trading in securities generally or on any securities exchange on which any securities of LSEG trades; or
- (i) the failure, in and of itself, of LSEG to meet any internal or public projections, forecasts or estimates of revenues or earnings (it being understood, without limiting the applicability of paragraphs (a) through (g), that the causes underlying such failure may be taken into account in determining whether an LSEG Material Adverse Effect has occurred);

provided, however, that any such event, change, occurrence, effect or state of facts referred to in paragraphs (a), (b), (c), (d) or (e) above, does not primarily relate only to (or have the effect of primarily relating only to) LSEG and its Subsidiaries taken as a whole, or disproportionately adversely affects LSEG and its Subsidiaries, taken as a whole, compared to other companies of similar size operating in the industries in which LSEG and its Subsidiaries operate (and for the purposes of this proviso, the term Governmental Entity in paragraph (d) above shall exclude LSEG). References in the Merger Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether an “LSEG Material Adverse Effect” has occurred;

“**LSEG Meeting**” means the general meeting of LSEG Shareholders, including any adjournment or postponement thereof, to be called to consider the LSEG Resolution and Ancillary Resolutions;

“**LSEG Nominees**” means the current members of the LSEG Board who will sit on the Mergeco Board upon completion of the Merger;

“**LSEG Non-Executive Directors**” means the current non-executive members of the LSEG Board and “LSEG Non-Executive Director” shall mean any one of them;

“**LSEG Resolution**” means the resolutions of the LSEG Shareholders: (a) to approve the Merger; and (b) to authorize the LSEG Directors pursuant to section 551 of the Companies Act to allot relevant securities up to a maximum aggregate nominal amount of £16,500,000 for the purposes of the Merger;

“**LSEG Shareholder Approval**” means the requisite approval by LSEG Shareholders of the LSEG Resolution;

“**LSEG Shareholders**” means the holders of LSEG Shares;

“**LSEG Shares**” means the ordinary shares of LSEG;

“**LSEG Termination Fee**” means \$39,000,000 (inclusive of any amounts in respect of VAT, sales or turnover Tax or any other similar Tax, if applicable);

“**MAC**” means alternative capital market for smaller, growing companies which is operated by Borsa Italiana and a Multilateral Trading Facility;

“**Main Market**” means the London Stock Exchange’s main market for listed securities;

“**Maple**” means Maple Group Acquisition Corporation;

“**Material Contracts**” means, in respect of a party, any Contract: (a) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have an LSEG Material Adverse Effect or TMX Group Material Adverse Effect (as the case may be) on such party; (b) under which such party or any of its Subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course endorsements for collection) in excess of \$20,000,000 in the aggregate; (c) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of \$20,000,000; (d) relating to any Key Joint Venture (as such term is defined in the Merger Agreement); (e) under which such party or any of its Subsidiaries is obligated to make or expects to receive payments in excess of \$20,000,000 over the remaining term of the contract; or (f) that is a collective bargaining agreement, a labour union contract or any other memorandum of understanding or other agreement with a union;

“**Meeting**” or “**TMX Group Meeting**” means the annual and special meeting of TMX Group Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

“**Member State**” means a member state of the EEA;

“**Memorandum of Association**” means the memorandum of association of LSEG;

“**Mergeco**” means LSEG following completion of the Merger;

“**Mergeco Articles**” means the articles of association of Mergeco following completion of the Merger;

“**Mergeco Board**” means the board of directors of Mergeco following completion of the Merger;

“**Mergeco Directors**” means, collectively, the LSEG Nominees and the TMX Group Nominees and their successors;

“**Mergeco Shareholders**” means the shareholders of Mergeco following completion of the Merger;

“**Mergeco Shares**” means the ordinary shares of Mergeco of 6⁷/₈ pence each in the capital of Mergeco (and for the avoidance of doubt, includes the Existing LSEG Shares and/or the New Mergeco Shares);

“**Merged Group**” means LSEG and its Subsidiaries following completion of the Merger (and, for the avoidance of doubt, includes TMX Group and its Subsidiaries);

“**Merger**” means the arrangement of TMX Group and LSEG under section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Merger Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to both TMX Group and LSEG, each acting reasonably);

“**Merger Agreement**” means the merger agreement entered into on February 9, 2011 between TMX Group and LSEG, providing for, among other things, the terms and conditions on which the parties agree to complete the Merger, a copy of which was filed on SEDAR on February 9, 2011;

“**MI 61-101**” means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*;

“**MIB**” means Banca Intermobiliare di Investimenti e Gestioni S.p.A.;

“**MiFID**” means Directive 2004/39/EC of the European Parliament and of the Council of April 12, 2004 on markets in financial instruments amending Council Directives 85/611/EC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC;

“**MiFID Review**” means the consultation initiated by the European Commission in December 2010 regarding proposed amendments to MiFID;

“**Millennium Exchange**” means the trading platform of MillenniumIT, the platform used by the UK cash markets and includes data dissemination;

“**MillenniumIT**” means Millennium Information Technologies Limited;

“**Minister**” means the Minister responsible for the Investment Canada Act;

“**MIV**” means the electronic market for investment vehicles for highly specialized investment entities operated by Borsa Italiana;

“**Monte Titoli**” means Monte Titoli S.p.A., a Subsidiary of LSEG;

“**Morgan Stanley**” means Morgan Stanley & Co. Limited;

“**MOT**” means Mercato Obbligazionario Telematico;

“**MSC**” means the Manitoba Securities Commission;

“**MTA**” means Borsa Italiana’s electronic markets on which shares, convertible bonds, warrants and option rights are traded;

“**MTA International**” means the market segment of MTA dedicated to the trading of shares in non-Italian issues already issued in other EU regulated markets;

“**MTA STAR**” means the market segment of MTA dedicated to midsize companies with a capitalization of less than €1 billion and who voluntarily adhere to set requirements;

“**MTS**” means Società per il Mercato dei Titoli di Stato Borsa Obbligazionaria Europea S.p.A., a Subsidiary of LSEG and the owner and operator of an electronic trading platform for European fixed income securities;

“**Multilateral Trading Facilities**” means electronic communications networks, and alternative trading systems as categorized under MiFID;

“**MX**” or “**Montréal Exchange**” means Montréal Exchange Inc.;

“**MX Combination**” means the business combination with MX on May 1, 2008;

“**MX Replacement Option**” means the replacement options granted in connection with the MX Combination to MX option holders using an exchange ratio of 0.7784 (for every one MX option, 0.7784 TMX Group Share options were granted);

“**MX Replacement Option Plan**” means the plan that governs the MX Replacement Options;

“**New Mergeco Shares**” means the ordinary shares of 67⁷/₈₆ pence each in the capital of Mergeco, to be issued up to the amount of 494,627,057 by Mergeco pursuant to the Merger or on the exercise of a Replacement Option;

“**New MIC**” means the interbank collateralized deposit market in Italy operated by e-MID SIM;

“**NGX**” means Natural Gas Exchange Inc., a corporation existing under the Laws of Canada;

“**NI 45-102**” means National Instrument 45-102 — *Resale Restrictions*, as adopted by the Canadian Securities Regulators;

“**NI 45-106**” means National Instrument 45-106 — *Prospectus and Registration Exemptions of the Canadian Securities Administrators*, as adopted by the Canadian Securities Regulators;

“**NI 51-102**” means National Instrument 51-102 — *Continuous Disclosure Obligations*, as adopted by the Canadian Securities Regulators;

“**No-Action Letter**” means a letter from the Commissioner advising either LSEG or TMX Group (directly or through either party’s counsel) in writing that she does not have grounds at the time on which to initiate proceedings before the Competition Tribunal under section 92 of the Competition Act for an order in respect of the transaction contemplated by the Merger Agreement;

“**Non-Registered TMX Group Shareholders**” means TMX Group Shareholders whose TMX Group Shares are registered in the name of a nominee;

“**Non-Resident TMX Group Shareholder**” has the meaning ascribed thereto under the heading “Canadian Tax Considerations for TMX Group Shareholders — TMX Group Shareholders not Resident in Canada”;

“**Non-Rollover Share**” means each outstanding TMX Group Share other than (i) an Exchangeable Elected Share, (ii) TMX Group Shares held by LSEG or any affiliate thereof and (iii) TMX Group Shares held by any affiliate of TMX Group;

“**Notice of Application**” means the Notice of Application to the Court for the Final Order, which is attached as Annex D to this Circular;

“**Notice of Dissent**” has the meaning ascribed thereto under the heading “Dissenting Shareholders’ Rights”;

“**Notice of Meeting**” means the Notice of Annual and Special Meeting of TMX Group Shareholders dated June 3, 2011;

“**Notifiable Transactions**” means any transaction that exceeds the thresholds set out in sections 109 and 110 of the Competition Act;

“**Notification Form**” means the Notification and Report Form required to be filed by both parties to a reportable transaction with the FTC and the U.S. DOJ;

“**OBCA**” means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**OBCA Director**” means the Director appointed pursuant to section 278 of the OBCA;

“**OECD**” means the Organization for Economic Co-operation and Development;

“**Offer to Pay**” has the meaning ascribed thereto under the heading “Dissenting Shareholders’ Rights”;

“**Official List**” means the official list of the FSA;

“**OFT**” means the UK Office of Fair Trading;

“**ORB**” means order book for retail bonds;

“**OSC**” means the Ontario Securities Commission;

“**Oslo Børs**” means Oslo Børs ASA;

“**OTC**” means over-the-counter;

“**Outside Date**” means November 9, 2011, provided, however, that if at that time all conditions to closing of the Merger shall have been satisfied or waived, other than the condition set forth in section 6.1(e) of the Merger Agreement (and those conditions that by their terms are to be satisfied at the Effective Time), then either party may postpone the Outside Date by an additional 30 days by giving written notice to the other party to such effect no later than 5:00 p.m. (Eastern time) on November 9, 2011, or such later date as may be agreed to in writing by the parties;

“**Part 22 Notice**” has the meaning ascribed thereto under the heading “Description of the Merger — Ongoing Reporting Obligations”;

“**Performance Aligned RSA Plan**” means the London Stock Exchange Group plc Performance Aligned Restricted Share Plan 2010;

“**performance share awards**” has the meaning ascribed thereto under the heading “Directors and Officers of Mergeco”;

“**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Plan of Arrangement**” means the plan of arrangement of TMX Group, substantially in the form of Annex B hereto, and any amendments or variations thereto made in accordance with the Merger Agreement and the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of TMX Group and LSEG, each acting reasonably;

“**PRA**” means Prudential Regulatory Authority;

“**Professional Securities Market**” means a market for debt securities or depositary receipts of any denomination upon production of a prospectus targeting a wholesale or professional investors, operated by the London Stock Exchange;

“**Proposed Agreement**” means any agreement, understanding or arrangement in respect of an Acquisition Proposal;

“**Proquote**” means the London Stock Exchange’s wholly-owned Subsidiary, which provides financial market software and data services;

“**Prospectus Rules**” means the prospectus rules of the FSA made for the purposes of Part VI of the FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market and brought into effect on July 1, 2005 pursuant to Commission Regulation (EC) No. 809/2004;

“**Proxy Solicitation Agent**” means Phoenix Advisory Partners;

“**RDSP**” means Registered Disability Savings Plan, as defined in the Canadian Tax Act;

“**Recognized Bodies**” means recognized bodies under part XVIII of FSMA;

“**Recognized Overseas Clearing House**” means an overseas clearing house which is a recognized clearing house granted by the FSA;

“**Recognition Requirements**” means the recognition requirements for investment exchanges set out in the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 (as amended), incorporated in the FSA’s sourcebook for RIEs;

“Redemption Call Rights” has the meaning ascribed thereto in Annex B — “Plan of Arrangement”;

“Redemption Date” has the meaning ascribed thereto under the heading “Exchangeable Share Structure — Description of the Exchangeable Shares of Exchangeco”;

“Registered TMX Group Shareholders” means TMX Group Shareholders whose names appear in the register of holders of TMX Group Shares maintained by or on behalf of TMX Group;

“Regulations” means the UK Uncertificated Securities Regulations 2001 (SI 2001/3755) of the United Kingdom;

“Regulatory Approvals” means the approvals, decisions and confirmations set out in Schedule 5.5 of the Merger Agreement (including by way of any expiration, waiver or termination of any relevant waiting period in relation to any Governmental Entity), as well as any other material approvals, decisions and confirmations that the parties to the Merger Agreement agree, acting reasonably, are required in order to complete the Merger, but excluding any “Regulatory Intervention”;

“Regulatory Information Service” means an information dissemination provider approved by the FSA and whose name is set out in the list maintained by the FSA;

“Regulatory Intervention” means a Governmental Entity or regulator having jurisdiction over either party to the Merger Agreement and/or any of their respective Subsidiaries, having indicated that, as a result or consequence of the completion of the Merger, it intends to or does in fact withdraw, revoke, modify (in any material respect) or otherwise impose any material condition on, any material Authorization held by that party or its relevant Subsidiary for the conduct of its business, in terms which are considered by either party, acting reasonably, to have a material impact on the party concerned, including (without prejudice to the foregoing) the FSA not having indicated that it intends to:

- (a) revoke London Stock Exchange plc’s recognition order under section 290 of the FSMA declaring LSEG to be a recognized investment exchange; or
- (b) give a direction to London Stock Exchange plc under section 296 of the FSMA, (A) that London Stock Exchange and/or LSEG hold a materially greater level of capital resources or (B) which requires a significant divergence from any material commercial term of the Merger;

“REIC” means real estate investment companies which are property funds that comply with specific Borsa Italiana listing rules;

“Replacement Option” means, for each TMX Group Option that was not duly exercised prior to the Effective Time, an option granted by Mergeco to acquire a number of Mergeco Shares equal to the product of 2.9963 multiplied by the number of TMX Group Shares subject to such outstanding TMX Group Option, that was not duly exercised prior to the Effective Time;

“Resignation Window” means, for the purposes of Thomas A. Kloet’s employment agreement, the period that is between 12 months from the Effective Date and the date that is 30 days from such 12 month period;

“**RESP**” means Registered Education Savings Plan, as defined in the Canadian Tax Act;

“**Response Period**” means five Business Days from the date a party to the Merger Agreement received requisite notice and documentation from the other party in connection with an Acquisition Proposal;

“**Retraction Call Right**” has the meaning ascribed thereto in Annex F — “Form of Voting and Exchange Trust Agreement”;

“**Reviewable Transaction**” means those transactions involving the acquisition of control of a Canadian business by a non-Canadian which are subject to review under the Investment Canada Act;

“**RIE**” means Recognized Investment Exchange;

“**RMP**” means risk mitigation program;

“**RNS**” means the London Stock Exchange’s regulatory news and non-regulatory news disclosure service;

“**RRIF**” means Registered Retirement Income Fund, as defined in the Canadian Tax Act;

“**RRSP**” means Registered Retirement Savings Plan, as defined in the Canadian Tax Act;

“**RSA Agreement**” means the regulatory services agreement among BOX, NASDAQ OMX Group, Inc., NASDAQ OMX BX, Inc., formerly Boston Stock Exchange, and Boston Options Exchange Regulation LLC, a wholly-owned Subsidiary of NASDAQ OMX BX, Inc.;

“**RSP**” means retail service provider;

“**S&P**” means Standard and Poor’s;

“**SAYE**” means save as you earn;

“**SAYE Option Scheme**” means the London Stock Exchange SAYE Option Scheme;

“**SDRT**” means stamp duty reserve tax;

“**SEAQ**” means the London Stock Exchange’s non-electronically executable quotation service;

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities Act**” means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Securities Regulatory Approvals**” means the approvals set out under the heading “Description of the Merger — Regulatory Approvals” and in Schedule 5.5 of the Merger Agreement;

“**Security Agreement**” means an agreement to be made between Interco and Jerseyco prior to the Effective Date that will provide for, among other things, certain consequences of an event of default in respect of Jerseyco as set out in the agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the CSA;

“**SeDeX**” means Borsa Italiana’s electronic regulated market for securitized derivatives;

“**SEDOL**” means Stock Exchange Daily Official List, the London Stock Exchange’s global, multi-asset class reference data service;

“**SEDOL Masterfile**” means the London Stock Exchange’s expanding securities identification services;

“**Select Committee**” means the “Select Committee on the proposed transaction of the TMX Group and the London Stock Exchange Group” formed by the Legislative Assembly of Ontario on February 23, 2011;

“**Senior Canadian Officer**” means the most senior executive officer of the Merged Group (and its Subsidiaries worldwide) (excluding, for greater certainty, the Chair of the Mergeco Board who is ordinarily resident in Canada);

“**SETS**” means the electronic order book operated by the London Stock Exchange for the most liquid securities;

“**SETSqx**” means the hybrid market for less liquid securities, combining continuous price formation from market makers with periodic auctions operated by the London Stock Exchange;

“**Share Option**” means the outstanding options to purchase TMX Group Shares granted under the TMX Group Option Plan dated April 25, 2007;

“**Shariah Law**” means the body of law derived from the Qur’an and the teachings and traditions of Prophet Mohammed;

“**Shorcan**” means Shorcan Brokers Limited, a corporation existing under the Laws of the Province of Ontario;

“**Shorcan Energy**” means Shorcan Energy Brokers Inc., a corporation existing under the Laws of the Province of Ontario and a wholly-owned subsidiary of Shorcan;

“**Short Selling Regulation**” means the proposed regulation of the European Parliament and the European Council on short selling and certain aspects of credit default swaps;

“**SIA-SSB**” means Società Interbancaria per l’Automazione S.p.A.;

“**SMEs**” means small and medium sized enterprises;

“**SOLA**” means the electronic trading platform for derivatives developed by MX;

“**Specialist Fund Market**” means the London Stock Exchange’s regulated market for highly specialized investment entities that wish to target institutional, professional and highly knowledgeable investors;

“**SRO**” means Self-Regulatory Organization;

“**sterling**”, “**British pounds**”, “**pounds sterling**”, “**GBP**”, “**£**”, “**pence**” or “**p**” means the lawful currency of the United Kingdom;

“**Subsidiary**” or “**Subsidiaries**” has the meaning ascribed thereto in NI 45-106;

“**Sukuk Instruments**” means a security which provides a similar investment profile to a conventional debt security but which does not have a coupon structure in order to conform with Shariah Law;

“**Superior Proposal**” means an unsolicited bona fide written Acquisition Proposal to acquire all of the shares of a party to the Merger Agreement or all or substantially all of the assets of a party and its Subsidiaries and (a) that is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal; (b) that is not subject to any financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to be available to the satisfaction of the board of directors of such party, acting in good faith (after consultation with its financial advisors and outside legal counsel); (c) that is not subject to a due diligence and/or access condition; (d) that did not result from a breach of section 5.8 of the Merger Agreement; and (e) in respect of which the board of directors of such party determines in good faith (after consultation with its outside financial advisors and outside legal counsel), taking into account all of the terms and conditions of such Acquisition Proposal, would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction which would be more likely to promote the success of that party for the benefit of its shareholders, having regard to, among other things, the likely consequences of such Acquisition Proposal in the long term, the interests of all of the stakeholders of the party, including capital market participants, employees and the community in which the party operates, and the impact of the proposed governance and management structure of the party under such Acquisition Proposal on those stakeholders, than the Merger (including any adjustment to the terms and conditions of the Merger proposed by the other party pursuant to subsection 5.8(f) of the Merger Agreement);

“**Supplementary Information Request**” means a notification to the parties to a Notifiable Transaction requesting additional information that is relevant to the Commissioner’s assessment of such transaction pursuant to subsection 114(2) of the Competition Act;

“**Takeover Code**” means the City Code on Takeovers and Mergers issued from time to time by or on behalf of the Panel on Takeovers and Mergers;

“**Target2 Securities**” means the European Central Bank’s project to deliver a single central settlement process for securities belonging to Eurozone and other participating countries;

“**Tax**” or “**Taxes**” means any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental

Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including, but not limited to, those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license, franchise and registration fees and all employment insurance, health insurance and Canada, Quebec and other pension plan premiums or contributions imposed by any Governmental Entity, and any transferee or secondary liability in respect of any of the foregoing;

“**Tax Proposals**” has the meaning ascribed thereto under the heading “Canadian Tax Considerations for TMX Group Shareholders”;

“**Tax Returns**” includes all refunds, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required by a Governmental Entity to be made, prepared or filed by Law in respect of Taxes;

“**taxable capital gain**” has the meaning ascribed thereto under the heading “Canadian Tax Considerations for TMX Group Shareholders — Taxation of Capital Gain or Capital Loss”;

“**TFSA**” means Tax Free Savings Account, as defined in the Canadian Tax Act;

“**Third Party**” has the meaning ascribed thereto under the heading “Description of the Merger — Background to the Merger”;

“**TMX Group**” means TMX Group Inc., a corporation existing under the Laws of the Province of Ontario or any successors thereto;

“**TMX Group Board**” means the board of directors of TMX Group as the same is constituted from time to time;

“**TMX Group Change in Recommendation**” means when (1) the TMX Group Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to LSEG or fails to publicly reaffirm its recommendation of the Merger within five Business Days (and in any case prior to the Meeting) after having been requested in writing by LSEG to do so, but in each case only until such time as the condition in section 6.1(a) of the Merger Agreement is satisfied, and (2) the TMX Group Board or a committee thereof shall have approved or recommended any Acquisition Proposal;

“**TMX Group Credit Agreement**” means the credit agreement between TMX Group and a syndicate of financial institutions dated April 18, 2008 for the provision of a non-revolving three-year term unsecured credit facility in the amount of C\$430 million;

“**TMX Group Credit Agreement Amendment**” means an amendment, dated March 31, 2011, to the TMX Group Credit Agreement;

“**TMX Group DSU**” means a cash-settled deferred share unit of TMX Group issued under a TMX Group DSU Plan;

“**TMX Group DSU Plans**” means collectively, (1) the TMX Group Executive DSU Plan and (2) the TMX Group Non-Executive Director DSU Plan, and “**TMX Group DSU Plan**” means (1) the TMX Group Executive DSU Plan or (2) the TMX Group Non-Executive Director DSU Plan, as the context requires;

“**TMX Group Executive DSU Plan**” means the deferred share unit plan for executives dated February 10, 2010;

“**TMX Group Expense Fee**” means \$10,000,000 (inclusive of any amounts in respect of VAT, sales or turnover Tax or any other similar Tax, if applicable);

“**TMX Group LTIP**” means all TMX Group Options and TMX Group RSUs;

“**TMX Group Material Adverse Effect**” means any event, change, occurrence, effect or state of facts, that, individually or in the aggregate with other events, changes, occurrences, effects or states of facts is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, capital, property, obligations (whether absolute, accrued, conditional or otherwise) or financial condition of TMX Group and its Subsidiaries taken as a whole, except any such event, change, occurrence, effect or state of facts resulting from or arising in connection with:

- (a) any change or development affecting the industries in which TMX Group and its Subsidiaries operate;
- (b) any change or development in general economic, business or regulatory conditions or in global financial, credit, currency or securities markets;
- (c) any change or development in global, national or regional political conditions (including any act of terrorism or any outbreak of hostilities or war or any escalation or worsening thereof) or any natural disaster;
- (d) any adoption, proposed implementation or change in applicable Law or any interpretation thereof by any Governmental Entity;
- (e) any change in IFRS;
- (f) the announcement of the entering into of the Merger Agreement;
- (g) actions or inactions expressly required by the Merger Agreement or that are taken with the prior written consent of the applicable party;
- (h) any change in the market price or trading volume of any securities of TMX Group (it being understood, without limiting the applicability of paragraphs (a) through (g), that the causes underlying such changes in market price or trading volume may be taken into account in determining whether a TMX Group Material Adverse Effect has occurred), or any suspension of trading in securities generally or on any securities exchange on which any securities of TMX Group trades; or
- (i) the failure, in and of itself, of TMX Group to meet any internal or public projections, forecasts or estimates of revenues or earnings (it being understood, without limiting

the applicability of paragraphs (a) through (g), that the causes underlying such failure may be taken into account in determining whether a TMX Group Material Adverse Effect has occurred);

provided, however, that any such event, change, occurrence, effect or state of facts referred to in clauses (a), (b), (c), (d) or (e) above, does not primarily relate only to (or have the effect of primarily relating only to) TMX Group and its Subsidiaries, taken as a whole, or disproportionately adversely affects TMX Group and its Subsidiaries, taken as a whole, compared to other companies of similar size operating in the industries in which TMX Group and its Subsidiaries operate (and for the purposes of this proviso, the term Governmental Entity in paragraph (d) above shall exclude TMX Group). References in the Merger Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a “TMX Group Material Adverse Effect” has occurred;

“**TMX Group Nominees**” means the current TMX Group Directors and executive officers who will sit on the Mergeco Board upon completion of the Merger;

“**TMX Group Non-Executive Director DSU Plan**” means the deferred share unit plan for non-executive directors dated March 3, 2010;

“**TMX Group Option Plan**” means the TMX Group share option plan dated April 25, 2007;

“**TMX Group Options**” means the outstanding options to purchase TMX Group Shares granted under the share option plan dated April 25, 2007 (each a “**Share Option**”) and those replacement options to purchase TMX Group Shares granted to MX optionees pursuant to TMX Group’s combination with MX on May 1, 2008 (each a “**MX Replacement Option**”);

“**TMX Group Record Date**” means the close of business on May 20, 2011;

“**TMX Group RSU**” means a cash-settled restricted share unit granted under the employees’ restricted share unit plan dated March 3, 2010, and amended February 8, 2011;

“**TMX Group RSU Plan**” means the TMX Group employees’ restricted share unit plan dated March 3, 2010, amended February 8, 2011;

“**TMX Group Share Ownership Restrictions**” has the meaning ascribed thereto under the heading “Regulation of the Merged Group — Section B: Share Ownership Restrictions”;

“**TMX Group Shareholder Approval**” means the requisite approval for the Arrangement Resolution, being two-thirds of the votes cast on the Arrangement Resolution by the TMX Group Shareholders present in person or represented by proxy at the Meeting and voting as a single class;

“**TMX Group Shareholders**” means the holders of TMX Group Shares;

“**TMX Group Shares**” means the common shares in the authorized share capital of TMX Group;

“**TMX Group Special Retention RSU**” means a cash settled restricted share unit granted under the TMX Group Special Retention RSU Plan;

“**TMX Group Special Retention RSU Plan**” means the TMX Group employees’ share unit plan dated May 13, 2011;

“**TMX Group Termination Fee**” means an amount equal to \$39,000,000 (inclusive of any amounts in respect of VAT, sales or turnover Tax or any other similar Tax, if applicable);

“**TMX Group Undertaking**” means the written undertakings provided by TMX Group to the AMF in support of the AMF recognition order for MX, dated April 9, 2008, as a condition to obtaining the necessary approval for the combination with MX, which provides for certain restrictions and undertakings;

“**TOKYO AIM**” means TOKYO AIM Inc., a joint venture between LSEG and Tokyo Stock Exchange Group Inc.;

“**Torys**” means Torys LLP;

“**TradElect**” means the trading platform used for London and Italian cash markets;

“**Transfer Agent**” means CIBC Mellon Trust Company;

“**TRM2 Plan**” means the London Stock Exchange’s MillenniumIT Share Award Plan;

“**Trustee**” means the trustee to be chosen by LSEG and TMX Group, acting reasonably, to act as trustee under the Voting and Exchange Trust Agreement, being a corporation organized and existing under the Laws of Canada and authorized to carry on the business of a trust company in all the provinces of Canada, and any successor trustee appointed under the Voting and Exchange Trust Agreement;

“**TSX**” means Toronto Stock Exchange;

“**TSX Listing Rules**” means TSX’s original listing requirements and ongoing listing maintenance requirements as set out in TSX’s Company Manual;

“**TSX Venture Exchange**” means the division of TSX Venture Exchange Inc. which operates TMX Group’s equity exchange for junior listings;

“**TUF**” means the Legislative Decree No. 58 of 1998 (the Testo Unico della Finanza), which is the consolidated Law of finance of Italy;

“**Turquoise**” means Turquoise Global Holdings Limited;

“**Turquoise Derivatives**” means Turquoise planned pan-European derivatives markets;

“**Turquoise Equities**” means Turquoise pan-European cash equity markets;

“**UK**” or “**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland;

“**UK Corporate Governance Code**” means the UK Corporate Governance Code published by the UK Financial Reporting Council;

“**UK Listing Authority**” means the UK FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA or any successor thereto;

“**UK Listing Rules**” means the listing rules and regulations of the FSA made under Part VI of FSMA relating to the admission of securities to the Official List, as amended from time to time;

“**UMIR**” means the Universal Market Integrity Rules maintained by IIROC, as amended from time to time;

“**UnaVista**” means a hosted platform for providing matching validation and reconciliation services;

“**Undertakings Regarding TSX Venture Exchange**” means the undertakings provided by TSX Inc. and TMX Group to the ASC and BCSC in relation to TSX Venture Exchange;

“**U.S.**” or “**United States**” means the United States of America;

“**U.S. DOJ**” means the Antitrust Division of the United States Department of Justice;

“**U.S. dollars**”, “**USD**” or “**US\$**” means the lawful currency of the U.S.;

“**U.S. Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended;

“**U.S. Holder**” means a holder of securities who is in the United States, its territories or possessions, any State of the United States or the District of Columbia, but does not include any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated or (if an individual) resident in the United States;

“**U.S. Securities Act**” means the U.S. Securities Act of 1933, as amended;

“**VAT**” means value added tax;

“**Voting and Exchange Trust Agreement**” means an agreement to be made between LSEG, Exchangeco, Interco, Jerseyco and the Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, substantially in the form attached as Annex F to this Circular;

“**Voting Rights**” means the rights of the holders of Exchangeable Shares (other than Mergeco and its affiliates) to direct the voting of the Mergeco Shares held by Jerseyco in accordance with the Voting and Exchange Trust Agreement; and

“**X-TRM**” means the daily matching service and a securities lending service operated by CC&G which manages the matching and routing of securities transactions traded on markets to be settled through EXPRESS II or through other securities settlement systems.

ANNEX A — FORM OF ARRANGEMENT RESOLUTION

1. The arrangement (the “**Arrangement**”) under section 182 of the *Business Corporations Act* (Ontario) (the “**OBCA**”) of TMX Group Inc. (“**TMX Group**”), as more particularly described and set forth in the management information circular (the “**Circular**”) of TMX Group dated May 25, 2011 (as may be amended, supplemented or otherwise modified from time to time) accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the merger agreement (the “**Merger Agreement**”) made as of February 9, 2011, between TMX Group and LSEG, as amended), is hereby authorized, approved and adopted.
2. The plan of arrangement of TMX Group (as it has been or may be amended, modified or supplemented in accordance with the Merger Agreement (the “**Plan of Arrangement**”)), the full text of which is set out in Schedule A to the Merger Agreement, is hereby authorized, approved and adopted.
3. The (i) Merger Agreement and related transactions, (ii) actions of the directors of TMX Group in approving the Merger Agreement, and (iii) actions of the directors and officers of TMX Group in executing and delivering the Merger Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. TMX Group be and is hereby authorized to apply for a final order from the Ontario Superior Court of Justice to approve the Arrangement on the terms set forth in the Merger Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of TMX Group or that the Arrangement has been approved by the Ontario Superior Court of Justice, the directors of TMX Group are hereby authorized and empowered to, without notice to or approval of the shareholders of TMX Group, (i) amend, modify or supplement the Merger Agreement or the Plan Arrangement to the extent permitted by the Merger Agreement and (ii) subject to the terms of the Merger Agreement, not to proceed with the Arrangement and related transactions.
6. Any officer or director of TMX Group is hereby authorized and directed for and on behalf of TMX Group to execute and deliver for filing with the OBCA Director under the OBCA articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Merger Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.
7. Any officer or director of TMX Group is hereby authorized and directed for and on behalf of TMX Group to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

ANNEX B — PLAN OF ARRANGEMENT

SCHEDULE A

**FORM OF PLAN OF ARRANGEMENT
UNDER SECTION 182
OF THE BUSINESS CORPORATIONS ACT (ONTARIO)**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires:

“**affiliate**” has the meaning ascribed thereto in the NI 45-106;

“**Arrangement**” means the arrangement of TMX Group under Section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.4 of the Merger Agreement or Section 6.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to both TMX Group and LSEG, each acting reasonably);

“**Arrangement Resolution**” means the special resolution of the TMX Group Shareholders approving the Plan of Arrangement which is to be considered at the TMX Group Meeting substantially in the form of Schedule B to the Merger Agreement;

“**Articles of Arrangement**” means the articles of arrangement of TMX Group in respect of the Arrangement to be filed with the Director after the Final Order is made, which shall be in form and content satisfactory to TMX Group and LSEG, each acting reasonably;

“**Automatic Exchange Right**” has the meaning ascribed thereto in the Voting and Exchange Trust Agreement;

“**Available Exchangeable Share Amount**” means the product obtained by multiplying the number of TMX Group Shares issued and outstanding immediately prior to the Effective Time (other than TMX Group Shares held by TMX Group and TMX Group Shares held by Dissenting Shareholders) by 0.49;

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or London, United Kingdom;

“**Callco**” means LSEG Callco Limited, a corporation existing under the laws of the Province of Ontario, and a wholly-owned Subsidiary of LSEG;

“**Call Rights Agreement**” means an agreement to be made between LSEG, Callco and Exchangeco in the form and content agreed between LSEG and TMX Group, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Canadian Dollar Equivalent**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**Canadian Resident**” means a resident of Canada for purposes of the Tax Act who is not exempt from tax under Part I of the Tax Act, and includes a partnership any member of which is a Canadian Resident;

“**CDS**” means the clearing and depository service operated by CDS Clearing and Depository Services Inc.;

“**Certificate of Arrangement**” means the certificate of arrangement to be issued by the Director pursuant to Section 183(2) of the OBCA in respect of the Articles of Arrangement;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**CREST**” means the system for the paperless settlement of trades in securities and the holding of uncertified securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755);

“**Current Market Price**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**Depository**” means CIBC Mellon Trust Company at its offices set out in the Letter of Transmittal and Election Form;

“**Director**” means the Director appointed pursuant to Section 278 of the OBCA;

“**Dissent Rights**” has the meaning ascribed thereto in Section 3.1;

“**Dissenting Shareholder**” means a holder of TMX Group Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Rights;

“**Dividend Amount**” means an amount equal to all declared and unpaid dividends on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase of such share by Callco from such holder;

“**Effective Date**” means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

“**Effective Time**” means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as TMX Group and LSEG may agree to in writing before the Effective Date;

“**Elected Exchangeable Share Amount**” means the aggregate number of TMX Group Shares in respect of which holders validly elect to receive Exchangeable Shares under Section 2.4 (following any deemed election provided for in Section 2.4(b)), prior to any deemed election provided for in Section 2.6;

“**Election Deadline**” means 5:00 p.m. (Toronto time) at the place of deposit on the date indicated as the election deadline on the Letter of Transmittal and Election Form, which shall be not more than 10 days before the Effective Date;

“Exchangeable Elected Share” means (subject to Section 2.6) any TMX Group Share that a TMX Group Shareholder shall have validly elected (in a duly completed Letter of Transmittal and Election Form deposited with the Depositary no later than the Election Deadline) to transfer to Exchangeco under the Arrangement in exchange for the Exchangeable Share Consideration as provided for in Section 2.2(b), provided that at the Effective Time such electing TMX Group Shareholder is either (i) a Canadian Resident holding such TMX Group Share on its own behalf, or (ii) holding such TMX Group Share on behalf of a beneficial owner thereof who is a Canadian Resident;

“Exchangeable Share Alternative” means the exchange of Exchangeable Elected Shares for Exchangeable Shares and certain ancillary rights provided for in Section 2.2(b);

“Exchangeable Share Consideration” means, in respect of each Exchangeable Elected Share, the fully paid and non-assessable Exchangeable Shares and certain ancillary rights receivable therefor under Section 2.2(b);

“Exchangeable Share Provisions” means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, which rights, privileges, restrictions and conditions are as set out in Exhibit 1;

“Exchangeable Share Voting Event” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“Exchangeable Shares” means exchangeable shares in the capital of Exchangeco, having the rights, privileges, restrictions and conditions set out in Exhibit 1;

“Exchangeco” means LSEG Exchangeco Limited, a corporation existing under the laws of the Province of Ontario and being a Subsidiary of Callco;

“Exchange Ratio” means, subject to adjustment (if any) as provided herein, 2.9963;

“Exempt Exchangeable Share Voting Event” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“Final Order” means the final order of the Court pursuant to Section 182(5) of the OBCA, in a form acceptable to TMX Group and LSEG, each acting reasonably, approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

“Governmental Entity” means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, ministry, bureau or agency, domestic or foreign; (b) any stock exchange, including TSX and the LSE; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**holders**” means, when used with reference to any shares or TMX Group Options, the holders of such shares or TMX Group Options, respectively, shown from time to time in the register maintained by or on behalf of the applicable corporation in respect thereof;

“**IFRS**” means International Financial Reporting Standards;

“**Interco**” means LSEG Interco Limited, a corporation existing under the laws of England and Wales and being a wholly-owned Subsidiary of LSEG;

“**Interim Order**” means the interim order of the Court contemplated by Section 2.2 of the Merger Agreement and made pursuant to Section 182(5) of the OBCA;

“**Jerseyco**” means LSEG Jerseyco Trust Ltd., a corporation existing under the laws of Jersey;

“**Letter of Transmittal and Election Form**” means the letter of transmittal and election form for use by TMX Group Shareholders with respect to the Arrangement, which shall be mailed to TMX Group Shareholders not less than 20 Business Days (which meets the minimum 10 Business Day requirement of the Interim Order) before the Effective Date;

“**Liquidation Amount**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**Liquidation Call Purchase Price**” has the meaning ascribed thereto in Section 5.1(1);

“**Liquidation Call Right**” has the meaning ascribed thereto in Section 5.1(1);

“**Liquidation Date**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**LSE**” means the London Stock Exchange;

“**LSEG**” means London Stock Exchange Group PLC, a corporation existing under the laws of England and Wales;

“**LSEG Control Transaction**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**LSEG Share Alternative**” means the exchange of Non-Rollover Shares for LSEG Shares provided for in Section 2.2(a);

“**LSEG Share Consideration**” means, in respect of each Non-Rollover Share, the fully paid and non-assessable LSEG Shares receivable therefor under Section 2.2(a);

“**LSEG Shares**” means the ordinary shares of LSEG;

“**Merger Agreement**” means the merger agreement dated as of February 9, 2011 between LSEG and TMX Group, as amended, supplemented and/or restated in accordance therewith prior to the Effective Date, providing for, among other things, the Arrangement;

“**Non-Rollover Share**” has the meaning ascribed thereto in Section 2.2(a);

“**NI 45-106**” means National Instrument 45-106 — *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

“**OBCA**” means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Plan of Arrangement**”, “**hereof**”, “**hereunder**” and similar expressions mean this Plan of Arrangement, including the appendices hereto and includes any agreement or instrument supplementary or ancillary hereto;

“**Redemption Call Purchase Price**” has the meaning ascribed thereto in Section 5.2(1);

“**Redemption Call Right**” has the meaning ascribed thereto in Section 5.2(1);

“**Redemption Date**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**Redemption Price**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**Replacement Option**” has the meaning ascribed thereto in Section 2.2(d);

“**Retraction Call Right**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**Stamp Taxes**” means all stamp, registration and transfer taxes and duties or their equivalents plus interest and penalties in respect thereof in all jurisdictions where such taxes and duties are payable as a result of any of the transactions contemplated by this Plan of Arrangement including, without limitation, United Kingdom stamp duty and stamp duty reserve tax;

“**Subsidiary**” has the meaning ascribed thereto in the NI 45-106;

“**Support Agreement**” means an agreement to be made between LSEG, Exchangeco and Callco substantially in the form and content of Schedule F to the Merger Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**TMX Group**” means TMX Group Inc., a corporation existing under the laws of the Province of Ontario;

“**TMX Group Board**” means the board of directors of TMX Group as the same is constituted from time to time;

“**TMX Group Circular**” means the notice of the TMX Group Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the TMX Group Shareholders in connection with the TMX Group Meeting, as amended, supplemented or otherwise modified from time to time;

“**TMX Group Meeting**” means the special meeting of TMX Group Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

“**TMX Group Meeting Date**” means the date of the TMX Group Meeting;

“**TMX Group Options**” means the outstanding options to purchase TMX Group Shares granted under the TMX Group Share Option Plan and those replacement options to purchase TMX Group Shares granted to Montréal Exchange Inc. optionees pursuant to TMX Group’s combination with Montréal Exchange Inc. on May 1, 2008;

“**TMX Group Share Option Plan**” means TMX Group’s share option plan dated April 25, 2007;

“**TMX Group Shareholders**” means the holders of TMX Group Shares;

“**TMX Group Shares**” means the outstanding common shares in the capital of TMX Group;

“**Transfer Agent**” has the meaning ascribed thereto in Section 5.1(2);

“**Trustee**” means the trustee to be chosen by LSEG and TMX Group, acting reasonably, to act as trustee under the Voting and Exchange Trust Agreement, being a corporation organized and existing under the laws of Canada and authorized to carry on the business of a trust company in all the provinces of Canada, and any successor trustee appointed under the Voting and Exchange Trust Agreement;

“**TSX**” means Toronto Stock Exchange;

“**U.S. Holder**” means a holder of securities who is in the United States of America, its territories or possessions, any State of the United States or the District of Columbia, but does not include any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated or (if an individual) resident in the United States;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended; and

“**Voting and Exchange Trust Agreement**” means an agreement to be made between LSEG, Exchangeco, Interco, Jerseyco and the Trustee substantially in the form and content of Schedule E to the Merger Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, subsection, paragraph, Schedule or Exhibit by number or letter or both refer to the Article, Section, subsection, paragraph, Schedule or Exhibit respectively, bearing that designation in this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Plan of Arrangement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in accordance with IFRS consistently applied.

ARTICLE 2 ARRANGEMENT

2.1 Binding Effect

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on (i) TMX Group, LSEG, Interco, Callco, Jerseyco, the Trustee and Exchangeco; (ii) all holders and all beneficial owners of TMX Group Shares, TMX Group Options and Replacement Options; (iii) all holders and all beneficial owners of Exchangeable Shares from time to time; (iv) all holders and beneficial owners of LSEG Shares received in exchange for TMX Group Shares or Exchangeable Shares or on the exercise of Replacement Options; (v) the transfer agent in respect of the TMX Group Shares; and (vi) the Depositary.

2.2 Arrangement

Commencing at the Effective Time, the following shall occur and shall be deemed to occur in the following order (except that the issuance of Exchangeable Shares pursuant to Section 2.2(b) and the entering into of the Support Agreement, the Call Rights Agreement and the Voting and Exchange Trust Agreement and issuance of LSEG Shares to Jerseyco pursuant to Section 2.2(c) shall occur and shall be deemed to occur simultaneously) without any further act or formality:

- (a) each outstanding TMX Group Share other than:
 - (i) an Exchangeable Elected Share;
 - (ii) TMX Group Shares held by LSEG or any affiliate thereof; and
 - (iii) TMX Group Shares held by any affiliate of TMX Group,
 - (a “**Non-Rollover Share**”) shall be transferred by the holder thereof to Exchangeco in exchange for a number of LSEG Shares equal to the Exchange Ratio, subject to Sections 2.3, 2.4 and 2.6, and the name of each such holder shall be removed from the register of holders of TMX Group Shares and added to the register of holders of LSEG Shares, and Exchangeco shall be recorded as the registered holder of the Non-Rollover Shares so exchanged and shall be deemed to be the legal and beneficial owner thereof from the Effective Time;
- (b) each outstanding Exchangeable Elected Share shall be transferred by the holder thereof to Exchangeco in exchange for a number of Exchangeable Shares equal to the Exchange Ratio and certain ancillary rights receivable hereunder, subject to Sections 2.3, 2.4 and 2.6 and subject further to the proviso that a *pro rata* portion of

the total Exchangeable Shares and ancillary rights received under the Arrangement by any particular holder will be allocated to each Exchangeable Elected Share held by that holder at the Effective Time, so that such holder will receive for each Exchangeable Elected Share held by that holder at the Effective Time the same indivisible combination of Exchangeable Shares and ancillary rights as is received for every other Exchangeable Elected Share held by that holder at the Effective Time, and the name of each such holder shall be removed from the register of holders of TMX Group Shares and added to the register of holders of Exchangeable Shares;

- (c) coincident with the share exchange set out in Section 2.2(b), (i) LSEG, Callco and Exchangeco shall execute the Support Agreement, (ii) LSEG, Callco and Exchangeco shall execute the Call Rights Agreement, (iii) LSEG, Exchangeco, Interco, Jerseyco and the Trustee shall execute the Voting and Exchange Trust Agreement, and (iv) in accordance with the Voting and Exchange Trust Agreement, LSEG shall issue to Jerseyco the LSEG Shares referred to in and for the purposes described in such agreement. All rights of holders of Exchangeable Shares under the Voting and Exchange Trust Agreement shall be received by them as part of the ancillary rights receivable by them under Section 2.2(b) in exchange for the Exchangeable Elected Shares transferred by them; and
- (d) subject to applicable laws and regulatory requirements, each outstanding TMX Group Option that has not been duly exercised prior to the Effective Time shall be exchanged for an option (a “**Replacement Option**”) granted by LSEG to acquire a number of LSEG Shares equal to the product of the Exchange Ratio multiplied by the number of TMX Group Shares subject to such TMX Group Option. Each such Replacement Option shall provide for an exercise price per LSEG Share equal to the exercise price per TMX Group Share of such TMX Group Option immediately prior to the Effective Time divided by the Exchange Ratio. If the foregoing calculation results in the total Replacement Options of any particular grant of a particular holder being exercisable for a fraction of an LSEG Share, then the total number of LSEG Shares subject to such holder’s total Replacement Options of that grant shall be rounded down to the next whole number of LSEG Shares and the total exercise price for such Replacement Options shall be reduced by the exercise price of the fractional LSEG Share. The term to expiry, conditions to and manner of exercising, vesting schedule and all other terms and conditions of a Replacement Option will be the same as the TMX Group Option for which it is exchanged, and any document or agreement previously evidencing a TMX Group Option shall thereafter evidence and be deemed to evidence such Replacement Option. Notwithstanding the foregoing, LSEG shall increase the exercise price per LSEG Share of each Replacement Option if necessary to ensure that the excess (if any) of (i) the aggregate fair market value of the LSEG Shares underlying such Replacement Option immediately following the exchange over (ii) the aggregate exercise price of such Replacement Option otherwise determined does not exceed the excess (if any) of (iii) the aggregate fair market value of the TMX Group Shares underlying the corresponding TMX Group Option immediately before the exchange over (iv) the aggregate exercise price of such TMX Group Option, where all such amounts are computed in Canadian dollars.

2.3 Allocation of Exchangeable Shares

Notwithstanding Sections 2.2(a) and 2.2(b), where any particular beneficial owner of TMX Group Shares receives both LSEG Shares under Section 2.2(a) and Exchangeable Shares and certain ancillary rights under Section 2.2(b), then notwithstanding Section 2.2, a *pro rata* portion of the total number of LSEG Shares, Exchangeable Shares and ancillary rights received under Section 2.2 by such Person will be allocated to each TMX Group Share beneficially owned by that Person at the Effective Time, so that such Person will receive for each TMX Group Share held by that Person at the Effective Time the same indivisible combination of LSEG Shares, Exchangeable Shares and ancillary rights as is received for every other TMX Group Share beneficially owned by that Person at the Effective Time. For greater certainty, this Section 2.3 shall not affect the aggregate consideration that any beneficial owner of TMX Group Shares is entitled to receive under the Arrangement for such TMX Group Shares, but rather merely the allocation of such aggregate consideration amongst such beneficial owner's TMX Group Shares.

2.4 Manner of Making Elections

- (a) Subject to the deemed election in Section 2.6, each holder shall have the opportunity to elect for:
 - (i) the Exchangeable Share Alternative;
 - (ii) the LSEG Share Alternative; or
 - (iii) a combination of the Exchangeable Share Alternative and the LSEG Share Alternative,

by depositing, or by causing its agent or other representative to deposit, with the Depositary prior to the Election Deadline, a duly completed Letter of Transmittal and Election Form indicating such holder's election together with the certificates representing such holder's TMX Group Shares, provided that notwithstanding the foregoing, only a TMX Group Shareholder who is at the Effective Time either (i) a Canadian Resident holding such TMX Group Shares on its own behalf, or (ii) holding such TMX Group Shares on behalf of a beneficial owner thereof who is a Canadian Resident, shall be entitled to elect the Exchangeable Share Alternative in respect of such TMX Group Shares on the basis set forth herein and in the Letter of Transmittal and Election Form, and any elections to receive Exchangeable Shares made by any other holders shall be invalid, and the TMX Group Shares held by any such invalidly electing holders shall be deemed to have been Non-Rollover Shares to be transferred in accordance with Section 2.2(a).

- (b) Any holder who, in respect of TMX Group Shares held by such holder, (i) does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline or (ii) otherwise fails to comply fully with the requirements of Section 2.4(a) hereof and the Letter of Transmittal and Election Form in respect of such holder's election of the Exchangeable Share Alternative or LSEG Share Alternative, shall be deemed to have elected the LSEG Share Alternative in respect of all of the TMX Group Shares held by such holder.

- (c) Any deposit of a Letter of Transmittal and Election Form and accompanying certificates may be made at any of the offices of the Depositary specified in the Letter of Transmittal and Election Form.

2.5 Tax Elections

Each beneficial owner of TMX Group Shares who is a Canadian Resident, and who has validly elected (or for whom the holder has validly elected on such beneficial owner's behalf) to receive Exchangeable Shares shall be entitled to make an income tax election pursuant to subsection 85(1) of the Tax Act, or subsection 85(2) of the Tax Act if such beneficial owner is a partnership, (and in each case, where applicable, the analogous provisions of provincial income tax law) with respect to the transfer of its TMX Group Shares to Exchangeco and receipt of the Exchangeable Share Consideration by providing two signed copies of the necessary prescribed election form(s) to Exchangeco within 90 days following the Effective Date, duly completed with the details of the number of TMX Group Shares transferred and the applicable agreed amounts for the purposes of such elections. Thereafter, subject to the election forms being correct and complete and complying with the provisions of the Tax Act (and applicable provincial income tax law), the forms will be signed by Exchangeco and returned to such former beneficial owner of TMX Group Shares within 90 days after the receipt thereof by Exchangeco for filing with the Canada Revenue Agency (or the applicable provincial taxing authority) by such former beneficial owner. Exchangeco will not be responsible for the proper completion of any election form and, except for Exchangeco's obligation to return (within 90 days after the receipt thereof by Exchangeco) duly completed election forms which are received by Exchangeco within 90 days of the Effective Date, Exchangeco will not be responsible for any taxes, interest or penalties resulting from the failure by a former beneficial owner of TMX Group Shares to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, Exchangeco may choose to sign and return an election form received by Exchangeco more than 90 days following the Effective Date, but Exchangeco will have no obligation to do so.

2.6 Limitation on Exchangeable Shares

Notwithstanding any other provision hereunder, if the Elected Exchangeable Share Amount exceeds the Available Exchangeable Share Amount, then notwithstanding the election (or deemed election under Section 2.4) by a holder in respect of any particular TMX Group Share:

- (a) the number of TMX Group Shares of any holder that are Exchangeable Elected Shares shall be deemed to be the result determined by multiplying (1) the total number of Exchangeable Elected Shares of such holder prior to the application of this Section 2.6, by (2) the fraction obtained by dividing the Available Exchangeable Share Amount by the Elected Exchangeable Share Amount, and rounding down such resulting number of TMX Group Shares to the nearest whole number; and
- (b) the balance of the holder's TMX Group Shares will be deemed to be Non-Rollover Shares.

2.7 Adjustments to Exchange Ratio

The Exchange Ratio shall be adjusted to reflect fully the effect of any stock or share split, reverse split, stock or share dividend (including any return of capital, dividend, or distribution

of securities convertible into LSEG Shares or TMX Group Shares, other than stock or share dividends paid in lieu of ordinary course dividends), consolidation, reorganization, recapitalization or other like change with respect to LSEG Shares or TMX Group Shares occurring after the date of the Merger Agreement and prior to the Effective Time.

ARTICLE 3 RIGHTS OF DISSENT

3.1 Rights of Dissent

Holders of TMX Group Shares may exercise rights of dissent with respect to such shares pursuant to and in the manner set forth in Section 185 of the OBCA and this Section 3.1 (the “**Dissent Rights**”) in connection with the Arrangement; provided that, notwithstanding subsection 185(6) of the OBCA, the written objection to the Arrangement Resolution referred to in subsection 185(6) of the OBCA must be received by Exchangeco not later than 5:00 p.m. (Toronto time) on the second Business Day preceding the TMX Group Meeting. Holders of TMX Group Shares who duly exercise such rights of dissent and who:

- (a) are ultimately determined to be entitled to be paid fair value for their TMX Group Shares, shall be deemed to have transferred such TMX Group Shares immediately prior to the Effective Time to Exchangeco, to the extent the fair value therefor is paid by Exchangeco, without any further act or formality, and free and clear of all liens, claims and encumbrances and Exchangeco shall be recorded as the registered holder of such TMX Group Shares and shall be deemed to be the legal and beneficial owner thereof; or
- (b) are ultimately determined not to be entitled, for any reason, to be paid fair value for their TMX Group Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of TMX Group Shares who did not make a valid election to receive the Exchangeable Share Consideration, and shall receive the LSEG Share Consideration in exchange for their TMX Group Shares on the basis determined in accordance with Section 2.2(a) above,

but in no case shall LSEG, Callco, Exchangeco, the Depositary or any other Person be required to recognize such Dissenting Shareholders as holders of TMX Group Shares after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the registers of holders of TMX Group Shares at the Effective Time. No TMX Group Shareholder shall be permitted to withdraw such holder’s dissent without the prior written consent of LSEG.

ARTICLE 4 CERTIFICATES AND FRACTIONAL SHARES

4.1 Issuance of Certificates Representing Exchangeable Shares

At or promptly after the Effective Time, Exchangeco shall deposit with the Depositary, for the benefit of the holders of TMX Group Shares who will receive the Exchangeable Share Consideration in connection with the Arrangement, the certificates representing that number of whole Exchangeable Shares to be delivered pursuant to Section 2.2(b). Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented TMX Group Shares which were exchanged for the Exchangeable Share Consideration under the Arrangement, together with such other documents and instruments as

would have been required to effect the transfer of the TMX Group Shares under the OBCA and the bylaws of TMX Group, as applicable, together with such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder (in each case less any amounts withheld pursuant to Section 4.7), (i) a certificate representing that number (rounded down to the nearest whole number) of Exchangeable Shares which such holder has the right to receive (together with any dividends or distributions with respect thereto pursuant to Section 4.3), and (ii) a cheque for any cash in lieu of fractional Exchangeable Shares pursuant to Section 4.4, and the certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of TMX Group Shares which was not registered in the transfer records of TMX Group, a certificate representing the proper number of Exchangeable Shares may, subject to Section 2.2, be issued to the transferee if the certificate, which immediately prior to the Effective Time represented TMX Group Shares that were exchanged for the Exchangeable Share Consideration under the Arrangement, is presented to the Depositary, accompanied by all documents required to evidence and effect such transfer. Until surrendered as contemplated by this Section 4.1, each certificate which immediately prior to the Effective Time represented one or more outstanding TMX Group Shares that were exchanged for the Exchangeable Share Consideration under the Arrangement, shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender (in each case, less any amounts withheld pursuant to Section 4.7), (i) the certificate representing Exchangeable Shares as contemplated by this Section 4.1, and (ii) cheques for the cash payment in lieu of any fractional Exchangeable Shares as contemplated by Section 4.4 and (iii) on the appropriate payment date, any dividends or distributions with a record date after the Effective Time theretofore paid or payable with respect to Exchangeable Shares as contemplated by Section 4.3.

4.2 Exchange of Certificates for LSEG Shares

At or promptly after the Effective Time, Exchangeco shall deliver or cause to be delivered, for the accounts of the holders of TMX Group Shares who will receive the LSEG Share Consideration on the Arrangement, the certificates representing that number of whole LSEG Shares to be delivered pursuant to Section 2.2(a) or, in the case of any holders who elect in accordance with the Letter of Transmittal and Election Form to receive their LSEG Shares through CREST, the relevant number of LSEG Shares to a CREST account nominated by such holder in the Letter of Transmittal and Election Form. Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more TMX Group Shares that were exchanged for the LSEG Share Consideration under the Arrangement, together with such other documents and instruments as would have been required to effect the transfer of the TMX Group Shares under the OBCA and the bylaws of TMX Group, as applicable, together with such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and Exchangeco shall deliver or cause to be delivered to such holder (in each case without interest and less any amounts withheld pursuant to Section 4.7), (i), a certificate (or cause the necessary CREST or other electronic transfer to take place) in respect of that number (rounded down to the nearest whole number) of LSEG Shares which such holder has the right to receive (together with any dividends or distributions with respect thereto pursuant to Section 4.3 on the appropriate payment date), and (ii) a cheque for any cash in lieu of fractional LSEG Shares pursuant to Section 4.4, and the certificate so surrendered

shall forthwith be cancelled. In the event of a transfer of ownership of TMX Group Shares which was not registered in the transfer records of TMX Group, a certificate representing the proper number of LSEG Shares may, subject to Section 2.2, be issued to the transferee if the certificate, which immediately prior to the Effective Time represented TMX Group Shares that were exchanged for the LSEG Share Consideration under the Arrangement, is presented to the Depositary, accompanied by all documents reasonably required to evidence and effect such transfer. Until surrendered as contemplated by this Section 4.2, each certificate which immediately prior to the Effective Time represented one or more outstanding TMX Group Shares that were exchanged for the LSEG Share Consideration under the Arrangement, shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender (in each case, less any amounts withheld pursuant to Section 4.7), (i) a certificate (or CREST or other electronic transfer) representing the LSEG Shares as contemplated by this Section 4.2, (ii) cheques for the cash payment in lieu of fractional LSEG Shares as contemplated by Section 4.4 and (iii) on the appropriate payment date, any dividends or distributions with a record date after the Effective Time theretofore paid or payable with respect to LSEG Shares as contemplated by Section 4.3, in each case, less any amounts withheld pursuant to Section 4.7.

4.3 Payments with Respect to Unsurrendered Certificates

No dividends or other distributions declared or made after the Effective Time with respect to Exchangeable Shares or LSEG Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered certificate which immediately prior to the Effective Time represented outstanding TMX Group Shares that were exchanged pursuant to Section 2.2, and no cash payment in lieu of fractional shares shall be paid to any such holder pursuant to Section 4.4, unless and until the holder of such certificate shall surrender such certificate in accordance with Section 4.1 or 4.2, as the case may be. Subject to applicable law, at the time of such surrender of any such certificate (or, in the case of clause (iii) below, at the appropriate payment date), there shall be paid to the holder of the certificates representing TMX Group Shares without interest (in each case, less any amounts withheld pursuant to Section 4.7), (i) the amount of any cash to which such holder is entitled in lieu of a fractional share pursuant to Section 4.4, (ii) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the Exchangeable Shares or LSEG Shares, as the case may be, to which such holder is entitled pursuant hereto and (iii) to the extent not paid under clause (ii), on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and with the payment date subsequent to surrender payable with respect to such Exchangeable Shares or LSEG Shares.

4.4 No Fractional Shares

No certificates representing fractional Exchangeable Shares or fractional LSEG Shares shall be issued (or CREST or other electronic transfer effected in respect of any fractional share) upon the surrender for exchange of certificates pursuant to Sections 4.1 or 4.2 and no dividend, stock or share split or other change in the capital structure of Exchangeco or LSEG shall relate to any such fractional security and such fractional interests shall not entitle the owner thereof to exercise any rights as a security holder of Exchangeco or LSEG. A fractional interest in an Exchangeable Share or LSEG Share shall be satisfied by a cash payment (without interest) determined by multiplying such fraction by an amount equal to (i) the average of the daily high and low sales prices per share of TMX Group Shares on TSX on the last trading day immediately prior to the Effective Date divided by (ii) the Exchange Ratio.

A holder of an Exchangeable Share shall not be entitled to any fraction of an LSEG Share upon the exercise by Callco of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right and no certificates representing any such fractional interest shall be issued and such holder otherwise entitled to a fractional interest will receive for such fractional interest from Callco on the designated payment date a cash payment equal to such fractional interest multiplied by the Current Market Price.

4.5 Lost Certificates

In the event any certificate, which immediately prior to the Effective Time represented one or more outstanding TMX Group Shares that were exchanged pursuant to Section 2.2, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, certificates representing Exchangeable Shares or LSEG Shares (or effect the necessary CREST or other electronic transfers in respect of such shares), as applicable, (and a cheque for any dividends or distributions with respect thereto and any cash pursuant to Section 4.4) deliverable in accordance with Section 2.2 and such holder's Letter of Transmittal and Election Form. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom cash and/or certificates representing Exchangeable Shares or LSEG Shares are to be issued (or the necessary CREST or other electronic transfers effected in respect of such shares) shall, as a condition precedent to the issuance thereof, give a bond satisfactory to the Depositary, TMX Group, Exchangeco, LSEG and their respective transfer agents in such sum as the Depositary, TMX Group, Exchangeco or LSEG may direct or otherwise indemnify the Depositary, TMX Group, Exchangeco and LSEG in a manner satisfactory to the Depositary, TMX Group, Exchangeco and LSEG against any claim that may be made against the Depositary, TMX Group, Exchangeco or LSEG with respect to the certificate alleged to have been lost, stolen or destroyed.

4.6 Extinction of Rights

Any certificate which immediately prior to the Effective Time represented outstanding TMX Group Shares that were exchanged pursuant to Sections 2.2(a) or 2.2(b), as the case may be, that is not deposited with all other instruments required by Sections 4.1 or 4.2, as the case may be, on or prior to the third anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature as a shareholder of TMX Group, Exchangeco or LSEG. On such date, the Exchangeable Shares or LSEG Shares (or cash in lieu of fractional interests therein, as provided in Section 4.4 and payments described in Section 4.3) to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to LSEG. None of LSEG, TMX Group, Exchangeco or the Depositary shall be liable to any Person in respect of any cash, Exchangeable Shares or LSEG Shares (or dividends, distributions and interest in respect thereof) delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

4.7 Withholding Rights

TMX Group, Exchangeco, Callco, LSEG and the Depositary shall be entitled to deduct and withhold from any dividend, distribution or other consideration otherwise payable to any holder of TMX Group Shares, LSEG Shares, Exchangeable Shares, TMX Group Options or Replacement Options such amounts as TMX Group, Exchangeco, Callco, LSEG or the

Depository is required to deduct and withhold with respect to such payment under the Tax Act, the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any comparable statute of the United Kingdom or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded, or entitled to withhold under Section 116 of the Tax Act or any corresponding provisions of foreign or provincial law (including, but not limited to, Chapter 3, Chapter 4 and the backup withholding tax provisions of the Code). To the extent that amounts are so deducted and withheld, such amounts shall be treated for all purposes as having been paid to the holder of the shares or options in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Entity. To the extent that the amount so required or entitled to be deducted or withheld from any payment to a holder exceeds the cash portion of the dividend or distribution or other consideration otherwise payable to the holder, TMX Group, Exchangeco, Callco, LSEG and the Depository are hereby authorized to sell or otherwise dispose of such portion of the dividend, distribution or other consideration as is necessary to provide sufficient funds to TMX Group, Exchangeco, Callco, LSEG or the Depository, as the case may be, to enable it to comply with such deduction or withholding requirement or entitlement and TMX Group, Exchangeco, Callco, LSEG or the Depository shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale.

4.8 Stamp Tax

- (a) Notwithstanding any other provision herein but subject to Section 4.8(b) below, holders of Exchangeable Shares or Persons to whom Exchangeable Shares are issued or transferred (in each case other than LSEG, its affiliates, the Depository and the Transfer Agent) shall be responsible for any and all Stamp Taxes payable in connection with the transfer or issuance of such shares or their exchange for LSEG Shares and, subject to Section 4.8(b) below, transferees of LSEG Shares or Persons to whom LSEG Shares are delivered (in each case other than LSEG, its affiliates, the Depository and the Transfer Agent) shall be responsible for any and all Stamp Taxes payable in connection with the transfer or delivery of such shares. In no event, subject to Section 4.8(b) below, will LSEG, Callco, Exchangeco or any of their respective affiliates, the Depository or the Transfer Agent be responsible for any such Stamp Taxes and LSEG, Callco, Exchangeco or any of their respective affiliates, the Depository and/or the Transfer Agent shall make such regulations and arrangements as are necessary to ensure that such holders, such transferees and such Persons pay all such applicable Stamp Taxes.
- (b) LSEG shall be responsible for any United Kingdom stamp duty reserve tax payable under Sections 93 or 96 of the Finance Act 1986 on the delivery or issue of LSEG Shares into CDS for the purpose of trading those LSEG Shares on TSX (i) in accordance with Section 2.2(a) or (ii) on an exchange of Exchangeable Shares in accordance with the Exchangeable Share Provisions. Callco and Exchangeco shall be responsible for any United Kingdom stamp duty reserve tax payable under Section 87 of the Finance Act 1986 in respect of a transfer of LSEG Shares on an exchange of Exchangeable Shares in accordance with the Exchangeable Share Provisions.

ARTICLE 5
CERTAIN RIGHTS OF CALLCO TO ACQUIRE EXCHANGEABLE SHARES

5.1 Callco Liquidation Call Right

In addition to Callco's rights contained in the Exchangeable Share Provisions, including, without limitation, the Retraction Call Right, Callco shall have the following rights in respect of the Exchangeable Shares:

- (1) Callco shall have the right (the "**Liquidation Call Right**"), in the event of and notwithstanding the proposed liquidation, dissolution or winding-up of Exchangeco pursuant to Article 5 of the Exchangeable Share Provisions, and subject to the sale and purchase contemplated by the Automatic Exchange Right, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is LSEG or an affiliate of LSEG) on the Liquidation Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Callco to each such holder of an amount per Exchangeable Share (the "**Liquidation Call Purchase Price**") equal to the sum of (i) the Current Market Price of a LSEG Share on the last Business Day prior to the Liquidation Date, which shall be satisfied in full by Callco delivering or causing to be delivered to such holder one LSEG Share, plus (ii) any Dividend Amount. In the event of the exercise of the Liquidation Call Right by Callco, each holder (other than LSEG and its affiliates) shall be obligated to sell all the Exchangeable Shares held by the holder to Callco on the Liquidation Date on payment by Callco to the holder of the Liquidation Call Purchase Price for each such share, and Exchangeco shall have no obligation to pay any Liquidation Amount to the holders of such shares so purchased by Callco. Notwithstanding the foregoing, Callco may elect that instead of delivering or causing to be delivered LSEG Shares to a U.S. Holder of Exchangeable Shares, it shall instead deliver or cause to be delivered to such U.S. Holder the net cash proceeds (less any amounts withheld pursuant to Section 4.7) derived from the sale of the appropriate number of LSEG Shares outside the United States, unless Callco has determined in its sole judgment that the offer and sale of LSEG Shares in exchange for the Exchangeable Shares held by U.S. Holders is exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable state "blue sky" securities laws.
- (2) To exercise the Liquidation Call Right, Callco must notify Exchangeco's transfer agent (the "**Transfer Agent**"), as agent for the holders of Exchangeable Shares, and Exchangeco of Callco's intention to exercise such right at least 30 days before the Liquidation Date in the case of a voluntary liquidation, dissolution or winding-up of Exchangeco and at least five Business Days before the Liquidation Date in the case of an involuntary liquidation, dissolution or winding-up of Exchangeco. The Transfer Agent will notify the holders of Exchangeable Shares as to whether or not Callco has exercised the Liquidation Call Right forthwith after the expiry of the period during which the same may be exercised by Callco. If Callco exercises the Liquidation Call Right, then on the Liquidation Date, Callco will purchase and the holders (other than LSEG and its affiliates) will sell all of the Exchangeable Shares then outstanding for a price per Exchangeable Share equal to the Liquidation Call Purchase Price.
- (3) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Liquidation Call Right, Callco shall deliver or cause to be delivered to the Transfer Agent,

on or promptly after the Liquidation Date, certificates representing the aggregate number of LSEG Shares deliverable by Callco (or effect the necessary CREST or other electronic transfers in respect of such number of LSEG Shares) and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the aggregate Dividend Amount, if any, in payment of the total Liquidation Call Purchase Price for all holders of Exchangeable Shares (other than LSEG and its affiliates), less any amounts withheld pursuant to Section 4.7. Provided that Callco has complied with the immediately preceding sentence, on and after the Liquidation Date, each holder of Exchangeable Shares (other than LSEG and its affiliates) shall cease to be a holder of Exchangeable Shares and shall not be entitled to exercise any of the rights of a holder of Exchangeable Shares (including, without limitation, any rights under the Voting and Exchange Trust Agreement), other than the right to receive, without interest, its proportionate part of the total Liquidation Call Purchase Price payable by Callco upon presentation and surrender by such holder of certificates representing the Exchangeable Shares held by such holder and the holder shall on and after the Liquidation Date be considered and deemed for all purposes to be the holder of the LSEG Shares to which it is entitled. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the by-laws of Exchangeco, as applicable, together with such additional documents, instruments and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Callco shall deliver to such holder, certificates representing any LSEG Shares to which the holder is entitled (or effect the necessary CREST or other electronic transfers in respect of such number of LSEG Shares) and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco in payment of the remaining portion, if any, of the total Liquidation Call Purchase Price, less any amounts withheld pursuant to Section 4.7. If Callco does not exercise the Liquidation Call Right in the manner described above, on the Liquidation Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the Liquidation Amount otherwise payable by Exchangeco in connection with the liquidation, dissolution or winding-up of Exchangeco pursuant to Article 5 of the Exchangeable Share Provisions.

5.2 Callco Redemption Call Right

In addition to Callco's rights contained in the Exchangeable Share Provisions, including, without limitation, the Retraction Call Right, Callco shall have the following rights in respect of the Exchangeable Shares:

- (1) Callco shall have the overriding right (the "**Redemption Call Right**"), notwithstanding the proposed redemption of the Exchangeable Shares by Exchangeco pursuant to Article 7 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is LSEG or an affiliate of LSEG) on the Redemption Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Callco to each holder of an amount per Exchangeable Share (the "**Redemption Call Purchase Price**") equal to the sum of (i) the Current Market Price of a LSEG Share on the last Business Day prior to the Redemption Date, which shall be satisfied in full by Callco delivering or causing to be

delivered to such holder one LSEG Share, plus (ii) any Dividend Amount. In the event of the exercise of the Redemption Call Right by Callco, each holder (other than LSEG and its affiliates) shall be obligated to sell all the Exchangeable Shares held by the holder to Callco on the Redemption Date on payment by Callco to the holder of the Redemption Call Purchase Price for each such share, and Exchangeco shall have no obligation to redeem, or to pay any Redemption Price or unpaid dividends in respect of, such shares so purchased by Callco. Notwithstanding the foregoing, Callco may elect that instead of delivering or causing to be delivered LSEG Shares to a U.S. Holder of Exchangeable Shares, it shall instead deliver or cause to be delivered to such U.S. Holder the net cash proceeds (less any amounts withheld pursuant to Section 4.7) derived from the sale of the appropriate number of LSEG Shares outside the United States, unless Callco has determined in its sole judgment that the offer and sale of LSEG Shares in exchange for the Exchangeable Shares held by U.S. Holders is exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable state "blue sky" securities laws.

- (2) To exercise the Redemption Call Right, Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and Exchangeco of Callco's intention to exercise such right at least 30 days before the Redemption Date, except in the case of a redemption occurring as a result of a LSEG Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, in which case Callco shall so notify the Transfer Agent and Exchangeco on or before the Redemption Date. The Transfer Agent will notify the holders of the Exchangeable Shares as to whether or not Callco has exercised the Redemption Call Right forthwith after the expiry of the period during which the same may be exercised by Callco. If Callco exercises the Redemption Call Right, on the Redemption Date, Callco will purchase and the holders of Exchangeable Shares (other than LSEG and its affiliates) will sell all of the Exchangeable Shares then outstanding for a price per Exchangeable Share equal to the Redemption Call Purchase Price.
- (3) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Redemption Call Right, Callco shall deliver or cause to be delivered to the Transfer Agent, on or promptly after the Redemption Date, certificates representing the aggregate number of LSEG Shares deliverable by Callco (or effect the necessary CREST or other electronic transfers in respect of such number of LSEG Shares) and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the aggregate Dividend Amount, if any, in payment of the total Redemption Call Purchase Price for all holders of Exchangeable Shares (other than LSEG and its affiliates), less any amounts withheld pursuant to Section 4.7. Provided that Callco has complied with the immediately preceding sentence, on and after the Redemption Date each holder of Exchangeable Shares (other than LSEG and its affiliates) shall cease to be a holder of the Exchangeable Shares and shall not be entitled to exercise any of the rights of holders of Exchangeable Shares (including, without limitation, any rights under the Voting and Exchange Trust Agreement), other than the right to receive, without interest, its proportionate part of the total Redemption Call Purchase Price payable by Callco upon presentation and surrender by such holder of certificates representing the Exchangeable Shares held by such holder and the holder shall on and after the Redemption Date be considered and deemed for all purposes to be the holder of the LSEG Shares to which it is entitled. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares,

together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the by-laws of Exchangeco, as applicable, together with such additional documents, instruments and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Callco shall deliver to such holder, certificates representing any LSEG Shares to which the holder is entitled (or effect the necessary CREST or other electronic transfers in respect of such number of LSEG Shares) and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco in payment of the remaining portion, if any, of the total Redemption Call Purchase Price, less any amounts withheld pursuant to Section 4.7. If Callco does not exercise the Redemption Call Right in the manner described above, on the Redemption Date the holders of the Exchangeable Shares will be entitled to receive the Redemption Price otherwise payable by Exchangeco in connection with the redemption of the Exchangeable Shares pursuant to Article 7 of the Exchangeable Share Provisions, together with declared and unpaid dividends on such Exchangeable Shares held by the holder on any dividend record date prior to the Redemption Date.

ARTICLE 6 AMENDMENTS

6.1 Amendments to Plan of Arrangement

- (1) TMX Group reserves the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) approved by LSEG, (iii) filed with the Court and, if made following the TMX Group Meeting, approved by the Court, and (iv) communicated to holders of TMX Group Shares if and as required by the Court.
- (2) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by TMX Group at any time prior to the TMX Group Meeting (provided that LSEG shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the TMX Group Meeting (subject to the requirements of the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (3) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the TMX Group Meeting shall be effective only (i) if it is consented to by each of TMX Group and LSEG and (ii) if required by the Court, it is consented to by holders of the TMX Group Shares voting in the manner directed by the Court.
- (4) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by LSEG, provided that it concerns a matter which, in the reasonable opinion of LSEG, is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interests of any holder of Exchangeable Shares or former TMX Group Shareholder.

**ARTICLE 7
FURTHER ASSURANCES**

7.1 Further Assurances

Each of the parties to the Merger Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

**ARTICLE 8
PARAMOUNTCY**

8.1 Paramountcy

From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all TMX Group Shares and TMX Group Options issued prior to the Effective Time, (ii) the rights and obligations of the holders and beneficial owners of TMX Group Shares and TMX Group Options, and TMX Group, LSEG, Exchangeco, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted), only with respect to or in connection with this Plan of Arrangement, based on or in any way relating to any TMX Group Shares or TMX Group Options shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

**ARTICLE 9
TMX GROUP ARTICLES**

9.1 TMX Group Articles

Without prejudice to any future changes to the articles of TMX Group sanctioned by the holders of the TMX Group Shares at the relevant time, for greater certainty, the articles of incorporation of TMX Group (as amended) in effect immediately prior to the Effective Time shall continue to be in full force and effect following the Effective Time.

**EXHIBIT 1 TO THE PLAN OF ARRANGEMENT
PROVISIONS ATTACHING TO THE EXCHANGEABLE SHARES**

**EXHIBIT 1
TO THE PLAN OF ARRANGEMENT**

**PROVISIONS ATTACHING TO THE
EXCHANGEABLE SHARES OF
LSEG EXCHANGECO LIMITED**

The Exchangeable Shares shall have the following rights, privileges, restrictions and conditions:

**ARTICLE 1
INTERPRETATION**

1.1 In these share provisions, unless the context otherwise requires:

“**affiliate**” has the meaning ascribed thereto in the NI 45-106;

“**Arrangement**” means the arrangement of TMX Group under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.4 of the Merger Agreement or Section 6.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to both TMX Group and LSEG, each acting reasonably);

“**Automatic Exchange Right**” has the meaning ascribed thereto in the Voting and Exchange Trust Agreement;

“**Beneficiaries**” has the meaning ascribed thereto in the Voting and Exchange Trust Agreement;

“**Board of Directors**” means the board of directors of the Corporation;

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or London, United Kingdom;

“**Callco**” means LSEG Callco Limited, a corporation existing under the laws of the Province of Ontario, and a wholly-owned Subsidiary of LSEG;

“**Callco Call Notice**” has the meaning ascribed thereto in Section 6.3;

“**Canadian Dollar Equivalent**” means in respect of an amount expressed in a currency other than Canadian dollars (the “**Foreign Currency Amount**”) at any date, the amount obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose;

“**CDS**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Corporation**” means LSEG Exchangeco Limited, a corporation existing under the laws of the Province of Ontario;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**Current Market Price**” means, in respect of a LSEG Share on any date, the Canadian Dollar Equivalent of the average of the closing prices (if available) of LSEG Shares on the LSE during a period of 20 consecutive trading days ending on the third trading day before such date, or, if the LSEG Shares are not then listed on the LSE, the Canadian Dollar Equivalent of the average of the closing prices (if available) of LSEG Shares on the principal exchange on which the LSEG Shares are then listed; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of LSEG Shares during such period does not create a market which reflects the fair market value of a LSEG Share, then the Current Market Price of a LSEG Share shall be determined by the Board of Directors, in good faith and in its sole discretion, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding;

“**Dividend Amount**” means an amount equal to all declared and unpaid dividends on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase of such share by Callco from such holder;

“**Effective Date**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Effective Time**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Exchangeable Shares**” means the exchangeable shares in the capital of the Corporation, having the rights, privileges, restrictions and conditions set out herein;

“**Exchangeable Share Voting Event**” means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of the Corporation, other than an Exempt Exchangeable Share Voting Event, and, for greater certainty, excluding any matter in respect of which holders of Exchangeable Shares are entitled to vote (or instruct the Trustee to vote) in their capacity as Beneficiaries under the Voting and Exchange Trust Agreement;

“**Exempt Exchangeable Share Voting Event**” means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of the Corporation in order to approve or disapprove, as applicable, any change to, or in the rights of the holders of, the Exchangeable Shares, where the approval or disapproval, as applicable, of such change would be required to maintain the economic equivalence of the Exchangeable Shares and the LSEG Shares;

“**Final Order**” means the final order of the Court pursuant to Section 182(5) of the OBCA, in a form acceptable to TMX Group and LSEG, each acting reasonably, approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

“Governmental Entity” means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, ministry, bureau or agency, domestic or foreign; (b) any stock exchange, including TSX and the LSE; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“holders” means, when used with reference to the Exchangeable Shares, the holders of Exchangeable Shares shown from time to time in the register maintained by or on behalf of the Corporation in respect of the Exchangeable Shares;

“IFRS” means International Financial Reporting Standards;

“Interco” means LSEG Interco Limited, a corporation existing under the laws of England and Wales and being a wholly-owned Subsidiary of LSEG;

“Jerseyco” means LSEG Jerseyco Trust Ltd., a corporation existing under the laws of Jersey;

“Liquidation Amount” has the meaning ascribed thereto in Section 5.1;

“Liquidation Call Right” has the meaning ascribed thereto in the Plan of Arrangement;

“Liquidation Date” has the meaning ascribed thereto in Section 5.1;

“LSE” means the London Stock Exchange;

“LSEG” means London Stock Exchange Group PLC, a corporation existing under the laws of England and Wales;

“LSEG Control Transaction” shall be deemed to have occurred if:

- (a) any Person, firm or corporation acquires (including by way of scheme of arrangement) directly or indirectly any voting security of LSEG and immediately after such acquisition, the acquirer has voting securities representing more than 50 per cent. of the total voting power of all the then outstanding voting securities of LSEG on a fully-diluted basis;
- (b) the shareholders of LSEG shall approve a merger, consolidation, recapitalization or reorganization of LSEG, other than any such transaction which would result in the holders of outstanding voting securities of LSEG immediately prior to such transaction having at least 75 per cent. of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction, with the voting power of each such continuing holder relative to such other continuing holders being not altered substantially in the transaction;
- (c) the shareholders of LSEG shall approve a liquidation of LSEG; or
- (d) LSEG agrees to sell or dispose of all or a substantial portion of its assets (i.e., 66 2/3 per cent. or more in fair market value of the total assets of LSEG);

“**LSEG Dividend Declaration Date**” means the date on which dividends or distributions are declared on the LSEG Shares;

“**LSEG Shares**” means the ordinary shares of LSEG;

“**Merger Agreement**” means the merger agreement dated as of February 9, 2011 between LSEG and TMX Group, as amended, supplemented and/or restated in accordance therewith prior to the Effective Date, providing for, among other things, the Arrangement;

“**NI 45-106**” means National Instrument 45-106 — *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

“**OBCA**” means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Plan of Arrangement**” means the plan of arrangement of TMX Group, substantially in the form of Schedule A to the Merger Agreement, and any amendments or variations thereto made in accordance with Section 7.4 of the Merger Agreement and or Section 6.1 of the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of TMX Group and LSEG, each acting reasonably;

“**Purchase Price**” has the meaning ascribed thereto in Section 6.3;

“**Redemption Call Purchase Price**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Redemption Call Right**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Redemption Date**” means the date, if any, established by the Board of Directors for the redemption by the Corporation of all but not less than all of the outstanding Exchangeable Shares pursuant to Article 7, which date shall be no earlier than the seventh anniversary of the Effective Date, unless:

- (a) the number of Exchangeable Shares outstanding (other than those held by LSEG and its affiliates) is fewer than 7,500,000 (as such number of shares may be adjusted as deemed appropriate by the Board of Directors to give effect to any subdivision or consolidation of or stock dividend on the Exchangeable Shares, any issue or distribution of rights to acquire Exchangeable Shares or securities exchangeable for or convertible into Exchangeable Shares, any issue or distribution of other securities or rights or evidences of indebtedness or assets, or any other capital reorganization or other transaction affecting the Exchangeable Shares) in which case the Board of Directors may accelerate such redemption date to such date prior to the seventh anniversary of the Effective Date as it may determine, upon at least 60 days' prior written notice to the holders of the Exchangeable Shares and the Trustee;

- (b) an Exchangeable Share Voting Event is proposed and (i) the Board of Directors has determined, in good faith and in its sole discretion, that it is not reasonably practicable to accomplish the business purpose intended by the Exchangeable Share Voting Event, which business purpose must be bona fide and not for the primary purpose of causing the occurrence of a Redemption Date, in any other commercially reasonable manner that does not result in an Exchangeable Share Voting Event, and (ii) the holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exchangeable Share Voting Event, in which case the redemption date shall be the Business Day following the day on which the holders of the Exchangeable Shares failed to take such action;
- (c) an Exempt Exchangeable Share Voting Event is proposed and the holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event, in which case the redemption date shall be the Business Day following the day on which the holders of the Exchangeable Shares failed to take such action; or
- (d) a LSEG Control Transaction occurs, in which case, provided that the Board of Directors determines, in good faith and in its sole discretion, that it is not practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with such LSEG Control Transaction or that the redemption of all but not less than all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by LSEG and its affiliates) is necessary to enable the completion of such LSEG Control Transaction in accordance with its terms, the Board of Directors may accelerate such redemption date to such date as it may determine, upon such number of days' prior written notice to the holders of the Exchangeable Shares and the Trustee as the Board of Directors may determine to be reasonably practicable in such circumstances;

provided, however, that the accidental failure or omission to give any notice of redemption under clauses (a), (b), (c) or (d) above to any of the holders of Exchangeable Shares shall not affect the validity of any such redemption;

“**Redemption Price**” has the meaning ascribed thereto in Section 7.1;

“**Retracted Shares**” has the meaning ascribed thereto in Section 6.1(a);

“**Retraction Call Right**” has the meaning ascribed thereto in Section 6.1(c);

“**Retraction Date**” has the meaning ascribed thereto in Section 6.1(b);

“**Retraction Price**” has the meaning ascribed thereto in Section 6.1;

“**Retraction Request**” has the meaning ascribed thereto in Section 6.1;

“**Securities Act**” means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Stamp Taxes**” means all stamp, registration and transfer taxes and duties or their equivalents plus interest and penalties in respect thereof in all jurisdictions where such taxes and duties are payable as a result of any of the transactions contemplated by these share provisions including, without limitation, United Kingdom stamp duty and stamp duty reserve tax;

“**Subsidiary**” has the meaning ascribed thereto in the NI 45-106;

“**Support Agreement**” means an agreement to be made between LSEG, the Corporation and Callco substantially in the form and content of Schedule F to the Merger Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**TMX Group**” means TMX Group Inc., a corporation existing under the laws of the Province of Ontario;

“**Transfer Agent**” means ● or such other Person as may from time to time be appointed by the Corporation as the registrar and transfer agent for the Exchangeable Shares;

“**Trustee**” means the trustee to be chosen by LSEG and TMX Group, acting reasonably, to act as trustee under the Voting and Exchange Trust Agreement, being a corporation organized and existing under the laws of Canada and authorized to carry on the business of a trust company in all the provinces of Canada, and any successor trustee appointed under the Voting and Exchange Trust Agreement;

“**TSX**” means Toronto Stock Exchange;

“**UK Listing Authority**” means the United Kingdom Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the United Kingdom Financial Services and Markets Act 2000;

“**U.S. Holder**” means a holder of securities who is in the United States of America, its territories or possessions, any State of the United States or the District of Columbia, but does not include any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated or (if an individual) resident in the United States;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended; and

“**Voting and Exchange Trust Agreement**” means an agreement to be made between LSEG, the Corporation, Interco, Jerseyco and the Trustee substantially in the form and content of Schedule E to the Merger Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

1.2 The division of these share provisions into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of these share provisions. Unless the contrary intention appears, references in these share provisions to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section,

subsection, paragraph or Schedule, respectively, bearing that designation in these share provisions.

- 1.3 In these share provisions, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.
- 1.4 If the date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.
- 1.5 Unless otherwise stated, all accounting terms used in these share provisions shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in accordance with IFRS consistently applied.

ARTICLE 2 RANKING OF EXCHANGEABLE SHARES

- 2.1 The Exchangeable Shares shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Exchangeable Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation, among its shareholders for the purpose of winding up its affairs.

ARTICLE 3 DIVIDENDS

- 3.1 A holder of an Exchangeable Share shall be entitled to receive and the Board of Directors shall, subject to applicable law, on each LSEG Dividend Declaration Date, declare a dividend or other distribution on each Exchangeable Share:
 - (a) in the case of a cash dividend or distribution declared on the LSEG Shares, in an amount in cash for each Exchangeable Share equal to, and in the currency of, or the Canadian Dollar Equivalent (calculated on the declaration date for such cash dividend or distribution declared on the LSEG Shares) of, the cash dividend or distribution declared on each LSEG Share on the LSEG Dividend Declaration Date;
 - (b) in the case of a stock or share dividend or other distribution declared on the LSEG Shares to be paid in LSEG Shares, by the issue by the Corporation of such number of Exchangeable Shares (with nominal paid-up capital for the purposes of the *Income Tax Act* (Canada)) for each Exchangeable Share as is equal to the number of LSEG Shares to be paid on each LSEG Share unless in lieu of such stock dividend or other distribution the Corporation elects to effect a corresponding and contemporaneous and economically equivalent (as determined by the Board of Directors in accordance with Section 3.5 hereof) subdivision of the outstanding Exchangeable Shares; or
 - (c) in the case of a dividend or other distribution declared on the LSEG Shares in property other than cash or LSEG Shares, in such type and amount of property for each Exchangeable Share as is the same as or economically equivalent to (to be

determined by the Board of Directors as contemplated by Section 3.5 hereof) the type and amount of property declared as a dividend or other distribution on each LSEG Share.

Such dividends or other distributions shall be paid out of money, assets or property of the Corporation properly applicable to the payment of dividends or other distributions, out of authorized but unissued shares of the Corporation or through the subdivision of outstanding Exchangeable Shares, as applicable. The holders of Exchangeable Shares shall not be entitled to any dividends or other distributions other than or in excess of the dividends or other distributions referred to in this Section 3.1.

- 3.2 Cheques of the Corporation payable at par at any branch of the bankers of the Corporation shall be issued in respect of any cash dividends or other distributions contemplated by Section 3.1(a), and the sending of such a cheque to each holder of an Exchangeable Share shall satisfy the cash dividend or other distribution represented thereby unless the cheque is not paid on presentation. Certificates registered in the name of the holder shall be issued in respect of any stock or share dividends or other distributions contemplated by Section 3.1(b) and the sending of such a certificate to each holder of an Exchangeable Share shall satisfy the stock or share dividend or other distribution represented thereby. Such other type and amount of property in respect of any dividends or other distributions contemplated by Section 3.1(c) shall be issued, distributed or transferred by the Corporation in such manner as it shall determine, and the issuance, distribution or transfer thereof by the Corporation to each holder of an Exchangeable Share shall satisfy the dividend or other distribution represented thereby. No holder of an Exchangeable Share shall be entitled to recover by action or other legal process against the Corporation any dividend or other distribution that is represented by a cheque that has not been duly presented to the Corporation's bankers for payment or that otherwise remains unclaimed for a period of six years from the date on which such dividend or other distribution was payable.
- 3.3 The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend or other distribution declared on the Exchangeable Shares under Section 3.1 shall be the same dates as the record date and payment date, respectively, for the corresponding dividend or other distribution declared on the LSEG Shares.
- 3.4 If on any payment date for any dividends or other distributions declared on the Exchangeable Shares under Section 3.1, the dividends or other distributions are not paid in full on all of the Exchangeable Shares then outstanding, any such dividends or other distributions that remain unpaid shall be paid on a subsequent date or dates determined by the Board of Directors on which the Corporation shall have sufficient moneys, assets or property properly applicable to the payment of such dividends or other distributions.
- 3.5 The Board of Directors shall determine, in good faith and in its sole discretion, economic equivalence for the purposes of Sections 3.1(b) and (c), and each such determination shall be conclusive and binding on the Corporation and its shareholders. In making each such determination, the following factors shall, without excluding other factors determined by the Board of Directors to be relevant, be considered by the Board of Directors:

- (a) in the case of any stock or share dividend or other distribution payable in LSEG Shares, the number of LSEG Shares issued as a result of such stock or share dividend or other distribution in proportion to the number of LSEG Shares previously outstanding;
- (b) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares), the relationship between the exercise price of each such right, option or warrant, the number of such rights, options or warrants to be issued or distributed in respect of each LSEG Share and the Current Market Price of a LSEG Share;
- (c) in the case of the issuance or distribution of any other form of property (including without limitation any shares or securities of LSEG of any class other than LSEG Shares, any rights, options or warrants other than those referred to in Section 3.5(b), any evidences of indebtedness of LSEG or any non-cash assets of LSEG), the relationship between the fair market value (as determined by the Board of Directors) of such property to be issued or distributed with respect to each outstanding LSEG Share and the Current Market Price of a LSEG Share;
- (d) in the case of any subdivision, redivision or change of the then outstanding LSEG Shares into a greater number of LSEG Shares or the reduction, combination, consolidation or change of the then outstanding LSEG Shares into a lesser number of LSEG Shares or any amalgamation, merger, reorganization or other transaction affecting LSEG Shares, the effect thereof upon the then outstanding LSEG Shares; and
- (e) in all such cases, the general taxation consequences of the relevant event to owners of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to such owners determined as if they had held LSEG Shares at the relevant time as a result of differing tax treatment under the laws of Canada and the United Kingdom (except for any differing consequences arising as a result of differing marginal taxation rates and without regard to the individual circumstances of beneficial owners of Exchangeable Shares).

ARTICLE 4
CERTAIN RESTRICTIONS

- 4.1 So long as any of the Exchangeable Shares are outstanding, the Corporation shall not at any time without, but may at any time with, the approval of the holders of the Exchangeable Shares given as specified in Section 10.2:
- (a) pay any dividends on the Common Shares or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in Common Shares or any such other shares ranking junior to the Exchangeable Shares, as the case may be;
 - (b) redeem or purchase or make any capital distribution in respect of Common Shares or any other shares ranking junior to the Exchangeable Shares;
 - (c) redeem or purchase any other shares of the Corporation ranking equally with the Exchangeable Shares with respect to the payment of dividends or the distribution of

assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs; or

- (d) issue any Exchangeable Shares or any other shares of the Corporation ranking equally with, or superior to, the Exchangeable Shares other than by way of stock dividends to the holders of such Exchangeable Shares or pursuant to a shareholders rights plan adopted by the Corporation.

The restrictions in this Section 4.1 shall not apply if all dividends on the outstanding Exchangeable Shares corresponding to dividends declared on and paid on the LSEG Shares prior to the date of any such event referred to in this Section 4.1 shall have been declared and paid on the Exchangeable Shares.

ARTICLE 5 DISTRIBUTION ON LIQUIDATION

- 5.1 In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to the exercise by Callco of the Liquidation Call Right (which shall itself be subject to the sale and purchase contemplated by the Automatic Exchange Right), a holder of Exchangeable Shares shall be entitled, subject to applicable law, to receive from the assets of the Corporation in respect of each Exchangeable Share held by such holder on the effective date (the “**Liquidation Date**”) of such liquidation, dissolution, winding-up or other distribution, before any distribution of any part of the assets of the Corporation among the holders of the Common Shares or any other shares ranking junior to the Exchangeable Shares, an amount per share (the “**Liquidation Amount**”) equal to the sum of (i) the Current Market Price of a LSEG Share on the last Business Day prior to the Liquidation Date, which shall, in the case of a holder of Exchangeable Shares other than LSEG or an affiliate of LSEG, be satisfied in full by the Corporation causing to be delivered to such holder one LSEG Share and, in any other case, by a payment in cash from the Corporation, plus (ii) an amount equal to all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the Liquidation Date.
- 5.2 On or promptly after the Liquidation Date, and provided that the sale and purchase contemplated by the Automatic Exchange Right has not occurred and that the Liquidation Call Right has not been exercised by Callco, the Corporation shall pay or cause to be paid to the holders of the Exchangeable Shares the Liquidation Amount for each such Exchangeable Share upon presentation and surrender of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the by-laws of the Corporation, as applicable, together with such additional documents, instruments and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent and the Corporation may reasonably require, at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of the Exchangeable Shares. Payment of the total Liquidation Amount for such Exchangeable Shares shall be satisfied by delivery to each holder, at the address of the holder recorded in the register of shareholders of the Corporation for the

Exchangeable Shares or by holding for pick-up by the holder at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of Exchangeable Shares, on behalf of the Corporation of (i) in the case of a holder of Exchangeable Shares other than LSEG or an affiliate of LSEG, the LSEG Shares to which such holder is entitled (which securities shall be fully paid and non-assessable and shall be free and clear of any lien, claim or encumbrance) or, in any other case, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation, and (ii) if applicable, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in respect of the remaining portion, if any, of the total Liquidation Amount (in each case less any amounts withheld under Section 13.3). On and after the Liquidation Date, the holders of the Exchangeable Shares shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including, without limitation, any rights under the Voting and Exchange Trust Agreement), other than the right to receive, without interest, their proportionate part of the total Liquidation Amount, unless payment of the total Liquidation Amount for such Exchangeable Shares shall not be made upon presentation and surrender of share certificates and other required documents and payments in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Liquidation Amount has been paid in the manner hereinbefore provided. The Corporation shall have the right at any time promptly after the Liquidation Date to deposit or cause to be deposited the total Liquidation Amount in respect of the Exchangeable Shares represented by certificates that have not at the Liquidation Date been surrendered by the holders thereof in a custodial account with any chartered bank or trust company in Canada. Upon such deposit being made, the rights of the holders of such Exchangeable Shares after such deposit shall be limited to receiving, without interest, their proportionate part of the total Liquidation Amount so deposited for such Exchangeable Shares and all dividends and other distributions with respect to the LSEG Shares to which such holders are entitled with a record date on or after the Liquidation Date and before the time at which such holders become the holders of such LSEG Shares, provided that a corresponding amount has not been received by such holders on their Exchangeable Shares (in each case less any amounts withheld under Section 13.3) against presentation and surrender of the certificates for such Exchangeable Shares held by them, respectively, in accordance with the foregoing provisions. Upon such payment or deposit of the total Liquidation Amount, the holders of the Exchangeable Shares shall thereafter be considered and deemed for all purposes to be holders of the LSEG Shares delivered to them or the custodian on their behalf.

- 5.3 After the Corporation has satisfied its obligations to pay the holders of the Exchangeable Shares the Liquidation Amount per Exchangeable Share pursuant to Section 5.1, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.
- 5.4 Notwithstanding any other provision of this Article 5, the Corporation may elect that instead of delivering or causing to be delivered LSEG Shares to a U.S. Holder of Exchangeable Shares, it shall instead deliver or cause to be delivered to such U.S. Holder the net cash proceeds (less any amounts withheld under Section 13.3) derived from the sale of the appropriate number of LSEG Shares outside the United States, unless the Corporation has determined in its sole judgment that the offer and sale of LSEG Shares in

exchange for the Exchangeable Shares held by U.S. Holders is exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable state “blue sky” securities laws.

ARTICLE 6

RETRACTION OF EXCHANGEABLE SHARES BY HOLDER

- 6.1 A holder of Exchangeable Shares other than a U.S. Holder shall be entitled at any time, subject to the exercise by Callco of the Retraction Call Right and otherwise upon compliance with the provisions of this Article 6, to require the Corporation to redeem any or all of the Exchangeable Shares registered in the name of such holder for an amount per share equal to the sum of (i) the Current Market Price of a LSEG Share on the last Business Day prior to the Retraction Date (the “**Retraction Price**”), which shall, in the case of a holder of Exchangeable Shares other than LSEG or an affiliate of LSEG, be satisfied in full by the Corporation causing to be delivered to such holder one LSEG Share for each Exchangeable Share presented and surrendered by the holder and, in any other case, by a payment in cash from the Corporation, together with, (ii) on the designated payment date therefor, the full amount of all declared and unpaid dividends on any such Exchangeable Share held by such holder on any dividend record date which occurred prior to the Retraction Date. To effect such redemption, the holder shall present and surrender at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of Exchangeable Shares the certificate or certificates representing the Exchangeable Shares which the holder desires to have the Corporation redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the by-laws of the Corporation, as applicable, together with such additional documents, instruments and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent and the Corporation may reasonably require, and together with a duly executed statement (the “**Retraction Request**”) in the form of Schedule A hereto:
- (a) specifying that the holder desires to have all or any number specified therein of the Exchangeable Shares represented by such certificate or certificates (the “**Retracted Shares**”) redeemed by the Corporation;
 - (b) stating the Business Day on which the holder desires to have the Corporation redeem the Retracted Shares (the “**Retraction Date**”), provided that (i) the Retraction Date shall be not less than 10 Business Days nor more than 15 Business Days after the date on which the Retraction Request is received by the Corporation and (ii) in the event that no such Business Day is specified by the holder in the Retraction Request, the Retraction Date shall be deemed to be the 15th Business Day after the date on which the Retraction Request is received by the Corporation; and
 - (c) acknowledging the overriding right (the “**Retraction Call Right**”) of Callco to purchase all but not less than all the Retracted Shares directly from the holder and that the Retraction Request shall be deemed to be a revocable offer by the holder to sell the Retracted Shares to Callco in accordance with the Retraction Call Right on the terms and conditions set out in Section 6.3.

6.2 Subject to the exercise by Callco of the Retraction Call Right, upon receipt by the Corporation or the Transfer Agent in the manner specified in Section 6.1 of a certificate or certificates representing the number of Retracted Shares, together with a Retraction Request, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6.7, the Corporation shall redeem the Retracted Shares effective at the close of business on the Retraction Date and shall deliver or cause to be delivered to such holder the LSEG Shares (which securities shall be fully paid and non-assessable and shall be free and clear of any lien, claim or encumbrance), in the case of a holder other than LSEG or an affiliate of LSEG, or the payment in cash, in any other case, to which such holder is entitled as a result of such Retraction Request and, on the designated payment date therefor, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in respect of any declared and unpaid dividends on the Retracted Shares for which the record date was prior to the Retraction Date and the payment date was after the Retraction Date (in each case less any amounts withheld under Section 13.3).

If only a part of the Exchangeable Shares represented by any certificate is redeemed (or purchased by Callco pursuant to the Retraction Call Right), a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of the Corporation.

6.3 Upon receipt by the Corporation of a Retraction Request, the Corporation shall immediately notify Callco thereof and shall provide to Callco a copy of the Retraction Request. In order to exercise the Retraction Call Right, Callco must notify the Corporation of its determination to do so (the “**Callco Call Notice**”) within five Business Days of notification to Callco by the Corporation of the receipt by the Corporation of the Retraction Request. If Callco does not so notify the Corporation within such five Business Day period, the Corporation will notify the holder as soon as possible thereafter that Callco will not exercise the Retraction Call Right. If Callco delivers the Callco Call Notice within such five Business Day period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6.7, the Retraction Request shall thereupon be considered only to be an offer by the holder to sell the Retracted Shares to Callco in accordance with the Retraction Call Right. In such event, the Corporation shall not redeem the Retracted Shares and on the Retraction Date Callco shall purchase from such holder and such holder shall sell to Callco the Retracted Shares for a purchase price (the “**Purchase Price**”) per share equal to the sum of (i) the Retraction Price per share, plus (ii) on the designated payment date therefor, to the extent not paid by the Corporation on or before the designated payment date therefor, any Dividend Amount. To the extent that Callco pays the Dividend Amount in respect of the Retracted Shares, the Corporation shall no longer be obligated to pay any declared and unpaid dividends on such Retracted Shares. Provided that Callco has complied with Section 6.4, the closing of the purchase and sale of the Retracted Shares pursuant to the Retraction Call Right shall be deemed to have occurred as at the close of business on the Retraction Date and, for greater certainty, no redemption by the Corporation of such Retracted Shares shall take place on the Retraction Date. In the event that Callco does not deliver the Callco Call Notice within such five Business Day period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6.7, the Corporation shall redeem the Retracted Shares on the Retraction Date and in the manner otherwise contemplated in this Article 6.

- 6.4 The Corporation or Callco, as the case may be, shall deliver (or cause the Transfer Agent to deliver) to the relevant holder, at the address of the holder recorded in the register of shareholders of the Corporation for the Exchangeable Shares or at the address specified in the holder's Retraction Request or by holding for pick-up by the holder at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of Exchangeable Shares, (i) in the case of a holder of Exchangeable Shares other than LSEG or an affiliate of LSEG, the LSEG Shares to which such holder is entitled (which securities shall be fully paid and non-assessable and shall be free and clear of any lien, claim or encumbrance) registered in the name of the holder or in such other name as the holder may request and, in any other case, a cheque payable at par at any branch of the bankers of the Corporation or Callco, as applicable, in an amount equal to the Retraction Price, together with, (ii) if applicable and on or before the payment date therefor, a cheque payable at par at any branch of the bankers of the Corporation or Callco, as applicable, in an amount equal to declared and unpaid dividends or the aggregate Dividend Amount, as the case may be, in payment of the total Retraction Price and unpaid dividends or the total Purchase Price, as the case may be, in each case, less any amounts withheld under Section 13.3, and such delivery of such LSEG Shares and cheques on behalf of the Corporation or by Callco, as the case may be, or by the Transfer Agent shall be deemed to be payment of and shall satisfy and discharge all liability for the total Retraction Price and declared and unpaid dividends or total Purchase Price, as the case may be, to the extent that the same is represented by such share certificates and cheques (plus any amounts withheld under Section 13.3).
- 6.5 On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof (including without limitation, any rights under the Voting and Exchange Trust Agreement), other than the right to receive his proportionate part of the total Retraction Price and declared and unpaid dividends or total Purchase Price, as the case may be, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, payment of the total Retraction Price and declared and unpaid dividends or the total Purchase Price, as the case may be, shall not be made as provided in Section 6.4, in which case the rights of such holder shall remain unaffected until the total Retraction Price and declared and unpaid dividends or the total Purchase Price, as the case may be, has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of the total Retraction Price and declared and unpaid dividends or the total Purchase Price, as the case may be, has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so redeemed by the Corporation or purchased by Callco shall thereafter be considered and deemed for all purposes to be a holder of the LSEG Shares delivered to it.
- 6.6 Notwithstanding any other provision of this Article 6, the Corporation shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law. If the Corporation believes, after due enquiry, that on any Retraction Date it would not be permitted by any of such provisions to redeem the Retracted Shares tendered for redemption on such date, and provided that Callco shall not have exercised the Retraction Call Right with respect to the Retracted Shares, the Corporation shall only be obligated to redeem Retracted Shares specified by a

holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and shall notify the holder and the Trustee at least two Business Days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by the Corporation. In any such case, the Corporation shall redeem Retracted Shares in accordance with Section 6.2 on a *pro rata* basis in proportion to the total number of Exchangeable Shares tendered for retraction and shall issue to each holder of Retracted Shares a new certificate, at the expense of the Corporation, representing the Retracted Shares not redeemed by the Corporation pursuant to Section 6.2. Provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6.7 and that Callco has not exercised the Retraction Call Right with respect to the Retracted Shares, the inability of the Corporation to redeem all of the holder's Retracted Shares shall be treated as an Insolvency Event (as defined in the Voting and Exchange Trust Agreement) to be dealt with as provided for in the Voting and Exchange Trust Agreement.

- 6.7 A holder of Retracted Shares may, by notice in writing given by the holder to the Corporation before the close of business on the Business Day immediately preceding the Retraction Date, withdraw its Retraction Request, in which event such Retraction Request shall be null and void and, for greater certainty, the revocable offer constituted by the Retraction Request to sell the Retracted Shares to Callco shall be deemed to have been revoked.

ARTICLE 7 REDEMPTION OF EXCHANGEABLE SHARES BY THE CORPORATION

- 7.1 Subject to applicable law, and provided Callco has not exercised the Redemption Call Right, the Corporation shall on the Redemption Date redeem all but not less than all of the then outstanding Exchangeable Shares (other than the Exchangeable Shares held by LSEG or an affiliate of LSEG) for an amount per share equal to the sum of (i) the Current Market Price of an LSEG Share on the last Business Day prior to the Redemption Date (the "**Redemption Price**"), which shall be satisfied in full by the Corporation causing to be delivered to each holder of Exchangeable Shares, in the case of a holder of Exchangeable Shares other than LSEG or an affiliate of LSEG, one LSEG Share for each Exchangeable Share held by such holder, together with, (ii) the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the Redemption Date.
- 7.2 In any case of a redemption of Exchangeable Shares under this Article 7, the Corporation shall, at least 30 days before the Redemption Date (other than a Redemption Date established in connection with an Exchangeable Share Voting Event, an Exempt Exchangeable Share Voting Event or a LSEG Control Transaction), send or cause to be sent to each holder of Exchangeable Shares a notice in writing of the redemption by the Corporation or the purchase by Callco under the Redemption Call Right, as the case may be, of the Exchangeable Shares held by such holder. In the case of a Redemption Date established in connection with an Exchangeable Share Voting Event, an Exempt Exchangeable Share Voting Event or a LSEG Control Transaction, the written notice of redemption by the Corporation or the purchase by Callco under the Redemption Call Right will be sent on or before the Redemption Date, on as many days' prior written

notice as may be determined by the Board of Directors to be reasonably practicable in the circumstances. In any such case, such notice shall set out the formula for determining the Redemption Price or the Redemption Call Purchase Price, as the case may be, the Redemption Date and, if applicable, particulars of the Redemption Call Right.

- 7.3 On or promptly after the Redemption Date and subject to the exercise by Callco of the Redemption Call Right, the Corporation shall cause to be delivered to the holders of the Exchangeable Shares to be redeemed the Redemption Price for each such Exchangeable Share, together with the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the Redemption Date, upon presentation and surrender at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation in such notice of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the by-laws of the Corporation, as applicable, together with such additional documents, instruments and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent and the Corporation may reasonably require. Payment of the total Redemption Price for such Exchangeable Shares, together with payment of such dividends, shall be made by delivery to each holder, at the address of the holder recorded in the register of shareholders of the Corporation or by holding for pick-up by the holder at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation in such notice, on behalf of the Corporation of (i) in the case of a holder of Exchangeable Shares other than LSEG or an affiliate of LSEG, the LSEG Shares to which such holder is entitled (which securities shall be fully paid and non-assessable and shall be free and clear of any lien, claim or encumbrance), and (ii) if applicable, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in payment of any such dividends, in each case, less any amounts withheld under Section 13.3. On and after the Redemption Date, the holders of the Exchangeable Shares called for redemption shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including, without limitation, any rights under the Voting and Exchange Trust Agreement), other than the right to receive, without interest, their proportionate part of the total Redemption Price and any such dividends, unless payment of the total Redemption Price and any such dividends for such Exchangeable Shares shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Redemption Price and any such dividends have been paid in the manner hereinbefore provided. The Corporation shall have the right at any time after the sending of notice of its intention to redeem the Exchangeable Shares as aforesaid to deposit or cause to be deposited the total Redemption Price for and the full amount of such dividends (except as otherwise provided in this Section 7.3) on the Exchangeable Shares so called for redemption, or of such of the said Exchangeable Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a custodial account with any chartered bank or trust company in Canada named in such notice, less any amounts withheld under Section 13.3. Upon the later of such deposit being made and the Redemption Date, the Exchangeable Shares in respect of which such deposit shall have been made shall be redeemed and the rights of the

holders thereof after such deposit or Redemption Date, as the case may be, shall be limited to receiving, without interest, their proportionate part of the total Redemption Price and such dividends for such Exchangeable Shares so deposited and all dividends and other distributions with respect to the LSEG Shares to which such holders are entitled with a record date on or after the Redemption Date and before the time at which such holders become the holders of such LSEG Shares, provided that a corresponding amount has not been received by such holders on their Exchangeable Shares (in each case less any amounts withheld under Section 13.3), against presentation and surrender of the certificates for such Exchangeable Shares held by them, respectively, in accordance with the foregoing provisions. Upon such payment or deposit of the total Redemption Price and the full amount of such dividends, the holders of the Exchangeable Shares shall thereafter be considered and deemed for all purposes to be holders of the LSEG Shares delivered to them or the custodian on their behalf.

- 7.4 Notwithstanding any other provision of this Article 7, the Corporation may elect that instead of delivering or causing to be delivered LSEG Shares to a U.S. Holder of Exchangeable Shares, it shall instead deliver or cause to be delivered to such U.S. Holder the net cash proceeds (less any amounts withheld under Section 13.3) derived from the sale of the appropriate number of LSEG Shares outside the United States, unless the Corporation has determined in its sole judgment that the offer and sale of LSEG Shares in exchange for the Exchangeable Shares held by U.S. Holders is exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable state “blue sky” securities laws.

ARTICLE 8 PURCHASE FOR CANCELLATION

- 8.1 Subject to applicable law, the Corporation may at any time and from time to time purchase for cancellation all or any part of the Exchangeable Shares and shall be entitled to pay and satisfy the purchase price through the issuance of Common Shares or any other shares ranking junior to the Exchangeable Shares or otherwise as the Corporation may determine.
- 8.2 Subject to applicable law, the Corporation may at any time and from time to time purchase for cancellation all or any part of the outstanding Exchangeable Shares at any price by tender to all the holders of Exchangeable Shares then outstanding or through the facilities of any stock exchange on which the Exchangeable Shares are listed or quoted at any price per share. If in response to an invitation for tenders under the provisions of this Section 8.2 more Exchangeable Shares are tendered at a price or prices acceptable to the Corporation than the Corporation is prepared to purchase, the Exchangeable Shares to be purchased by the Corporation shall be purchased as nearly as may be *pro rata* according to the number of shares tendered by each holder who submits a tender to the Corporation, provided that when shares are tendered at different prices, the pro rating shall be effected (disregarding fractions) only with respect to the shares tendered at the price at which more shares were tendered than the Corporation is prepared to purchase after the Corporation has purchased all the shares tendered at lower prices. If only part of the Exchangeable Shares represented by any certificate shall be purchased, a new certificate for the balance of such shares shall be issued at the expense of the Corporation.

**ARTICLE 9
VOTING RIGHTS**

- 9.1 Except as required by applicable law and by Article 10, the holders of the Exchangeable Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting. Without limiting the generality of the foregoing, the holders of Exchangeable Shares shall not be entitled to class votes except as required by applicable law.

**ARTICLE 10
AMENDMENT AND APPROVAL**

- 10.1 The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed but only with the approval of the holders of the Exchangeable Shares given as hereinafter specified.
- 10.2 Any approval given by the holders of the Exchangeable Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares shall be deemed to have been sufficiently given if it shall have been given in accordance with applicable law subject to a minimum requirement that such approval be evidenced by resolution passed by not less than two-thirds of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 10% of the outstanding Exchangeable Shares at that time are present or represented by proxy; provided that if at any such meeting the holders of less than 10% of the outstanding Exchangeable Shares at that time are present or represented by proxy within one-half hour after the time appointed for such meeting, then such meeting shall be adjourned and be reconvened on such date as is not less than five days thereafter and at such time and place as may be designated by the Chairman of such meeting. At such reconvened meeting the holders of Exchangeable Shares present or represented by proxy thereat may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast on such resolution at such meeting shall constitute the approval or consent of the holders of the Exchangeable Shares.

**ARTICLE 11
RECIPROCAL CHANGES, ETC. IN RESPECT OF LSEG SHARES**

- 11.1 Each holder of an Exchangeable Share acknowledges that the Support Agreement provides, in part, that so long as any Exchangeable Shares not owned by LSEG or its affiliates are outstanding, LSEG will not without the prior approval of the Corporation and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 10.2:
- (a) issue or distribute LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares) to the holders of all or substantially all of the then outstanding LSEG Shares (other than any holder of LSEG Shares which is Jerseyco) by way of a stock or share dividend or other distribution, other than an issue of LSEG Shares (or securities exchangeable for or convertible into or carrying

rights to acquire LSEG Shares) to holders of LSEG Shares who exercise an option to receive dividends in LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares) in lieu of receiving cash dividends or pursuant to any dividend reinvestment plan or similar arrangement;

- (b) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding LSEG Shares (other than any holder of LSEG Shares which is Jerseyco) entitling them to subscribe for or to purchase LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares); or
- (c) issue or distribute to the holders of all or substantially all of the then outstanding LSEG Shares (other than any holder of LSEG Shares which is Jerseyco):
 - (i) securities of LSEG of any class other than LSEG Shares (other than securities convertible into or exchangeable for or carrying rights to acquire LSEG Shares);
 - (ii) rights, options or warrants other than those referred to in Section 11.1(b);
 - (iii) evidences of indebtedness of LSEG; or
 - (iv) assets of LSEG,

unless the economic equivalent of such LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares) rights, options, warrants, securities, shares, evidences of indebtedness or other assets is issued or distributed or otherwise provided simultaneously to holders of the Exchangeable Shares; provided that, for greater certainty, the above restrictions shall not apply to the issuance or distribution of LSEG Shares by LSEG (including to Jerseyco) in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Merger Agreement.

11.2 Each holder of an Exchangeable Share acknowledges that the Support Agreement further provides, in part, that so long as any Exchangeable Shares not owned by LSEG or its affiliates are outstanding, LSEG will not without the prior approval of the Corporation and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 10.2:

- (a) subdivide, redivide or change the then outstanding LSEG Shares into a greater number of LSEG Shares (except as contemplated in the Merger Agreement);
- (b) reduce, combine, consolidate or change the then outstanding LSEG Shares into a lesser number of LSEG Shares; or
- (c) reclassify or otherwise change the LSEG Shares or effect an amalgamation, merger, reorganization or other transaction affecting the LSEG Shares,

unless the same or an economically equivalent change shall simultaneously be made to, or in, the rights of the holders of the Exchangeable Shares; provided, however, that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by LSEG in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Merger Agreement. The Support Agreement further provides, in part, that the aforesaid provisions of the Support Agreement shall not be changed without the approval of the holders of the Exchangeable Shares given in accordance with Section 10.2.

11.3 If LSEG, at any time after the date hereof, consummates any transaction (whether by way of reconstruction, recapitalization, reorganization, consolidation, arrangement, merger, transfer, sale, lease, tender offer, take-over bid or otherwise) whereby all or substantially all of its undertaking, property and assets would, directly or indirectly, become the property of any other Person or, in the case of a merger, of the continuing corporation or other entity resulting therefrom (such other Person or continuing corporation (or, in the event of a merger, amalgamation or similar transaction pursuant to which holders of shares in the capital of LSEG are entitled to receive shares or other ownership interests in the capital of any corporation or other legal entity other than such other Person or continuing corporation, then such corporation or other legal entity in which holders of shares in the capital of LSEG are entitled to receive an interest) is herein called the “**LSEG Successor**”) then, provided that the LSEG Successor is bound, or has agreed to be bound, by the provisions of the Voting and Exchange Trust Agreement and Support Agreement and to assume the obligations of LSEG thereunder to the satisfaction of the Board of Directors, all references herein to LSEG Shares shall be deemed to be references to the shares of the LSEG Successor which has assumed the obligations of LSEG and all references to LSEG shall be to the LSEG Successor, without the requirement for any amendment to the terms and conditions of the Exchangeable Shares or any further action whatsoever. Without limiting the generality of the foregoing and for greater certainty, if a transaction described in this Section 11.3 results in holders of Exchangeable Shares being entitled to exchange, redeem or retract their Exchangeable Shares for shares of a LSEG Successor in a different ratio than that set out in these share provisions, then these share provisions shall be deemed to be amended to refer to such different ratio(s). For greater certainty, this Section 11.3 does not apply to a LSEG Control Transaction contemplated in paragraph (d) of the definition of Redemption Date.

ARTICLE 12

ACTIONS BY THE CORPORATION UNDER SUPPORT AGREEMENT

- 12.1 The Corporation will take all such actions and do all such things as shall be necessary or advisable to perform and comply with and to ensure performance and compliance by LSEG, Callco and the Corporation with all provisions of the Support Agreement applicable to LSEG, Callco and the Corporation, respectively, in accordance with the terms thereof including, without limitation, taking all such actions and doing all such things as shall be necessary or advisable to enforce to the fullest extent possible for the direct benefit of the Corporation all rights and benefits in favour of the Corporation under or pursuant to such agreement.
- 12.2 The Corporation shall not propose, agree to or otherwise give effect to any amendment to, or any waiver or forgiveness of its rights or obligations under, the Support Agreement without the approval of the holders of the Exchangeable Shares given in accordance with Section 10.2 other than such amendments, waivers and/or forgiveness as may be necessary or advisable for the purposes of:
- (a) adding to the covenants of the other parties to such agreement for the protection of the Corporation or the holders of the Exchangeable Shares thereunder;
 - (b) making such provisions or modifications not inconsistent with such agreement as may be necessary or desirable with respect to matters or questions arising thereunder which, in the good faith opinion of the Board of Directors, it may be

expedient to make, provided that the Board of Directors shall be of the good faith opinion, after consultation with counsel, that such provisions and modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or

- (c) making such changes in or corrections to such agreement which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained therein, provided that the Board of Directors shall be of the good faith opinion that such changes or corrections will not be prejudicial to the interests of the holders of the Exchangeable Shares.

ARTICLE 13

LEGEND; CALL RIGHTS; WITHHOLDING RIGHTS

- 13.1 The certificates evidencing the Exchangeable Shares shall contain or have affixed thereto a legend in form and on terms approved by the Board of Directors, with respect to the Support Agreement, the provisions of the Plan of Arrangement relating to the Liquidation Call Right, the Redemption Call Right and the Retraction Call Right, and the Voting and Exchange Trust Agreement (including the provisions with respect to the automatic exchange thereunder).
- 13.2 Each holder of an Exchangeable Share, whether of record or beneficial, by virtue of becoming and being such a holder, shall be deemed to acknowledge each of the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right, in each case, in favour of Callco, and the overriding nature thereof in connection with the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs or the retraction or redemption of Exchangeable Shares, as the case may be, and to be bound thereby in favour of Callco as therein provided.
- 13.3 The Corporation, Callco, LSEG and the Transfer Agent shall be entitled to deduct and withhold from any dividend, distribution or other consideration otherwise payable to any holder of Exchangeable Shares such amounts as the Corporation, Callco, LSEG or the Transfer Agent is required to deduct and withhold with respect to such payment under the Income Tax Act (Canada), the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any comparable statute of the United Kingdom or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded, or is entitled to withhold under Section 116 of the Income Tax Act (Canada) or any corresponding provisions of foreign or provincial law (including, but not limited to, Chapter 3, Chapter 4 and the backup withholding tax provisions of the Code). To the extent that amounts are so deducted and withheld, such amounts shall be treated for all purposes hereof as having been paid to the holder of the Exchangeable Shares in respect of which such deduction and withholding was made, provided that such amounts are actually remitted to the appropriate Governmental Entity. To the extent that the amount so required or entitled to be deducted or withheld from any payment to a holder exceeds the cash portion of the dividend or distribution or other consideration otherwise payable to the holder, the Corporation, Callco, LSEG and the Transfer Agent are hereby authorized to sell or otherwise dispose of such portion of the dividend, distribution or other consideration as is necessary to provide sufficient funds to the Corporation, Callco,

LSEG or the Transfer Agent, as the case may be, to enable it to comply with such deduction or withholding requirement or entitlement and the Corporation, Callco, LSEG or the Transfer Agent shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale.

ARTICLE 14 NOTICES

- 14.1 Any notice, request or other communication to be given to the Corporation by a holder of Exchangeable Shares shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by telecopy or by delivery to the registered office of the Corporation and addressed to the attention of the Secretary of the Corporation. Any such notice, request or other communication, if given by mail, telecopy or delivery, shall only be deemed to have been given and received upon actual receipt thereof by the Corporation.
- 14.2 Any presentation and surrender by a holder of Exchangeable Shares to the Corporation or the Transfer Agent of certificates representing Exchangeable Shares in connection with the liquidation, dissolution or winding-up of the Corporation or the retraction or redemption of Exchangeable Shares shall be made by registered mail (postage prepaid) or by delivery to the registered office of the Corporation or to such office of the Transfer Agent as may be specified by the Corporation, in each case, addressed to the attention of the Secretary of the Corporation. Any such presentation and surrender of certificates shall only be deemed to have been made and to be effective upon actual receipt thereof by the Corporation or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail shall be at the sole risk of the holder mailing the same.
- 14.3 Any notice, request or other communication to be given to a holder of Exchangeable Shares by or on behalf of the Corporation shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by delivery to the address of the holder recorded in the register of shareholders of the Corporation or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the third Business Day following the date of mailing and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Exchangeable Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by the Corporation pursuant thereto.
- 14.4 If the Corporation determines that mail service is or is threatened to be interrupted at the time when the Corporation is required or elects to give any notice to the holders of Exchangeable shares hereunder, the Corporation shall, notwithstanding the provisions hereof, give such notice by means of publication in *The Globe and Mail*, national edition, or any other English language daily newspaper or newspapers of general circulation in Canada and in a French language daily newspaper of general circulation in the Province of Quebec, once in each of two successive weeks, and notice so published shall be deemed to have been given on the latest date on which the first publication has taken place.

ARTICLE 15
DISCLOSURE OF INTERESTS IN EXCHANGEABLE SHARES

- 15.1 The Corporation shall be entitled to require any holder of an Exchangeable Share or any Person who the Corporation knows or has reasonable cause to believe holds any interest whatsoever in an Exchangeable Share to confirm that fact or to give such details as to whom has an interest in such Exchangeable Share as would be required (if the Exchangeable Shares were a class of “equity shares” of LSEG) under Section 102.1 of the Securities Act or as would be required under the articles of LSEG or any laws or regulations, or pursuant to the rules of any regulatory authority, of Canada, the United States or the United Kingdom if the Exchangeable Shares were LSEG Shares.

ARTICLE 16
NO FRACTIONAL SHARES

- 16.1 A holder of an Exchangeable Share shall not be entitled to any fraction of a LSEG Share upon the exchange or purchase of such holder’s Exchangeable Shares pursuant to Articles 5, 6 and 7 and no certificates representing any such fractional interest shall be issued and such holder otherwise entitled to a fractional interest will receive for such fractional interest from the Corporation or Callco as the case may be on the designated payment date a cash payment equal to such fractional interest multiplied by the Current Market Price.

ARTICLE 17
STAMP TAX

- 17.1 Notwithstanding any other provision herein but subject to Section 17.2 below, holders of Exchangeable Shares or Persons to whom Exchangeable Shares are issued or transferred (in each case other than the Corporation, its affiliates, the Transfer Agent, or the chartered bank or trust company selected by the Corporation to hold some or all of the Liquidation Amount or Redemption Price in accordance with Section 5 or 7, respectively (the “**Depository**”)) shall be responsible for any and all Stamp Taxes payable in connection with the transfer or issuance of such shares. In no event, subject to Section 17.2 below, will LSEG, Callco, the Corporation or any of their respective affiliates, the Transfer Agent or the Depository be responsible for any such Stamp Taxes and LSEG, Callco, the Corporation or any of their respective affiliates, the Transfer Agent and/or the Depository shall make such regulations and arrangements as are necessary to ensure that such holders, such transferees and such Persons pay all such applicable Stamp Taxes.
- 17.2 LSEG shall be responsible for any United Kingdom stamp duty reserve tax payable under Sections 93 or 96 of the Finance Act 1986 on the delivery or issue of LSEG Shares into CDS for the purpose of trading those LSEG Shares on TSX on an exchange of Exchangeable Shares for LSEG Shares pursuant to these share provisions. Callco and Exchangeco shall be responsible for any United Kingdom stamp duty reserve tax payable under Section 87 of the Finance Act 1986 in respect of a transfer of LSEG Shares on an exchange of Exchangeable Shares in accordance with these share provisions.

SCHEDULE A
RETRACTION REQUEST

[TO BE PRINTED ON EXCHANGEABLE SHARE CERTIFICATES]

To: LSEG Exchangeco Limited (the “**Corporation**”) and LSEG Callco Limited (“**Callco**”)

This notice is given pursuant to Article 6 of the provisions (the “**Share Provisions**”) attaching to the Exchangeable Shares of the Corporation represented by this certificate and all capitalized words and expressions used in this notice that are defined in the Share Provisions have the meanings ascribed to such words and expressions in such Share Provisions.

The undersigned hereby notifies the Corporation that, subject to the Retraction Call Right referred to below, the undersigned desires to have the Corporation redeem in accordance with Article 6 of the Share Provisions:

- all share(s) represented by this certificate; or
- share(s) only represented by this certificate.

The undersigned hereby notifies the Corporation that the Retraction Date shall be _____.

NOTE: The Retraction Date must be a Business Day and must not be less than 10 Business Days nor more than 15 Business Days after the date upon which this notice is received by the Corporation. If no such Business Day is specified above, the Retraction Date shall be deemed to be the 15th Business Day after the date on which this notice is received by the Corporation.

The undersigned acknowledges the overriding Retraction Call Right of Callco to purchase all but not less than all the Retracted Shares from the undersigned and that this notice is and shall be deemed to be a revocable offer by the undersigned to sell the Retracted Shares to Callco in accordance with the Retraction Call Right on the Retraction Date for the Purchase Price and on the other terms and conditions set out in Article 6 of the Share Provisions. This Retraction Request, and this offer to sell the Retracted Shares to Callco, may be revoked and withdrawn by the undersigned only by notice in writing given to the Corporation at any time before the close of business on the Business Day immediately preceding the Retraction Date. Unless the Retraction Request is revoked, the deemed offer to sell the Retracted Shares to Callco cannot be revoked.

The undersigned acknowledges that if, as a result of solvency provisions of applicable law, the Corporation is unable to redeem all Retracted Shares, the Retracted Shares will be automatically exchanged pursuant to the Voting and Exchange Trust Agreement so as to require LSEG (or Callco, if LSEG so designates) to purchase all outstanding Exchangeable Shares (other than those held by London Stock Exchange Group PLC or its affiliates).

The undersigned hereby represents and warrants to Callco and the Corporation that the undersigned:

- is
(select one)
- is not

a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

THE UNDERSIGNED ACKNOWLEDGES THAT, IN THE ABSENCE OF AN INDICATION THAT THE UNDERSIGNED IS NOT A NON-RESIDENT OF CANADA, DEDUCTION AND WITHHOLDING ON ACCOUNT OF CANADIAN TAX MAY BE MADE FROM AMOUNTS PAYABLE TO THE UNDERSIGNED ON THE REDEMPTION OR PURCHASE OF THE RETRACTED SHARES.

The undersigned hereby certifies that it is not in the United States of America, its territories or possessions, any State of the United States or the District of Columbia, unless it is a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated or (if an individual) resident in the United States.

The undersigned, hereby represents and warrants to Callco and the Corporation that the undersigned has good title to, and owns, the share(s) represented by this certificate to be acquired by Callco or the Corporation, as the case may be, free and clear of all liens, claims and encumbrances.

_____	_____	_____
(Date)	(Signature of Shareholder)	(Guarantee of Signature)

Please check box if the securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares are to be held for pick-up by the shareholder from the Transfer Agent, failing which such securities and any cheque(s) will be mailed to the last address of the shareholder as it appears on the register.

NOTE: This panel must be completed and this certificate, together with such additional documents and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent may require, must be deposited with the Transfer Agent. The securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares will be issued and registered in, and made payable to, respectively, the name of the shareholder as it appears on the register of the Corporation and the securities and any cheque(s) resulting from such retraction or purchase will be delivered to such shareholder as indicated above, unless the form appearing immediately below is duly completed.

Date:

Name of Person in Whose Name Securities or Cheque(s)
Are to be Registered, Issued or Delivered (please print):

Street Address or P.O. Box:

Signature of Shareholder:

City, Province and Postal Code:

Signature Guaranteed by:

NOTE: If this Retraction Request is for less than all of the shares represented by this certificate, a certificate representing the remaining share(s) of the Corporation represented by this certificate will be issued and registered in the name of the shareholder as it appears, on the register of the Corporation, unless the Share Transfer Power on the share certificate is duly completed in respect of such share(s).

ANNEX C — INTERIM ORDER

Court File No. CV-11-9226-00CL



**ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

THE HONOURABLE MADAM) WEDNESDAY, THE 25TH
JUSTICE MESBUR)
) DAY OF MAY, 2011

**IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16, AS AMENDED AND RULE
14.05 OF THE RULES OF CIVIL PROCEDURE**

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
INVOLVING TMX GROUP INC., LONDON STOCK EXCHANGE GROUP PLC,
AND THE SHAREHOLDERS OF TMX GROUP INC.**

TMX GROUP INC.

Applicant

ORDER

THIS MOTION, made by the Applicant TMX Group Inc. (“TMX Group”) for an interim order for advice and directions in connection with a plan of arrangement involving the Applicant and its shareholders pursuant to section 182(5) of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended (“OBCA”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on May 17, 2011, the Affidavit of Michael S. Ptaszniak sworn May 20, 2011 (the “Affidavit”), and the exhibits thereto including the draft Management Information Circular (the “Circular”) of TMX Group attached as Exhibit “A” to the Affidavit, and the Plan of Arrangement attached as Annex B to the Circular, and the Supplementary Affidavit of Michael S. Ptaszniak sworn May 24, 2011, and the exhibit thereto, and on hearing the submissions of counsel for TMX Group and counsel for London Stock Exchange Group plc (“LSEG”),

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that TMX Group is permitted to call, hold and conduct a special meeting (the "Meeting") of the shareholders of TMX Group (the "Shareholders") to be held at the Design Exchange, 234 Bay Street, Toronto, Ontario on June 30, 2011 at 10:00 a.m. (Eastern time) in order for the Shareholders to consider and, if determined advisable, to pass a special resolution authorizing, adopting and approving, with or without variation, the arrangement set out under the Plan of Arrangement (the "Arrangement") and the Plan of Arrangement (collectively, the "Arrangement Resolution").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Circular (the "Notice of Meeting") and the articles and by-laws of TMX Group, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the "Record Date") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be May 20, 2011.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- (a) the Shareholders or their proxyholders;
- (b) the holders of TMX Group Options;
- (c) the officers, directors, auditors and advisors of TMX Group;
- (d) the officers, directors, auditors and advisors of LSEG Exchangeco Limited ("Exchangeco");
- (e) representatives and advisors of LSEG; and
- (f) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that TMX Group may transact such other business at the Meeting as is contemplated in the Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by TMX Group in accordance with its by-laws, and that the quorum at the Meeting shall be not less than two persons present in person or represented by proxy at the opening of the Meeting, who are entitled to vote at the Meeting either as Shareholders or proxyholders, holding or representing by proxy not less than 20% of the TMX Group Shares.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that TMX Group is authorized to make, subject to the terms of the Merger Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as TMX Group may determine.

Amendments to the Circular

10. **THIS COURT ORDERS** that TMX Group is authorized to make such amendments, revisions and/or supplements to the draft Circular as it may determine and the Circular, as so amended, revised and/or supplemented, shall be the Circular to be distributed in accordance with paragraphs 12 and 13, or 15.

Adjournments and Postponements

11. **THIS COURT ORDERS** that TMX Group, if it deems advisable and subject to the terms of the Merger Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement or first setting a new Record Date. TMX Group is further authorized to adjourn or postpone the consideration of the Arrangement Resolution without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, without limiting its ability to carry on with such other business as may properly be before Shareholders at the TMX Group annual meeting. Notice of any such adjournment or postponement shall be given by such method and in the time that is reasonable in the circumstances, as TMX Group may determine appropriate. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, TMX Group shall send the Circular (including the Notice of Application and this Interim Order), the Notice of Meeting and the form of proxy, along with such amendments or additional documents as TMX Group may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "Meeting Materials"), and subsequently the letter of transmittal (to be provided to Shareholders not less than 10 Business Days before the Effective Date of the Arrangement, as described in the Circular), to the following:

- (a) the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

- (i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of TMX Group, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of TMX Group;
 - (ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - (iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of TMX Group, who requests such transmission in writing and, if required by TMX Group, who is prepared to pay the charges for such transmission;
- (b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- (c) the respective directors and auditors of TMX Group, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that TMX Group is hereby authorized to distribute the Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by TMX Group to be necessary or desirable (collectively, the “Court Materials”) to the holders of TMX Group Options by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and

records of TMX Group or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by TMX Group to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of TMX Group (including without limitation, any inability to use postal services), or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of TMX Group, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that in the event of an interruption in or cessation of postal services due to strike or otherwise, TMX Group shall be authorized, in addition or as an alternative to the methods of delivery specified in paragraphs 12(a) and 13, above, to communicate notice of the Meeting to registered Shareholders and holders of TMX Group Options by publishing notice of the Meeting once in the following newspapers:

- (a) the Globe and Mail, national edition;
- (b) La Presse; and
- (c) the Wall Street Journal

which publication shall include specific reference to locations (including www.sedar.com) at which copies of Meeting Materials or Court Materials will be available.

16. **THIS COURT ORDERS** that TMX Group is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials (and the letter of transmittal) and Court Materials as TMX Group may determine in accordance with the terms of the Merger Agreement (“Additional Information”), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as TMX Group may determine.

17. **THIS COURT ORDERS** that distribution of the Meeting Materials or Court Materials pursuant to paragraphs 12 and 13 or 15 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraph 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

18. **THIS COURT ORDERS** that TMX Group is authorized to use the proxies substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as TMX Group may determine are necessary or desirable, subject to the terms of the Merger Agreement. TMX Group is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. TMX Group may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies by Shareholders, if TMX Group deems it advisable to do so.

19. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to section 110(4) of the OBCA: (a) may be deposited at the registered office of TMX Group or with the transfer agent of TMX Group as set out in the Circular; and (b) any such instruments must be received by TMX Group or its transfer agent not later than close of business on the second business day prior to the meeting (or any adjournment or postponement thereof).

Voting

20. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold TMX Group Shares as of the close of business

on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

21. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per TMX Group Share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by an affirmative vote of at least two-thirds of the votes cast at the Meeting in person or by proxy by the Shareholders. Such votes shall be sufficient to authorize TMX Group to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

22. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting TMX Group (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each TMX Group Share held.

Dissent Rights

23. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 185(6) of the OBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Exchangeco in the form required by section 185 of the OBCA and the Merger Agreement, which written objection must be received by Exchangeco not later than close of business on the second business day prior to the meeting (or any adjournment or postponement thereof), and must otherwise strictly comply with the requirements of the OBCA. For purposes of these proceedings, the "court" referred to in section 185 of the OBCA means this Honourable Court.

24. **THIS COURT ORDERS** that, notwithstanding section 185(4) of the OBCA, Exchangeco, not TMX Group, shall be required to offer to pay fair value, as of the day prior to approval of the Arrangement Resolution, for TMX Group Shares held by Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Shareholders may be entitled pursuant to the terms of the Plan of Arrangement. In accordance with the Plan of Arrangement and the Circular, all references to the “corporation” in subsections 185(4), 185(6) and 185(14) to 185(30), inclusive, of the OBCA (except for the second reference to the “corporation” in subsections 185(6), 185(15), and 185(22)) shall be deemed to refer to “Exchangeco” in place of the “corporation”, and Exchangeco shall have all of the rights, duties and obligations of the “corporation” under subsections 185(14) to 185(30), inclusive, of the OBCA.

25. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 23 above and who:

- (a) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its TMX Group Shares, shall be deemed to have transferred those TMX Group Shares immediately prior to the Effective Time to Exchangeco, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests, in consideration for a payment of cash from Exchangeco equal to such fair value, and Exchangeco shall be recorded as the registered holder of such TMX Group Shares and shall be deemed to be the legal and beneficial owner thereof; or
- (b) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its TMX Group Shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder who did not make a valid election to receive the Exchangeable Shares (and certain ancillary rights, as described in the Plan of Arrangement) in exchange for TMX Group Shares;

but in no case shall LSEG, LSEG Callco Limited (“Callco”), Exchangeco, the Depositary or any other person be required to recognize such dissenting shareholders as holders of TMX Group Shares after the Effective Time, and the names of such dissenting shareholders shall be deleted from the registers of holders of TMX Group Shares at the Effective Time. No Shareholder shall be permitted to withdraw such holder’s dissent without the prior written consent of LSEG.

Hearing of Application for Approval of the Arrangement

26. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, TMX Group may apply to this Honourable Court for final approval of the Arrangement.

27. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraphs 12 and 13 or 15, shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 28.

28. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for TMX Group, with a copy to counsel for LSEG, as soon as reasonably practicable, and, in any event, no less than five days before the hearing of this Application at the following addresses:

Torys LLP
Suite 3000
Box 270, TD Centre
79 Wellington Street W.
Toronto, ON M5K 1N2

Attention: Linda M. Plumpton

with a copy to:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place,
Suite 6100, P.O. Box 50
Toronto, Ontario M5X 1B8

Attention: Laura Fric

29. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- (a) TMX Group;
- (b) LSEG; and
- (c) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

30. **THIS COURT ORDERS** that any materials to be filed by TMX Group in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

31. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 28 shall be entitled to be given notice of the adjourned date.

Precedence

32. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the TMX Group Shares, TMX Group Options or the articles or by-laws of TMX Group, this Interim Order shall govern.

Extra-Territorial Assistance

33. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

34. **THIS COURT ORDERS** that TMX Group shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

✓
Rem 35. **THIS COURT ORDERS** that the Motion Record of TMX Group Inc. ^{and Factura} shall be sealed and remain sealed until June 3, 2011 or such later date as the Court may order. ✓

[Handwritten Signature]

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAY 25 2011

PER/PAR: *[Handwritten Signature]*

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED AND RULE 14.05 OF THE *RULES OF CIVIL PROCEDURE*

Court File No: CV-11-9226-00CL

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING
TMX GROUP INC. et al.**

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

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Tel: 416.865.7539

Fax: 416.865.7380

Lawyers for the Applicant

ANNEX D — NOTICE OF APPLICATION FOR FINAL ORDER

Court File No.
CV-11-9226-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16, AS AMENDED AND
RULE 14.05 OF THE *RULES OF CIVIL PROCEDURE***

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
INVOLVING TMX GROUP INC., LONDON STOCK EXCHANGE GROUP
PLC AND THE SHAREHOLDERS OF TMX GROUP INC.**

TMX GROUP INC.

Applicant



NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on July 5, 2011 at 10:00 a.m. or as soon after that time as the Application may be heard at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office at least five days before the hearing, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least five days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO

OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID
MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date May 17, 2011

Issued by


Local registrar

Address of court office 330 University Avenue
Toronto, Ontario
1M5G 1R7 1N5

TO: The Shareholders of TMX Group Inc.
AND TO: The Holders of Options of TMX Group Inc.
AND TO: The Directors of TMX Group Inc.
AND TO: The Auditors of TMX Group Inc.
AND TO: Osler, Hoskin & Harcourt LLP
100 King Street West, 1 First Canadian Place
Suite 6100, P.O. Box 50
Toronto, Ontario M5X 1B8

Laura Fric
Tel: 416.862.5899
Fax: 416.862.6666

Lawyers for London Stock Exchange Group plc

APPLICATION

1. The Applicant TMX Group Inc. (“TMX Group”) makes application for:
 - (a) an interim order for advice and directions pursuant to section 182(5) of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended (“OBCA”) with respect to calling, holding and conducting a special meeting (the “Meeting”) of the shareholders of TMX Group (the “Shareholders”) to consider, among other things, a plan of arrangement involving the Applicant and the shareholders (the “Arrangement”);
 - (b) an order pursuant to s. 182 of the OBCA approving the Arrangement;
 - (c) a declaration that the terms and conditions of the Arrangement and the exchange of securities to be effected thereby are fair and reasonable to Shareholders; and
 - (d) such further and other relief as counsel may request and this Honourable Court may deem just.

2. The grounds for the application are:
 - (a) TMX Group Inc. (“TMX Group”) is a company incorporated under the provisions of the OBCA, with its head office in Toronto, Ontario;
 - (b) London Stock Exchange Group plc (“LSEG”) is a public limited company incorporated in England and Wales;
 - (c) upon completion of the Arrangement, LSEG will be referred to as “Mergeco”, to be subsequently renamed a name to be determined by LSEG and TMX Group (subject to approval by LSEG shareholders);
 - (d) LSEG Exchangeco Limited (“Exchangeco”) is a corporation incorporated under the OBCA for the purpose of implementing the merger of TMX Group and LSEG, by way of this Arrangement;
 - (e) the proposed Arrangement is an “arrangement” within the meaning of s. 182(1) of the OBCA;

- (f) all statutory procedures under s. 182 of the OBCA and other applicable provisions of the OBCA have been met or will be met by the date of the return of this Application;
- (g) the Arrangement is put forward in good faith and is fair and reasonable;
- (h) section 182 of the OBCA;
- (i) National Instrument 54-101 (*Communication with Beneficial Owners of Securities of a Reporting Issuer*) of the Canadian Securities Administrators;
- (j) Rules 14.05(1), 14.05(2), 14.05(3), 17.02 and 38 of the *Rules of Civil Procedure*; and
- (k) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. If made, the order approving the Arrangement will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, with respect to the securities issued or made issuable under the Arrangement.

4. The following documentary evidence will be used at the hearing of the application:

- (a) this Notice of Application;
- (b) such interim order as may be granted by this Honourable Court;
- (c) affidavit evidence to be sworn on behalf of the Applicants, with exhibits thereto;
- (d) further affidavit evidence to be sworn on behalf of the Applicants reporting as to compliance with any interim order and the results of any meeting conducted pursuant to such interim order; and
- (e) such further and other material as counsel may advise and this Honourable Court may permit.

5. Notice of this Application to Shareholders outside Ontario is given pursuant to Rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure*, and the terms of any interim order for advice and directions granted by this Honourable Court.

May 17, 2011

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Lawyers for the Applicant

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED AND RULE 14.05 OF THE *RULES OF CIVIL PROCEDURE*

Court File No:

CV-11-9226-000L

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING
TMX GROUP INC. et al.**

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF APPLICATION

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Fax: 416.865.7380

Lawyers for the Applicant

ANNEX E — SECTION 185 OF THE OBCA

185. (1) Rights of dissenting shareholders — Subject to Subsection (3) and to Sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under Section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under Section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under Sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under Section 181; or
- (e) sell, lease or exchange all or substantially all its property under Subsection 184(3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

(2) **Idem** — If a corporation resolves to amend its articles in a manner referred to in Subsection 170(1), a holder of shares of any class or series entitled to vote on the amendment under Section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170(1)(a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) Subsection 170(5) or (6).

(2.1) **One class of shares** — The right to dissent described in Subsection (2) applies even if there is only one class of shares.

(3) **Exception** — A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this Section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by Section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

(4) **Shareholder's right to be paid fair value** — In addition to any other right the shareholder may have, but subject to Subsection (30), a shareholder who complies with this Section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

(5) **No partial dissent** — A dissenting shareholder may only claim under this Section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(6) **Objection** — A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in Subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

(7) **Idem** — The execution or exercise of a proxy does not constitute a written objection for purposes of Subsection (6).

(8) **Notice of adoption of resolution** — The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in Subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

(9) **Idem** — A notice sent under Subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

(10) **Demand for payment of fair value** — A dissenting shareholder entitled to receive notice under Subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

(11) **Certificates to be sent in** — Not later than the thirtieth day after the sending of a notice under Subsection (10) a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

(12) **Idem** — A dissenting shareholder who fails to comply with Subsections (6), (10) and (11) has no right to make a claim under this Section.

(13) **Endorsement on certificate** — A corporation or its transfer agent shall endorse on any share certificate received under Subsection (11) a notice that the holder is a dissenting shareholder under this Section and shall return forthwith the share certificates to the dissenting shareholder.

(14) **Rights of dissenting shareholder** — On sending a notice under Subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this Section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under Subsection (15);
- (b) the corporation fails to make an offer in accordance with Subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under Subsection 168(3), terminate an amalgamation agreement under Subsection 176(5) or an application for continuance under Subsection 181(5), or abandon a sale, lease or exchange under Subsection 184(8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in Subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with Subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.

(15) **Offer to pay** — A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in Subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if Subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(16) **Idem** — Every offer made under Subsection (15) for shares of the same class or series shall be on the same terms.

(17) **Idem** — Subject to Subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under Subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(18) **Application to court to fix fair value** — Where a corporation fails to make an offer under Subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

(19) **Idem** — If a corporation fails to apply to the court under Subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

(20) **Idem** — A dissenting shareholder is not required to give security for costs in an application made under Subsection (18) or (19).

(21) **Costs** — If a corporation fails to comply with Subsection (15), then the costs of a shareholder application under Subsection (19) are to be borne by the corporation unless the court otherwise orders.

(22) **Notice to shareholders** — Before making application to the court under Subsection (18) or not later than seven days after receiving notice of an application to the court under Subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

- (a) has sent to the corporation the notice referred to in Subsection (10); and
- (b) has not accepted an offer made by the corporation under Subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

(23) **Parties joined** — All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under Subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

(24) **Idem** — Upon an application to the court under Subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

(25) **Appraisers** — The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(26) **Final order** — The final order of the court in the proceedings commenced by an application under Subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22)(a) and (b).

(27) **Interest** — The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(28) **Where corporation unable to pay** — Where Subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under Subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(29) **Idem** — Where Subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under Subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(30) **Idem** — A corporation shall not make a payment to a dissenting shareholder under this Section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

(31) **Court order** — Upon application by a corporation that proposes to take any of the actions referred to in Subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under Subsection (4), by order declare that those rights shall not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

(32) **Commission may appear** — The Commission may appoint counsel to assist the court upon the hearing of an application under Subsection (31), if the corporation is an offering corporation.

ANNEX F — FORM OF VOTING AND EXCHANGE TRUST AGREEMENT

SCHEDULE E

FORM OF VOTING AND EXCHANGE TRUST AGREEMENT

MEMORANDUM OF AGREEMENT made as of the ● day of ●, 2011.

BETWEEN:

London Stock Exchange Group PLC, a corporation existing under the laws of England and Wales (“**LSEG**”)

and

LSEG Exchangeco Limited, a corporation existing under the laws of the Province of Ontario (“**Exchangeco**”)

and

LSEG Interco Limited, a corporation existing under the laws of England and Wales (“**Interco**”)

and

LSEG Jerseyco Trust Ltd., a corporation existing under the laws of Jersey (“**Jerseyco**”)

and

CIBC Mellon Trust Company, a trust company incorporated under the laws of Canada (“**Trustee**”)

RECITALS:

- A. In connection with the Merger Agreement made as of February 9, 2011 between LSEG and TMX Group Inc. (“**TMX Group**”), Exchangeco is to issue Exchangeable Shares to certain holders of common shares of TMX Group pursuant to the Plan of Arrangement contemplated by the Merger Agreement.
- B. Under the Merger Agreement, LSEG has agreed to execute, and to cause Exchangeco to execute, a voting and exchange trust agreement substantially in the form of this Agreement.

NOW THEREFORE in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

“**affiliate**” has the meaning ascribed thereto in the NI 45-106;

“**Arrangement**” means the arrangement of TMX Group under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any

amendments or variations thereto made in accordance with Section 7.4 of the Merger Agreement or Section 6.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to both TMX Group and LSEG, each acting reasonably);

“**Automatic Exchange Right**” has the meaning ascribed thereto in Section 5.1;

“**Automatic Exchange Rights on Liquidation**” means the benefit of the obligation of LSEG to effect the automatic exchange of Exchangeable Shares for LSEG Shares pursuant to Section 5.9;

“**Beneficiaries**” means the registered holders from time to time of Exchangeable Shares, other than LSEG and its affiliates;

“**Beneficiary Votes**” has the meaning ascribed thereto in Section 4.2;

“**Board of Directors**” means the board of directors of Exchangeco;

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or London, United Kingdom;

“**Callco**” means LSEG Callco Limited, a corporation existing under the laws of the Province of Ontario, and a wholly-owned Subsidiary of LSEG;

“**Canadian Dollar Equivalent**” means, in respect of an amount expressed in a currency other than Canadian dollars (the “**Foreign Currency Amount**”) at any date, the amount obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose;

“**CDS**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**CREST**” means the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755);

“**Current Market Price**” means, in respect of a LSEG Share on any date, the Canadian Dollar Equivalent of the average of the closing prices (if available) of LSEG Shares on the LSE during a period of 20 consecutive trading days ending on the third trading day before such date, or, if the LSEG Shares are not then listed on the LSE, the Canadian Dollar Equivalent of the average of the closing prices (if available) of LSEG Shares on the principal exchange on which the LSEG Shares are then listed; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of LSEG Shares during such period does not create a market which reflects the fair market value of a LSEG Share, then the Current Market Price of a LSEG Share shall be determined by the Board of Directors, in good faith and in its sole discretion, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding;

“**Effective Date**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Event of Default**” shall have the meaning ascribed thereto in the Security Agreement;

“**Exchangeable Share Provisions**” means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, which rights, privileges, restrictions and conditions are as set out in Exhibit 1 to the Plan of Arrangement;

“**Exchangeable Shares**” means the exchangeable shares in the capital of Exchangeco, having the rights, privileges, restrictions and conditions set out in the Exchangeable Share Provisions;

“**Final Order**” means the final order of the Court pursuant to Section 182(5) of the OBCA, in a form acceptable to TMX Group and LSEG, each acting reasonably, approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

“**Governmental Entity**” means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, ministry, bureau or agency, domestic or foreign; (b) any stock exchange, including TSX and the LSE; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**IFRS**” means International Financial Reporting Standards;

“**Indemnified Parties**” has the meaning ascribed thereto in Section 9.1;

“**Insolvency Event**” means (i) the winding-up of Exchangeco or the institution by Exchangeco of any proceeding to be adjudicated a bankrupt or insolvent or to be wound up, or the consent of Exchangeco to the institution of bankruptcy, insolvency or winding-up proceedings against it, or (ii) the filing of a petition, answer or consent seeking dissolution, reorganization, or winding-up under any bankruptcy, insolvency or analogous laws, including without limitation the *Companies Creditors’ Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and the failure by Exchangeco to contest in good faith any such proceedings commenced in respect of Exchangeco within 30 days of becoming aware thereof, or the consent by Exchangeco to the filing of any such petition or to the appointment of a receiver, or (iii) the making by Exchangeco of a general assignment for the benefit of creditors, or the admission in writing by Exchangeco of its inability to pay its debts generally as they become due, or (iv) Exchangeco not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares pursuant to Section 6.6 of the Exchangeable Share Provisions;

“**Jerseyco LSEG Shares**” means the LSEG Shares to be issued to Jerseyco under Sections 3.1 and 4.12, as applicable;

“**Liquidation Call Right**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Liquidation Event**” has the meaning ascribed thereto in Section 5.9(b);

“**Liquidation Event Effective Date**” has the meaning ascribed thereto in Section 5.9(c);

“**List**” has the meaning ascribed thereto in Section 4.6;

“**LSE**” means the London Stock Exchange;

“**LSEG Consent**” has the meaning ascribed thereto in Section 4.2;

“**LSEG Shareholder Meeting**” has the meaning ascribed thereto in Section 4.2;

“**LSEG Shares**” means the ordinary shares of LSEG;

“**LSEG Successor**” has the meaning ascribed thereto in Section 11.1;

“**Merger Agreement**” means the merger agreement dated as of February 9, 2011 between LSEG and TMX Group, as amended, supplemented and/or restated in accordance therewith prior to the Effective Date, providing for, among other things, the Arrangement;

“**NI 45-106**” means National Instrument 45-106 — *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

“**OBCA**” means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Officer’s Certificate**” means, with respect to LSEG or Exchangeco, as the case may be, a certificate signed by any officer or director of LSEG or Exchangeco, as the case may be;

“**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Plan of Arrangement**” means the plan of arrangement of TMX Group, substantially in the form of Schedule A to the Merger Agreement, and any amendments or variations thereto made in accordance with Section 7.4 of the Merger Agreement and Section 6.1 of the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of TMX Group and LSEG, each acting reasonably;

“**Power of Attorney**” means the power of attorney granted by Jerseyco to the Trustee pursuant to Section 2.1, Section 6.3(b) or Section 12.6 hereof;

“**Redemption Call Right**” has the meaning ascribed thereto in the Plan of Arrangement;

“**Retracted Shares**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**Retraction Call Right**” has the meaning ascribed thereto in the Exchangeable Share Provisions;

“**Securities Act**” means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Security Agreement**” means an agreement to be made between Interco and Jerseyco prior to the Effective Date that will provide for, among other things, the Security Power of Attorney, and certain consequences of an Event of Default in respect of Jerseyco, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Security Interest**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any Person or any other agreement having a similar effect;

“**Security Power of Attorney**” means a power of attorney to be granted by Jerseyco to Interco under the Security Agreement, which power of attorney shall become effective without notice upon the occurrence of an Event of Default (if any);

“**Stamp Taxes**” means all stamp, registration and transfer taxes and duties or their equivalents plus interest and penalties in respect thereof in all jurisdictions where such taxes and duties are payable as a result of any of the transactions contemplated by this Agreement including, without limitation, United Kingdom stamp duty and stamp duty reserve tax;

“**Subsidiary**” has the meaning ascribed thereto in the NI 45-106;

“**Support Agreement**” means an agreement to be made between LSEG, Exchangeco and Calco substantially in the form and content of Schedule F to the Merger Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Transferee**” has the meaning ascribed thereto in Section 12.6;

“**Trust**” means the trust created by this Agreement under the laws of the Province of Ontario;

“**Trust Estate**” means the rights of the Trustee granted to it by Jerseyco hereunder in respect of the Voting Rights, any securities, the Automatic Exchange Right, the Automatic Exchange Rights on Liquidation and any money or other property which may be held by the Trustee from time to time pursuant to this Agreement;

“**Trustee**” means ● and, subject to the provisions of Article 10, includes any successor trustee or permitted assigns;

“**TSX**” means Toronto Stock Exchange;

“**U.S. Holder**” means a holder of securities who is in the United States of America, its territories or possessions, any State of the United States or the District of Columbia, but does not include any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated or (if an individual) resident in the United States;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended; and

“**Voting Rights**” means any and all voting rights attaching to the Jerseyco LSEG Shares from time to time.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Payments

All payments to be made hereunder will be made without interest and less any amount deducted or withheld in accordance with Section 5.10 of this Agreement.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in accordance with IFRS consistently applied.

ARTICLE 2 PURPOSE OF AGREEMENT

2.1 Establishment of Trust

The purpose of this Agreement is to create the Trust for the benefit of the Beneficiaries, as herein provided. Jerseyco hereby grants to the Trustee an irrevocable power of attorney to exercise the Voting Rights pursuant to and in accordance with the terms of this Agreement (including but not limited to Section 7.1), coupled with an interest in those Voting Rights, and the Trustee will hold the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation in order to enable the Trustee to exercise such rights, in each case as trustee for and on the direction and behalf of, and for the use and benefit of, the Beneficiaries as provided in this Agreement, provided however that the Power of Attorney granted under this Section 2.1 shall:

- (a) without prejudice to Section 6.3(b), terminate on the date which is one year from the date hereof;
- (b) be without prejudice to the Security Power of Attorney; and
- (c) terminate automatically without notice upon the occurrence of an Event of Default;

and the provisions of this Agreement relating to the Voting Rights, the Trust Estate and the rights, powers, authority and obligations of the Trustee in relation thereto shall be construed accordingly.

ARTICLE 3 JERSEYCO LSEG SHARES AND VOTING RIGHTS

3.1 Issue and Ownership of the Jerseyco LSEG Shares and Voting Rights

Upon execution of this Agreement and for good and valid consideration (the sufficiency and receipt of which is hereby acknowledged), (i) LSEG shall allot and issue to Jerseyco a number

of LSEG Shares equal to the number of Exchangeable Shares issued to shareholders of TMX Group that have elected to receive Exchangeable Shares under the Plan of Arrangement as duly authorized, fully paid-up and validly issued shares, and shall deliver such Jerseyco LSEG Shares to Jerseyco, and (ii) Jerseyco and Interco shall enter into the Security Agreement and comply with its terms. During the term of the Trust and subject to the terms and conditions of this Agreement, the Security Agreement and the Power of Attorney, (i) Jerseyco shall possess and be vested with full beneficial and legal ownership of the Jerseyco LSEG Shares, subject to the Voting Rights of the Trustee and Jerseyco's undertaking not to exercise the Voting Rights on its own behalf, and (ii) the Trustee shall be entitled to exercise the Voting Rights in accordance with the terms of this Agreement, and more specifically:

- (a) the Trustee shall hold the Voting Rights and all rights related thereto as trustee solely for the use and benefit of the Beneficiaries in accordance with the provisions of this Agreement and the Power of Attorney;
- (b) except as specifically authorized by this Agreement, the Trustee shall have no power or authority to sell, transfer, vote or otherwise deal in or with either the Jerseyco LSEG Shares or the Voting Rights, and the Voting Rights shall not be used or disposed of by the Trustee for any purpose (including for exercising dissent or appraisal rights relating to the Jerseyco LSEG Shares) other than the purposes for which this Trust is created pursuant to this Agreement;
- (c) except as specifically authorized or required by this Agreement or the Security Agreement, Jerseyco shall not sell, transfer, vote or otherwise deal in or with the Jerseyco LSEG Shares or the Voting Rights, and the Jerseyco LSEG Shares shall not be used or disposed of by Jerseyco for any purpose other than pursuant to this Agreement or the Security Agreement; and
- (d) except as specifically authorized or required by this Agreement or the Security Agreement, Jerseyco shall transfer the Jerseyco LSEG Shares as LSEG directs, which may include a direction by LSEG to transfer the Jerseyco LSEG Shares to a Canadian nominee to hold the Jerseyco LSEG Shares as nominee on behalf of Jerseyco provided that the terms of such arrangement permit Jerseyco to continue to comply with its obligations hereunder,

provided that for greater certainty nothing shall limit Jerseyco from (i) selling or transferring to LSEG (or at LSEG's direction) a cumulative number of Jerseyco LSEG Shares equal to the cumulative number of Exchangeable Shares that have been purchased by LSEG or its affiliates from holders of Exchangeable Shares or redeemed, including on the purchase or redemption thereof, or (ii) selling such number of Jerseyco LSEG Shares outside the United States as would otherwise have been delivered to a U.S. Holder in exchange for the Exchangeable Shares held by such U.S. Holder and delivering or causing to be delivered to such U.S. Holder the net cash proceeds (less any amounts withheld pursuant to Section 5.10) derived from such sale.

For greater certainty, neither the Trustee nor the Beneficiaries will have any right, title or interest in or to the Jerseyco LSEG Shares (including for greater certainty any right, title or interest in the Security Agreement or the obligations of Jerseyco pursuant to Sections 6.2 and 6.3 of this Agreement) other than the right to exercise the Voting Rights as provided pursuant to the terms of this Agreement or the Power of Attorney.

3.2 Legended Share Certificates

Exchangeco will cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Beneficiaries of their right to instruct the Trustee with respect to the exercise of the Voting Rights.

3.3 Safe Keeping of Certificates

The certificates (if any) representing the Jerseyco LSEG Shares shall at all times be held in safe keeping by Jerseyco or its agent.

ARTICLE 4 EXERCISE OF VOTING RIGHTS

4.1 Voting Rights

The Trustee, as the person entitled to exercise the Voting Rights, shall be entitled to exercise all of the Voting Rights, including the right to consent to or to vote in person or by proxy the Jerseyco LSEG Shares on any matters, questions, proposals or propositions whatsoever that may properly come before the shareholders of LSEG at a LSEG Shareholder Meeting or in connection with a LSEG Consent. The Voting Rights shall be and remain exercisable by the Trustee on the direction and behalf of the Beneficiaries. Subject to Section 7.15:

- (a) the Trustee shall exercise the Voting Rights only on the basis of instructions received pursuant to this Article 4 from Beneficiaries entitled to instruct the Trustee as to the voting thereof at the time at which the LSEG Shareholder Meeting is held or a LSEG Consent is sought;
- (b) to the extent that no instructions are received from a Beneficiary with respect to the Voting Rights to which such Beneficiary is entitled, the Trustee shall not exercise or permit the exercise of such Voting Rights; and
- (c) without prejudice to paragraph (b) above, under no circumstances shall the Trustee exercise or permit the exercise of a number of Voting Rights which is greater than the number of Exchangeable Shares outstanding at the relevant time (excluding those Exchangeable Shares held by LSEG or an affiliate of LSEG).

4.2 Number of Votes

With respect to all meetings of shareholders of LSEG at which holders of LSEG Shares are entitled to vote (each, a “**LSEG Shareholder Meeting**”) and with respect to all written consents sought by LSEG from its shareholders including the holders of LSEG Shares (each, a “**LSEG Consent**”), each Beneficiary shall be entitled to instruct the Trustee to cast and exercise the votes comprised in the Voting Rights for each Exchangeable Share owned of record by such Beneficiary on the record date established by LSEG or by applicable law for such LSEG Shareholder Meeting or LSEG Consent, as the case may be (the “**Beneficiary Votes**”), in respect of each matter, question, proposal or proposition to be voted on at such LSEG Shareholder Meeting or in connection with such LSEG Consent, on the basis that each Exchangeable Share held by that Beneficiary entitles him, her or it to direct the Trustee as to the exercise of the Voting Rights attributable to one Jerseyco LSEG Share.

4.3 Mailings to Shareholders

With respect to each LSEG Shareholder Meeting and LSEG Consent, the Trustee will use its reasonable efforts promptly to mail or cause to be mailed (or otherwise communicate in the same manner as LSEG utilizes in communications to holders of LSEG Shares, subject to

applicable regulatory requirements and the Trustee being advised in writing as to that manner of communications, and provided such manner of communications is reasonably available to the Trustee) to each of the Beneficiaries named in the List, such mailing or communication to commence wherever practicable on the same day as the mailing or notice (or other communication) with respect thereto is commenced by LSEG to its shareholders:

- (a) a copy of such notice, together with any related materials, including, without limitation, any proxy circular or information statement, to be provided to shareholders of LSEG;
- (b) a statement that such Beneficiary is entitled to instruct the Trustee as to the exercise of the Beneficiary Votes with respect to such LSEG Shareholder Meeting or LSEG Consent or, pursuant to Section 4.7, to attend such LSEG Shareholder Meeting and to exercise personally the Beneficiary Votes thereat;
- (c) a statement as to the manner in which such instructions may be given to the Trustee, including an express indication that instructions may be given to the Trustee to give:
 - (i) a proxy to such Beneficiary or his designee to exercise personally the Beneficiary Votes; or
 - (ii) a proxy to a designated agent or other representative of the management of LSEG to exercise such Beneficiary Votes;
- (d) a statement that if no such instructions are received from the Beneficiary, the Beneficiary Votes to which such Beneficiary is entitled will not be exercised;
- (e) a form of direction whereby the Beneficiary may so direct and instruct the Trustee as contemplated herein; and
- (f) a statement of the time and date by which such instructions must be received by the Trustee in order to be binding upon it, which in the case of a LSEG Shareholder Meeting shall not be earlier than the close of business on the second to last Business Day prior to such meeting, and of the method for revoking or amending such instructions.

The materials referred to in this Section 4.3 are to be provided to the Trustee by LSEG and the materials referred to in Sections 4.3(c), 4.3(e) and 4.3(f) shall be subject to reasonable comment by the Trustee in a timely manner. LSEG shall ensure that the materials to be provided to the Trustee are provided in sufficient time to permit the Trustee to comment as aforesaid and to send all materials to each Beneficiary at the same time as such materials are first sent to holders of LSEG Shares. LSEG agrees not to communicate with holders of LSEG Shares with respect to the materials referred to in this Section 4.3 otherwise than by mail unless such method of communication is also reasonably available to the Trustee for communication with the Beneficiaries.

For the purpose of determining Beneficiary Votes to which a Beneficiary is entitled in respect of any LSEG Shareholder Meeting or LSEG Consent, the number of Exchangeable Shares owned of record by the Beneficiary shall be determined at the close of business on the record date established by LSEG or by applicable law for purposes of determining shareholders entitled to vote at such LSEG Shareholder Meeting. LSEG will notify the Trustee of any decision of the board of directors of LSEG with respect to the calling of any LSEG Shareholder Meeting

and shall provide all necessary information and materials to the Trustee in each case promptly and in any event in sufficient time to enable the Trustee to perform its obligations contemplated by this Section 4.3.

4.4 Copies of Shareholder Information

LSEG will deliver to the Trustee copies of all proxy materials (including notices of LSEG Shareholder Meetings but excluding proxies to vote LSEG Shares), information statements, reports (including without limitation, all interim and annual financial statements) and other written communications that, in each case, are to be distributed from time to time to holders of LSEG Shares in sufficient quantities and in sufficient time so as to enable the Trustee to send those materials to each Beneficiary at the same time as such materials are first sent to holders of LSEG Shares. The Trustee will mail or otherwise send to each Beneficiary, at the expense of LSEG, copies of all such materials (and all materials specifically directed to the Beneficiaries or to the Trustee for the benefit of the Beneficiaries by LSEG) received by the Trustee from LSEG contemporaneously with the sending of such materials to holders of LSEG Shares. The Trustee will also make available for inspection by any Beneficiary at the Trustee's principal office in Toronto all proxy materials, information statements, reports and other written communications that are:

- (a) received by Jerseyco as the registered holder of the Jerseyco LSEG Shares (which material LSEG will also send to the Trustee) and made available by LSEG generally to the holders of LSEG Shares; or
- (b) specifically directed to the Beneficiaries, Jerseyco or the Trustee for the benefit of the Beneficiaries by LSEG.

4.5 Other Materials

As soon as reasonably practicable after receipt by LSEG or shareholders of LSEG (if such receipt is known by LSEG) of any material sent or given by or on behalf of a third party to holders of LSEG Shares generally, including without limitation, dissident proxy and information circulars (and related information and material) and take-over bid and securities exchange take-over bid circulars (and related information and material), provided such material has not been sent to the Beneficiaries by or on behalf of such third party, LSEG shall use its reasonable efforts to obtain and deliver to the Trustee copies thereof in sufficient quantities so as to enable the Trustee to forward such material (unless the same has been provided directly to Beneficiaries by such third party) to each Beneficiary as soon as possible thereafter. As soon as reasonably practicable after receipt thereof, the Trustee will mail or otherwise send to each Beneficiary, at the expense of LSEG, copies of all such materials received by the Trustee from LSEG. The Trustee will also make available for inspection during regular business hours by any Beneficiary at the Trustee's principal office in Toronto copies of all such materials.

4.6 List of Persons Entitled to Vote

Exchangeco shall, (a) prior to each annual or other general LSEG Shareholder Meeting or the seeking of any LSEG Consent and (b) forthwith upon each request made at any time by the Trustee in writing, prepare or cause to be prepared a list (a "**List**") of the names and addresses of the Beneficiaries arranged in alphabetical order and showing the number of Exchangeable Shares held of record by each such Beneficiary, in each case at the close of business on the

date specified by the Trustee in such request or, in the case of a List prepared in connection with a LSEG Shareholder Meeting or a LSEG Consent, at the close of business on the record date established by LSEG or pursuant to applicable law for determining the holders of LSEG Shares entitled to receive notice of and/or to vote at such LSEG Shareholder Meeting or to give consent in connection with such LSEG Consent. Each such List shall be delivered to the Trustee promptly after receipt by Exchangeco of such request or the record date for such meeting or seeking of consent, as the case may be, and in any event within sufficient time as to permit the Trustee to perform its obligations under this Agreement. LSEG agrees to give Exchangeco notice (with a copy to the Trustee) of the calling of any LSEG Shareholder Meeting or the seeking of any LSEG Consent, together with the record dates therefor, sufficiently prior to the date of the calling of such meeting or seeking of such consent so as to enable Exchangeco to perform its obligations under this Section 4.6.

4.7 Entitlement to Direct Votes

Subject to Sections 4.8 and 4.11, any Beneficiary named in a List prepared in connection with any LSEG Shareholder Meeting or LSEG Consent will be entitled (a) to instruct the Trustee in the manner described in Section 4.3 with respect to the exercise of the Beneficiary Votes to which such Beneficiary is entitled or (b) to attend such meeting and personally exercise thereat, as the proxy of the Trustee, the Beneficiary Votes to which such Beneficiary is entitled.

4.8 Voting by Trustee and Attendance of Trustee Representative at Meeting

In connection with each LSEG Shareholder Meeting and LSEG Consent, the Trustee shall exercise, either in person or by proxy, in accordance with the written instructions received from a Beneficiary pursuant to Section 4.3, the Beneficiary Votes as to which such Beneficiary is entitled to direct the vote (or any lesser number thereof as may be set forth in the instructions); provided, however, that such written instructions are received by the Trustee from the Beneficiary prior to the time and date fixed by the Trustee for receipt of such instruction in the notice given by the Trustee to the Beneficiary pursuant to Section 4.3.

The Trustee shall cause a representative who is empowered by it to sign and deliver, on behalf of the Trustee, proxies for Voting Rights to attend each LSEG Shareholder Meeting. Upon submission by a Beneficiary (or its designee) of identification satisfactory to the Trustee's representative, and at the Beneficiary's request, such representative shall sign and deliver to such Beneficiary (or its designee) a proxy to exercise personally the Beneficiary Votes as to which such Beneficiary is otherwise entitled hereunder to direct the vote, if such Beneficiary either (i) has not previously given the Trustee instructions pursuant to Section 4.3 in respect of such meeting or (ii) submits to such representative written revocation of any such previous instructions. At such meeting, the Beneficiary exercising such Beneficiary Votes shall have the same rights as the Trustee to speak at the meeting in favour of any matter, question, proposal or proposition, to vote by way of ballot at the meeting in respect of any matter, question, proposal or proposition, and to vote at such meeting by way of a show of hands in respect of any matter, question, proposal or proposition.

4.9 Distribution of Written Materials

Any written materials distributed by the Trustee to the Beneficiaries pursuant to this Agreement shall be sent by mail (or otherwise communicated in the same manner as LSEG utilizes in

communications to holders of LSEG Shares subject to applicable regulatory requirements and the Trustee being advised in writing as to that manner of communications, and provided such manner of communications is reasonably available to the Trustee) to each Beneficiary at its address as shown on the books of Exchangeco. Exchangeco shall provide or cause to be provided to the Trustee for purposes of communication, on a timely basis and without charge or other expense:

- (a) a current List; and
- (b) upon the request of the Trustee, mailing labels to enable the Trustee to carry out its duties under this Agreement.

4.10 Termination of Voting Rights

All of the rights of a Beneficiary with respect to the Beneficiary Votes exercisable in respect of the Exchangeable Shares held by such Beneficiary, including the right to instruct the Trustee as to the voting of or to vote personally such Beneficiary Votes, shall lapse and be deemed to be surrendered by the Beneficiary to LSEG, Callco or Exchangeco, as the case may be, and such Beneficiary Votes and the Voting Rights represented thereby shall cease immediately upon (i) the delivery by such holder to the Trustee of the certificates representing such Exchangeable Shares in connection with the occurrence of the automatic exchange of Exchangeable Shares for LSEG Shares, as specified in Article 5 (unless LSEG shall not have delivered the requisite LSEG Shares deliverable in exchange therefor to the Trustee pending delivery to the Beneficiaries), or (ii) the retraction or redemption of Exchangeable Shares pursuant to Article 6 or 7 of the Exchangeable Share Provisions, or (iii) the effective date of the liquidation, dissolution or winding-up of Exchangeco pursuant to Article 5 of the Exchangeable Share Provisions, or (iv) the purchase of Exchangeable Shares from the holder thereof by Callco pursuant to the exercise by Callco of the Retraction Call Right, the Redemption Call Right or the Liquidation Call Right.

4.11 Disclosure of Interest in Exchangeable Shares

The Trustee or Exchangeco shall be entitled to require any Beneficiary or any Person whom the Trustee or Exchangeco knows or has reasonable cause to believe holds any interest whatsoever in an Exchangeable Share (i) to confirm that fact or (ii) to give such details as to whom has an interest in such Exchangeable Share, in each case as would be required (if the Exchangeable Shares were a class of “equity shares” of Exchangeco) under Section 102.1 of the Securities Act or as would be required under the articles of LSEG or any laws or regulations, or pursuant to the rules or regulations of any regulatory authority, of Canada or the United Kingdom as if, and only to the extent that, the Exchangeable Shares were LSEG Shares.

If a Beneficiary does not provide the information required to be provided by such Beneficiary pursuant to this Section 4.11, the board of directors of LSEG may take any action permitted under the articles of LSEG or any laws or regulations, or pursuant to the rules or regulations of any regulatory authority, of the United Kingdom with respect to the Voting Rights relating to the Exchangeable Shares held by such Beneficiary as if, and only to that the extent that, the Exchangeable Shares were LSEG Shares.

4.12 Issue of Additional Shares

During the term of this agreement, LSEG will not, without the consent of the holders of the Exchangeable Shares, given in accordance with Section 10.2 of the Exchangeable Share Provisions, issue any additional Jerseyco LSEG Shares except to maintain the voting equivalence of the Exchangeable Shares and the LSEG Shares for which they are exchangeable if the number of Exchangeable Shares, or the number of LSEG Shares for which each Exchangeable Share is exchangeable for, is increased.

ARTICLE 5 AUTOMATIC EXCHANGE

5.1 Automatic Exchange

- (a) LSEG hereby agrees with the Trustee as trustee for and on behalf of, and for the use and benefit of, the Beneficiaries that the Trustee shall have (i) the automatic exchange right (the “**Automatic Exchange Right**”), and (ii) the Automatic Exchange Rights on Liquidation, all in accordance with the provisions of this Agreement. The Automatic Exchange Right shall represent an agreement on the terms set out herein between LSEG and the Trustee (acting on behalf of the Beneficiaries) that upon the occurrence of an Insolvency Event, LSEG will purchase from each and every Beneficiary all of the Exchangeable Shares held by such Beneficiary. The Automatic Exchange Rights on Liquidation shall represent an agreement on the terms set out herein between LSEG and the Trustee (acting on behalf of the Beneficiaries) that LSEG will purchase the outstanding Exchangeable Shares on the fifth Business Day prior to the Liquidation Event Effective Date. LSEG hereby acknowledges receipt from the Trustee as trustee for and on behalf of the Beneficiaries of good and valuable consideration (and the adequacy thereof) for agreeing with the Trustee to be bound by the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation.
- (b) During the term of the Trust and subject to the terms and conditions of this Agreement, the Trustee shall possess and be vested with full legal ownership of the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation and shall be entitled to exercise all of the rights and powers of an owner with respect to the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation, provided that the Trustee shall:
 - (i) hold the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation and the legal title thereto as trustee solely for the use and benefit of the Beneficiaries in accordance with the provisions of this Agreement; and
 - (ii) except as specifically authorized by this Agreement, have no power or authority to exercise or otherwise deal in or with the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation, and the Trustee shall not exercise any such rights for any purpose other than the purposes for which the Trust is created pursuant to this Agreement.
- (c) The obligations of LSEG to deliver LSEG Shares pursuant to the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation are subject to all applicable laws and regulatory and stock exchange requirements.

5.2 Legended Share Certificates

Exchangeco will cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Beneficiaries of the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation.

5.3 Automatic Exchange Right

- (a) The purchase price payable by LSEG for each Exchangeable Share to be purchased by LSEG under the Automatic Exchange Right shall be an amount per share equal to (i) the Current Market Price of a LSEG Share on the last Business Day prior to the day of closing of the purchase and sale of such Exchangeable Share under the Automatic Exchange Right, which shall be satisfied in full by LSEG delivering or causing to be delivered to such holder one LSEG Share, plus (ii) to the extent not paid by Exchangeco on the designated payment date therefor, an additional amount equal to and in satisfaction of the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the closing of the purchase and sale. In connection with each exercise of the Automatic Exchange Right, LSEG shall provide to the Trustee an Officer's Certificate setting forth the calculation of the purchase price for each Exchangeable Share. The purchase price for each such Exchangeable Share so purchased may be satisfied only by LSEG delivering or causing to be delivered to the Trustee, on behalf of the relevant Beneficiary, one LSEG Share and on the applicable payment date a cheque for the balance, if any, of the purchase price without interest (less any amounts withheld pursuant to Section 5.10). Upon payment by LSEG of such purchase price, the relevant Beneficiary shall cease to have any right to be paid any amount in respect of declared and unpaid dividends on each such Exchangeable Share by Exchangeco and Exchangeco shall cease to be obligated to pay any amount in respect of such dividends.
- (b) Immediately upon the occurrence of an Insolvency Event, the closing of the transaction of purchase and sale contemplated by the Automatic Exchange Right shall be deemed to have occurred, and each Beneficiary shall be deemed to have transferred to LSEG all of the Beneficiary's right, title and interest in and to such Beneficiary's Exchangeable Shares free and clear of any lien, claim or encumbrance and the related interest in the Trust Estate, any right of each such Beneficiary to receive declared and unpaid dividends from Exchangeco shall be deemed to be satisfied and discharged and each such Beneficiary shall cease to be a holder of such Exchangeable Shares and LSEG shall deliver to the Beneficiary the LSEG Shares deliverable upon the automatic exchange of Exchangeable Shares for LSEG Shares and on the applicable payment date shall deliver to the Trustee for delivery to the Beneficiary a cheque for the balance, if any, of the total purchase price for such Exchangeable Shares, without interest, in each case less any amounts withheld pursuant to Section 5.10. Concurrently with such Beneficiary ceasing to be a holder of Exchangeable Shares, the Beneficiary shall become the holder of the LSEG Shares delivered to that Beneficiary pursuant to the automatic exchange of such Beneficiary's Exchangeable Shares for LSEG Shares and the certificates held by the Beneficiary previously representing the Exchangeable Shares exchanged by the Beneficiary with LSEG pursuant to such automatic exchange shall thereafter be deemed to represent

LSEG Shares delivered to the Beneficiary by LSEG pursuant to such automatic exchange. Upon the request of a Beneficiary and the surrender by the Beneficiary of Exchangeable Share certificates deemed to represent LSEG Shares, duly endorsed in blank and accompanied by such instruments of transfer as LSEG may reasonably require, LSEG shall deliver or cause to be delivered to the Beneficiary certificates representing the LSEG Shares of which the Beneficiary is the holder (or effect the necessary CREST or other electronic transfers in respect of such shares).

- (c) Should LSEG so designate, on the occurrence of an Insolvency Event, LSEG may fulfill its obligations under the Automatic Exchange Right by causing Callco (rather than LSEG) to acquire all Exchangeable Shares that would otherwise have been acquired by LSEG and to deliver all the LSEG Shares that would otherwise have been delivered by LSEG under the Automatic Exchange Right, and in such event any relevant references to LSEG in Sections 5.3(a) and (b) and any other relevant provision of any document shall be read as references to Callco.

5.4 Failure to Retract

Upon the occurrence of an event referred to in paragraph (iv) of the definition of Insolvency Event, Exchangeco hereby agrees with the Trustee and in favour of the Beneficiary promptly to forward or cause to be forwarded to the Trustee all relevant materials delivered by the Beneficiary to Exchangeco or to the transfer agent of the Exchangeable Shares (including without limitation, a copy of the retraction request delivered pursuant to Section 6.1 of the Exchangeable Share Provisions) in connection with such proposed redemption of the Retracted Shares.

5.5 Stamp Taxes

- (a) Upon any sale or transfer of Exchangeable Shares to LSEG or Callco pursuant to the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation, the share certificate or certificates (if any) representing LSEG Shares to be delivered in connection with the payment of the total purchase price therefor shall be issued in the name of the Beneficiary of the Exchangeable Shares so sold or transferred or in such names as such Beneficiary may otherwise direct in writing, provided such direction is received by LSEG prior to the time of such shares being delivered, without charge to the holder of the Exchangeable Shares so sold or transferred; provided, however, that such Beneficiary, subject to Sections 5.5(b) and 5.5(c) below, (i) shall pay (and none of LSEG, Exchangeco or the Trustee shall be required to pay) any Stamp Taxes, documentary or other taxes or duties that may be payable in respect of any sale or transfer of such Exchangeable Shares to LSEG or Callco or in respect of the delivery of such LSEG Shares to such Beneficiary or any other Person including, without limitation, in the event that LSEG Shares are being delivered, sold or transferred in the name of a clearing service or depository or a nominee thereof, or (ii) shall have evidenced to the satisfaction of the Trustee, LSEG and Exchangeco that such taxes or duties, if any, have been paid.
- (b) Notwithstanding any other provision herein but subject to Section 5.5(c) below, holders of Exchangeable Shares or Persons to whom Exchangeable Shares are issued or transferred (in each case other than LSEG, its affiliates, and the Trustee) shall be responsible for any and all Stamp Taxes payable in connection with the transfer or

issuance of such shares or their exchange for LSEG Shares and, subject to Section 5.5(c) below, transferees of LSEG Shares or Persons to whom LSEG Shares are delivered (in each case other than LSEG, its affiliates, and the Trustee) shall be responsible for any and all Stamp Taxes payable in connection with the transfer or delivery of such shares. In no event, subject to Section 5.5(c) below, will LSEG, Callco, Exchangeco or any of their respective affiliates, or the Trustee be responsible for any such Stamp Taxes and LSEG, Callco, Exchangeco or any of their respective affiliates, and/or the Trustee shall make such regulations and arrangements as are necessary to ensure that such holders, such transferees and such Persons pay all such applicable Stamp Taxes.

- (c) LSEG shall be responsible for any United Kingdom stamp duty reserve tax payable under Sections 93 or 96 of the Finance Act 1986 on the delivery or issue of LSEG Shares into CDS for the purpose of trading those LSEG Shares on TSX on an exchange of Exchangeable Shares for LSEG Shares in accordance with this Agreement. Callco and Exchangeco shall be responsible for any United Kingdom stamp duty reserve tax payable under Section 87 of the Finance Act 1986 in respect of a transfer of LSEG Shares on an exchange of Exchangeable Shares in accordance with the Exchangeable Share Provisions.

5.6 Notice of Insolvency Event

As soon as practicable following the occurrence of an Insolvency Event or any event that with the giving of notice or the passage of time or both would be an Insolvency Event, Exchangeco and LSEG shall give written notice thereof to the Trustee. As soon as practicable following the receipt of notice from Exchangeco and LSEG of the occurrence of an Insolvency Event, the Trustee will mail to each Beneficiary, at the expense of LSEG (such funds to be received in advance), a notice of such Insolvency Event in the form provided by LSEG, which notice shall contain a brief statement of the rights of the Beneficiaries with respect to the Automatic Exchange Right.

5.7 Listing of LSEG Shares

LSEG covenants that if any LSEG Shares to be delivered pursuant to the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document, or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental or regulatory authority under any Canadian or United Kingdom federal, provincial or territorial law or regulation or pursuant to the rules and regulations of any regulatory authority in Canada or the United Kingdom or the fulfillment of any other Canadian or United Kingdom federal, provincial or territorial legal requirement before such shares may be delivered by LSEG to the initial holder thereof or in order that such shares may be freely traded thereafter (other than any restrictions of general application on transfer by reason of a holder being a “control person” of LSEG for purposes of Canadian provincial or territorial securities law or any United Kingdom equivalent or the equivalent thereof under applicable stock exchange or regulatory requirements in Canada or the United Kingdom), LSEG will in good faith take all such actions and do all such things as are necessary or desirable to cause such LSEG Shares to be and remain duly registered, qualified or approved under Canadian or United Kingdom laws, as the case may be. LSEG will in good faith take all such reasonable actions and do all such things as are reasonably necessary or desirable to cause all LSEG Shares to be delivered pursuant to the

Automatic Exchange Right or the Automatic Exchange Rights on Liquidation to be listed, quoted or posted for trading on the LSE and TSX and any other stock exchanges and quotation systems on which outstanding LSEG Shares have been listed by LSEG and remain listed and are quoted or posted for trading at such time. For greater certainty, nothing in this Section 5.7 shall require LSEG to register any securities pursuant to the U.S. Securities Act or the United States Securities Exchange Act of 1934, as amended, or to register or qualify any securities pursuant to any applicable state “blue sky” laws.

5.8 LSEG Shares

LSEG hereby represents, warrants and covenants that the LSEG Shares deliverable as described herein will be duly authorized and validly issued as fully paid and non-assessable and shall be free and clear of any lien, claim or encumbrance.

5.9 Automatic Exchange on Liquidation of LSEG

- (a) LSEG will give the Trustee written notice of each of the following events at the time set forth below:
 - (i) in the event of any determination by the board of directors of LSEG to institute voluntary liquidation, dissolution or winding-up proceedings with respect to LSEG or to effect any other distribution of assets of LSEG among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution; and
 - (ii) as soon as practicable following the earlier of (A) receipt by LSEG of notice of, and (B) LSEG otherwise becoming aware of, any instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of LSEG or to effect any other distribution of assets of LSEG among its shareholders for the purpose of winding up its affairs, in each case where LSEG has failed to contest in good faith any such proceeding commenced in respect of LSEG within 30 days of becoming aware thereof.
- (b) As soon as practicable following receipt by the Trustee from LSEG of notice of any event (a “**Liquidation Event**”) contemplated by Section 5.9(a)(i) or 5.9(a)(ii) above, the Trustee will give notice thereof to the Beneficiaries. Such notice shall be provided to the Trustee by LSEG and shall include a brief description of the automatic exchange of Exchangeable Shares for LSEG Shares provided for in this Section 5.9.
- (c) In order that the Beneficiaries will be able to participate on a *pro rata* basis with the holders of LSEG Shares in the distribution of assets of LSEG in connection with a Liquidation Event, on the fifth Business Day prior to the effective date (the “**Liquidation Event Effective Date**”) of a Liquidation Event, all of the then outstanding Exchangeable Shares (other than those held by LSEG and its affiliates) shall be automatically exchanged for LSEG Shares. To effect such automatic exchange, LSEG shall purchase on the fifth Business Day prior to the Liquidation Event Effective Date each Exchangeable Share then outstanding and held by Beneficiaries, and each Beneficiary shall sell the Exchangeable Shares held by it at such time, free and clear of any lien, claim or encumbrance, for a purchase price per share equal to (a) the Current Market Price of a LSEG Share on the fifth Business Day prior to the Liquidation Event Effective Date, which shall be satisfied in full by LSEG delivering to the Beneficiary one LSEG Share, and (b) to the extent not paid by Exchangeco on the

designated payment date therefor, an additional amount equal to and in satisfaction of the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the date of the exchange. LSEG shall provide the Trustee with an Officer's Certificate in connection with each automatic exchange setting forth the calculation of the purchase price for each Exchangeable Share.

- (d) On the fifth Business Day prior to the Liquidation Event Effective Date, the closing of the transaction of purchase and sale contemplated by the automatic exchange of Exchangeable Shares for LSEG Shares shall be deemed to have occurred, and each Beneficiary shall be deemed to have transferred to LSEG all of the Beneficiary's right, title and interest in and to such Beneficiary's Exchangeable Shares free and clear of any lien, claim or encumbrance and the related interest in the Trust Estate, any right of each such Beneficiary to receive declared and unpaid dividends from Exchangeco shall be deemed to be satisfied and discharged, and each such Beneficiary shall cease to be a holder of such Exchangeable Shares and LSEG shall deliver or cause to be delivered to the Beneficiary the LSEG Shares deliverable upon the automatic exchange of Exchangeable Shares for LSEG Shares and on the applicable payment date shall deliver to the Trustee for delivery to the Beneficiary a cheque for the balance, if any, of the total purchase price for such Exchangeable Shares, without interest, less any amounts withheld pursuant to Section 5.10. Concurrently with such Beneficiary ceasing to be a holder of Exchangeable Shares, the Beneficiary shall be considered and deemed for all purposes to be the holder of the LSEG Shares delivered pursuant to the automatic exchange of such Beneficiary's Exchangeable Shares for LSEG Shares and the certificates held by the Beneficiary previously representing the Exchangeable Shares exchanged by the Beneficiary with LSEG pursuant to such automatic exchange shall thereafter be deemed to represent LSEG Shares delivered to the Beneficiary by LSEG pursuant to such automatic exchange. Upon the request of a Beneficiary and the surrender by the Beneficiary of Exchangeable Share certificates deemed to represent LSEG Shares, duly endorsed in blank and accompanied by such instruments of transfer as LSEG may reasonably require, LSEG shall deliver or cause to be delivered to the Beneficiary certificates representing the LSEG Shares of which the Beneficiary is the holder (or effect the necessary CREST or other electronic transfers in respect of such shares).

5.10 Withholding Rights

LSEG, Exchangeco, Callco and the Trustee shall be entitled to deduct and withhold from any dividend, distribution or other consideration otherwise payable under this Agreement to any holder of Exchangeable Shares or LSEG Shares such amounts as LSEG, Exchangeco, Callco or the Trustee is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada), the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any comparable statute of the United Kingdom or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case as amended or succeeded, or is entitled to deduct and withhold under Section 116 of the *Income Tax Act* (Canada) or any corresponding provisions of foreign or provincial law (including, but not limited to, Chapter 3, Chapter 4 and the backup withholding tax provisions of the Code). To the extent that amounts are so deducted and withheld, such amounts shall be treated for all purposes as having been paid to the holder of the shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental

Entity. To the extent that the amount so required or entitled to be deducted or withheld from any payment to a holder exceeds the cash portion of the dividend or distribution or other consideration otherwise payable to the holder, LSEG, Exchangeco, Callco and the Trustee are hereby authorized to sell or otherwise dispose of such portion of the dividend, distribution or other consideration as is necessary to provide sufficient funds to LSEG, Exchangeco, Callco or the Trustee, as the case may be, to enable it to comply with such deduction or withholding requirement or entitlement and LSEG, Exchangeco, Callco or the Trustee shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale.

5.11 No Fractional Shares

A holder of an Exchangeable Share shall not be entitled to any fraction of a LSEG Share upon the exercise of the Automatic Exchange Right or Automatic Exchange Rights on Liquidation hereunder and no certificates representing any such fractional interest shall be issued and such holder otherwise entitled to a fractional interest will receive for such fractional interest from LSEG on the designated payment date to the extent not paid by Callco or Exchangeco a cash payment equal to such fractional interest multiplied by the Current Market Price.

ARTICLE 6 CONCERNING JERSEYCO

6.1 Powers and Duties of Jerseyco

The rights, powers, duties and authorities of Jerseyco under this Agreement shall include:

- (a) the receipt of the Jerseyco LSEG Shares from LSEG;
- (b) the prompt delivery to the Trustee of all materials and communications with respect to the Jerseyco LSEG Shares received by Jerseyco; and
- (c) the exercise of Voting Rights associated with the Jerseyco LSEG Shares as directed by the Trustee from time to time in accordance with this Agreement.

6.2 Covenants of Jerseyco

Jerseyco covenants and undertakes to LSEG that, for so long as it holds any interest in a Jerseyco LSEG Share, it shall not:

- (a) carry on any business or activity, enter into any arrangement, agreement or transaction, incur any obligation or acquire or dispose of any assets other than to perform and/or comply with its obligations under this Agreement or the Security Agreement; or
- (b) create or permit to subsist any Security Interest over or in relation to any of its assets (other than pursuant to the Security Agreement).

6.3 Undertakings of Jerseyco

Jerseyco irrevocably undertakes:

- (a) not to exercise the Voting Rights on its own behalf;
- (b) that, for so long as it holds any interest in a Jerseyco LSEG Share, it shall on each anniversary of the date hereof execute such further documentation and do all such

other acts or things as may be necessary or desirable to grant a power of attorney on the same terms as set out in Section 2.1 hereof to the Trustee to exercise the Voting Rights pursuant to and in accordance with the terms of this Agreement; and

- (c) that, on the occurrence of an Event of Default, it shall forthwith (i) notify all other parties hereto in writing of the occurrence of such event, and (ii) transfer all of the Jerseyco LSEG Shares then held by it to such entity as Interco directs.

ARTICLE 7 CONCERNING THE TRUSTEE

7.1 Powers and Duties of the Trustee

The rights, powers, duties and authorities of the Trustee under this Agreement, in its capacity as Trustee of the Trust, shall include:

- (a) the right to exercise the Voting Rights received from Jerseyco as Trustee for and on behalf of the Beneficiaries in accordance with the provisions of this Agreement and the Power of Attorney;
- (b) granting proxies and distributing materials to Beneficiaries as provided in this Agreement;
- (c) voting the Beneficiary Votes on the direction and behalf of the Beneficiaries in accordance with the provisions of this Agreement and the Power of Attorney;
- (d) receiving the grant of the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation from LSEG as Trustee for and on behalf of the Beneficiaries in accordance with the provisions of this Agreement;
- (e) enforcing the benefit of the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation, in each case in accordance with the provisions of this Agreement, and in connection therewith receiving from Beneficiaries Exchangeable Shares and other requisite documents and distributing to such Beneficiaries LSEG Shares and cheques, if any, to which such Beneficiaries are entitled pursuant to the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation, as the case may be;
- (f) holding title to the Trust Estate;
- (g) investing any moneys forming, from time to time, a part of the Trust Estate as provided in this Agreement;
- (h) taking action at the direction of a Beneficiary or Beneficiaries to enforce the obligations of LSEG and Exchangeco under this Agreement; and
- (i) taking such other actions and doing such other things as are specifically provided in this Agreement.

In the exercise of such rights, powers, duties and authorities the Trustee shall have (and is granted) such incidental and additional rights, powers, duties and authority not in conflict with any of the provisions of this Agreement as the Trustee, acting in good faith and in the reasonable exercise of its discretion, may deem necessary, appropriate or desirable to effect the purpose of the Trust. Any exercise of such discretionary rights, powers, duties and authorities by the Trustee shall be final, conclusive and binding upon all Persons. For greater certainty, the Trustee shall have only those duties as are set out specifically in this Agreement.

The Trustee in exercising its rights, powers, duties and authorities hereunder shall act honestly and in good faith and with a view to the best interests of the Beneficiaries and shall exercise the care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

The Trustee shall not be bound to give notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall be specifically required to do so under the terms hereof; nor shall the Trustee be required to take any notice of, or to do, or to take any act, action or proceeding as a result of any default or breach of any provision hereunder, unless and until notified in writing of such default or breach, which notices shall distinctly specify the default or breach desired to be brought to the attention of the Trustee, and in the absence of such notice the Trustee may for all purposes of this Agreement conclusively assume that no default or breach has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein.

7.2 No Conflict of Interest

The Trustee represents to LSEG and Exchangeco that at the date of execution and delivery of this Agreement there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder and the role of the Trustee in any other capacity. The Trustee shall, within 90 days after it becomes aware that such material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Article 10. If, notwithstanding the foregoing provisions of this Section 7.2, the Trustee has such a material conflict of interest, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Trustee contravenes the foregoing provisions of this Section 7.2, any interested party may apply to the Superior Court of Justice (Ontario) for an order that the Trustee be replaced as Trustee hereunder.

7.3 Dealings with Transfer Agents, Registrars, etc.

LSEG and Exchangeco irrevocably authorize the Trustee, from time to time, to:

- (a) consult, communicate and otherwise deal with the respective registrars and Transfer Agents, and with any such subsequent registrar or Transfer Agent, of the Exchangeable Shares and LSEG Shares; and
- (b) requisition, from time to time, (i) from any such registrar or Transfer Agent any information readily available from the records maintained by it which the Trustee may reasonably require for the discharge of its duties and responsibilities under this Agreement and (ii) from the Transfer Agent of LSEG Shares, and any subsequent Transfer Agent of such shares, the share certificates issuable pursuant to the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation (or the necessary CREST or other electronic transfers in respect of such shares).

LSEG and Exchangeco irrevocably authorize their respective registrars and Transfer Agents to comply with all such requests. LSEG covenants that it will supply its Transfer Agent with duly executed share certificates (or the necessary CREST or other electronic transfers in respect of such shares) for the purpose of completing the exercise from time to time of the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation.

7.4 Books and Records

The Trustee shall keep available for inspection by LSEG and Exchangeco at the Trustee's principal office in Toronto correct and complete books and records of account relating to the Trust created by this Agreement, including without limitation, all relevant data relating to mailings and instructions to and from Beneficiaries and all transactions pursuant to the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation. On or before ●, 2012 and on or before ● in every year thereafter, so long as any outstanding Exchangeable Shares are owned by any Person other than LSEG or any of its affiliates, the Trustee shall transmit to LSEG and Exchangeco a brief report, dated as of the preceding ● with respect to:

- (a) the property and funds comprising the Trust Estate as of that date; and
- (b) any action taken by the Trustee in the performance of its duties under this Agreement which it had not previously reported and which, in the Trustee's opinion, materially affects the Trust Estate.

7.5 Income Tax Returns and Reports

The Trustee shall, to the extent necessary, prepare and file on behalf of the Trust appropriate United Kingdom and Canadian income tax returns and any other returns or reports as may be required by applicable law or pursuant to the rules and regulations of any securities exchange or other trading system through which the Exchangeable Shares are traded. In connection therewith, the Trustee may obtain the advice and assistance of such experts or advisors as the Trustee considers necessary or advisable (who may be experts or advisors to LSEG or Exchangeco). If requested by the Trustee, LSEG or Exchangeco shall retain qualified experts or advisors for the purpose of providing such tax advice or assistance.

7.6 Indemnification Prior to Certain Actions by Trustee

The Trustee shall exercise any or all of the rights, duties, powers or authorities vested in it by this Agreement at the request, order or direction of any Beneficiary upon such Beneficiary furnishing to the Trustee reasonable funding, security or indemnity against the costs, expenses and liabilities which may be incurred by the Trustee therein or thereby, provided that no Beneficiary shall be obligated to furnish to the Trustee any such security or indemnity in connection with the exercise by the Trustee of any of its rights, duties, powers and authorities with respect to the Voting Rights pursuant to Article 4, subject to Section 7.15, and with respect to the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation pursuant to Article 5, subject to Section 7.15.

None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the exercise of any of its rights, powers, duties, or authorities unless funded, given security and indemnified as aforesaid.

7.7 Action of Beneficiaries

No Beneficiary shall have the right to institute any action, suit or proceeding or to exercise any other remedy authorized by this Agreement for the purpose of enforcing any of its rights or for the execution of any trust or power hereunder unless the Beneficiary has requested the Trustee to take or institute such action, suit or proceeding and furnished the Trustee with the funding,

security or indemnity referred to in Section 7.6 and the Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Beneficiary shall be entitled to take proceedings in any court of competent jurisdiction such as the Trustee might have taken; it being understood and intended that no one or more Beneficiaries shall have any right in any manner whatsoever to affect, disturb or prejudice the rights hereby created by any such action, or to enforce any right hereunder or the Voting Rights, the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation except subject to the conditions and in the manner herein provided, and that all powers and trusts hereunder shall be exercised and all proceedings at law shall be instituted, had and maintained by the Trustee, except only as herein provided, and in any event for the equal benefit of all Beneficiaries.

7.8 Reliance Upon Declarations

The Trustee shall not be considered to be in contravention of any of its rights, powers, duties and authorities hereunder if, when required, it acts and relies in good faith upon statutory declarations, certificates, opinions or reports furnished pursuant to the provisions hereof or required by the Trustee to be furnished to it in the exercise of its rights, powers, duties and authorities hereunder if such statutory declarations, certificates, opinions or reports comply with the provisions of Section 7.9, if applicable, and with any other applicable provisions of this Agreement.

7.9 Evidence and Authority to Trustee

LSEG and/or Exchangeco shall furnish to the Trustee evidence of compliance with the conditions provided for in this Agreement relating to any action or step required or permitted to be taken by LSEG and/or Exchangeco or the Trustee under this Agreement or as a result of any obligation imposed under this Agreement, including, without limitation, in respect of the Voting Rights or the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation and the taking of any other action to be taken by the Trustee at the request of or on the application of LSEG and/or Exchangeco promptly if and when:

- (a) such evidence is required by any other Section of this Agreement to be furnished to the Trustee in accordance with the terms of this Section 7.9; or
- (b) the Trustee, in the exercise of its rights, powers, duties and authorities under this Agreement, gives LSEG and/or Exchangeco written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of an Officer's Certificate of LSEG and/or Exchangeco or a statutory declaration or a certificate made by persons entitled to sign an Officer's Certificate stating that any such condition has been complied with in accordance with the terms of this Agreement.

Whenever such evidence relates to a matter other than the Voting Rights or the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation or the taking of any other action to be taken by the Trustee at the request or on the application of LSEG and/or Exchangeco, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, attorney, auditor, accountant, appraiser, valuer, engineer or other expert or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director, officer or employee of LSEG and/or Exchangeco it shall be in the form of an Officer's Certificate or a statutory declaration.

Each statutory declaration, Officer's Certificate, opinion or report furnished to the Trustee as evidence of compliance with a condition provided for in this Agreement shall include a statement by the person giving the evidence:

- (a) declaring that he has read and understands the provisions of this Agreement relating to the condition in question;
- (b) describing the nature and scope of the examination or investigation upon which he based the statutory declaration, certificate, statement or opinion; and
- (c) declaring that he has made such examination or investigation as he believes is necessary to enable him to make the statements or give the opinions contained or expressed therein.

7.10 Experts, Advisers and Agents

The Trustee may:

- (a) in relation to these presents act and rely on the opinion or advice of or information obtained from any legal counsel, auditor, accountant, appraiser, valuer, engineer or other expert, whether retained by the Trustee or by LSEG and/or Exchangeco or otherwise, and may retain or employ such assistants as may be necessary to the proper discharge of its powers and duties and determination of its rights hereunder and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid;
- (b) retain or employ such agents and other assistants as it may reasonably require for the proper determination and discharge of its powers and duties hereunder; and
- (c) pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the Trust.

7.11 Investment of Moneys Held by Trustee

The Trustee may retain any cash balance held in connection with this Agreement and may, but need not, hold the same in its deposit department, the deposit department of one of its Affiliates or the deposit department of a Canadian chartered bank; but the Trustee, its Affiliates or a Canadian chartered bank shall not be liable to account for any profit to LSEG, Exchangeco or any other person or entity other than at a rate, if any, established from time to time by the Trustee, its Affiliates or a Canadian chartered bank. For the purpose of this Section, "Affiliate" has the meaning ascribed to such term in the OBCA; and includes Canadian Imperial Bank of Commerce, CIBC Mellon Global Securities Services Company The Bank of New York Mellon and each of their Affiliates.

7.12 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts, rights, duties, powers and authorities of this Agreement or otherwise in respect of the premises.

7.13 Trustee Not Bound to Act on Request

Except as in this Agreement otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of LSEG and/or Exchangeco or of the directors thereof until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Trustee to be genuine.

7.14 Authority to Carry on Business

The Trustee represents to LSEG and Exchangeco that at the date of execution and delivery by it of this Agreement it is authorized to carry on the business of a trust company in each of the Provinces of Canada but if, notwithstanding the provisions of this Section 7.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Agreement and the Voting Rights, the Automatic Exchange Right and the Automatic Exchange Rights on Liquidation shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any Province of Canada, either become so authorized or resign in the manner and with the effect specified in Article 10.

7.15 Conflicting Claims

If conflicting claims or demands are made or asserted with respect to any interest of any Beneficiary in any Exchangeable Shares, including any disagreement between the heirs, representatives, successors or assigns succeeding to all or any part of the interest of any Beneficiary in any Exchangeable Shares, resulting in conflicting claims or demands being made in connection with such interest, then the Trustee shall be entitled, at its sole discretion, to refuse to recognize or to comply with any such claims or demands. In so refusing, the Trustee may elect not to exercise any Voting Rights, Automatic Exchange Right or Automatic Exchange Rights on Liquidation subject to such conflicting claims or demands and, in so doing, the Trustee shall not be or become liable to any person on account of such election or its failure or refusal to comply with any such conflicting claims or demands. The Trustee shall be entitled to continue to refrain from acting and to refuse to act until:

- (a) the rights of all adverse claimants with respect to the Voting Rights, Automatic Exchange Right or Automatic Exchange Rights on Liquidation subject to such conflicting claims or demands have been adjudicated by a final judgment of a court of competent jurisdiction and all rights of appeal have expired; or
- (b) all differences with respect to the Voting Rights, Automatic Exchange Right or Automatic Exchange Rights on Liquidation subject to such conflicting claims or demands have been conclusively settled by a valid written agreement binding on all such adverse claimants, and the Trustee shall have been furnished with an executed copy of such agreement certified to be in full force and effect.

If the Trustee elects to recognize any claim or comply with any demand made by any such adverse claimant, it may in its discretion require such claimant to furnish such surety bond or other security satisfactory to the Trustee as it shall deem appropriate to fully indemnify it as between all conflicting claims or demands.

7.16 Acceptance of Trust

The Trustee hereby accepts the Trust created and provided for by and in this Agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Beneficiaries, subject to all the terms and conditions herein set forth.

7.17 Equivalence

LSEG shall ensure that the Trustee shall always have such number of Voting Rights equal to the number of Exchangeable Shares outstanding from time to time, excluding those held by LSEG or its affiliates, and that it will not give a direction to the holder of the Voting Rights to amend the rights attaching to the Voting Rights save in consequence of any amendments to rights attaching to the Exchangeable Shares so as to preserve the right for Exchangeable Shares to have equivalent voting rights as the LSEG Shares.

7.18 U.S. Securities Laws

Notwithstanding any of the provisions of Section 5.3 or Section 5.9, LSEG or Callco (as the case may be) may elect that instead of delivering or causing to be delivered LSEG Shares to a U.S. Holder of Exchangeable Shares, it shall instead deliver or cause to be delivered to such U.S. Holder the net cash proceeds (less any amounts withheld pursuant to Section 5.10) derived from the sale of the appropriate number of LSEG Shares outside the United States, unless LSEG or Callco (as the case may be) has determined in its sole judgment that the offer and sale of LSEG Shares in exchange for the Exchangeable Shares held by U.S. Holders is exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable state "blue sky" securities laws.

ARTICLE 8 COMPENSATION

8.1 Fees and Expenses of the Trustee

LSEG and Exchangeco jointly and severally agree to pay the Trustee reasonable compensation for all of the services rendered by it under this Agreement and will reimburse the Trustee for all reasonable expenses (including, but not limited to, taxes other than taxes based on the net income of the Trustee, fees paid to legal counsel and other experts and advisors and travel expenses) and disbursements, including the reasonable cost and expense of any suit or litigation of any character and any proceedings before any governmental agency reasonably incurred by the Trustee in connection with its duties under this Agreement; provided that LSEG and Exchangeco shall have no obligation to reimburse the Trustee for any expenses or disbursements paid, incurred or suffered by the Trustee in any suit or litigation in which the Trustee is determined to have acted in bad faith or with fraud, negligence, recklessness or wilful misconduct.

ARTICLE 9
INDEMNIFICATION AND LIMITATION OF LIABILITY

9.1 Indemnification of the Trustee

LSEG and Exchangeco jointly and severally agree to indemnify and hold harmless the Trustee and each of its directors, officers, employees and agents appointed and acting in accordance with this Agreement (collectively, the “**Indemnified Parties**”) against all claims, losses, damages, reasonable costs, penalties, fines and reasonable expenses (including reasonable expenses of the Trustee’s legal counsel) which, without fraud, negligence, recklessness, wilful misconduct or bad faith on the part of such Indemnified Party, may be paid, incurred or suffered by the Indemnified Party by reason or as a result of the Trustee’s acceptance or administration of the Trust, its compliance with its duties set forth in this Agreement, or any written or oral instruction delivered to the Trustee by LSEG or Exchangeco pursuant hereto.

In no case shall LSEG or Exchangeco be liable under this indemnity for any claim against any of the Indemnified Parties unless LSEG and Exchangeco shall be notified by the Trustee of the written assertion of a claim or of any action commenced against the Indemnified Parties, promptly after any of the Indemnified Parties shall have received any such written assertion of a claim or shall have been served with a summons or other first legal process giving information as to the nature and basis of the claim. Subject to (ii) below, LSEG and Exchangeco shall be entitled to participate at their own expense in the defence and, if LSEG and Exchangeco so elect at any time after receipt of such notice, either of them may assume the defence of any suit brought to enforce any such claim. The Trustee shall have the right to employ separate counsel in any such suit and participate in the defence thereof, but the fees and expenses of such counsel shall be at the expense of the Trustee unless: (i) the employment of such counsel has been authorized by LSEG or Exchangeco; or (ii) the named parties to any such suit include both the Trustee and LSEG or Exchangeco and the Trustee shall have been advised by counsel acceptable to LSEG or Exchangeco that there may be one or more legal defences available to the Trustee that are different from or in addition to those available to LSEG or Exchangeco and that, in the judgment of such counsel, would present a conflict of interest were a joint representation to be undertaken (in which case LSEG and Exchangeco shall not have the right to assume the defence of such suit on behalf of the Trustee but shall be liable to pay the reasonable fees and expenses of counsel for the Trustee). This indemnity shall survive the termination of this Agreement and the resignation or removal of the Trustee.

9.2 Limitation of Liability

The Trustee shall not be held liable for any loss which may occur by reason of depreciation of the value of any part of the Trust Estate or any loss incurred on any investment of funds pursuant to this Agreement, except to the extent that such loss is attributable to the fraud, negligence, recklessness, wilful misconduct or bad faith on the part of the Trustee.

ARTICLE 10
CHANGE OF TRUSTEE

10.1 Resignation

The Trustee, or any trustee hereafter appointed, may at any time resign by giving written notice of such resignation to LSEG and Exchangeco specifying the date on which it desires to resign,

provided that such notice shall not be given less than 30 days before such desired resignation date unless LSEG and Exchangeco otherwise agree and provided further that such resignation shall not take effect until the date of the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, LSEG and Exchangeco shall promptly appoint a successor trustee, which shall be a corporation organized and existing under the laws of Canada and authorized to carry on the business of a trust company in all provinces of Canada, by written instrument in duplicate, one copy of which shall be delivered to the resigning trustee and one copy to the successor trustee. Failing the appointment and acceptance of a successor trustee, a successor trustee may be appointed by order of a court of competent jurisdiction upon application of one or more of the parties to this Agreement. If the retiring trustee is the party initiating an application for the appointment of a successor trustee by order of a court of competent jurisdiction, LSEG and Exchangeco shall be jointly and severally liable to reimburse the retiring trustee for its legal costs and expenses in connection with same.

10.2 Removal

The Trustee, or any trustee hereafter appointed, may (provided a successor trustee is appointed) be removed at any time on not less than 30 days' prior notice by written instrument executed by LSEG and Exchangeco, in duplicate, one copy of which shall be delivered to the trustee so removed and one copy to the successor trustee.

10.3 Successor Trustee

Any successor trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to LSEG and Exchangeco and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Agreement and the Power of Attorney, with the like effect as if originally named as trustee in this Agreement. However, on the written request of LSEG and Exchangeco or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon the request of any such successor trustee, LSEG, Exchangeco, Jerseyco, Interco and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

10.4 Notice of Successor Trustee

Upon acceptance of appointment by a successor trustee as provided herein, LSEG and Exchangeco shall cause to be mailed notice of the succession of such trustee hereunder to each Beneficiary specified in a List. If LSEG or Exchangeco shall fail to cause such notice to be mailed within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of LSEG and Exchangeco.

ARTICLE 11 LSEG SUCCESSORS

11.1 Certain Requirements in Respect of Combination, etc.

As long as any outstanding Exchangeable Shares are owned by any Person other than LSEG or any of its affiliates, LSEG shall not consummate any transaction (whether by way of

reconstruction, reorganization, consolidation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of a merger, of the continuing corporation resulting therefrom unless such other Person or continuing corporation (the “**LSEG Successor**”), by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, before or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary or advisable to evidence the assumption by the LSEG Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such LSEG Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of LSEG under this Agreement. For greater certainty, this Section 11.1 does not apply to a LSEG Control Transaction (as defined in the Exchangeable Share Provisions) contemplated in paragraph (d) of the definition of Redemption Date in the Exchangeable Share Provisions.

11.2 Vesting of Powers in Successor

Whenever the conditions of Section 11.1 have been duly observed and performed, the Trustee, LSEG Successor, Exchangeco, Jerseyco, Interco and LSEG, as applicable, shall, if required by Section 11.1, execute and deliver the supplemental trust agreement provided for in Article 12 and thereupon LSEG Successor shall possess and from time to time may exercise each and every right and power of LSEG under this Agreement in the name of LSEG or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of LSEG or any officers of LSEG may be done and performed with like force and effect by the directors or officers of such LSEG Successor.

11.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing the amalgamation or merger of any wholly-owned direct or indirect Subsidiary of LSEG (other than Callco or Exchangeco) with or into LSEG or the winding-up, liquidation or dissolution of any wholly-owned direct or indirect Subsidiary of LSEG (other than Callco or Exchangeco) (provided that all of the assets of such Subsidiary are transferred to LSEG or another wholly-owned direct or indirect Subsidiary of LSEG) or any other distribution of the assets of any wholly-owned direct or indirect Subsidiary of LSEG among the shareholders of such Subsidiary for the purpose of winding up its affairs, and any such transactions are expressly permitted by this Article 11.

ARTICLE 12

AMENDMENTS AND SUPPLEMENTAL TRUST AGREEMENTS

12.1 Amendments, Modifications, etc.

Subject to Sections 12.2, 12.4 and 14.1, this Agreement may not be amended or modified except by an agreement in writing executed by the parties hereto and the Trustee and approved by the Beneficiaries in accordance with Section 10.2 of the Exchangeable Share Provisions.

12.2 Ministerial Amendments

Notwithstanding the provisions of Section 12.1, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the Beneficiaries, amend or modify this Agreement for the purposes of:

- (a) adding to the covenants of any or all parties hereto for the protection of the Beneficiaries hereunder provided that the board of directors of each of LSEG, Interco and Exchangeco shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Beneficiaries;

- (b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the board of directors of each of LSEG, Interco and Exchangeco and in the opinion of the Trustee, having in mind the best interests of the Beneficiaries it may be expedient to make, provided that such boards of directors and the Trustee, acting on the advice of counsel, shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Beneficiaries; or
- (c) making such changes or corrections which, on the advice of counsel to LSEG, Interco, Exchangeco and the Trustee, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Trustee, acting on the advice of counsel, and the board of directors of each of LSEG, Interco and Exchangeco shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Beneficiaries.

12.3 Meeting to Consider Amendments

Exchangeco, at the request of LSEG, shall call a meeting or meetings of the Beneficiaries for the purpose of considering any proposed amendment or modification requiring approval pursuant hereto. Any such meeting or meetings shall be called and held in accordance with the by-laws of Exchangeco, the Exchangeable Share Provisions and all applicable laws.

12.4 Changes in Capital of LSEG and Exchangeco

At all times after the occurrence of any event contemplated pursuant to Section 2.7 or 2.8 of the Support Agreement or otherwise, as a result of which either LSEG Shares or the Exchangeable Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to all new securities into which LSEG Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver a supplemental trust agreement and any other document required to give effect to and evidence such necessary amendments and modifications.

12.5 Execution of Supplemental Trust Agreements

No amendment to or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto. From time to time Exchangeco (when authorized by a resolution of its Board of Directors), LSEG (when authorized by a resolution of its board of directors), Jerseyco (when authorized by a resolution of its board of directors) and the Trustee may, subject to the provisions of these presents, and they shall, when so directed by these presents, execute and deliver by their proper officers, trust agreements or other instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) evidencing the succession of LSEG Successors and the covenants of and obligations assumed by each such LSEG Successor in accordance with the provisions of Article 11 and the successors of any successor trustee in accordance with the provisions of Article 10;

- (b) making any additions to, deletions from or alterations of the provisions of this Agreement or the Voting Rights, the Automatic Exchange Right or the Automatic Exchange Rights on Liquidation which, in the opinion of the Trustee, will not be prejudicial to the interests of the Beneficiaries or are, in the opinion of counsel to the Trustee, necessary or advisable in order to incorporate, reflect or comply with any legislation the provisions of which apply to LSEG, Exchangeco, the Trustee or this Agreement; and
- (c) for any other purposes not inconsistent with the provisions of this Agreement, including without limitation, to make or evidence any amendment or modification to this Agreement as contemplated hereby, provided that, in the opinion of the Trustee (which may act on the advice of counsel), the rights of the Trustee and Beneficiaries will not be prejudiced thereby.

12.6 Execution of Supplemental Agreements on an Event of Default

If an Event of Default occurs and the Power of Attorney terminates automatically in accordance with its terms, Interco shall procure that any transferee of the Jerseyco LSEG Shares pursuant to Section 6.3(c) or pursuant to the exercise of the security under the Security Agreement (the "Transferee") executes, before or contemporaneously with, and effective from, the consummation of the transfer of such Jerseyco LSEG Shares to the Transferee, an agreement supplemental hereto and such other instruments, deeds and agreements (including but not limited to an agreement in materially the same form as the Security Agreement) as are reasonably necessary or advisable to substitute the Transferee for Jerseyco as if the Transferee had been the original party to this Agreement in place of Jerseyco. Without limiting the foregoing, Interco shall procure that the Transferee shall grant a power of attorney to the Trustee in materially the same terms as the Power of Attorney.

ARTICLE 13 TERMINATION

13.1 Term

The Trust created by this Agreement shall continue until the earliest to occur of the following events:

- (a) no outstanding Exchangeable Shares are held by a Beneficiary;
- (b) each of LSEG and Exchangeco elects in writing to terminate the Trust and such termination is approved by the Beneficiaries in accordance with Section 10.2 of the Exchangeable Share Provisions; and
- (c) 21 years after the death of the last survivor of the descendants of His Majesty King George VI of Canada and the United Kingdom of Great Britain and Northern Ireland living on the date of the creation of the Trust.

13.2 Survival of Agreement

This Agreement shall survive any termination of the Trust and shall continue until there are no Exchangeable Shares outstanding held by a Beneficiary; provided, however, that the provisions of Articles 8 and 9 shall survive any such termination of this Agreement.

ARTICLE 14

GENERAL

14.1 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

14.2 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns and, subject to the terms hereof, to the benefit of the Beneficiaries and is specifically assignable to any affiliate of LSEG without the consent of the Beneficiaries or the Trustee.

14.3 Notices to Parties

All notices and other communications between the parties hereunder shall be in writing and shall be deemed to have been given if delivered personally or by confirmed telecopy to the parties at the following addresses (or at such other address for such party as shall be specified in like notice):

- (a) if to LSEG, at:

London Stock Exchange Group PLC
10 Paternoster Square
London
EC4M 7LS
United Kingdom

Attention: Lisa Condron and Catherine Johnson
Facsimile: +44 20 7334 8908
Email: lcondron@londonstockexchange.com and
cjohnson@londonstockexchange.com

with a copy (which shall not constitute notice) to:

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
United Kingdom

Attention: Philip Richards and Andrew Hutchings
Facsimile: +44 20 7832 7001
Email: philip.richards@freshfields.com and
andrew.hutchings@freshfields.com

with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, Suite 6300
Toronto, Ontario M5X 1B8
Canada

Attention: Clay Horner and Jeremy Fraiberg
Facsimile: (416) 862-6666
Email: chorner@osler.com and
jfraiberg@osler.com

(b) if to Exchangeco, at:

●

(c) if to Interco, at:

●

(d) if to Jerseyco, at:

●

(e) if to the Trustee, at:

CIBC Mellon Trust Company
320 Bay Street
Toronto, Ontario M5H 4A6
Attention: ●
Facsimile: ●
Email: ●

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof and if given by telecopy shall be deemed to have been given and received on the date of receipt thereof unless such day is not a Business Day in which case it shall be deemed to have been given and received upon the immediately following Business Day.

14.4 Notice to Beneficiaries

Any and all notices to be given and any documents to be sent to any Beneficiaries may be given or sent to the address of such Beneficiary shown on the register of holders of Exchangeable Shares in any manner permitted by the by-laws of Exchangeco from time to time in force in respect of notices to shareholders and shall be deemed to be received (if given or sent in such manner) at the time specified in such by-laws, the provisions of which by-laws shall apply *mutatis mutandis* to notices or documents as aforesaid sent to such Beneficiaries.

14.5 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

14.6 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

14.7 Attornment

Each of the Trustee, LSEG, Jerseyco, Interco and Exchangeco agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Ontario, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction, and LSEG, Interco and Jerseyco hereby appoint Exchangeco at its registered office in the Province of Ontario as attorney for service of process.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LONDON STOCK EXCHANGE GROUP PLC

By: _____
Name: ●
Title: ●

LSEG EXCHANGE CO LIMITED

By: _____
Name: ●
Title: ●

LSEG INTERCO LIMITED

By: _____
Name: ●
Title: ●

LSEG JERSEY CO TRUST LTD.

By: _____
Name: ●
Title: ●

CIBC MELLON TRUST COMPANY

By: _____
Name: ●
Title: ●

By: _____
CIBC MELLON TRUST COMPANY

ANNEX G — FORM OF EXCHANGEABLE SHARE SUPPORT AGREEMENT

SCHEDULE F FORM OF EXCHANGEABLE SHARE SUPPORT AGREEMENT

MEMORANDUM OF AGREEMENT made as of the ● day of ●, 2011.

BETWEEN:

London Stock Exchange Group PLC, a corporation existing under the laws of England and Wales (“**LSEG**”)

and

LSEG Callco Limited, a corporation existing under the laws of the Province of Ontario (“**Callco**”)

and

LSEG Exchangeco Limited, a corporation existing under the laws of the Province of Ontario (“**Exchangeco**”)

RECITALS:

- A. In connection with a merger agreement (the “**Merger Agreement**”) made as of February 9, 2011 between LSEG and TMX Group Inc. (“**TMX Group**”), Exchangeco is to issue exchangeable shares (the “**Exchangeable Shares**”) to certain holders of securities of TMX Group pursuant to the arrangement of TMX Group under Section 182 of the *Business Corporation Act* (Ontario) on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.4 of the Merger Agreement or Section 6.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order (the “**Arrangement**”).
- B. Under the Merger Agreement, LSEG has agreed to execute, and to cause Callco and Exchangeco to execute, a support agreement substantially in the form of this Agreement.

NOW THEREFORE in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

Each term denoted herein by initial capital letters and not otherwise defined herein (and also the terms “affiliate” and “holders”) shall have the meaning ascribed thereto in the rights, privileges, restrictions and conditions (collectively, the “**Exchangeable Share Provisions**”) attaching to the Exchangeable Shares as set out in the articles of Exchangeco, which Exchangeable Share Provisions shall be as set out in Exhibit 1 to the Plan of Arrangement, unless the context requires otherwise.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day. For the purposes of this Agreement, a “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or London, United Kingdom.

1.5 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in accordance with IFRS consistently applied.

ARTICLE 2 COVENANTS OF LSEG AND EXCHANGECO

2.1 Covenants Regarding Exchangeable Shares

So long as any Exchangeable Shares not owned by LSEG or its affiliates are outstanding, LSEG will:

- (a) not take any action that will result in the declaration or payment of any dividend or other distribution on the LSEG Shares unless (i) Exchangeco shall simultaneously declare or pay, as the case may be, a dividend or other distribution economically equivalent thereto (as provided for in the Exchangeable Share Provisions) on the Exchangeable Shares and Exchangeco shall have sufficient money or other assets or authorized but unissued securities available to enable the due declaration and the due and punctual payment, in accordance with applicable law, of any such dividend or other distribution on the Exchangeable Shares, or (ii) if the dividend or other distribution is a stock or share dividend or distribution of stock or shares and if Exchangeco so chooses as an alternative to taking the action described in (i), in lieu of such dividend or other distribution Exchangeco chooses to effect a corresponding and contemporaneous and economically equivalent (as determined in accordance with Section 2.7(d)) subdivision of the outstanding Exchangeable Shares;

- (b) advise Exchangeco sufficiently in advance of the declaration by LSEG of any dividend or other distribution on LSEG Shares and take all such other actions as are reasonably necessary, in co-operation with Exchangeco, to ensure that (i) the respective declaration date, record date and payment date for a dividend or other distribution on the Exchangeable Shares shall be the same as the declaration date, record date and payment date for such dividend or other distribution on the LSEG Shares, and (ii) the record date, if any, and effective date for the subdivision referred to in Section 2.1(a) shall be the same as the record date and payment date for such stock or share dividend or distribution of stock or shares on the LSEG Shares;
- (c) ensure that the record date for any dividend or other distribution declared on the LSEG Shares is not less than 10 Business Days after the declaration date of such dividend or other distribution;
- (d) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit Exchangeco, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price in respect of each issued and outstanding Exchangeable Share (other than Exchangeable Shares owned by LSEG or its affiliates) upon the liquidation, dissolution or winding-up of Exchangeco or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs, the delivery of a Retraction Request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares by Exchangeco, as the case may be, including without limitation all such actions and all such things as are necessary or desirable to enable and permit Exchangeco to cause to be delivered LSEG Shares to the holders of Exchangeable Shares in accordance with the provisions of Article 5, 6 or 7, as the case may be, of the Exchangeable Share Provisions, together with a cheque for any amount in respect of declared and unpaid dividends;
- (e) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit the Trustee, in accordance with applicable law, to perform its obligations under the Voting and Exchange Trust Agreement, including all such actions and all such things as are reasonably necessary or desirable to enable and permit the Trustee, in its capacity as trustee under the Voting and Exchange Trust Agreement, to exercise such number of votes in respect of an LSEG Shareholder Meeting or an LSEG Consent (such terms having the meanings ascribed to them in the Voting and Exchange Trust Agreement) as is equal to the aggregate number of Exchangeable Shares outstanding at the relevant time other than those held by LSEG and its affiliates;
- (f) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit Callco, in accordance with applicable law, to pay or otherwise to perform its obligations arising upon the exercise of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, including without limitation all such actions and all such things as are necessary or desirable to enable and permit Callco to deliver or to cause to be delivered LSEG Shares to the holders of Exchangeable Shares in accordance with the provisions of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, as the case may be, together with a cheque for any amount in respect of declared and unpaid dividends; and

- (g) ensure that Callco or any affiliate of Callco does not exercise its vote as a shareholder to initiate the voluntary liquidation, dissolution or winding up of Exchangeco nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of Exchangeco.

Callco shall not waive its right to any dividend or other distribution on the Exchangeable Shares if, as a result of such waiver, Callco and LSEG would, on payment of a dividend or other distribution on the Exchangeable Shares, receive on the Exchangeable Shares and Common Shares held by Callco and LSEG an amount that is equal to or less than the aggregate dividend or distribution paid on any Exchangeable Shares or Common Shares not owned by Callco or LSEG.

2.2 Reservation of LSEG Shares

LSEG hereby represents, warrants and covenants in favour of Exchangeco and Callco that LSEG will, at all times while any Exchangeable Shares (other than Exchangeable Shares held by LSEG or its affiliates) are outstanding, make available, including by way of such number of LSEG Shares being held by Jerseyco which LSEG can direct or LSEG procuring that the appropriate shareholders resolutions are put to its shareholders each year at LSEG's annual general meeting to permit such shares to be issued as and when required, free from pre-emptive and other rights, such number of LSEG Shares (or other shares or securities into which LSEG Shares may be reclassified or changed as contemplated by Section 2.7) without duplication: (a) as is equal to the sum of (i) the number of Exchangeable Shares issued and outstanding from time to time and (ii) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time; and (b) as are now and may hereafter be required to enable and permit LSEG to meet its obligations under the Voting and Exchange Trust Agreement and under any other security or commitment pursuant to which LSEG may now or hereafter be required to deliver LSEG Shares, to enable and permit Callco to meet its obligations under each of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right with respect to the delivery of LSEG Shares and to enable and permit Exchangeco to meet its obligations hereunder and under the Exchangeable Share Provisions.

2.3 Stock Exchange Listing

LSEG covenants and agrees in favour of Exchangeco that, as long as any outstanding Exchangeable Shares are owned by any Person other than LSEG or any of its affiliates, LSEG will use its reasonable best efforts to maintain a listing for such Exchangeable Shares on a stock exchange which is a designated stock exchange within the meaning of the *Income Tax Act* (Canada) and to ensure that Exchangeco remains a "public corporation" within the meaning of the *Income Tax Act* (Canada).

2.4 Notification of Certain Events

In order to assist LSEG to comply with its obligations hereunder and to permit Callco to exercise the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right, Exchangeco will notify LSEG and Callco of each of the following events at the time set forth below:

- (a) in the event of any determination by the Board of Directors to institute voluntary liquidation, dissolution or winding-up proceedings with respect to Exchangeco or to

effect any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs, at least 60 days before the proposed effective date of such liquidation, dissolution, winding-up or other distribution;

- (b) promptly, upon the earlier of receipt by Exchangeco of notice of and Exchangeco otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of Exchangeco or to effect any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs;
- (c) immediately, upon receipt by Exchangeco of a Retraction Request;
- (d) on the same date on which notice of redemption is given to holders of Exchangeable Shares, upon the determination of a Redemption Date in accordance with the Exchangeable Share Provisions; and
- (e) as soon as practicable upon the issuance by Exchangeco of any Exchangeable Shares or rights to acquire Exchangeable Shares (other than the issuance of Exchangeable Shares and rights to acquire Exchangeable Shares under the Arrangement).

2.5 Delivery of LSEG Shares

In furtherance of its obligations under Sections 2.1(d) and (f), upon notice from Exchangeco or Callco of any event that requires Exchangeco or Callco to cause to be delivered LSEG Shares to any holder of Exchangeable Shares, LSEG shall forthwith deliver, or cause to be delivered as Exchangeco or Callco may direct, the requisite number of LSEG Shares to be received by, or to the order of, the former holder of the surrendered Exchangeable Shares, as Exchangeco or Callco shall direct, and shall if necessary issue new LSEG Shares for such purpose. All such LSEG Shares shall be duly authorized and validly issued as fully paid and non-assessable and shall be free and clear of any lien, claim and encumbrance.

2.6 Qualification of LSEG Shares

If any LSEG Shares (or such other shares or securities into which LSEG Shares may be reclassified or changed as contemplated by Section 2.7) to be delivered hereunder require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental or regulatory authority under any Canadian or United Kingdom federal, provincial or territorial securities or other law or regulation or under the rules and regulations of any securities or other regulatory authority in Canada or the United Kingdom or the fulfillment of any other Canadian or United Kingdom legal requirement before such securities (or such other shares or securities) may be delivered (and if necessary issued) to the holder of surrendered Exchangeable Shares or in order that such securities (or such other shares or securities) may be freely traded thereafter (other than any restrictions of general application on transfer by reason of a holder being a “control person” of LSEG for purposes of Canadian provincial or territorial securities laws or any United Kingdom equivalent or the equivalent thereof under applicable stock exchange or regulatory requirements in Canada or the United Kingdom), LSEG will in good faith take all such actions and do all such things as are necessary or desirable to cause such LSEG Shares (or such other shares or securities) to be and remain duly registered, qualified or approved under Canadian or United Kingdom laws, as the case may be. LSEG will in good faith take all such reasonable actions and do all such things as are reasonably necessary or desirable to cause all LSEG Shares (or such other shares or securities) to be delivered hereunder to be listed, quoted or posted for trading on the LSE and TSX and any other stock exchanges and quotation systems on which outstanding LSEG Shares

(or such other shares or securities) have been listed by LSEG and remain listed and are quoted or posted for trading at such time, including, if required by the UK Listing Authority, by preparing, filing and seeking approval for a prospectus for the LSEG Shares to be delivered on an exchange of Exchangeable Shares. For greater certainty, nothing in this Section 2.6 shall require LSEG to register any securities pursuant to the U.S. Securities Act or the United States Securities Exchange Act of 1934, as amended, or to register or qualify any securities pursuant to any applicable state “blue sky” laws.

2.7 Economic Equivalence

So long as any Exchangeable Shares not owned by LSEG or its affiliates are outstanding:

- (a) LSEG will not without the prior approval of Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 10.2 of the Exchangeable Share Provisions:
 - (i) issue or distribute LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares) to the holders of all or substantially all of the then outstanding LSEG Shares (other than any holder of LSEG Shares which is Jerseyco) by way of a stock or share dividend or other distribution, other than an issue of LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares) to holders of LSEG Shares who exercise an option to receive dividends in LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares) in lieu of receiving cash dividends or pursuant to any dividend reinvestment plan or similar arrangement;
 - (ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding LSEG Shares (other than any holder of LSEG Shares which is Jerseyco) entitling them to subscribe for or to purchase LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares); or
 - (iii) issue or distribute to the holders of all or substantially all of the then outstanding LSEG Shares (other than any holder of LSEG Shares which is Jerseyco)
 - (A) securities of LSEG of any class other than LSEG Shares (other than securities convertible into or exchangeable for or carrying rights to acquire LSEG Shares),
 - (B) rights, options or warrants other than those referred to in Section 2.7(a)(ii),
 - (C) evidences of indebtedness of LSEG or (D) assets of LSEG,

unless the economic equivalent of such LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares), rights, options, warrants, securities, shares, evidences of indebtedness or other assets is issued or distributed or otherwise provided simultaneously to holders of the Exchangeable Shares; provided that, for greater certainty, the above restrictions shall not apply to the issuance or distribution of LSEG Shares by LSEG (including to Jerseyco) in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Merger Agreement.

- (b) LSEG will not without the prior approval of Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 10.2 of the Exchangeable Share Provisions:
 - (i) subdivide, redivide or change the then outstanding LSEG Shares into a greater number of LSEG Shares (except as contemplated in the Merger Agreement);

- (ii) reduce, combine, consolidate or change the then outstanding LSEG Shares into a lesser number of LSEG Shares; or
- (iii) reclassify or otherwise change the LSEG Shares or effect an amalgamation, merger, reorganization or other transaction affecting the LSEG Shares,

unless the same or an economically equivalent change shall simultaneously be made to, or in, the rights of the holders of the Exchangeable Shares; provided, however, that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by LSEG in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Merger Agreement.

- (c) LSEG will ensure that the record date for any event referred to in Section 2.7(a) or 2.7(b), or (if no record date is applicable for such event) the effective date for any such event, is not less than five Business Days after the date on which such event is declared or announced by LSEG (with contemporaneous notification thereof by LSEG to Exchangeco).
- (d) The Board of Directors shall determine, in good faith and in its sole discretion, economic equivalence for the purposes of any event referred to in Section 2.7(a) or 2.7(b), and each such determination shall be conclusive and binding on Exchangeco and the holders of Exchangeable Shares. In making each such determination, the following factors shall, without excluding other factors determined by the Board of Directors to be relevant, be considered by the Board of Directors:
 - (i) in the case of any stock or share dividend or other distribution payable in LSEG Shares, the number of LSEG Shares issued as a result of such stock or share dividend or other distribution in proportion to the number of LSEG Shares previously outstanding;
 - (ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase LSEG Shares (or securities exchangeable for or convertible into or carrying rights to acquire LSEG Shares), the relationship between the exercise price of each such right, option or warrant, the number of such rights, options or warrants to be issued or distributed in respect of each LSEG Share and the Current Market Price of a LSEG Share;
 - (iii) in the case of the issuance or distribution of any other form of property (including without limitation any shares or securities of LSEG of any class other than LSEG Shares, any rights, options or warrants other than those referred to in Section 2.7(d)(ii), any evidences of indebtedness of LSEG or any assets of LSEG), the relationship between the fair market value (as determined by the Board of Directors) of such property to be issued or distributed with respect to each outstanding LSEG Share and the Current Market Price of a LSEG Share;
 - (iv) in the case of any subdivision, redivision or change of the then outstanding LSEG Shares into a greater number of LSEG Shares or the reduction, combination, consolidation or change of the then outstanding LSEG Shares into a lesser number of LSEG Shares or any amalgamation, merger, reorganization or other transaction affecting LSEG Shares, the effect thereof upon the then outstanding LSEG Shares; and

- (v) in all such cases, the general taxation consequences of the relevant event to owners of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to such owners determined as if they had held LSEG Shares at the relevant time as a result of differing tax treatment under the laws of Canada and the United Kingdom (except for any differing consequences arising as a result of differing marginal taxation rates and without regard to the individual circumstances of beneficial owners of Exchangeable Shares).
- (e) Exchangeco agrees that, to the extent required, upon due notice from LSEG, Exchangeco will use its best efforts to take or cause to be taken such steps as may be necessary for the purposes of ensuring that appropriate dividends are paid or other distributions are made by Exchangeco, or subdivisions, redivisions or changes are made to the Exchangeable Shares, in order to implement the required economic equivalence with respect to the LSEG Shares and Exchangeable Shares as provided for in this Section 2.7.

2.8 Tender Offers

So long as any Exchangeable Shares not owned by LSEG or its affiliates are outstanding, in the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to LSEG Shares (an “Offer”) is proposed by LSEG or is proposed to LSEG or its shareholders and is recommended by the board of directors of LSEG, or is otherwise effected or to be effected with the consent or approval of the board of directors of LSEG, and the Exchangeable Shares are not redeemed by Exchangeco or purchased by Callco pursuant to the Redemption Call Right, LSEG will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Exchangeable Shares (other than LSEG and its affiliates) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of LSEG Shares, without discrimination. Without limiting the generality of the foregoing, LSEG will use its reasonable efforts in good faith to ensure that holders of Exchangeable Shares may participate in each such Offer without being required to retract Exchangeable Shares as against Exchangeco (or, if so required, to ensure that any such retraction, shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer). Nothing herein shall affect the rights of Exchangeco to redeem (or Callco to purchase pursuant to the Redemption Call Right) Exchangeable Shares in the event of a LSEG Control Transaction.

2.9 Ownership of Outstanding Shares

LSEG covenants and agrees in favour of Exchangeco that, without the prior approval of Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 10.2 of the Exchangeable Share Provisions, as long as any outstanding Exchangeable Shares are owned by any Person other than LSEG or any of its affiliates, LSEG will be and remain the direct and/or indirect beneficial owner of all issued and outstanding voting shares in the capital of Exchangeco and Callco.

2.10 LSEG and Affiliates Not to Vote Exchangeable Shares

LSEG covenants and agrees that it will appoint and cause to be appointed proxyholders with respect to all Exchangeable Shares held by it and its affiliates for the sole purpose of attending

each meeting of holders of Exchangeable Shares in order to be counted as part of the quorum for each such meeting. LSEG further covenants and agrees that it will not, and will cause its affiliates not to, exercise any voting rights which may be exercisable by holders of Exchangeable Shares from time to time under the Exchangeable Share Provisions or under the provisions of the OBCA (or any successor or other corporate statute by which Exchangeco may in the future be governed) with respect to any Exchangeable Shares held by it or by its affiliates in respect of any matter considered at any meeting of holders of Exchangeable Shares.

2.11 Ordinary Market Purchases and Acquisitions from Jerseyco

For greater certainty, nothing contained in this Agreement, including without limitation the obligations of LSEG contained in Section 2.8, shall (1) limit the ability of LSEG (or any of its Subsidiaries, including without limitation, Calco or Exchangeco) to make ordinary market purchases of LSEG Shares in accordance with applicable laws and regulatory or stock exchange requirements, or (2) limit the ability of LSEG to acquire a cumulative number of LSEG Shares from Jerseyco equal to the cumulative number of Exchangeable Shares that have been (or may simultaneously be) purchased by LSEG or its affiliates from holders of Exchangeable Shares or redeemed, including on the purchase or redemption thereof.

ARTICLE 3 LSEG SUCCESSORS

3.1 Certain Requirements in Respect of Combination, etc.

As long as any outstanding Exchangeable Shares are owned by any Person other than LSEG or any of its affiliates, LSEG shall not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, merger, amalgamation, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of a merger, of the continuing corporation resulting therefrom unless:

- (a) such other Person or continuing corporation (the “**LSEG Successor**”) by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, before or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary or advisable to evidence the assumption by the LSEG Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such LSEG Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of LSEG under this Agreement; and
- (b) such transaction shall be upon such terms and conditions as substantially to preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or the holders of the Exchangeable Shares.

For greater certainty, this Section 3.1 does not apply to a LSEG Control Transaction contemplated in paragraph (d) of the definition of Redemption Date in the Exchangeable Share Provisions.

3.2 Vesting of Powers in Successor

Whenever the conditions of Section 3.1 have been duly observed and performed, the parties, if required by Section 3.1, shall execute and deliver the supplemental agreement provided for in

Section 3.1(a) and thereupon the LSEG Successor shall possess and from time to time may exercise each and every right and power of LSEG under this Agreement in the name of LSEG or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of LSEG or any officers of LSEG may be done and performed with like force and effect by the directors or officers of such LSEG Successor.

3.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing the amalgamation or merger of any wholly-owned direct or indirect Subsidiary of LSEG (other than Exchangeco or Callco) with or into LSEG or the winding-up, liquidation or dissolution of any wholly-owned direct or indirect Subsidiary of LSEG (other than Exchangeco or Callco) (provided that all of the assets of such Subsidiary are transferred to LSEG or another wholly-owned direct or indirect Subsidiary of LSEG) or any other distribution of the assets of any wholly-owned direct or indirect Subsidiary (other than Exchangeco or Callco) of LSEG among the shareholders of such Subsidiary for the purpose of winding up its affairs, and any such transactions are expressly permitted by this Article 3.

ARTICLE 4 GENERAL

4.1 Term

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Exchangeable Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Exchangeable Shares) are held by any Person other than LSEG and any of its affiliates.

4.2 Changes in Capital of LSEG and Exchangeco

At all times after the occurrence of any event contemplated under Sections 2.7 and 2.8 or otherwise, as a result of which either LSEG Shares or the Exchangeable Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to all new securities into which LSEG Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver an agreement in writing evidencing such necessary amendments and modifications.

4.3 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.4 Amendments, Modifications

- (a) Subject to Sections 4.2, 4.3 and 4.5, this Agreement may not be amended or modified except by an agreement in writing executed by Exchangeco, Callco and LSEG and approved by the holders of the Exchangeable Shares in accordance with Section 10.2 of the Exchangeable Share Provisions.
- (b) No amendment or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

4.5 Ministerial Amendments

Notwithstanding the provisions of Section 4.4, the parties to this Agreement may in writing at any time and from time to time, without the approval of the holders of the Exchangeable Shares, amend or modify this Agreement for the purposes of:

- (a) adding to the covenants of any or all parties if the board of directors of each of Exchangeco, Callco and LSEG shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares;
- (b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the board of directors of each of Exchangeco, Callco and LSEG, it may be expedient to make, provided that each such board of directors shall be of the good faith opinion that such amendments or modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or
- (c) making such changes or corrections which, on the advice of counsel to Exchangeco, Callco and LSEG, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the boards of directors of each of Exchangeco, Callco and LSEG shall be of the good faith opinion that such changes or corrections will not be prejudicial to the interests of the holders of the Exchangeable Shares.

4.6 Meeting to Consider Amendments

Exchangeco, at the request of LSEG, shall call a meeting or meetings of the holders of the Exchangeable Shares for the purpose of considering any proposed amendment or modification requiring approval under Section 4.4. Any such meeting or meetings shall be called and held in accordance with the by-laws of Exchangeco, the Exchangeable Share Provisions and all applicable laws.

4.7 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.

4.8 Notices to Parties

All notices and other communications between the parties to this Agreement shall be in writing and shall be deemed to have been given if delivered personally or by confirmed telecopy to the parties at the following addresses (or at such other address for any such party as shall be specified in like notice):

(a) if to LSEG, at:

London Stock Exchange Group PLC
10 Paternoster Square
London
EC4M 7LS
United Kingdom

Attention: Lisa Condron and Catherine Johnson
Facsimile: +44 20 7334 8908
Email: lcondron@londonstockexchange.com and
cjohnson@londonstockexchange.com

with a copy (which shall not constitute notice) to:

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
United Kingdom

Attention: Philip Richards and Andrew Hutchings
Facsimile: +44 20 7832 7001
Email: philip.richards@freshfields.com
and andrew.hutchings@freshfields.com

with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, Suite 6300
Toronto, Ontario M5X 1B8
Canada

Attention: Clay Horner and Jeremy Fraiberg
Facsimile: (416) 862-6666
Email: chorner@osler.com and jfraiberg@osler.com

(b) if to Exchangeco, at:

●

(c) if to Callco, at:

●

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof and if given by telecopy shall be deemed to have been given and received on the date of confirmed receipt thereof unless such day is not a Business Day in which case it shall be deemed to have been given and received upon the immediately following Business Day.

4.9 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

4.10 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

4.11 Attornment

Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Ontario, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction and LSEG hereby appoints Exchangeco at its registered office in the Province of Ontario as attorney for service of process.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LONDON STOCK EXCHANGE GROUP PLC

By: _____

Name: ●

Title: ●

LSEG CALLCO LIMITED

By: _____

Name: ●

Title: ●

LSEG EXCHANGE CO LIMITED

By: _____

Name: ●

Title: ●

ANNEX H — FORM OF CALLCO AGREEMENT

CALL RIGHTS AGREEMENT

THIS AGREEMENT made as of the ● day of ●, 2011.

BETWEEN:

London Stock Exchange Group PLC, a corporation existing under the laws of England and Wales (“**LSEG**”)

and

LSEG Callco Limited, a corporation existing under the laws of the Province of Ontario (“**Callco**”)

and

LSEG Exchangeco Limited, a corporation existing under the laws of the Province of Ontario (“**Exchangeco**”)

RECITALS:

- A. This agreement (the “**Agreement**”) is being entered into in connection with a plan of arrangement (the “**Plan of Arrangement**”) involving, among others, LSEG, Callco and Exchangeco, effective ●, 2011, pursuant to which, *inter alia*, Exchangeco is to issue exchangeable shares (“**Exchangeable Shares**”) to certain holders of securities of TMX Group Inc. The rights, privileges, restrictions and conditions of the Exchangeable Shares are set out in Exhibit 1 to the Plan of Arrangement (the “**Exchangeable Share Provisions**”).
- B. Under the Plan of Arrangement and the Exchangeable Share Provisions, Callco has been granted certain rights to acquire Exchangeable Shares, including pursuant to the Liquidation Call Right, the Redemption Call Right and the Retraction Call Right (collectively, the “**Call Rights**”).
- C. Callco wishes to at all times exercise its Call Rights, subject to the terms and conditions specified herein.

NOW THEREFORE, in consideration of the covenants and agreements contained herein and Cdn.\$1.00 (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereby agree as follows:

1.1 Defined Terms

Capitalized terms used and not otherwise defined herein (and also the term “affiliate”) shall have the meaning given to them in the Exchangeable Share Provisions.

1.2 Callco Agreement

Callco hereby agrees and covenants in favour of LSEG and Exchangeco that, at all times while Exchangeable Shares not owned by LSEG or its affiliates are outstanding, and on each occasion when a Call Right arises in respect of one or more Exchangeable Shares, Callco shall exercise such Call Rights arising, including, without limitation, on a redemption or retraction of

Exchangeable Shares, and on a liquidation, dissolution or winding-up of Exchangeco but subject to the sale and purchase contemplated by the Automatic Exchange Right, in each case pursuant to the Plan of Arrangement or the Exchangeable Share Provisions (as the case may be) and Callco shall perform all of its obligations related to the exercise of its Call Rights in accordance with the terms of the Plan of Arrangement or the Exchangeable Share Provisions, as applicable. For greater certainty, the foregoing obligation of Callco shall apply even if Callco fails within the relevant time period, or at all, to provide notice of its intention to exercise the relevant Call Right. The obligation of Callco contained herein to exercise its Call Rights is subject to all applicable laws and regulatory and stock exchange requirements. For greater certainty, Callco shall not be required to deliver any shares of LSEG to a holder of Exchangeable Shares who is in the United States of America, its territories or possessions, any State of the United States or the District of Columbia, other than any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated or (if an individual) resident in the United States, unless it has determined in its sole judgment that the delivery of such shares of LSEG is exempt from or not subject to the registration requirements of the U.S. Securities Act of 1933, as amended, and any applicable state “blue sky” securities laws, but shall instead deliver or cause to be delivered to such holder the net cash proceeds (subject to any withholding or deduction required by law) derived from the sale of such LSEG Shares outside the United States.

1.3 Assignment

No party shall assign its rights or transfer its obligations hereunder without the prior written consent of the other party.

1.4 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties and their successors and permitted assigns.

1.5 Amendment

This Agreement shall not be varied or amended by oral agreement or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each party.

1.6 Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

1.7 Attornment

Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Ontario, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction.

1.8 Counterpart Execution

This Agreement may be executed in counterparts and delivered by means of facsimile or portable document format (PDF), each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

LONDON STOCK EXCHANGE GROUP PLC

By: _____

Name: ●

Title: ●

LSEG CALLCO LIMITED

By: _____

Name: ●

Title: ●

LSEG EXCHANGE CO LIMITED

By: _____

Name: ●

Title: ●

ANNEX I — LSEG HISTORICAL FINANCIAL STATEMENTS

The information in this Annex I, which comprises the previously published LSEG consolidated financial statements as at and for each of the three years ended March 31, 2009, March 31, 2010 and March 31, 2011 and accompanying audit opinions, has been reproduced from the LSEG annual reports for each of the three years then ended. The Remuneration Report, Directors' Report, Corporate Governance Statement and Directors' responsibilities statement, which are referred to in the audit opinions, are not included in or incorporated by reference into this Circular.

Page numbers in the audit opinions refer to those in the LSEG annual reports.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON STOCK EXCHANGE GROUP PLC

We have audited the Group and Parent Company financial statements (the financial statements) of London Stock Exchange Group plc for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration Report that is described as having been audited.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the Combined Code (2006) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Group at a Glance, the Chairman's Statement, the Chief Executive's Review, Market Position and Trends, the Business Review, Financial Review, Our Wider Responsibilities, Principal Risks and Uncertainties, the Corporate Governance Statement, the unaudited part of the Remuneration Report and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

OPINION

In our opinion:

- The Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its loss and cash flows for the year then ended;
- The Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2009 and cash flows for the year then ended;
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- The information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London
20 May 2009

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2009

	Notes	2009		2008			
		Before impairment, amortisation of purchased intangibles and exceptional items £m	Impairment, amortisation of purchased intangibles and exceptional items £m	Total £m	Before amortisation of purchased intangibles and exceptional items £m	Amortisation of purchased intangibles and exceptional items £m	Total £m
Continuing operations					(restated)	(restated)	
Revenue	6	671.4	–	671.4	546.4	–	546.4
Expenses							
Operating expenses	7.9	(332.8)	(64.6)	(397.4)	(257.4)	(23.8)	(281.2)
Operating profit before impairment		338.6	(64.6)	274.0	289.0	(23.8)	265.2
Impairment of goodwill	15	–	(484.0)	(484.0)	–	–	–
Operating profit/(loss)		338.6	(548.6)	(210.0)	289.0	(23.8)	265.2
Finance income		20.8	–	20.8	18.8	–	18.8
Finance expense		(58.8)	(6.9)	(65.7)	(51.5)	(7.7)	(59.2)
Net finance expense	10	(38.0)	(6.9)	(44.9)	(32.7)	(7.7)	(40.4)
Share of profit after tax of joint ventures/associates	16,17	2.1	–	2.1	2.2	–	2.2
Profit on disposal of associate	17	2.0	–	2.0	–	–	–
Profit/(loss) before taxation		304.7	(555.5)	(250.8)	258.5	(31.5)	227.0
Taxation	9,11	(96.7)	14.7	(82.0)	(80.3)	26.3	(54.0)
Profit/(loss) for the financial year		208.0	(540.8)	(332.8)	178.2	(5.2)	173.0
Profit attributable to minority interests		9.1	(3.9)	5.2	4.4	0.3	4.7
Profit/(loss) attributable to equity holders		198.9	(536.9)	(338.0)	173.8	(5.5)	168.3
		208.0	(540.8)	(332.8)	178.2	(5.2)	173.0
Basic (loss)/earnings per share	12			(126.1)p			70.8p
Diluted (loss)/earnings per share	12			(126.1)p			69.7p
Adjusted basic earnings per share	12			74.2p			73.1p
Adjusted diluted earnings per share	12			73.6p			71.9p
Dividend per share in respect of financial year							
Dividend per share paid during the year	13			24.4p			20.0p
Dividend per share declared for the year	13			24.4p			24.0p

STATEMENT OF RECOGNISED INCOME AND EXPENSE

Year ended 31 March 2009

	Notes	Group	
		2009 £m	2008 £m (restated)
(Loss)/profit for the financial year		(332.8)	173.0
Defined benefit pension scheme actuarial (loss)/gain	21	(11.7)	21.2
Cash flow hedge		6.2	(7.9)
Net investment hedge		(24.8)	(6.8)
Exchange gains on translation of foreign operation		284.3	212.7
Tax related to items not recognised on income statement		2.2	(3.9)
		256.2	215.3
Total recognised (expense)/income for the financial year		(76.6)	388.3
Attributable to minority interests		14.9	15.9
Attributable to equity holders		(91.5)	372.4
		(76.6)	388.3

BALANCE SHEETS

31 March 2009

	Notes	Group		Company	
		2009 £m	2008 £m (restated)	2009 £m	2008 £m (restated)
Assets					
Non-current assets					
Property, plant and equipment	14	79.9	72.8	–	–
Intangible assets	15	1,584.9	1,821.9	–	–
Investments in joint ventures	16	1.7	1.9	–	–
Investments in associates	17	1.9	2.3	–	–
Investments in subsidiary undertakings	18	–	–	3,748.3	4,533.1
Deferred tax assets	19	5.7	10.0	–	–
Available for sale investments	20	0.4	0.4	–	–
Retirement benefit asset	21	5.0	11.8	–	–
Other non-current assets		0.4	0.4	–	–
		1,679.9	1,921.5	3,748.3	4,533.1
Current assets					
Trade and other receivables	22	114.5	121.1	169.1	182.4
CCP financial assets		32,077.9	15,649.2	–	–
CCP cash and cash equivalents (restricted)		3,596.6	1,654.1	–	–
CCP clearing business assets	23	35,674.5	17,303.3	–	–
Current tax		–	3.9	40.3	24.5
Assets held at fair value	24	5.0	13.8	–	–
Cash and cash equivalents	25	143.7	200.6	–	–
		35,937.7	17,642.7	209.4	206.9
Total assets		37,617.6	19,564.2	3,957.7	4,740.0
Liabilities					
Current liabilities					
Trade and other payables	26	112.9	146.2	218.8	155.2
Derivative financial instruments	27	1.6	7.9	1.5	7.9
CCP clearing business liabilities	23	35,679.2	17,307.7	–	–
Current tax		7.6	13.9	–	–
Borrowings	28	2.3	436.0	2.3	434.8
Provisions	30	3.8	5.2	–	–
Other current liabilities		–	1.8	–	–
		35,807.4	17,918.7	222.6	597.9
Non-current liabilities					
Borrowings	28	622.5	256.1	622.5	256.1
Deferred tax liabilities	19	103.3	95.7	–	–
Retirement benefit obligation	21	8.3	7.6	–	–
Provisions	30	22.9	23.2	–	–
		757.0	382.6	622.5	256.1
Total liabilities		36,564.4	18,301.3	845.1	854.0
Net assets		1,053.2	1,262.9	3,112.6	3,886.0
Equity					
Capital and reserves attributable to the Company's equity holders					
Share capital	31,32	18.7	19.1	18.7	19.1
Retained (loss)/earnings	32	(803.2)	(331.1)	1,284.3	2,069.4
Other reserves	32	1,741.4	1,479.7	1,809.6	1,797.5
		956.9	1,167.7	3,112.6	3,886.0
Minority interests in equity	32	96.3	95.2	–	–
Total equity		1,053.2	1,262.9	3,112.6	3,886.0

The financial statements on pages 55 to 93 were approved by the Board on 20 May 2009 and signed on its behalf by:

Clara Furse Doug Webb
CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENTS

Year ended 31 March 2009

	Notes	Group		Company	
		2009 £m	2008 £m (restated)	2009 £m	2008 £m
Cash flow from operating activities					
Cash generated from operations	33	352.6	292.9	(5.0)	(0.9)
Interest received		7.0	5.8	–	–
Interest paid		(52.1)	(39.4)	(52.0)	(35.5)
Corporation tax paid		(51.9)	(68.7)	–	–
Withholding tax paid		(30.5)	(12.7)	–	–
Net cash inflow/(outflow) from operating activities		225.1	177.9	(57.0)	(36.4)
Cash flow from investing activities					
Net cash inflow/(outflow) from merger		–	82.3	–	(13.8)
Purchase of property, plant and equipment		(19.9)	(10.3)	–	–
Purchase of intangible assets		(36.5)	(21.9)	–	–
Disposal of associate		2.7	–	–	–
Investment in joint ventures		(0.7)	–	–	–
Investment in subsidiary		(5.3)	–	–	–
Dividends received		3.8	2.4	163.3	188.3
Acquisition of minority interests in Borsa Italiana		–	(0.5)	–	(0.5)
Net cash (outflow)/inflow from investing activities		(55.9)	52.0	163.3	174.0
Cash flow from financing activities					
Dividends paid to shareholders		(65.3)	(46.0)	(65.3)	(46.0)
Dividends paid to minorities		(7.0)	–	–	–
Redemption of B shares		(5.3)	(8.1)	(5.3)	(8.1)
Share buyback		(51.5)	(143.8)	(51.5)	(143.8)
Purchase of own shares by ESOP trust		(26.3)	(36.7)	–	–
Loan to ESOP trust		–	–	(25.4)	(30.8)
Loans to subsidiary companies		–	–	–	(172.0)
Loans from/repayments to subsidiary companies		–	–	123.2	–
Proceeds from own shares on exercise of employee share options		0.9	5.9	–	–
Proceeds from borrowings		735.2	613.0	735.2	613.0
Repayment of borrowings		(818.5)	(497.5)	(817.2)	(347.0)
Share issue costs		–	(2.9)	–	(2.9)
Net cash outflow from financing activities		(237.8)	(116.1)	(106.3)	(137.6)
(Decrease)/increase in cash and cash equivalents		(68.6)	113.8	–	–
Cash and cash equivalents at beginning of year		200.6	72.9	–	–
Exchange gains on cash and cash equivalents		11.7	13.9	–	–
Cash and cash equivalents at end of year	25	143.7	200.6	–	–

Group cash flow does not include cash and cash equivalents held by CC&G on behalf of its clearing members for use in its operation as manager of the clearing and guarantee system. These balances represent margins and default fund amounts held for counterparties in connection with this operation.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's consolidated financial statements and the Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value, including those of the central counterparty (CCP) clearing business of the Company's majority-owned subsidiary Cassa di Compensazione e Garanzia S.p.A. (CC&G), and on the basis of the principal accounting policies set out below.

The Group uses a columnar format for the presentation of its consolidated income statement. This enables the Group to aid an understanding of its results by presenting profit for the year before goodwill impairment, amortisation of purchased intangible assets and exceptional items. This is the profit measure used to calculate adjusted earnings per share and is considered to be the most appropriate as it best reflects the Group's underlying cash earnings. Profit before impairment of goodwill, amortisation of purchased intangible assets and exceptional items is reconciled to profit before taxation on the face of the income statement.

Recent accounting developments

The following standards and interpretations issued by the International Accounting Standards Board (IASB) and IFRIC have been adopted in these financial statements.

International accounting standards and interpretations

IFRIC12 Service Concession Arrangements

IFRIC14 IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction

IFRIC12 has no impact on the financial statements of the Company or the Group. The adoption of IFRIC14 has not had a material impact on the financial statements of the Company or the Group.

The following standards, amendments and interpretations have been issued by the IASB and IFRIC with an effective date, subject to EU endorsement in some cases, that does not impact on these financial statements.

International accounting standards and interpretations	Effective date
IFRS various Annual improvements 2008	1 January 2009
IFRS2 Share-based Payment – Amendment relating to vesting conditions and cancellations	1 January 2009
IFRS3 Business Combinations – Comprehensive revision on applying the acquisition method	1 July 2009
IFRS8 Operating Segments	1 January 2009
IAS1 Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income	1 January 2009
IAS1 Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	1 January 2009
IAS23 Borrowing Costs – Comprehensive revision to prescribed treatment	1 January 2009

IAS27 Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS3	1 July 2009
IAS28 Investments in Associates – Consequential amendments arising from amendments to IFRS3	1 July 2009
IAS31 Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS3	1 July 2009
IAS32 Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation	1 January 2009
IAS39 Financial Instruments: Recognition and measurement – amendments for eligible hedged items	1 July 2009
IFRIC13 Customer Loyalty Programmes	1 January 2009
IFRIC15 Agreements for the construction of real estate	1 January 2009
IFRIC16 Hedges of a net investment in a foreign operation	1 October 2008
IFRIC17 Distribution of non-cash assets to owners	1 July 2009
IFRIC18 Transfer of assets from customers	1 July 2009

The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not currently expect any of these changes to have a material impact on the results or the net assets of the Company or the Group.

Accounting policies

CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, all having co-terminous accounting periods, with all inter-company balances and transactions eliminated, together with the Group's attributable share of the results of associates and joint ventures. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date that control passes. As permitted by Section 230 of the Companies Act 1985, the Company's income statement has not been included in these financial statements. The Company's loss for the year is disclosed within note 32.

Investments in joint ventures and associates are accounted for under the equity method. The Group's investments in joint ventures and associates are initially recognised at cost, and its share of profits or losses after tax from joint ventures and associates is included in the consolidated income statement. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the Group's balance sheet. The financial statements of joint ventures and associates are used by the Group to apply the equity method, under which the Group's income statement reflects the Group's share of the results of operations of the associates. A company is considered an associate where the Group has a significant influence.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination, such as professional fees paid to accountants and legal advisers and other consultants to effect the combination. Adjustments to fair values include those made to bring accounting policies into line with those of the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Acquisitions of shares from minority interests result in goodwill being the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary.

Investments in subsidiaries are reviewed for impairment when events indicate the carrying amount may not be recoverable and are accounted for in the Company's financial statements at cost less accumulated impairment losses.

REVENUE

Revenue represents the total amount receivable for the provision of goods and services, excluding value added tax.

Revenue is recognised in the period when the service or supply is provided:

- a) membership and other term fees are recognised over the period to which the fee relates;
- b) admission fees are recognised at the time of admission to trading;
- c) royalties are recognised at the earlier of cash receipt or the date at which they are earned or measurable with certainty; and
- d) all other revenue is recognised in the month in which the service is provided. In interim reports, Borsa Italiana group defers some of the income received from cash trading and S&P/MIB futures trading and clearing. This deferral results in revenues being recognised at the average price of transactions forecast for the full year, as pricing levels reduce during the year when incremental volume targets are achieved.

EXCEPTIONAL ITEMS

Items of income and expense that are material by size and/or nature and are non-recurring are classified as exceptional items on the face of the income statement within their relevant category. The separate reporting of these items together with impairment and amortisation of purchased intangible assets helps give an indication of the Group's underlying performance.

SHARE BASED COMPENSATION

The Group operates a number of equity settled share based compensation plans for employees. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant and recognised over the relevant vesting period.

FOREIGN CURRENCIES

The consolidated financial statements are presented in sterling, which is the Company's presentation and functional currency.

Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, such as equities or bonds held at fair value through profit or loss, are reported as part of their fair value gain or loss. Exceptions to this are where the non-monetary items form part of the net investment in a foreign operation or are designated as hedges of a net investment, or as cash flow hedges. Such exchange differences are initially recognised in equity.

The results and financial position of all Group entities that have a functional currency different from the presentation currency are converted into the presentation currency as follows:

- a) assets and liabilities including goodwill, purchased intangible assets and fair value adjustments are converted at the closing balance sheet rate;
- b) income and expenses are translated and recorded in the income statement at the average monthly rates prevailing; and
- c) all resulting exchange differences are recognised as a separate component of equity.

PROPERTY, PLANT AND EQUIPMENT

Freehold properties, including related fixed plant, are included in the financial statements at cost less accumulated depreciation and any provision for impairment. Freehold buildings and related fixed plant are depreciated to residual value, based on cost at the beginning of the year plus subsequent additions, over their estimated economic lives. The estimated useful lives of properties range between 33 and 50 years, and the estimated useful economic lives of fixed plant range from five to 20 years.

Leasehold properties and improvements are included at cost and depreciated to residual value over the shorter of the period of the lease or the useful economic life of the asset.

Plant and equipment is stated at cost and is depreciated to residual value on a straight line basis over the estimated useful economic lives of the assets, which mainly range from three to five years.

The Group selects its depreciation rates based on expected economic lives, taking into account the expected rate of technological developments, market requirements and expected use of the assets. The selected rates are regularly reviewed to ensure they remain appropriate to the Group's circumstances.

INTANGIBLE ASSETS

Goodwill arising on the acquisition of subsidiaries represents the excess of consideration paid plus transaction costs over the fair value of the Group's share of net identifiable assets purchased. It is not amortised but is tested for impairment annually and when there are indications that the carrying value may not be recoverable, and is carried at cost less accumulated impairment losses.

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licences and software development costs, all of which are recorded as intangible assets and held at cost less accumulated amortisation. These assets are amortised on a straight line basis over their useful economic lives, which do not normally exceed 25 years or the term of the licence. The amortisation period and method are reviewed and adjusted, as appropriate, at each balance sheet date.

Third party software costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised over their estimated useful economic lives, averaging three years.

NOTES TO THE FINANCIAL STATEMENTS

CURRENT AND DEFERRED TAXATION

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Full provision is made, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is determined using tax rates that are substantially enacted at the balance sheet date and are expected to apply when the asset is realised or liability settled. Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits.

CLASSIFICATION OF FINANCIAL ASSETS

Financial assets (excluding clearing business)

The Group classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for liquidity purposes and are initially recognised at fair value and any subsequent changes in fair value are recognised directly in the income statement. These assets are financial instruments not designated as hedges.

b) Available-for-sale financial assets

Investments (other than term deposits and interests in joint ventures/associates and subsidiaries) are designated as available for sale and are recorded on trade date at fair value plus transaction costs with changes in fair value recognised in equity. Where the fair value is not reliably measurable, the investment is held at cost less any provision for impairment. Assets such as shares in clearing and payment transmission operations and long term equity investments that do not qualify as associates or joint ventures are usually classified as available for sale.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group comprise cash at bank and term deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

FINANCIAL ASSETS AND LIABILITIES OF THE CENTRAL COUNTERPARTY (CCP) CLEARING BUSINESS

Assets and liabilities of the CCP clearing service relate to CC&G, the subsidiary that performs the CCP clearing business. CC&G clears financial derivatives, equities and bond transactions on Italian regulated markets, guaranteeing the successful receipt or delivery of securities for the transactions to be settled on both the bid and offer side of transactions with the respective counterparties. It enters into a contractual arrangement in respect of each side of the transaction,

bears the counterparty risk associated with honouring by the counterparties of their obligations and, in the event of a failure to deliver by any counterparty, is required itself to complete delivery of the appropriate securities. Accordingly, CC&G must record an asset and a liability on its balance sheet in respect of each of the bid and offer sides of each transaction. However, except in respect of failed transactions CC&G as a CCP clearer does not bear any price risk and the value of the bid and offer side of each transaction are the same; consequently, the principal CCP asset and liability amounts largely match each other.

Accounting treatments of CCP financial assets and liabilities include the following:

a) Derivatives, trading assets and liabilities

These transactions are initially recorded at fair value, which coincides with the market value of the open positions on the IDEM derivatives market in which CC&G operates as CCP, and are subsequently remeasured on the basis of the market price of each derivative instrument at the period end. Since the asset and liability positions of the CCP clearer are matched, the same amount is recorded for both the assets and liabilities and no fair value gains or losses are recognised in the income statement.

b) Receivables for and liabilities under repurchase transactions

These represent repurchase transactions (repos) by clearing members in the bond market using CC&G's clearing and guarantee service. They represent the value of transactions already settled spot and not yet settled at term, usually within two days. These transactions are initially recognised at fair value and are subsequently measured at amortised cost, by allocating the yield on the repo pro-rated over the duration of the contract (the coupon accrued in the period and the difference between the spot and forward prices). Since the asset and liability positions for repos are matched, the same amount is recorded for both assets and liabilities and no gain or loss is recorded in the income statement.

c) Other receivables from and payables to clearing members

These comprise accounts receivable and payable deriving from the activities of clearing members in derivatives, equities and bond transactions. They mainly represent amounts to be received or paid for initial and variation margins, option premiums and default fund contributions and are initially recorded at fair value. They are generally settled on the next day and, accordingly, are not discounted back to current value.

d) Financial assets and liabilities at fair value

These represent quoted equity and bond securities which CC&G acquires usually as a result of failure by a counterparty to deliver its side of a transaction and are recognised initially at fair value and subsequently remeasured at fair value, based on the market price of each security. The difference between the settlement price of each security at trade date and the market price of that security at the period end is recognised as a fair value gain or loss in the income statement.

e) Cash and cash equivalents (restricted)

These amounts include amounts received from clearing members to cover initial and variation margins and default fund contributions as collateral against default or insolvency and are deposited with banks. Such amounts are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest method, if the time value of money is significant.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument. The Group designates as cash flow hedges both foreign currency derivatives and hedges of interest rate movements associated with highly probable forecast transactions. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity.

The Group also hedges a proportion of its net investment in Borsa Italiana S.p.A. by designating euro borrowings as a net investment hedge.

In order to qualify for hedge accounting, a transaction must meet strict criteria as regards documentation, effectiveness, probability of occurrence and reliability of measurement. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Effectiveness testing is conducted at each reporting date and at the commencement and conclusion of any hedge in order to verify that the hedge continues to satisfy all the criteria for hedge accounting to be maintained. The effective proportion of the gain or loss on the hedging instrument is recognised directly in equity. The ineffective portion is recognised in the income statement within finance costs.

Amounts accumulated in equity are recycled in the income statement in the period when the hedged item affects profit or loss (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

TRADE RECEIVABLES

Trade receivables are non-interest bearing and are stated at their fair value which is usually the original invoiced amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

BORROWINGS

Bank borrowings are initially recorded at the fair value of amounts received, net of direct issue costs and transaction costs (including upfront facility fees). Subsequently, these liabilities are carried at amortised cost, and interest is charged to the income statement over the period of the borrowings using the effective interest method. Similarly direct issue costs and transaction costs (including upfront facility fees) are charged to the income statement over the period of the borrowings using the effective interest rate method.

Redeemable Class B shares issued in connection with the May 2006 capital return are carried at amortised cost, and presented as a financial liability. The dividend accrued in respect of the Class B shares has been classified within finance costs in the income statement.

PROVISIONS

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is made in the accounts for the lower of the cost of fulfilling lease commitments for property space surplus to business requirements after taking into account income from sub-letting, and any compensation or penalties arising from failure to fulfil the lease commitments. Such provisions are discounted where the time value of money is considered material.

SHARE CAPITAL

The Company's own shares held by the ESOP trust are deducted from equity until they vest unconditionally in employees and are held at cost. Consideration paid in respect of these Treasury shares is deducted from equity until the shares are cancelled, reissued or disposed of.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

OPERATING LEASES

Rental costs for operating leases are charged to the income statement on a straight-line basis. Lease incentives are spread over the term of the lease.

PENSION COSTS

The Group operates defined benefit and defined contribution pension schemes. For the defined benefit scheme the service cost, representing benefits accruing to employees, is included as an operating expense and the expected return on scheme assets and interest cost from unwinding of the discount on scheme obligations are included as finance income and finance expense respectively. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions or differences between actual and expected returns on assets are recognised at each period end net of tax in the statement of recognised income and expense. The net asset or liability recognised on the balance sheet comprises the difference between the present value of pension obligations and the fair value of scheme assets. For defined contribution schemes, the expense is charged to the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. PRIOR YEAR ADJUSTMENT

The Group carries its bank borrowings and bonds at amortised cost, with interest charged to the income statement over the period of the borrowings using the effective interest rate (EIR) method. Its July 2006 £250m bond paid an initial coupon of 5.875 per cent p.a. Due to amendments to the Company's long term credit rating, the coupon increased to 6.125 per cent and 6.375 per cent in July 2007 and January 2008 respectively. For the purposes of its interim and annual financial statements at 30 September 2007 and 31 March 2008, the Group treated this bond as a floating rate instrument and, accordingly, did not reflect the impact of the expected future cash flows at the original EIR in its calculations.

Following further consideration, the directors decided that, although there were good arguments for treating elements of the bond as floating rate, it was more appropriate to have treated this as a fixed rate instrument. Accordingly, the prior year financial statements have been adjusted by restating the carrying amount of the debt instrument by discounting the revised cash flows using the original EIR, with the resulting adjustments being recorded in the income statement as an exceptional finance cost. The resulting charge to the income statement will be offset following revisions to the EIR calculations, which will result in reduced future interest expense, over the remaining life of the bond.

The effect of these adjustments on the prior year is shown below:

	Notes	Year ended 31 March 2008 £m
Effect on the income statement		
Profit for the financial year (as originally stated)		178.5
Finance expense: increase	10	(7.7)
Taxation charge reduction		2.2
Profit for the financial year (restated)		173.0
Effect on the balance sheet		
Net assets (as originally stated)		1,268.4
Borrowings increase		(7.7)
Current tax creditor decrease		2.2
Net assets (restated)		1,262.9
Effect on earnings per share		
Basic earnings per share (as originally stated)		73.1p
Prior year adjustment		(2.3p)
Basic earnings per share (restated)		70.8p
Diluted earnings per share (as originally stated)		71.9p
Prior year adjustment		(2.2p)
Diluted earnings per share (restated)		69.7p

There was no effect on adjusted basic earnings per share as the bond adjustment is treated as an exceptional item.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk and the Group's risk management programme seeks to minimise potential adverse effects on its financial performance.

Financial risk management is performed at both a Group level, where the treasury function identifies, evaluates and hedges financial risks from a Group perspective and, locally, where operating unit risk functions manage particular risks for regulatory or operational purposes.

Following its establishment in November 2008, the Treasury Committee, chaired by the CFO, approves those matters not reserved for the Board operating within Board approved policies covering foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A) MARKET RISK

(i) Foreign exchange risk

The Group operates predominantly in the UK and Italy. Foreign exchange risk arises from translating the euro earnings, assets and liabilities of the Borsa Italiana sub-group from euro into sterling.

The Group seeks to reduce its net asset exposure to movements between sterling and the euro by distributing its net euro denominated cash earnings in dividends and by raising an appropriate amount of its debt in euros. The Group's euro debt is then serviced by cash generated by Borsa Italiana and its subsidiaries which, in turn, has some benefit in reducing Group income statement volatility to movements in exchange rates between sterling and the euro through euro denominated interest expense.

At 31 March 2009 £151.9m (2008: £152.6m) of the Group's debt was denominated in euros and designated as a hedge of the net investment in Borsa Italiana. During the year to 31 March 2009 a gain of £24.8m (2008: £6.8m) on foreign currency borrowings was recognised in equity. There was no ineffectiveness of the hedge to be recognised in the income statement.

The Group reviews sensitivities to movements in exchange rates which are appropriate to market conditions. As at 31 March 2009 the Group has considered movements in the euro over the last year and has concluded that a 20 per cent movement in rates is a reasonable benchmark. At 31 March 2009, if sterling had weakened/strengthened by 20 per cent against the euro with all other variables held constant, post tax loss/profit for the year would have been unchanged (2008: unchanged); however, equity would have been £6.7m higher (2008: £6.6m higher)/£10.2m lower (2008: £9.1m lower). This reflects foreign exchange gains/losses on translation of euro denominated trade receivables, financial assets at fair value through profit or loss and foreign exchange gains/losses on translation of euro denominated borrowings.

Group companies invoice revenues, incur expenses and purchase assets predominantly in their respective local currency, with the exception of EDX London Ltd where foreign exchange derivative contracts have been used to hedge forecast inflows in Swedish krona (see note 27 for further details). No sensitivity analysis has been prepared for movements in Swedish krona/sterling as this has been considered to be insignificant to the Group's consolidated financial statements. During the year, LSE plc committed to certain contractual obligations in Canadian dollars with payments falling due after the end of the financial year. Derivative instruments were used to hedge these

highly probable flows. As at 31 March 2009, if sterling had weakened/strengthened by 15 per cent against the Canadian dollar with all other variables held constant, post tax profit would have been unaffected with £1.3m/£1.0m increase/decrease to hedging reserve within equity in the balance sheet, as these hedges were fully effective for accounting purposes.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from cash and cash equivalents, investments in financial assets and borrowings.

Changes in market interest rates mean that investments and borrowings subject to variable rates expose the Group to the risk that future associated cash flows will fluctuate, and those subject to fixed rates expose the Group to the risk that the fair value of the financial instrument will fluctuate.

As a medium term objective the Group seeks to maintain a proportion of its borrowings at fixed rates of interest.

In November 2008, the Group cancelled a gilt lock instrument, which had been held to hedge the interest rate risk on a future forecast transaction that was no longer deemed highly probable (see note 27). An exceptional charge of £10.6m was recognised in the income statement. This effectively reduced the proportion of the Group's borrowings held at fixed rates of interest.

In January and March 2009, interest rate swaps were used to hedge the exposure on €120m (2008: nil) of the Group's floating rate borrowings achieving a blended fixed rate payable of 2.42 per cent per annum in return for three month Euribor receivable. These hedges were designated cash flow hedges and were fully effective at 31 March 2009.

At 31 March 2009 60 per cent (2008: 72 per cent) of the Group's net debt was effectively at fixed rates after taking into account the effect of derivative financial instruments.

The Group reviews sensitivities for movements in interest rates which are appropriate to market conditions. The Group has considered the volatility of interest rates over the last year and has concluded that a two per cent upward movement and a one per cent downward movement reflect reasonable levels of risk to current rates.

At 31 March 2009, if interest rates on sterling-denominated and euro-denominated cash and borrowings had been two per cent higher with all other variables held constant, post tax profit for the year would have been £1.6m (2008: £5.0m) lower mainly as a result of higher interest expense on floating rate borrowings.

At 31 March 2009, if interest rates on sterling-denominated and euro-denominated borrowings had been one per cent lower with all other variables held constant, post tax profit for the year would have been £0.8m (2008: £2.5m) higher, mainly as a result of lower interest expense on floating rate borrowings.

B) CREDIT RISK

Credit risk is the risk that the Group's counterparties will be unable to meet their obligations to the Group either in part or in full and arises from credit exposures to customers as well as on cash, deposits and derivative financial instruments with banks and financial institutions.

Credit risk is controlled through policies developed both at a Group level and, where appropriate, with regulators at an individual subsidiary level.

Group companies assess the credit quality of their customers, taking into account their financial position and considering past experience and other factors. Trade receivables, net of impairment, are concentrated in the financial community, and are managed as one class of receivables. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers and, generally, a low historic incidence of customer defaults. Given this, and the recurring nature of the billing and collection arrangements, management assess the credit quality of the Group's customers as high.

CC&G, the Group's Italian clearing business, eliminates counterparty risk for its members (mainly large financial institutions), becoming the guarantor of the final settlement of the contracts, acting as a buyer towards each seller and as a seller towards each buyer. As a result CC&G faces credit risk if it incurs losses from the deterioration in the creditworthiness or the default of a counterparty for which risks have been guaranteed in the performance of its role as central counterparty (CCP) clearer. To mitigate against this risk it has established a financial safeguarding system to cover the potential effects of single or multiple defaults of market participants which is based on three levels of protection:

1. Clearing membership selection on the basis of supervisory capital, technical and organisational criteria;
2. Margin accounts – each member must pay margins to cover the theoretical costs of liquidation which CC&G would incur in order to close out open positions in the event of the member's default. Margins are computed daily according to recognised margining methodologies applied as appropriate for equities and fixed income elements of the portfolio; and
3. Default funds – clearing members participate in default funds managed by CC&G and created for the purpose of guaranteeing the integrity of the markets in the event of multiple defaults in extreme market circumstances, in line with risk management standards agreed by the European Association of Central Counterparty Clearing Houses. These amounts are determined on the basis of the results of periodic stress testing examined by CC&G's risk committee.

The Group invests its cash resources in deposits with banks and financial institutions.

Credit risk with respect to cash and cash equivalents is managed by establishing minimum creditworthiness criteria, limiting the maximum exposure to each counterparty. The Company only uses banks that are independently rated with a minimum rating of Aa3 (per Moody's). Individual counterparties are currently limited to deposits of £10m for periods not exceeding 12 months, a reduction in the current year from the £15m used previously to reflect the greater market uncertainty in recent months. CC&G is required to invest cash with counterparties that are either investment grade or who have a minimum level of capital, and for periods of up to 12 months in an amount dependent on the credit quality of the counterparty, and works closely with the Bank of Italy to monitor this risk. Other cash resources within the Borsa Italiana sub-group are held on call or on deposit for short periods only.

The Group limits the transacting of derivatives to a limited number of well-capitalised, relationship based, counterparties each of whom has an appropriate depth of coverage and expertise.

NOTES TO THE FINANCIAL STATEMENTS

C) LIQUIDITY RISK

The Company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations. The Group maintains sufficient cash and marketable securities together with the availability of funding through adequate committed credit facilities to meet all its financial obligations as these fall due.

In addition to the day to day liquidity requirements of Group companies, CC&G and certain other subsidiary companies are required to maintain a level of liquidity within their own legal entities (see note 4 for further information) to meet regulatory requirements and/or ensure the smooth operation of their respective markets.

Group businesses are profitable and generate significant free cash flow. This free cash flow is available to the Group to invest in capital expenditure, acquisitions, dividend payments, other returns of capital or to reduce debt.

Management monitors forecasts of the Group's liquidity, prepared to reflect expected cash flow, and overlays sensitivities to these forecasts to reflect assumptions about more difficult market

conditions. The Group manages liquidity risk by depositing funds with counterparties of high quality in accordance with Board approved policy.

Treasury policy also requires that the Group maintains adequate credit facilities to at least cover its funding requirements for the next 12 months. Significant headroom is maintained in its committed, revolving credit facilities to provide additional liquidity and much attention has been given during the year to the ongoing credit quality of the Group's lending banks. At 31 March 2009 £283.5m of these facilities were unutilised (2008: £200.0m).

Separately, CC&G has access to committed and uncommitted lines of credit with intra-day financing from the Bank of Italy to meet the cash requirements related to settlement (see note 28).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 March 2009				
Borrowings	2.3	180.0	193.8	250.0
Derivative financial instruments	1.6	–	–	–
Trade and other payables	112.9	–	–	–
CCP liabilities	35,679.2	–	–	–
	35,796.0	180.0	193.8	250.0
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 March 2008				
Borrowings	436.4	–	–	250.0
Derivative financial instruments	7.9	–	–	–
Trade and other payables	146.2	–	–	–
CCP liabilities	17,307.7	–	–	–
	17,898.2	–	–	250.0

4. CAPITAL RISK MANAGEMENT

The Group seeks to reduce its cost of capital and to provide superior returns to its shareholders, whilst fulfilling its obligations to the relevant regulatory authorities and other stakeholders.

Capital comprises resources that are raised by the Group from its shareholders (equity capital) and from its lenders (debt capital). Details of the Group's equity capital are set out in note 32 and details of the Group's debt capital (current and non-current) are set out in note 28.

The Group monitors capital in a number of ways, including on the basis of the ratio of Net debt to EBITDA. This ratio is calculated as total current and non-current borrowings less the cash and cash equivalents that are set aside to meet regulatory requirements and compares this with its EBITDA (Group consolidated earnings before goodwill impairment, depreciation, amortisation, exceptional items, taxation, profit on disposal of associate and net finance expense).

Net debt to EBITDA at 31 March 2009 was 1.6 times on an actual basis (2008: 1.7 times restated on a pro forma basis, as if the merger with Borsa Italiana had taken place on 1 April 2007). In managing its Net debt to EBITDA ratio the Group has regard to its weighted average cost of capital (WACC) and its strategic objective of an investment grade credit rating. The methods by which the Group may adjust its capital structure would principally include returns to shareholders, issues of new shares, and increases or reductions of debt.

The Group is required to maintain certain levels of liquidity within certain operating entities for regulatory and operational purposes. As at 31 March 2009 £125m (2008: £125m) was set aside to meet these requirements (including a buffer to absorb short term fluctuations), with the amount subject to ongoing review with regulators in the UK and Italy.

5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical judgements and estimates made in the preparation of the financial statements are set out below. The actual outcome may be materially different from that anticipated:

- a) Goodwill is tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance, and estimates of the return required by shareholders to determine an appropriate discount rate;
- b) The determination of the defined benefit pension asset or liability is based on the present value of future pension obligations using assumptions determined by the Group with advice from an independent qualified actuary;
- c) Purchased intangible assets are amortised over their estimated useful economic lives. These lives are based on value in use calculations using management's best estimate of future performance;
- d) The property provision is determined taking into consideration future expected receipts from sub-letting and future property costs based on advice from independent property advisers;
- e) Estimates are required in determining the provision for income taxes. The Group recognises liabilities for the estimated tax charge at the period end and where the final tax liability is different from that estimate, such differences are reflected in the period in which such determination is made; and
- f) The determination in the Company's financial statements of the value of the subsidiary companies, London Stock Exchange plc and Borsa Italiana S.p.A., is based on their forecast cash flows, and an appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT INFORMATION

Segmental disclosures for the year ended 31 March 2009 are shown below.

	Issuer £m	Trading £m	Information £m	Post Trade £m	Other £m	Corporate £m	Group £m
Revenue							
Total revenue	90.6	277.0	183.9	111.4	38.1	–	701.0
Inter-segmental revenue	(0.2)	(1.7)	(1.0)	(7.4)	(19.3)	–	(29.6)
External revenue	90.4	275.3	182.9	104.0	18.8	–	671.4
Expenses							
Depreciation and software amortisation	(3.4)	(15.0)	(12.5)	(3.1)	(1.9)	(0.5)	(36.4)
Other non-exceptional expenses	(48.9)	(117.7)	(75.0)	(33.7)	(12.8)	(8.3)	(296.4)
Adjusted operating profit	38.1	142.6	95.4	67.2	4.1	(8.8)	338.6
Amortisation of purchased intangible assets	(4.6)	(13.5)	(6.7)	(24.6)	–	–	(49.4)
Exceptional integration costs (see note 9)	(0.9)	(3.2)	(3.4)	(4.0)	(0.9)	(2.8)	(15.2)
Operating profit before impairment	32.6	125.9	85.3	38.6	3.2	(11.6)	274.0
Impairment of goodwill	(107.6)	(250.0)	(40.9)	(85.5)	–	–	(484.0)
Operating profit (segment result)	(75.0)	(124.1)	44.4	(46.9)	3.2	(11.6)	(210.0)
Finance income	–	–	–	–	–	20.8	20.8
Finance expense	–	–	–	–	–	(65.7)	(65.7)
Share of profit after tax of joint ventures/associates	–	(0.1)	2.2	–	–	–	2.1
Profit on disposal of associate	–	2.0	–	–	–	–	2.0
Assets	149.1	631.9	322.5	36,386.5	51.8	72.2	37,614.0
Investment in joint ventures/associates	–	1.9	1.7	–	–	–	3.6
Total assets	149.1	633.8	324.2	36,386.5	51.8	72.2	37,617.6
Liabilities	(25.4)	(84.3)	(52.2)	(35,721.7)	(18.4)	(662.4)	(36,564.4)
Capital expenditure	4.1	27.4	13.4	1.6	8.2	4.5	59.2

Comparative segmental disclosures for the year ended 31 March 2008 are as follows:

	Issuer £m	Trading £m	Information £m	Post Trade £m	Other £m	Corporate £m (restated)	Group £m (restated)
Revenue							
Total revenue	82.5	265.1	143.8	46.0	20.5	–	557.9
Inter-segmental revenue	(0.1)	(0.4)	(0.2)	(3.2)	(7.6)	–	(11.5)
External revenue	82.4	264.7	143.6	42.8	12.9	–	546.4
Expenses							
Depreciation and software amortisation	(3.0)	(13.9)	(5.2)	(3.4)	(0.8)	(0.6)	(26.9)
Other non-exceptional expenses	(41.6)	(87.5)	(58.4)	(15.3)	(11.4)	(16.3)	(230.5)
Adjusted operating profit	37.8	163.3	80.0	24.1	0.7	(16.9)	289.0
Amortisation of purchased intangible assets	(2.0)	(5.9)	(2.9)	(10.7)	–	–	(21.5)
Exceptional integration costs (see note 9)	(0.2)	(0.3)	(0.3)	–	–	(1.5)	(2.3)
Operating profit (segment result)	35.6	157.1	76.8	13.4	0.7	(18.4)	265.2
Finance income	–	–	–	–	–	18.8	18.8
Finance expense	–	–	–	–	–	(59.2)	(59.2)
Share of profit after tax of joint venture/associates	–	0.1	2.1	–	–	–	2.2
Assets	232.3	801.1	319.5	18,015.8	42.4	148.9	19,560.0
Investment in joint venture/associates	–	2.0	2.2	–	–	–	4.2
Total assets	232.3	803.1	321.7	18,015.8	42.4	148.9	19,564.2
Liabilities	(32.2)	(71.8)	(47.7)	(17,368.0)	(23.6)	(758.0)	(18,301.3)
Capital expenditure	4.8	15.4	6.4	0.1	1.5	0.1	28.3

The Other segment represents property sub-letting and activities not directly related to the four main business segments and which do not individually constitute separately reportable segments. Corporate expenses are for corporate services which cannot reasonably be allocated to business segments. Other costs are allocated according to appropriate metrics, e.g. headcount or floor space.

Geographical disclosure

Revenue	2009 £m	2008 £m
UK	349.6	371.2
Italy	170.7	79.1
Other	151.1	96.1
Total	671.4	546.4

Revenue is allocated based on the country in which the customer is located.

Total assets	2009 £m	2008 £m
UK	252.4	320.1
Italy	37,361.6	19,239.9
	37,614.0	19,560.0
Joint ventures – UK	1.1	1.9
Joint ventures – Japan	0.6	–
Associates – Italy	1.9	2.3
Total	37,617.6	19,564.2

Capital expenditure	2009 £m	2008 £m
UK	47.5	26.3
Italy	11.7	2.0
Total	59.2	28.3

Capital expenditure is allocated based on where the assets are located.

7. EXPENSES BY NATURE

Expenses comprise the following:

	Notes	2009 £m	2008 £m
Employee costs	8	113.3	99.5
Depreciation and software amortisation		36.4	26.9
Amortisation of purchased intangible assets and exceptional costs	9	64.6	23.8
Other costs		183.1	131.0
Total before impairment		397.4	281.2
Goodwill impairment	15	484.0	–
Total expenses		881.4	281.2

Foreign exchange gains or losses included in the income statement are immaterial.

8. EMPLOYEE COSTS

Employee costs comprise the following:

	Notes	2009 £m	2008 £m
Salaries and other short term benefits		82.4	69.9
Social security costs		13.9	11.9
Pension costs	21	6.8	5.4
Share based compensation	37	10.2	12.3
Total		113.3	99.5

The number of employees in the Group was:

	2009			2008		
	UK	Italy	Total	UK	Italy	Total
At the year end	570	565	1,135	599	611	1,210
Average for the year	592	583	1,175	514	358	872

The Company has no employees.

NOTES TO THE FINANCIAL STATEMENTS

9. IMPAIRMENT, AMORTISATION OF PURCHASED INTANGIBLE ASSETS AND EXCEPTIONAL ITEMS

	Notes	2009 £m	2008 £m (restated)
Impairment of goodwill	15	(484.0)	–
Amortisation of purchased intangible assets	15	(49.4)	(21.5)
Integration costs		(15.2)	(2.3)
Total affecting operating profit		(548.6)	(23.8)
Exceptional finance costs:			
Bond adjustment to reflect changes in valuation of cash flows		3.7	(7.7)
Loss on cash flow hedge recycled to income statement		(7.9)	–
Loss on gilt lock contract in the year		(2.7)	–
Total affecting profit before tax		(555.5)	(31.5)
Tax effect on items affecting profit before tax and tax exceptional items			
Deferred tax on amortisation of purchased intangible assets		8.5	3.7
Tax effect on other items affecting profit before tax		6.2	2.9
Credit to taxation in respect of change of Italian tax rate	11	–	19.7
Total tax effect on items affecting profit before tax and tax exceptional items		14.7	26.3
Total charge to income statement		(540.8)	(5.2)

Integration costs relate to the integration of the businesses of the London Stock Exchange and Borsa Italiana, and include costs of integrating trading systems and websites as well as staff related costs. The change of Italian tax rate on 1 January 2008 affected the value of deferred tax liabilities acquired, resulting in a credit to the taxation account.

10. NET FINANCE EXPENSE

	Notes	2009 £m	2008 £m (restated)
Finance income			
Bank deposit and other interest income		7.5	6.3
Expected return on defined benefit pension scheme assets	21	13.0	12.3
Investment income		0.3	0.2
		20.8	18.8
Finance expense			
Interest payable on bank and other borrowings		(40.4)	(34.5)
Other finance expense		(2.8)	(3.1)
Interest on discounted provision for leasehold properties		(1.2)	(1.3)
Defined benefit pension scheme interest expense		(14.4)	(12.6)
		(58.8)	(51.5)
Exceptional finance expense			
Bond adjustment to reflect change in future coupon		3.7	(7.7)
Loss on cash flow hedge recycled to income statement		(7.9)	–
Loss on gilt lock contract in the year		(2.7)	–
Total exceptional finance expense		(6.9)	(7.7)
		(65.7)	(59.2)
Net finance expense		(44.9)	(40.4)

Due to deteriorating market conditions, a proposed bond issue was deemed as improbable during the year and so the hedging relationship with a gilt lock interest rate contract ended. As a result the accumulated mark to market loss charged through reserves was recycled to the income statement. This and the loss incurred on settlement in December have been disclosed as exceptional finance expense.

11. TAXATION

	2009 £m	2008 £m (restated)
Taxation charged to the income statement		
Current tax:		
UK corporation tax for the year at 28% (last year 30%)	42.4	55.8
Overseas tax for the year	46.7	22.7
Adjustments in respect of previous years	(4.3)	(1.7)
	84.8	76.8
Deferred tax (see note 19):		
Deferred tax for the current year	3.1	2.3
Adjustments in respect of previous years	2.6	0.5
Exceptional credit to deferred tax in respect of Italian tax rate change	–	(19.7)
Deferred tax on amortisation of purchased intangible assets	(8.5)	(3.7)
Foreign exchange	–	(2.2)
Taxation charge	82.0	54.0

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns agreed with relevant tax authorities.

	2009 £m	2008 £m
Taxation on items (credited)/charged to equity		
Current tax credit:		
Tax allowance on share options/awards in excess of expense recognised	(1.1)	(5.7)
Deferred tax charge/(credit):		
Defined benefit pension scheme actuarial (losses)/gains	(3.2)	6.3
Tax allowance on share options/awards in excess of expense recognised	2.1	3.1
Change in UK tax rate	–	0.2

Factors affecting the tax charge for the year

The reconciling items between the profits multiplied by the UK rate of corporation tax 28 per cent (2008: 30 per cent) and the income statement tax charge for the year are explained below:

	2009 £m	2008 £m (restated)
(Loss)/profit before taxation	(250.8)	227.0
(Loss)/profit multiplied by the UK rate of corporation tax at 28 per cent (2008: 30 per cent)	(70.2)	68.2
Expenses not deductible	10.5	2.5
Impairment of goodwill	135.5	–
Share of joint ventures and associates consolidated at profit after tax	(0.6)	(1.0)
Exceptional credit to deferred tax in respect of Italian tax rate change	–	(19.7)
Overseas earnings taxed at higher rate	3.2	3.5
Adjustments in respect of previous years	(1.7)	(1.2)
Amortisation of purchased intangible assets	5.3	2.7
Other	–	(1.0)
Taxation charge	82.0	54.0

The weighted average tax rate for the Group was 30 per cent (2008: 32 per cent).

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12. EARNINGS PER SHARE

Earnings per share is presented on four bases: basic earnings per share; diluted earnings per share; adjusted basic earnings per share; and adjusted diluted earnings per share. Basic earnings per share is in respect of all activities and diluted earnings per share takes into account the dilution effects which would arise on conversion or vesting of share options and share awards under the Employee Share Ownership Plan (ESOP). Adjusted basic earnings per share and adjusted diluted earnings per share exclude goodwill impairment, amortisation of purchased intangible assets and exceptional items to enable comparison of the underlying earnings of the business with prior periods.

	2009	2008 (restated)
Basic earnings per share	(126.1)p	70.8p
Diluted earnings per share	(126.1)p	69.7p
Adjusted basic earnings per share	74.2p	73.1p
Adjusted diluted earnings per share	73.6p	71.9p
	£m	£m
(Loss)/profit for the financial year attributable to equity holders	(338.0)	168.3
Adjustments:		
Amortisation of purchased intangible assets	49.4	21.5
Impairment of goodwill (note 15)	484.0	–
Integration costs	15.2	2.3
Exceptional finance costs	6.9	7.7
Tax effect of amortisation and exceptional items and tax exceptional item	(14.7)	(24.1)
Exceptional items, amortisation and taxation attributable to minority interests	(3.9)	(1.9)
Adjusted profit for the financial year attributable to equity holders	198.9	173.8
Weighted average number of shares – million	268.1	237.8
Effect of dilutive share options and awards – million	–	3.8
Diluted weighted average number of shares – million	268.1	241.6

The weighted average number of shares excludes those held in the ESOP. The effect of dilutive share options and awards is 2.0 million (2008: 3.8 million), and applies only to adjusted earnings per share in the current year.

13. DIVIDENDS

	2009 £m	2008 £m
Final dividend for 2008 paid August 2008: 16.0p per Ordinary share (2007: 12.0p)	42.9	23.8
Interim dividend for 2009 paid January 2009: 8.4p per Ordinary share (2008: 8.0p)	22.4	22.2
	65.3	46.0

The Board has proposed a final dividend in respect of the year ended 31 March 2009 of 16.0 pence per share, which is estimated to amount to £42.8m, to be paid on 17 August 2009.

The right to non-cumulative preference dividends on the remaining Redeemable Class B shares is discussed in note 32.

14. PROPERTY, PLANT & EQUIPMENT

Group	Land and buildings		Plant and equipment £m	Total £m
	Freehold £m	Leasehold £m		
Cost:				
1 April 2007	45.3	42.7	29.8	117.8
Additions	0.2	0.1	8.1	8.4
Acquisition of subsidiaries	11.3	–	4.9	16.2
Foreign exchange	1.6	–	0.7	2.3
Disposals	–	–	(0.1)	(0.1)
31 March 2008	58.4	42.8	43.4	144.6
Additions	–	4.1	16.0	20.1
Foreign exchange	2.2	–	1.2	3.4
Disposals	(0.6)	(0.3)	(7.6)	(8.5)
31 March 2009	60.0	46.6	53.0	159.6

Group	Land and buildings		Plant and equipment £m	Total £m
	Freehold £m	Leasehold £m		
Depreciation:				
1 April 2007	25.8	14.8	18.4	59.0
Charge for the year	0.7	5.1	7.1	12.9
Foreign exchange	0.1	–	(0.1)	–
Disposals	–	–	(0.1)	(0.1)
31 March 2008	26.6	19.9	25.3	71.8
Charge for the year	1.4	5.4	9.3	16.1
Foreign exchange	0.1	–	0.1	0.2
Disposals	(0.6)	(0.3)	(7.5)	(8.4)
31 March 2009	27.5	25.0	27.2	79.7
Net book values:				
31 March 2009	32.5	21.6	25.8	79.9
31 March 2008	31.8	22.9	18.1	72.8

The Company has no property, plant and equipment.

15. INTANGIBLE ASSETS

Group	Goodwill £m	Software £m	Purchased intangible assets £m	Total £m
1 April 2007	32.2	111.3	–	143.5
Additions	–	19.9	–	19.9
Acquisition of subsidiaries	917.3	5.6	635.2	1,558.1
Foreign exchange	132.7	0.8	93.1	226.6
31 March 2008	1,082.2	137.6	728.3	1,948.1
Additions	0.5	35.2	0.9	36.6
Disposals	–	(8.6)	–	(8.6)
Foreign exchange	170.6	1.1	116.7	288.4
31 March 2009	1,253.3	165.3	845.9	2,264.5
Amortisation and accumulated impairment:				
1 April 2007	21.1	66.6	–	87.7
Amortisation charge for the year	–	14.0	21.5	35.5
Disposals	–	–	3.0	3.0
31 March 2008	21.1	80.6	24.5	126.2
Amortisation charge for the year	–	20.3	49.4	69.7
Impairment charge	484.0	–	–	484.0
Disposals	–	(8.5)	–	(8.5)
Foreign exchange	–	–	8.2	8.2
31 March 2009	505.1	92.4	82.1	679.6
Net book values:				
31 March 2009	748.2	72.9	763.8	1,584.9
31 March 2008	1,061.1	57.0	703.8	1,821.9

The purchased intangible assets arising on consolidation represent customer relationships, brands, software and licences relating to Borsa Italiana and EDX.

The Company has no intangible assets.

Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to nine cash generating units (CGUs). The Borsa Italiana group comprises seven of these CGUs (Issuer, Equities Trading, Derivatives Trading, Fixed Income Trading, Information Services, Post Trade Services and Others) and Proquote Ltd and EDX London Ltd each constitute one CGU.

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The recoverable amounts of these CGUs have been determined based on value in use calculations, using discounted cash flow projections prepared by management covering the five year period ending 31 March 2014. Cash flows beyond this period are extrapolated using the estimated long term growth rates and applying the pre-tax discount rates referred to below.

The amount of the net book value of goodwill allocated to each CGU is set out below.

Cash generating unit	Net book value of goodwill				31 March 2009 £m	Pre-tax discount rate used in value in use calculations
	31 March 2008 £m	Additions £m	Foreign exchange £m	Impairment £m		
Borsa Italiana group:						
Issuer	115.0	–	18.6	(107.6)	26.0	13.2%
Equities Trading	140.0	–	22.7	(94.2)	68.5	13.6%
Derivatives Trading	26.4	–	4.3	–	30.7	13.5%
Fixed Income Trading	195.4	–	31.7	(155.8)	71.3	12.8%
Information Services	152.1	–	24.6	(29.8)	146.9	13.7%
Post Trade	405.7	–	65.7	(85.5)	385.9	13.8%
Other	15.4	–	3.0	–	18.4	10.9%
Proquote Ltd	11.1	–	–	(11.1)	–	11.5%
EDX London Ltd	–	0.5	–	–	0.5	
	1,061.1	0.5	170.6	(484.0)	748.2	

Management has based its value in use calculations for each CGU on key assumptions about short and medium term revenue and cost growth, long term economic growth rates (used to determine terminal values) and pre-tax discount rates.

The values assigned to short and medium term revenue and cost growth assumptions reflect current trends, anticipated market developments, discussions with customers and suppliers, and management's experience, taking account of an expected recovery in underlying financial markets.

Long term growth rates (assumed to be 2.5 per cent for each of the Borsa Italiana group CGUs, and 3.0 per cent for Proquote and EDX) represent management's internal forecasts based on external estimates of GDP and inflation for the ten year period 1 January 2004 to 31 December 2013, and do not exceed the long term average growth rates for the countries in which the CGUs operate.

Pre-tax discount rates are based on a number of factors including the risk-free rates in Italy and the UK, as appropriate, the Group's estimated market risk premium and a premium to reflect the inherent risks of each of the CGUs.

The impairments detailed in the table above were all written off against goodwill and were driven by the significant deterioration in the economic conditions in the markets concerned, corresponding reductions in expected revenues, greater uncertainty about the future and changes in applicable discount rates.

Value in use calculations for each CGU are sensitive to changes in short and medium term revenue and cost growth assumptions, long term growth rates and pre-tax discount rates. The impact on value in use of a change in these assumptions is shown below:

Cash generating unit	Impact on value in use of:				
	Excess of value in use over carrying value £m	5% reduction in revenues £m	5% increase in costs £m	0.5% reduction in long-term growth rate £m	0.5% increase in pre-tax discount rate £m
Borsa Italiana group:					
Issuer	–	(15.7)	(10.0)	(5.8)	(5.6)
Equities Trading	–	(24.3)	(14.3)	(11.0)	(10.4)
Derivatives Trading	28.8	(11.4)	(7.2)	(4.6)	(4.3)
Fixed Income Trading	–	(20.5)	(10.9)	(9.6)	(9.5)
Information Services	–	(24.3)	(11.7)	(12.7)	(11.6)
Post Trade	–	(55.3)	(18.5)	(32.6)	(29.5)
Other	4.0	(5.6)	(3.8)	(1.4)	(1.6)
Proquote Ltd	–	(3.4)	(3.6)	–	–

Management believes goodwill allocated to EDX London Ltd is unlikely to be impaired under any reasonable changes to key assumptions. The excess of value in use over carrying value is determined by reference to the carrying value, post impairment charge, as at 31 March 2009. Revenue and cost sensitivities assume a five per cent change in revenues or costs for each of the five years in the value in use calculations.

16. INVESTMENTS IN JOINT VENTURES

The Group owns 50 per cent of the 1,000 £1 issued equity shares in FTSE International Ltd (FTSE), a company incorporated in Great Britain which distributes financial information. FTSE is a joint venture with The Financial Times Ltd, a subsidiary of Pearson plc. The Group investment of £2.4m represents the Group's share of the joint venture's net assets as at 31 December 2008, its accounting reference date.

The following amounts represent the Group's 50 per cent share of the revenue and expenses and assets and liabilities of FTSE for the years ended 31 December 2007 and 2008.

	2008 £m	2007 £m
Revenue	36.7	29.4
Expenses, including tax	(34.3)	(27.4)
Profit after tax	2.4	2.0
Non-current assets	4.7	3.5
Current assets	16.2	16.7
Total assets	20.9	20.2
Current liabilities	(18.0)	(18.0)
Non-current liabilities	(0.5)	(0.3)
Total liabilities	(18.5)	(18.3)
Net assets	2.4	1.9

During the year, the Group invested £0.6m in TOKYO AIM, a company incorporated in Japan to provide secondary market listings in Tokyo. TOKYO AIM is a joint venture with the Tokyo Stock Exchange Group, a company incorporated in Japan, and the Group has recognised its share of TOKYO AIM's loss in the income statement. On 14 May 2009, the Group signed a shareholders' agreement with Tokyo Stock Exchange Group formalising the funding and governance of TOKYO AIM. As a result, a further £6.1m was invested into the joint venture.

	2009 £m	2008 £m
Share of net assets of FTSE at 31 December 2008	2.4	1.9
Dividend paid by FTSE in March 2009	(1.3)	–
Share of TOKYO AIM	0.6	–
Investments in joint ventures at 31 March	1.7	1.9

The Group is entitled, under a shareholders' agreement, to receive royalties from FTSE. The amount receivable by the Group from FTSE for the year ended 31 March 2009 was £8.2m (2008: £6.7m).

During the year the Group received dividends of £3.5m (2008: £2.1m) from FTSE. The final dividend for 2008, of which the Group's share is £1.3m, was approved by the shareholders and paid after the publication of FTSE's 31 December 2008 results.

17. INVESTMENT IN ASSOCIATES

	2009 £m	2008 £m
1 April	2.3	–
From acquisition of subsidiaries	–	2.1
Share of (loss)/profit after tax	(0.1)	0.2
Share of capital decrease and dividend distribution	(0.1)	(0.3)
Disposal	(0.6)	–
Foreign exchange	0.4	0.3
31 March	1.9	2.3

The Group's share of the results of its principal associates, all of which are unlisted and have a reporting date of 31 December, and their aggregated assets and liabilities are as follows:

	Country of incorporation	Assets £m	Liabilities £m	Revenues £m	Profit/(loss) £m	% interest held
MTS Amsterdam NV	The Netherlands	1.2	0.1	0.7	0.1	30.0%
MTS France SA	France	2.3	0.5	2.0	0.1	22.5%
MTS Associated Markets	Belgium	2.4	0.9	1.8	0.1	20.0%
MTS Portugal SA	Portugal	1.9	0.3	0.7	0.1	15.0%
MTS España SA	Spain	1.3	0.3	1.0	(0.2)	30.0%

In March 2009, the Group's 25.0 per cent stake in MTS CeTO was sold for a profit of £2.0m.

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18. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Company	Shares £m	Loans £m	Total £m
1 April 2007	3,268.2	(38.6)	3,229.6
Acquisition of shares in Borsa Italiana S.p.A.	1,322.1	–	1,322.1
Other movements during the year	–	(18.6)	(18.6)
1 April 2008	4,590.3	(57.2)	4,533.1
Impairment	(768.9)	–	(768.9)
Disposal of Borsa Italiana S.p.A.	(1,322.1)	–	(1,322.1)
Acquisition of London Stock Exchange Group Holdings (Italy) Ltd	905.2	416.9	1,322.1
Other movements during the year	–	(15.9)	(15.9)
31 March 2009	3,404.5	343.8	3,748.3

During the year the Company acquired London Stock Exchange Group Holdings (Italy) Ltd for a nominal value. On 31 March 2009 as part of an internal reorganisation, the Company disposed of Borsa Italiana S.p.A. to London Stock Exchange Group Holdings (Italy) Ltd for £1,322.1m, financed by share capital of £18.7m, share premium of £886.5m and loan notes of £416.9m.

At 31 March 2009, the Company recognised an impairment charge amounting to £768.9m relating to its investment in its subsidiary London Stock Exchange plc.

This impairment was based on a value in use calculation using discounted cash flow projections prepared by management covering the five year period ending 31 March 2014, in which short and medium term revenue and cost growth assumptions reflect current trends, anticipated market developments, discussions with customers and suppliers, and management's experience, taking account of an expected recovery in underlying financial markets. Cash flows beyond this five year period were extrapolated using a 3.0 per cent long term growth rate, and a 12.4 per cent pre tax discount rate was applied to the resulting projections.

The carrying value of the investment in London Stock Exchange plc arose as a result of the group reconstruction in May 2006 when the Company became the holding company of London Stock Exchange plc pursuant to a scheme of arrangement.

The impairment was driven by the significant deterioration in the economic conditions in the UK, corresponding reductions in expected revenues, greater uncertainty about the future and a change in the discount rate.

Based on the results of the value in use calculations referred to in note 15, no impairment of the carrying value of the Company's investment in Borsa Italiana S.p.A. was considered necessary.

Principal subsidiaries:	Principal activity	Country of incorporation	Country of principal operations	% Equity and votes held
Held directly by the Company:				
London Stock Exchange plc	Recognised investment exchange	UK	UK	100
London Stock Exchange Group Holdings (Italy) Ltd	Holding company	UK	UK	100
London Stock Exchange Group Holdings Ltd	Holding company	UK	UK	100
Held indirectly by the Company:				
Borsa Italiana S.p.A.	Recognised investment exchange	Italy	Italy	99.96
Cassa di Compensazione e Garanzia S.p.A.	CCP for clearing	Italy	Italy	86.36
Monte Titoli S.p.A.	Pre-settlement, settlement and centralised custody	Italy	Italy	98.77
Servizio Titoli S.p.A.	Corporate secretary advisory	Italy	Italy	90
Blt Systems S.p.A.	ICT Systems & Services	Italy	Italy	100
Piazza Affari Gestione & Servizi S.p.A.	Facility management	Italy	Italy	100
Società per il Mercato dei Titoli di Stato S.p.A.	Wholesale fixed income bonds	Italy	Italy	60.37
EuroMTS Ltd	Wholesale fixed income bonds	UK	UK	60.37
MTS Deutschland AG	Wholesale fixed income bonds	Germany	Germany	60.37
MTSNext Ltd	Wholesale fixed income bonds	UK	UK	60.37
EDX London Ltd	Derivatives exchange	UK	UK	100
Proquote Ltd	Market data provider	UK	UK	100
Baikal Global Ltd	Trading facility	UK	UK	100
The Stock Exchange (Properties) Ltd	Property company	UK	UK	100

The Group acquired the 24 per cent of equity in EDX London Ltd not previously owned on 18 December 2008. In May 2009, the Group sold 19.9 per cent of equity in EDX London Ltd to TMX Group, a company incorporated in Canada.

London Stock Exchange plc holds directly or indirectly 100 per cent of the Ordinary shares, being the only class of shares in issue, of certain other subsidiaries, none of which has actively traded during the year. A full list of subsidiaries will be annexed to the next annual return of London Stock Exchange plc.

19. DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the year are shown below.

	Group			Total £m
	Accelerated tax depreciation £m	Deferred tax on purchased intangibles £m	Provisions and other temporary differences £m	
At 1 April 2007	1.6	–	14.3	15.9
From acquisition of subsidiaries	–	(99.5)	–	(99.5)
Tax credited/(charged) to income statement:				
– change in UK tax rate	–	–	(0.1)	(0.1)
– credited in respect of Italian tax rate change	–	–	19.7	19.7
– amortisation of deferred tax liability	–	3.7	–	3.7
– other movements to the income statement during the year	(0.5)	2.0	(4.2)	(2.7)
Tax credited to equity:				
– defined benefit pension scheme actuarial loss	–	–	(6.3)	(6.3)
– allowance on share options/awards	–	–	(3.1)	(3.1)
– change in UK tax rate	–	–	(0.2)	(0.2)
– foreign exchange	–	–	(13.1)	(13.1)
31 March 2008	1.1	(93.8)	7.0	(85.7)
Tax credited/(charged) to income statement:				
– other movements to the income statement during the year	(1.8)	8.5	(3.9)	2.8
Tax credited to equity:				
– defined benefit pension scheme actuarial loss	–	–	3.2	3.2
– allowance on share options/awards	–	–	(2.1)	(2.1)
– foreign exchange	–	(14.2)	0.4	(13.8)
Transfer to intangible assets on acquisition	–	(0.2)	–	(0.2)
Reclassification to current tax	–	(1.8)	–	(1.8)
At 31 March 2009	(0.7)	(101.5)	4.6	(97.6)
Assets at 31 March 2009	0.2	–	5.5	5.7
Liabilities at 31 March 2009	(0.9)	(101.5)	(0.9)	(103.3)
Net (liabilities)/assets at 31 March 2009	(0.7)	(101.5)	4.6	(97.6)
Assets at 31 March 2008	1.4	–	8.6	10.0
Liabilities at 31 March 2008	(0.3)	(93.8)	(1.6)	(95.7)
Net (liabilities)/assets at 31 March 2008	1.1	(93.8)	7.0	(85.7)

The deferred tax assets are recoverable against future taxable profits and are due after more than one year.

The purchased intangible assets of Borsa Italiana S.p.A. create a deferred tax liability due to the difference between their accounting and tax treatment. This liability is amortised at the same rate as the intangible assets.

There was no deferred tax in the Company.

20. AVAILABLE FOR SALE INVESTMENTS

Available for sale financial investments of £0.4m (2008: £0.4m) represent the cost of the Group's 0.6 per cent interest in the unlisted ordinary shares of Euroclear plc. The fair value of these shares cannot be reliably measured because they are unquoted.

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21. RETIREMENT BENEFIT ASSET/OBLIGATION

The Group operates separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes in the UK are held separately from those of the Group in a separate trustee administered fund and the funds are primarily managed by Schroder Investment Management Limited, Investec Investment Management Limited, Morley Fund Management Limited, Mellon Fund Managers Limited and Legal & General Investment Management Limited.

On 27 March 2009, a proportion of the funds managed by Schroders Investment Management Limited were transferred to PIMCO Europe Limited.

The 'Italian plan' relates to the severance and leaving indemnity scheme (TFR) operated by Borsa Italiana Group in accordance with Italian law.

The Company has no retirement benefit obligations.

Defined benefit scheme

The UK defined benefit scheme is non-contributory and provides benefits based on final pensionable pay related to salary earned in the last five years of employment. The scheme was closed to new members in 1999 but provides retirement benefits to approximately 10 per cent of current and many former employees. Pension scheme obligations and costs are determined by an independent qualified actuary on a regular basis using the projected unit credit method. The obligations are measured by discounting the best estimate of future cash flows to be paid out by the scheme and are reflected in the Group balance sheet.

The TFR operated by Borsa Italiana group is classified as an unfunded defined benefit scheme for funds accumulated prior to 1 July 2007. The service cost, representing deferred salaries accruing to employees, was included as an operating expense and was determined by law at 6.91 per cent of salary payments subject to certain adjustments. The scheme obligation comprises accumulated service costs and is revalued by law at a rate equal to 75 per cent of 'national life price index +1.5 per cent' by an independent qualified actuary. Since 1 July 2007, the Group retains no obligation as contributions are made directly into Italian state funds in the manner of a defined contribution scheme.

Defined contribution schemes

The Group's defined contribution schemes are now the only schemes open to new employees. For the UK pension plan, a core contribution of eight per cent of pensionable pay is provided and the Group will match employee contributions up to a maximum of six per cent of pensionable pay. For the Italian plan, 6.19 per cent of pensionable pay is provided.

Amounts recognised in the income statement are as follows:

	2009		2008	
	UK Pension £m	Italian plan £m	UK Pension £m	Italian plan £m
Defined contribution schemes	(3.2)	(2.6)	(2.8)	(1.5)
Defined benefit scheme – current service cost	(0.9)	(0.1)	(1.1)	–
Total pension charge included in employee costs (see note 8)	(4.1)	(2.7)	(3.9)	(1.5)
Finance income and expense				
Interest cost	(14.4)	(0.4)	(12.6)	–
Expected return on assets	13.0	–	12.3	–
Net finance expense	(1.4)	(0.4)	(0.3)	–
Total recognised in the income statement	(5.5)	(3.1)	(4.2)	(1.5)

Defined benefit assets/(obligations) for UK pension scheme

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Fair value of assets:					
– Equities	25.1	33.2	35.7	69.4	52.2
– Bonds	202.6	190.9	185.2	153.3	139.1
– Property	7.1	8.8	3.7	–	–
Total fair value of assets	234.8	232.9	224.6	222.7	191.3
Present value of funded obligations	(229.8)	(221.1)	(239.6)	(243.0)	(210.0)
Surplus/(deficit)	5.0	11.8	(15.0)	(20.3)	(18.7)

The main actuarial assumptions are set out below:

	2009		2008	
	UK Pension £m	Italian plan £m	UK Pension £m	Italian plan £m
Inflation rate	3.1%	2.0%	3.6%	2.5%
Rate of increase in salaries	5.1%	3.5%	5.6%	3.3%
Rate of increase in pensions in payment	3.7%	3.0%	3.9%	3.0%
Discount rate	6.3%	4.2%	6.6%	6.0%
Expected return on assets as at 31 March 2009 and 2008				
– equities	8.2%	–	7.9%	–
– bonds	5.4%	–	5.1%	–
– property	7.2%	–	6.9%	–
Mortality assumptions (based on standard tables PA92 published by the Institute and Faculty of Actuaries)				
– Existing pensioners from age 60, life expectancy (years):				
– Men	27.6	–	27.5	–
– Women	31.0	–	30.8	–
– Non-retired members from age 60, life expectancy (years):				
– Men	29.2	–	29.1	–
– Women	32.7	–	32.6	–

Expected return on equities and property are determined by applying a risk premium applicable to the investment class to the risk free rate measured with reference to the return on government bonds. Expected returns on bonds are derived from returns on government and corporate bonds of an equivalent term to the investments held.

Sensitivity

The sensitivities regarding the principal assumptions used to measure the scheme obligations are:

Assumption	Change in assumption	Impact on scheme obligations
Inflation rate	Increase/decrease by 0.5%	Increase/decrease by £4.6m
Rate of increase in pensions payment	Increase/decrease by 0.5%	Increase/decrease by £14.1m
Discount rate	Increase/decrease by 0.5%	Decrease/increase by £18.0m
Mortality rate	Increase by 1 year	Increase by £5.5m

Movement in defined benefit obligation during the year

	2009		2008	
	UK Pension £m	Italian plan £m	UK Pension £m	Italian plan £m
1 April	221.1	7.6	239.6	–
Acquisition of subsidiaries	–	–	–	7.1
Reclassification to other payables	–	(0.4)	–	–
Current service cost	0.9	0.1	1.1	–
Interest expense	14.4	0.4	12.6	–
Benefits paid	(6.4)	(1.1)	(6.7)	(1.1)
Actuarial (gain)/loss	(0.2)	0.6	(25.5)	0.6
Foreign exchange	–	1.1	–	1.0
31 March	229.8	8.3	221.1	7.6

Movement in fair value of UK plan assets during the year

	2009 £m	2008 £m
1 April	232.9	224.6
Expected return on assets	13.1	12.3
Contributions received	6.5	6.4
Benefits paid	(6.4)	(6.7)
Actuarial loss	(11.3)	(3.7)
31 March	234.8	232.9

The actual return on plan assets was £1.8m (2008: £8.5m).

NOTES TO THE FINANCIAL STATEMENTS

Defined benefit actuarial gains and losses recognised

The experience adjustments and the effects of changes in actuarial assumptions of the pension scheme during the year are recognised in the statement of recognised income and expense:

	2009		2008	
	UK Pension £m	Italian plan £m	UK Pension £m	Italian plan £m
Recognised up to 1 April	15.5	(0.6)	(6.3)	–
Net actuarial (loss)/gain recognised in the year	(11.0)	(0.7)	21.8	(0.6)
Cumulative amount recognised at 31 March	4.5	(1.3)	15.5	(0.6)

The last actuarial valuation of the defined benefit scheme was carried out at 31 March 2006 by an independent qualified actuary. Following the valuation, ordinary contributions were increased from 23 per cent to 36 per cent of pensionable salaries. In addition, the Group agreed to contribute an additional £5.0m per annum towards the scheme depending on the level of funding deficit. Accordingly the Group expects to contribute approximately £6.4m to the defined benefit scheme during the year to 31 March 2010. The Group is currently carrying out its triennial actuarial valuation as at 31 March 2009, which may result in an adjustment to future contribution levels.

The Group estimates the duration of defined benefit obligations on average to be 20 years.

History of experience gains and losses for UK scheme	2009	2008	2007	2006	2005
Experience adjustments arising on scheme assets:					
(Loss)/gain (£m)	(11.2)	(3.7)	(10.7)	21.8	4.1
Percentage of scheme assets	(4.8%)	(1.6%)	(4.8%)	9.8%	2.1%
Experience adjustments arising on scheme liabilities:					
Experience gain/(loss) (£m)	1.3	0.7	(0.4)	5.2	0.9
Impact of changes in assumptions (£m)	(1.1)	24.8	11.4	(31.0)	(7.6)
Total (£m)	0.2	25.5	11.0	(25.8)	(6.7)
Percentage of scheme liabilities					
Experience gain/(loss)	0.6%	0.3%	(0.2%)	2.1%	0.4%
Impact of changes in assumptions	(0.5%)	11.2%	4.8%	(12.7%)	(3.6%)
Total	0.1%	11.5%	4.6%	(10.6%)	(3.2%)

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Trade receivables	72.3	73.7	–	–
Less: provision for impairment of receivables	(6.6)	(0.7)	–	–
Trade receivables – net	65.7	73.0	–	–
Amounts due from Group undertakings	–	–	169.2	181.7
Other receivables	0.9	3.1	–	–
Prepayments and accrued income	47.9	45.0	–	0.7
	114.5	121.1	169.2	182.4

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values.

Trade receivables that are not past due are not considered to be impaired.

The ageing of past due debtors is as follows:

	2009		2008	
	Impaired £m	Not impaired £m	Impaired £m	Not impaired £m
0 to 3 months past due	0.9	1.2	–	0.7
Greater than 3 months past due	5.8	1.0	0.8	0.1
	6.7	2.2	0.8	0.8

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2009 £m	2008 £m
Sterling	52.7	60.1
Euro	61.8	61.0
	114.5	121.1

Movements on the Group provision for impairment of trade receivables are as follows:

	2009 £m	2008 £m
At 1 April	0.7	0.1
Acquisition of subsidiaries	–	0.6
Provision for receivables impairment	6.0	0.1
Receivables written off during the year as uncollectible	(0.2)	–
Provisions no longer required	(0.1)	(0.1)
Foreign exchange	0.2	–
At 31 March	6.6	0.7

The creation and release of provision for impaired receivables have been included in operating expense in the income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables and the other categories of financial assets do not contain impaired assets.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS BY CATEGORY

The financial instruments of the Group and Company are categorised as follows:

31 March 2009	Group				Company	
	Loans and receivables £m	Available for sale £m	Assets at fair value through the profit or loss £m	Total £m	Loans and receivables £m	Total £m
Assets as per balance sheet						
Financial assets of the CCP clearing business						
– CCP trading assets	–	–	5,480.5	5,480.5	–	–
– Receivables for repurchase transactions	25,302.5	–	–	25,302.5	–	–
– Other receivables from clearing members	1,287.6	–	–	1,287.6	–	–
– Financial assets held at fair value	–	–	7.3	7.3	–	–
– Cash and cash equivalents of clearing members	3,596.6	–	–	3,596.6	–	–
Financial assets of the CCP clearing business	30,186.7	–	5,487.8	35,674.5	–	–
Assets held at fair value	–	–	5.0	5.0	–	–
Total financial assets for CCP clearing	30,186.7	–	5,492.8	35,679.5	–	–
Trade and other receivables	114.5	–	–	114.5	169.1	169.1
Cash and cash equivalents	143.7	–	–	143.7	–	–
Available for sale financial assets	–	0.4	–	0.4	–	–
Total	30,444.9	0.4	5,492.8	35,938.1	169.1	169.1

	Group			Company		
	Derivatives used for hedging £m	Other financial liabilities £m	Total £m	Derivatives used for hedging £m	Other financial liabilities £m	Total £m
Liabilities as per balance sheet						
Financial liabilities of the CCP clearing business						
– CCP trading liabilities	–	5,480.5	5,480.5	–	–	–
– Liabilities under repurchase transactions	–	25,302.5	25,302.5	–	–	–
– Other payables to clearing members	–	4,889.0	4,889.0	–	–	–
– Financial liabilities held at fair value	–	7.2	7.2	–	–	–
Financial liabilities of the CCP clearing business	–	35,679.2	35,679.2	–	–	–
Borrowings	–	624.8	624.8	–	624.8	624.8
Derivative financial instruments	1.6	–	1.6	1.6	–	1.6
Total	1.6	36,304.0	36,305.6	1.6	624.8	626.4

The CCP clearing business assets and liabilities comprise:

a) CCP trading assets and liabilities

The fair value of open positions on the derivatives market (IDEM) in which CC&G operates as the central counterparty and relate to:

- (i) derivative instruments on the S&P MIB index (index futures, mini index futures, index options); and
- (ii) derivative instruments in respect of individual stocks (equity futures, equity options).

b) Receivables for/liabilities under repurchase transactions (Repos)

The value of repo transactions executed by participants in the MTS market who use the central counterparty guarantee service provided by CC&G refers to the value of transactions for which the spot part has already been settled while the forward part has still to be settled.

c) Other receivables from clearing members

Sums receivable as initial margin, variation margin, option premiums and securities as collateral resulting from the activity of participants in the IDEM, MTA and MTS markets.

d) Other payables to clearing members

Liability to members for amounts delivered as initial margin, variation margin, option premiums and securities as collateral, resulting from the activity of participants in the IDEM, MTA and MTS markets.

e) Assets and liabilities held at fair value

- (i) Equities and bonds, listed on regulated markets, which CC&G has already withdrawn from the settlement system but has not yet delivered to the intermediaries who have bought them; and
(ii) Securities traded but not yet settled as part of the CCP function.

f) Cash and cash equivalents

Cash and cash equivalents at bank, representing margins and default fund amounts received in connection with the CCP clearing service.

As at 31 March 2009, there were no provisions for impairment in relation to any of the CCP financial assets (2008: nil) and none of these assets were past due (2008: nil).

The financial instruments of the Group and the Company at the previous year's balance sheet date were as follows:

31 March 2008	Group				Company	
	Loans and receivables £m	Available for sale £m	Assets at fair value through the profit and loss £m	Total £m	Loans and receivables £m	Total £m
Assets as per balance sheet						
Financial assets of the CCP clearing business						
– CCP trading assets	–	–	4,782.1	4,782.1	–	–
– Receivables for repurchase transactions	10,299.3	–	–	10,299.3	–	–
– Other receivables from clearing members	560.7	–	–	560.7	–	–
– Financial assets held at fair value	–	–	7.1	7.1	–	–
– Cash and cash equivalents of clearing members	1,654.1	–	–	1,654.1	–	–
Financial assets of the CCP clearing business	12,514.1	–	4,789.2	17,303.3	–	–
Assets held at fair value	–	–	12.8	12.8	–	–
Total financial assets for CCP clearing	12,514.1	–	4,802.0	17,316.1	–	–
Assets held at fair value – non-CCP	–	–	1.0	1.0	–	–
Trade and other receivables	121.1	–	–	121.1	182.4	182.4
Cash and cash equivalents	200.6	–	–	200.6	–	–
Available for sale financial assets	–	0.4	–	0.4	–	–
Total	12,835.8	0.4	4,803.0	17,639.2	182.4	182.4

31 March 2008	Group			Company		
	Derivatives used for hedging £m	Other financial liabilities £m (restated)	Total £m (restated)	Derivatives used for hedging £m	Other financial liabilities £m (restated)	Total £m (restated)
Liabilities as per balance sheet						
Financial liabilities of the CCP clearing business						
– CCP trading liabilities	–	4,782.1	4,782.1	–	–	–
– Liabilities under repurchase transactions	–	10,299.3	10,299.3	–	–	–
– Other payables to clearing members	–	2,218.1	2,218.1	–	–	–
– Financial liabilities held at fair value	–	8.2	8.2	–	–	–
Financial liabilities of the CCP clearing business	–	17,307.7	17,307.7	–	–	–
Borrowings	–	692.1	692.1	–	690.9	690.9
Derivative financial instruments (note 27)	7.9	–	7.9	7.9	–	7.9
Total	7.9	17,999.8	18,007.7	7.9	690.9	698.8

NOTES TO THE FINANCIAL STATEMENTS

24. ASSETS HELD AT FAIR VALUE

	2009 £m	2008 £m
Financial assets held at fair value	5.0	12.8
Other assets held at fair value	–	1.0
	5.0	13.8

The Group's assets held at fair value consist largely of Italian equities restricted in use for the operations of CC&G as manager of the clearing and guarantee system. The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

The Company has no assets held at fair value.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Cash at bank	85.2	74.7	–	–
Short term deposits	58.5	125.9	–	–
	143.7	200.6	–	–

Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no differences between their book and fair values.

Cash and cash equivalents does not include amounts held by CC&G on behalf of its clearing members, the use of which is restricted to the operation of CC&G as manager of the clearing and guarantee system (see note 23). Cash and cash equivalents does include amounts held by regulated entities for regulatory and operational purposes. At 31 March 2009, the Group set aside £125m (2008: £125m) for such purposes, with the amount subject to ongoing review with regulators in the UK and Italy.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Trade payables	20.1	23.3	–	–
Amounts owed to Group undertakings (note 38)	–	–	209.8	133.0
Social security and other taxes	8.8	11.5	–	–
Other payables	21.1	35.4	3.3	3.5
Share buyback programme	–	13.0	–	13.0
Accruals and deferred income	62.9	63.0	5.7	5.7
	112.9	146.2	218.8	155.2

The carrying amounts of trade and other payables are reasonable approximations of fair value.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Current Liability				
Gilt lock	–	7.9	–	7.9
Interest rate swaps	1.5	–	1.5	–
Forward foreign exchange contracts	0.1	–	–	–
	1.6	7.9	1.5	7.9

During the year, the gilt lock interest rate contract was settled at a loss of £10.6m, of which the prior year loss of £7.9m, previously recognised in equity, was recycled to the income statement.

The interest rate swaps are used to manage exposure to movements in interest rates, and are designated as cash flow hedges. The fair value is determined by reference to observable market interest rates.

At 31 March 2009, the Group had outstanding forward foreign exchange contracts with a nominal value of CAD 13.5m to mitigate movements in foreign exchange on a highly probable forecast transaction, expected to occur during the next 12 months. The fair value is determined by reference to observable foreign exchange rates.

The other derivative contracts used during the year were forward foreign exchange contracts to hedge forecast cash inflows in Scandinavian currencies and were designated as cash flow hedges.

The effectiveness of the hedges has been tested by means of a regression analysis and ineffectiveness was found to be negligible. Gains and losses recognised in the hedging reserve in equity on cash flow hedges are recognised in the income statement in the period during which the hedged forecast transaction takes place.

28. BORROWINGS

	Group		Company	
	2009 £m	2008 £m (restated)	2009 £m	2008 £m (restated)
Current				
Bank borrowings	–	427.2	–	427.2
Redeemable Class B shares	2.3	7.6	2.3	7.6
Other borrowings	–	1.2	–	–
	2.3	436.0	2.3	434.8
Non-current				
Bond	252.6	256.1	252.6	256.1
Bank borrowings	369.9	–	369.9	–
	622.5	256.1	622.5	256.1

The Group has the following unsecured bank facilities:

Type	Expiry date	Facility £m	Drawn at 31 March 2009 £m	Interest rate basis points at 31 March 2009
Bridge facility	April 2010	180.0	180.0	LIBOR + 225
Multi-currency revolving credit facility	October 2011	25.0	12.6	LIBOR + 80
Multi-currency revolving credit facility	February 2012	200.0	–	LIBOR + 125
Multi-currency revolving credit facility	July 2013	250.0	178.9	LIBOR + 80
Capitalised bank facility arrangement fees	–	–	(1.6)	–
		655.0	369.9	

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements. In addition, uncommitted credit lines of €1bn are available from major Italian banks in relation to support of the MTS markets. If these are drawn they are guaranteed by Italian government bonds. CC&G also has available to it €150m of committed facilities with banks, available for short term CCP related activity purposes only.

NOTES TO THE FINANCIAL STATEMENTS

Current borrowings

The Company has Redeemable Class B shares. Holders of B shares are entitled to a non-cumulative preference dividend based on 75 per cent of six month LIBOR on 1 June and 1 December each year until 1 June 2009. The outstanding B shares will be redeemed for 200 pence each on 1 June 2009.

Non-current borrowings

In July 2006, the Company issued a £250m bond which is unsecured and is due for repayment in 2016. Interest is paid semi-annually in arrears. The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on the Company's credit rating with Moody's, which improved from Baa3 (positive outlook) to Baa2 (stable) in February 2009. Changes in the credit rating since the bond was issued had led to increases in the coupon on the bond by 25 basis points in each of July 2007 and January 2008, which have been reflected in the prior year adjustment (note 2). The bond coupon was 6.375 per cent throughout the last financial year but the impact of the rating improvement will be to reduce the coupon to 6.125 per cent from July 2009.

FAIR VALUES

The fair and carrying values of the Group's borrowings are as follows:

	Group			
	Carrying value 2009 £m	Fair value 2009 £m	Carrying value 2008 £m (restated)	Fair value 2008 £m
Borrowings				
– within one year	2.3	2.3	436.0	437.5
– after more than one year	622.5	624.1	256.1	261.1
	624.8	626.4	692.1	698.6

The fair and carrying values of the Company's borrowings are as follows:

	Company			
	Carrying value 2009 £m	Fair value 2009 £m	Carrying value 2008 £m (restated)	Fair value 2008 £m
Borrowings				
– within one year	2.3	2.3	434.8	436.3
– after more than one year	622.5	624.2	256.1	261.1
	624.8	626.5	690.9	697.4

The fair values of borrowings are based on discounted cash flows using a rate based on borrowing cost. Floating rate borrowings bear interest at an agreed margin over either LIBOR or EURIBOR.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Currency	2009 £m	2008 £m (restated)
Sterling	472.9	538.2
Euro	151.9	153.9
	624.8	692.1

29. ANALYSIS OF NET DEBT

	Group		Company	
	2009 £m	2008 £m (restated)	2009 £m	2008 £m (restated)
Due within one year				
Cash and cash equivalents	143.7	200.6	–	–
Bank borrowings	–	(427.2)	–	(427.2)
Redeemable Class B shares	(2.3)	(7.6)	(2.3)	(7.6)
Other borrowings	–	(1.2)	–	–
Derivative financial liabilities	(1.6)	(7.9)	–	–
	139.8	(243.3)	(2.3)	(434.8)
Due after one year				
Bank borrowings	(369.9)	–	(369.9)	–
Bond	(252.6)	(256.1)	(252.6)	(256.1)
Total net debt	(482.7)	(499.4)	(624.8)	(690.9)

Reconciliation of net cash flow to movement in net debt

	Group		Company	
	2009 £m	2008 £m (restated)	2009 £m	2008 £m (restated)
(Decrease)/increase in cash in the year	(68.6)	113.8	–	–
Bank loan repayments/(new loans)	82.0	(271.5)	82.0	(271.5)
B share redemptions	5.3	8.1	5.3	8.1
Other repayments/(loans)	1.2	(0.7)	–	–
Change in net debt resulting from cash flows	19.9	(150.3)	87.3	(263.4)
Foreign exchange movements	(13.0)	13.9	(24.7)	–
Movement on derivative financial assets and liabilities	6.3	(7.9)	–	–
Bond valuation adjustment	3.5	(7.9)	3.5	(7.9)
Net debt at start of year	(499.4)	(347.2)	(690.9)	(419.6)
Net debt at end of year	(482.7)	(499.4)	(624.8)	(690.9)

30. PROVISIONS

	Group		
	Property £m	Other £m	Total £m
1 April 2007	28.7	3.2	31.9
Exceptional charges during the year	0.4	0.8	1.2
Utilised during the year	(3.4)	(2.6)	(6.0)
Interest on discounted provision	1.3	–	1.3
31 March 2008	27.0	1.4	28.4
Charges during the year	2.1	–	2.1
Utilised during the year	(3.6)	(1.4)	(5.0)
Interest on discounted provision	1.2	–	1.2
31 March 2009	26.7	–	26.7
Current	3.8	–	3.8
Non-current	22.9	–	22.9
31 March 2009	26.7	–	26.7

Property

The property provision represents the estimated net present value of future costs for lease rentals and dilapidation costs less the expected receipts from sub-letting space which is surplus to business requirements. The leases have between five and 19 years to expiry.

Other

Other provisions related to the one-off implementation costs arising from the cost saving programme announced in February 2006.

The Company has no provisions.

NOTES TO THE FINANCIAL STATEMENTS

31. ORDINARY SHARE CAPITAL

	2009		2008	
	millions	£	millions	£
Authorised				
Ordinary shares of 6 ⁷⁹ / ₆₆ p	350.0	24,215,116	350.0	24,215,116
Class B shares of £2	140.6	281,265,500	140.6	281,265,500
Issued, called up and fully paid				
Ordinary shares of 6 ⁷⁹ / ₆₆ p	270.5	18,716,107	276.4	19,123,893
Class B shares of £2	1.1	2,270,866	3.8	7,568,222
		20,986,973		26,692,115
Less: Class B shares designated as borrowings (see note 28)		(2,270,866)		(7,568,222)
Share capital		18,716,107		19,123,893

During the year the Company re-purchased, and subsequently cancelled, 5.9m ordinary shares at an average price of £8.67 per share. The total consideration was £51.5m. The excess of the consideration over the nominal value has been charged against retained earnings.

More information about the different classes of share, and rights attaching, is given in the Directors' Report on pages 49 and 50 in this Report.

32. RECONCILIATION OF MOVEMENTS IN EQUITY

Group	Notes	Attributable to equity holders of the Group							Total equity £m	
		Ordinary share capital £m	Retained earnings £m	Capital redemption reserve £m	Reverse acquisition reserve £m	Other reserves				
						Foreign exchange translation reserve £m	Merger reserve £m	Hedging reserve £m		Minority interest £m
1 April 2007		253.0	(351.7)	258.7	(512.5)	–	–	–	2.6	(349.9)
Issue of shares		5.5	–	–	–	–	1,302.2	–	–	1,307.7
Equity transaction costs		–	–	–	–	–	(3.0)	–	–	(3.0)
Redemption of deferred shares		(238.7)	–	238.7	–	–	–	–	–	–
Redemption of B shares		–	(8.1)	8.1	–	–	–	–	–	–
Total recognised income and expense for the financial year		–	191.1	–	–	201.5	–	(14.7)	15.9	393.8
Final dividend relating to the year ended 31 March 2007	13	–	(23.8)	–	–	–	–	–	–	(23.8)
Interim dividend relating to the year ended 31 March 2008	13	–	(22.2)	–	–	–	–	–	–	(22.2)
Share buyback		(0.7)	(92.3)	0.7	–	–	–	–	–	(92.3)
Employee share schemes and own shares		–	(18.6)	–	–	–	–	–	–	(18.6)
Acquisition of subsidiary		–	–	–	–	–	–	–	76.7	76.7
At 31 March 2008 as originally stated		19.1	(325.6)	506.2	(512.5)	201.5	1,299.2	(14.7)	95.2	1,268.4
Prior year adjustment	2	–	(5.5)	–	–	–	–	–	–	(5.5)
At 31 March 2008 restated		19.1	(331.1)	506.2	(512.5)	201.5	1,299.2	(14.7)	95.2	1,262.9
Redemption of B shares		–	(5.3)	5.3	–	–	–	–	–	–
Total recognised income and expense for the financial year		–	(347.5)	–	–	274.6	–	(18.6)	14.9	(76.6)
Final dividend relating to the year ended 31 March 2008	13	–	(42.9)	–	–	–	–	–	–	(42.9)
Dividend payment to minorities		–	–	–	–	–	–	–	(9.5)	(9.5)
Interim dividend relating to the year ended 31 March 2009	13	–	(22.4)	–	–	–	–	–	–	(22.4)
Share buyback		(0.4)	(38.5)	0.4	–	–	–	–	–	(38.5)
Employee share schemes and own shares		–	(15.9)	–	–	–	–	–	–	(15.9)
Acquisition of subsidiary		–	–	–	–	–	–	–	(4.3)	(4.3)
Share of equity recognised by FTSE		–	0.4	–	–	–	–	–	–	0.4
31 March 2009		18.7	(803.2)	511.9	(512.5)	476.1	1,299.2	(33.3)	96.3	1,053.2

Under the court-approved Scheme effected on 15 May 2006, the Company issued 43 new ordinary shares for every 51 existing ordinary shares in London Stock Exchange plc and one B share with a nominal value of 200 pence per share for every one existing ordinary share in London Stock Exchange plc. After a reduction in the nominal value of the new ordinary shares, the merger reserve created by the Scheme was capitalised through an issue of A shares, and then reduced through a court-approved capital reduction. This created sufficient distributable reserves to distribute £512.5m to shareholders. In July 2007, the Company redeemed all 119.4m of the outstanding deferred shares. This resulted in an increase of £238.7m in the capital redemption reserve, a non-distributable reserve set up as a result of the £512.5m capital return. The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the Scheme.

The issue of new shares in the Company in exchange for shares in Borsa Italiana S.p.A. (see note 35) has attracted merger relief under Section 131 of the Companies Act 1985. Of the £1,307.7m market value of new shares £5.5m has been credited to share capital and £1,302.2m to the merger reserve. This is offset by a £3.0m debit to the merger reserve which relates to the costs associated with the issue of the new shares.

The foreign exchange translation reserve reflects the impact of foreign currency on the translation of foreign operations.

The hedging reserve represents the cumulative fair value adjustment recognised in respect of cash flow hedges and the net investment hedge.

Company	Notes	Attributable to equity holders of the Company					Total equity £m
		Ordinary share capital £m	Retained earnings £m	Other reserves			
				Capital redemption reserve £m	Merger reserve £m	Hedging reserve £m	
1 April 2007		253.0	2,075.1	258.7	–	–	2,586.8
Issue of shares		5.5	–	–	1,302.2	–	1,307.7
Equity transaction costs		–	–	–	(3.0)	–	(3.0)
Redemption of deferred shares		(238.7)	–	238.7	–	–	–
Redemption of B shares		–	(8.1)	8.1	–	–	–
Total recognised income and expense for the financial year		–	146.1	–	–	(7.9)	138.2
Interim dividend relating to the year ended 31 March 2008	13	–	(45.9)	–	–	–	(45.9)
Share buyback		(0.7)	(92.3)	0.7	–	–	(92.3)
At 31 March 2008 as originally stated		19.1	2,074.9	506.2	1,299.2	(7.9)	3,891.5
Prior year adjustment	2	–	(5.5)	–	–	–	(5.5)
At 31 March 2008 restated		19.1	2,069.4	506.2	1,299.2	(7.9)	3,886.0
Redemption of B shares		–	(5.3)	5.3	–	–	–
Total recognised income and expense for the financial year		–	(656.7)	–	–	6.4	(650.3)
Final dividend relating to the year ended 31 March 2008	13	–	(42.9)	–	–	–	(42.9)
Interim dividend relating to the year ended 31 March 2009	13	–	(22.4)	–	–	–	(22.4)
Share buyback		(0.4)	(38.5)	0.4	–	–	(38.5)
Employee share scheme		–	(19.3)	–	–	–	(19.3)
31 March 2009		18.7	1,284.3	511.9	1,299.2	(1.5)	3,112.6

NOTES TO THE FINANCIAL STATEMENTS

33. NET CASH FLOW GENERATED FROM OPERATIONS

	Group		Company	
	2009 £m	2008 £m (restated)	2009 £m	2008 £m (restated)
(Loss)/profit before taxation	(250.8)	227.0	(672.3)	124.7
Depreciation and amortisation	85.8	48.4	–	–
Goodwill impairment	484.0	–	768.9	–
Loss on disposal of property, plant and equipment	0.1	–	–	–
Profit on disposal of share of associate	(2.0)	–	–	–
Net finance expense/(income)	44.9	40.4	(107.9)	(127.2)
Share of profit after tax of joint ventures	(2.1)	(2.2)	–	–
Provisions created during the year	2.1	–	–	–
Provisions utilised during the year	(5.0)	(6.0)	–	–
Decrease/(increase) in trade and other receivables	15.2	(1.4)	–	(0.1)
(Decrease)/increase in trade and other payables	(32.7)	(23.1)	0.4	0.5
Increase/(decrease) in CCP clearing business liabilities	18,371.5	(287.7)	–	–
(Increase)/decrease in CCP financial assets	(18,371.2)	286.3	–	–
Defined benefit pension obligation – contributions in excess of expenses charged	(6.9)	(1.1)	–	–
Decrease in assets held at fair value from operating activities	9.9	–	–	–
Share scheme expense	10.2	12.3	–	–
Foreign exchange (gains)/losses on operating activities	(0.4)	–	5.9	1.2
Cash generated from operations	352.6	292.9	(5.0)	(0.9)
Comprising:				
Operating activities	378.9	295.4	(5.0)	(0.9)
Exceptional items	(26.3)	(2.5)	–	–
	352.6	292.9	(5.0)	(0.9)

Non-cash transactions include the issue of shares as consideration for the acquisition of a subsidiary discussed in note 35.

Interest on CCP balances is received by CC&G net of withholding tax, which is deducted at source. This withholding tax is effectively therefore a cash outflow, and is therefore shown in the cash flow statement.

34. COMMITMENTS AND CONTINGENT LIABILITIES

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were nil (2008: £0.1m) and £7.6m (2008: £1.2m) respectively.

The Group is the subject of a legal claim by PLUS Markets, for a declaration and damages relating to certain Rules of the Exchange and their application to AIM. Trial of the matter is due to commence in the near future. The directors are of the opinion that it is highly unlikely that the matter will have a material adverse effect on the financial condition of the Group. Additional information is not disclosed on the grounds that it could result in prejudice to the Group.

35. BUSINESS COMBINATIONS

On 1 October 2007, the Group acquired 99.92 per cent of Borsa Italiana S.p.A., the company responsible for the organisation and management of the securities market in Italy. The total consideration of £1,321.5m, including £13.8m costs, was financed by the issue of 79.4m London Stock Exchange Group plc shares with a total market value of £1,307.7m on the date of acquisition, together with £13.8m costs paid in cash. Subsequently the Group acquired a further 0.04 per cent, bringing its total shareholding to 99.96 per cent.

The assets and liabilities as of 1 October 2007 arising from the acquisition are as follows:

	Book value £m	Fair value adjustment £m	Fair value £m
Non-current assets:			
Intangible assets	320.2	320.6	640.8
Property, plant and equipment	14.3	1.9	16.2
Other non-current assets	–	0.9	0.9
Current assets:			
Cash and cash equivalents	96.1	–	96.1
Financial assets of the CCP clearing business	15,389.3	–	15,389.3
Other current assets	70.4	2.7	73.1
Current liabilities:			
Borrowings	(136.7)	(0.4)	(137.1)
Financial liabilities of the CCP clearing business	(15,403.4)	–	(15,403.4)
Other current liabilities	(66.7)	(12.7)	(79.4)
Non-current liabilities (including deferred tax)	(49.9)	(65.4)	(115.3)
Net assets	233.6	247.6	481.2
Minority interests			(77.0)
Net assets purchased			404.2
Goodwill			917.3
Total consideration			1,321.5
Satisfied by:			
Cash (transaction fees)			13.8
Shares			1,307.7
			1,321.5

The fair value adjustments include the recognition of £635.2m of intangible assets arising on consolidation, representing £541.7m of customer relationships, £8.4m of brands, £35.7m of software and £49.4m of licences. The fair values of these purchased intangible assets were independently valued by a qualified valuation firm using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill of £917.3m arising on consolidation represents the future synergies and growth potential of Borsa Italiana and its assembled workforce. These fair values were presented in the Annual Report for 31 March 2008 and have been finalised without adjustment during the year.

36. LEASES

The Group leases various office properties under non-cancellable operating leases.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	Group	
	2009 £m	2008 £m
Less than one year	21.0	20.1
More than one year and less than five years	75.0	73.8
More than five years	129.7	145.1
	225.7	239.0

Operating lease payments of £19.0m (2008: £14.8m) were charged to the income statement in the year.

The total future minimum lease payments expected to be received under non-cancellable operating leases are due as follows:

	Group	
	2009 £m	2008 £m
Less than one year	8.5	3.9
More than one year and less than five years	26.8	15.8
More than five years	10.6	14.3
	45.9	34.0

The Company has no lease commitments.

NOTES TO THE FINANCIAL STATEMENTS

37. SHARE SCHEMES

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2004 AGM, has two elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in the Company's shares. Vesting of these awards is dependent upon the Company's total shareholder return performance and also for awards made since 2008 adjusted basic earnings per share. Further details are provided in the Remuneration Report on pages 40 to 48.

Under the Group's previous share option plan approved by shareholders in 2002, the maximum value of shares placed under option to an individual was equivalent to 100 per cent of their annual salary. No further awards will be made under this scheme.

Prior to 2002, under the previous long-term incentive scheme (comprising the Initial and Annual Share Plans) option grants and share awards were made based on approvals prior to the Group's listing in July 2001. No further option grants or share awards will be made under this scheme apart from the SAYE scheme available to all staff. Under both the Initial and Annual Share Plan, share awards have a vesting period of three years and share options become exercisable at 20 per cent per annum over five years with a contractual life of 10 years.

The SAYE scheme and International Sharesave Plan provide for grants of options to employees who enter into a SAYE savings contract and options were granted at 20 per cent below fair market value. Share awards were granted at nil cost to employees and share options were granted at fair market value or above.

Under terms agreed at the time of the merger, Massimo Capuano and a small number of senior executives in Italy were eligible to participate in a share bonus plan for the year ended 31 March 2009. He received an award of ordinary shares with a value equal to 100 per cent of his full-year equivalent annual bonus, subject to a maximum award of 150 per cent of base salary. Further details are provided in the Remuneration Report on pages 40 to 48.

A performance-related Restricted Share Plan was introduced in 2008. Under this plan if the Company meets or exceeds its stretching financial targets for the financial year, deferred shares will be awarded to a limited number of employees who have contributed to this success. These shares will then be released to individuals 12 months after grant contingent on continued employment. Any recipient of an LTIP award in 2008, including executive directors and other senior executives, will not participate in the Restricted Share Plan.

The Group established an ESOP discretionary trust to administer the share plans and to acquire the shares to meet commitments to Group employees. At the year end 3,621,781 (2008: 2,178,665) shares were held by the trust, funded by an interest free loan from the Group. The Company has no employees, but in accordance with SIC 12 "Consolidation – Special Purpose Entities" has the obligation for the assets, liabilities, income and costs of the ESOP trust and these have been consolidated in the Group's financial statements. The cost of the Group's shares held by the trust are deducted from retained earnings.

Movements in the number of share options and awards outstanding and their weighted average exercise prices are as follows:

	Share options		SAYE Scheme		LTIP	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 April 2007	3,485,970	3.37	355,583	5.69	2,152,439	–
Granted	–	–	–	–	1,127,260	–
Exercised	(1,684,459)	3.37	(62,868)	3.06	(878,723)	–
Forfeited	(830)	3.65	(14,279)	6.30	(137,549)	–
At 31 March 2008	1,800,681	3.36	278,436	6.25	2,263,427	–
Granted	–	–	581,672	5.69	2,542,429	–
Exercised	(190,945)	3.60	(82,878)	2.75	(838,551)	–
Forfeited	(7,062)	3.88	(153,019)	8.94	(337,963)	–
At 31 March 2009	1,602,674	3.33	624,211	5.53	3,629,342	–
Exercisable at:						
31 March 2009	1,602,674	3.33	–	–	10,284	–
31 March 2008	1,800,681	3.36	–	–	–	–

The weighted average share price during the year was £7.05 (2008: £15.37).

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

Exercise price range	Awards/options outstanding 2009		Awards/options outstanding 2008	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
Share options				
Up to £3	341,880	1.0	356,410	2.0
Between £3 and £4	1,197,384	3.7	1,380,861	1.3
Above £4	63,410	2.2	63,410	3.2
SAYE				
Between £2 and £4	64,279	0.9	150,110	1.5
Between £5 and £6	542,352	2.9	–	–
Above £10	17,580	1.3	128,326	1.9
LTIP				
Nil	3,629,342	1.8	2,263,427	1.6
Total	5,856,227	2.2	4,342,544	2.7

The fair value of share awards and share options granted during the year was determined using a stochastic valuation model. The key assumptions used in the valuation were as follows:

	Restricted Shares 22 May 2008	Matching Shares May-June 2008	Performance Shares 09 June 2008	Performance Shares 23 July 2008	SAYE Shares 07 August 2008
Grant date share price	£10.380	£7.800	£8.915	£8.245	£9.130
Exercise price	n.a	n.a	n.a	n.a	£5.690
Volatility	0.0%	45.0%	45.0%	45.0%	45.0%
Expected life	3 years	3 years	3 years	3 years	3.5 years
Dividend yield	1.25%	1.25%	1.25%	1.25%	1.25%
Fair value	£10.25	£4.64	£5.32	£4.90	£4.63

The volatility assumption is based on a statistical analysis of weekly share prices since the London Stock Exchange's flotation in July 2001. The fair value for the Performance and Matching Shares granted during the year takes account of the TSR vesting condition. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

38. TRANSACTIONS WITH RELATED PARTIES

FTSE International Ltd

Details of transactions with FTSE International Ltd are included in note 16.

Key management compensation

Compensation for directors of the Company and key personnel who have authority for planning, directing and controlling the Group:

	2009 £000	2008 £000
Salaries and other short term benefits	6,758	5,123
Pensions	207	155
Share based payment	2,048	6,536
	9,013	11,814

Inter-Company transactions with subsidiary undertakings

London Stock Exchange Plc

During the year the Company was charged by London Stock Exchange plc £12.0m (2008: £17m) for interest payable on the inter-company loan. The Company was also charged £4.9m (2008: £9.7m) by London Stock Exchange plc in respect of employee share schemes.

The Company received dividends of £117.9m (2008: £185.0m) from its subsidiary, London Stock Exchange plc.

The amounts owed by the Company to its subsidiary London Stock Exchange plc are disclosed in note 26. The loan is for a term of 25 years and is repayable in five equal annual instalments commencing on the 21st anniversary of the first drawdown, in May 2027. The loan bears interest at LIBOR plus two per cent.

London Stock Exchange Employee Benefit Trust

During the year the Company made loans of £26.3m to the London Stock Exchange Employee Benefit Trust to fund the acquisition of Company shares to meet share award/option commitments to Group employees. The loans are not repayable and do not bear interest. At 31 March 2009, the outstanding balance was £60.5m (2008: £63.9m).

Borsa Italiana S.p.A.

During the year the Company charged Borsa Italiana S.p.A. £6.0m (2008: £0.8m) for interest receivable on the intercompany loan. The company was also charged £5.5m (2008: £2.6m) by Borsa Italiana S.p.A. in respect of employee share schemes.

The amounts owed by Borsa Italiana S.p.A. to the Company are disclosed in note 22. The loan is for a term of 20 years and is repayable in five equal annual instalments commencing on the 16th anniversary of the first drawdown, in January 2024. The loan bears interest at Euribor plus 1.2 per cent.

39. OTHER STATUTORY INFORMATION

Auditors' remuneration payable to PricewaterhouseCoopers LLP and its associates comprise the following:

	2009 £m	2008 £m
Audit of parent company and consolidated accounts	0.2	0.2
Audit of subsidiary companies	1.1	0.6
Other fees:		
– Taxation	0.3	0.2
– Corporate finance	0.3	1.7
– Other assurance services	–	0.1
	1.9	2.8

Directors' emoluments comprise the following:

	2009 £000	2008 £000
Salary and fees	3,309	2,346
Performance bonus	1,540	2,455
Gains on exercise of share options	641	12,496
Benefits	132	103
	5,622	17,400
Contributions to defined contribution pension schemes	77	58
	5,699	17,458

During the year two directors (2008: two) had retirement benefits accruing under defined contribution schemes and no director (2008: none) had retirement benefits accruing under a defined benefit scheme. Fees paid directly to the employer company of two (2008: two) Non-Executive Directors were £108,000 (2008: £54,000).

Further details of directors' emoluments are included in the Remuneration Report on pages 40 to 48.

Auditors' report

Independent auditors' report to the members of London Stock Exchange Group plc

We have audited the financial statements of London Stock Exchange Group plc for the year ended 31 March 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Balance Sheets, the Statements of Changes in Equity, the Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 58, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2010 and of the Group's profit and group's and parent company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 58, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Alison Morris

(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 May 2010

Consolidated income statement

Year ended 31 March 2010

	Notes	2010			2009		
		Before acquisition amortisation and exceptional items £m	Acquisition amortisation and exceptional items £m	Total £m	Before acquisition impairment and amortisation, and exceptional items £m	Acquisition impairment and amortisation, and exceptional items £m	Total £m
Continuing operations							
Revenue	4	605.6	–	605.6	644.7	–	644.7
Net interest income through CCP business	4	16.2	–	16.2	20.8	–	20.8
Other income		6.5	–	6.5	5.9	–	5.9
Total income		628.3	–	628.3	671.4	–	671.4
Expenses							
Operating expenses	5.7	(349.6)	(98.0)	(447.6)	(332.8)	(64.6)	(397.4)
Share of profit after tax of joint ventures/associates	14,15	1.6	–	1.6	2.1	–	2.1
Operating profit before impairment		280.3	(98.0)	182.3	340.7	(64.6)	276.1
Impairment of goodwill	7	–	–	–	–	(484.0)	(484.0)
Operating profit/(loss)		280.3	(98.0)	182.3	340.7	(548.6)	(207.9)
Finance income		15.2	–	15.2	20.8	–	20.8
Finance expense		(55.9)	–	(55.9)	(58.8)	(6.9)	(65.7)
Net finance expense	8	(40.7)	–	(40.7)	(38.0)	(6.9)	(44.9)
Profit on disposal of shares in subsidiaries/associates		2.4	0.3	2.7	2.0	–	2.0
Profit/(loss) before taxation		242.0	(97.7)	144.3	304.7	(555.5)	(250.8)
Taxation	7.9	(73.9)	21.3	(52.6)	(96.7)	14.7	(82.0)
Profit/(loss) for the financial year		168.1	(76.4)	91.7	208.0	(540.8)	(332.8)
Profit/(loss) attributable to minority interests		7.3	(6.0)	1.3	9.1	(3.9)	5.2
Profit/(loss) attributable to equity holders		160.8	(70.4)	90.4	198.9	(536.9)	(338.0)
		168.1	(76.4)	91.7	208.0	(540.8)	(332.8)
Basic earnings/(loss) per share	10			33.8p			(126.1)p
Diluted earnings/(loss) per share	10			33.5p			(126.1)p
Adjusted basic earnings per share	10			60.1p			74.2p
Adjusted diluted earnings per share	10			59.6p			73.6p
Dividend per share in respect of financial year							
Dividend per share paid during the year	11			24.4p			24.4p
Dividend per share declared for the year	11			24.4p			24.4p

Consolidated statement of comprehensive income

Year ended 31 March 2010

	Notes	Group	
		2010 £m	2009 £m
Profit/(loss) for the financial year		91.7	(332.8)
Defined benefit pension scheme actuarial loss	19	(1.8)	(11.7)
Cash flow hedge		(0.9)	6.2
Net investment hedge		(9.9)	(24.8)
Exchange (losses)/gains on translation of foreign operation		(56.8)	284.3
Tax related to items not recognised on income statement	9	1.5	2.2
		(67.9)	256.2
Total recognised income/(expense) for the financial year		23.8	(76.6)
Attributable to minority interests		(2.2)	14.9
Attributable to equity holders		26.0	(91.5)
		23.8	(76.6)

Balance sheets

31 March 2010

	Notes	Group		Company	
		2010 £m	2009 £m	2010 £m	2009 £m
Assets					
Non-current assets					
Property, plant and equipment	12	74.9	79.9	–	–
Intangible assets	13	1,484.1	1,584.9	–	–
Investments in joint ventures	14	7.1	1.7	–	–
Investments in associates	15	1.5	1.9	–	–
Investments in subsidiary undertakings	16	–	–	3,744.6	3,748.3
Deferred tax assets	17	6.2	5.7	–	–
Available for sale investments	18	0.4	0.4	–	–
Retirement benefit asset	19	4.6	5.0	–	–
Other non-current assets		0.7	0.4	–	–
		1,579.5	1,679.9	3,744.6	3,748.3
Current assets					
Inventories	20	2.2	–	–	–
Trade and other receivables	21	132.2	114.5	161.4	169.1
Derivative financial instruments	26	0.6	–	0.6	–
CCP financial assets		79,669.3	32,077.9	–	–
CCP cash and cash equivalents (restricted)		4,580.7	3,596.6	–	–
CCP clearing business assets	22	84,250.0	35,674.5	–	–
Current tax		–	–	45.9	40.3
Assets held at fair value	23	9.5	5.0	–	–
Cash and cash equivalents	24	223.1	143.7	0.1	–
		84,617.6	35,937.7	208.0	209.4
Total assets		86,197.1	37,617.6	3,952.6	3,957.7
Liabilities					
Current liabilities					
Trade and other payables	25	137.1	112.9	203.3	218.8
Derivative financial instruments	26	2.7	1.6	2.7	1.5
CCP clearing business liabilities	22	84,257.5	35,679.2	–	–
Current tax		10.5	7.6	–	–
Borrowings	27	0.9	2.3	–	2.3
Provisions	29	3.7	3.8	–	–
		84,412.4	35,807.4	206.0	222.6
Non-current liabilities					
Borrowings	27	605.8	622.5	605.8	622.5
Derivative financial instruments	26	16.3	–	16.3	–
Deferred tax liabilities	17	94.3	103.3	–	–
Retirement benefit obligation	19	7.3	8.3	–	–
Provisions	29	30.2	22.9	–	–
		753.9	757.0	622.1	622.5
Total liabilities		85,166.3	36,564.4	828.1	845.1
Net assets		1,030.8	1,053.2	3,124.5	3,112.6
Equity					
Capital and reserves attributable to the Company's equity holders					
Share capital	30	18.8	18.7	18.8	18.7
Retained (loss)/earnings		(775.7)	(803.2)	1,289.9	1,284.3
Other reserves		1,684.8	1,741.4	1,815.8	1,809.6
		927.9	956.9	3,124.5	3,112.6
Minority interests in equity		102.9	96.3	–	–
Total equity		1,030.8	1,053.2	3,124.5	3,112.6

The financial statements on pages 60 to 100 were approved by the Board on 21 May 2010 and signed on its behalf by:

Xavier Rolet
Chief Executive

Doug Webb
Chief Financial Officer

London Stock Exchange Group plc

Registered Number: 5369106

Cash flow statements

Year ended 31 March 2010

	Notes	Group		Company	
		2010 £m	2009 £m	2010 £m	2009 £m
Cash flow from operating activities					
Cash generated from operations	31	301.2	352.6	(3.5)	(5.0)
Interest received		2.1	7.0	7.2	–
Interest paid		(31.0)	(52.1)	(42.6)	(52.0)
Corporation tax paid		(48.1)	(51.9)	–	–
Withholding tax paid		(9.0)	(30.5)	–	–
Net cash inflow/outflow from operating activities		215.2	225.1	(38.9)	(57.0)
Cash flow from investing activities					
Purchase of property, plant and equipment		(12.3)	(19.9)	–	–
Purchase of intangible assets		(29.9)	(36.5)	–	–
Disposal of associate		–	2.7	–	–
Investments in joint ventures		(6.1)	(0.7)	–	–
Investments in subsidiaries		(16.3)	(5.3)	(7.0)	–
Net cash inflow from acquisitions		5.2	–	–	–
Dividends received		2.5	3.8	154.9	163.3
Proceeds from sale of minority interest in subsidiaries		7.4	–	–	–
Net cash outflow/inflow from investing activities		(49.5)	(55.9)	147.9	163.3
Cash flow from financing activities					
Dividends paid to shareholders		(65.2)	(65.3)	(65.2)	(65.3)
Dividends paid to minorities		(8.7)	(7.0)	–	–
Redemption of B shares		(2.3)	(5.3)	(2.3)	(5.3)
Share buyback		–	(51.5)	–	(51.5)
Purchase of own shares by ESOP trust		–	(26.3)	–	–
Loan from/(to) ESOP trust		–	–	1.4	(25.4)
Loans (to)/from subsidiary companies		–	–	(33.8)	123.2
Proceeds from own shares on exercise of employee share options		1.4	0.9	–	–
Proceeds from borrowings		305.4	735.2	303.9	735.2
Repayment of borrowings		(313.8)	(818.5)	(312.9)	(817.2)
Net cash outflow from financing activities		(83.2)	(237.8)	(108.9)	(106.3)
Increase/(decrease) in cash and cash equivalents		82.5	(68.6)	0.1	–
Cash and cash equivalents at beginning of year		143.7	200.6	–	–
Exchange (losses)/gains on cash and cash equivalents		(3.1)	11.7	–	–
Cash and cash equivalents at end of year	24	223.1	143.7	0.1	–

Group cash flow does not include cash and cash equivalents held by CC&G on behalf of its clearing members for use in its operation as manager of the clearing and guarantee system. These balances represent margins and default fund amounts held for counterparties for short periods in connection with this operation. Interest on CCP balances is received by CC&G net of withholding tax, which is deducted at source. This withholding tax is effectively a cash outflow and is shown separately in the cash flow statement.

Statements of changes in equity

31 March 2010

Group	Attributable to equity holders of the Company									
	Ordinary share capital	Retained loss	Capital redemption reserve	Reverse acquisition reserve	Other reserves			Total attributable to equity holders	Minority interest	Total equity
					Foreign exchange translation reserve	Merger reserve	Hedging reserve			
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 April 2008	19.1	(331.1)	506.2	(512.5)	201.5	1,299.2	(14.7)	1,167.7	95.2	1,262.9
Total comprehensive income for the financial year	-	(347.5)	-	-	274.6	-	(18.6)	(91.5)	14.9	(76.6)
Final dividend relating to the year ended 31 March 2008	-	(42.9)	-	-	-	-	-	(42.9)	-	(42.9)
Interim dividend relating to the year ended 31 March 2009	-	(22.4)	-	-	-	-	-	(22.4)	-	(22.4)
Dividend payments to minorities	-	-	-	-	-	-	-	-	(9.5)	(9.5)
Share buyback	(0.4)	(38.5)	0.4	-	-	-	-	(38.5)	-	(38.5)
ESOP share purchases net of employee share scheme expenses	-	(15.9)	-	-	-	-	-	(15.9)	-	(15.9)
Redemption of B shares	-	(5.3)	5.3	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	(4.3)	(4.3)
Share of equity recognised by FTSE	-	0.4	-	-	-	-	-	0.4	-	0.4
31 March 2009	18.7	(803.2)	511.9	(512.5)	476.1	1,299.2	(33.3)	956.9	96.3	1,053.2
Issue of shares	0.1	-	-	-	-	5.1	-	5.2	-	5.2
Total comprehensive income for the financial year	-	90.0	-	-	(53.2)	-	(10.8)	26.0	(2.2)	23.8
Final dividend relating to the year ended 31 March 2009	-	(42.7)	-	-	-	-	-	(42.7)	-	(42.7)
Interim dividend relating to the year ended 31 March 2010	-	(22.5)	-	-	-	-	-	(22.5)	-	(22.5)
Dividend payments to minorities	-	-	-	-	-	-	-	-	(8.3)	(8.3)
Employee share schemes expenses	-	5.0	-	-	-	-	-	5.0	-	5.0
Redemption of B shares	-	(2.3)	2.3	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	17.1	17.1
31 March 2010	18.8	(775.7)	514.2	(512.5)	422.9	1,304.3	(44.1)	927.9	102.9	1,030.8

The capital redemption reserve is a non distributable reserve set up as a result of a court approved capital reduction.

The reverse acquisition reserve is a non distributable capital reserve arising on consolidation as a result of the capital reduction scheme.

The foreign exchange translation reserve reflects changes in the impact of foreign currency on the translation of foreign operations.

The merger reserve arises on consolidation when the Company issues shares as part of the consideration to acquire subsidiary undertakings.

The hedging reserve represents the cumulative fair value adjustment recognised in respect of net investment and cash flow hedges undertaken in accordance with hedge accounting principles.

Company	Attributable to equity holders of the Company						
	Ordinary share capital	Retained earnings	Capital redemption reserve	Merger reserve	Hedging reserve	Total attributable to equity holders	
1 April 2008	19.1	2,069.4	506.2	1,299.2	(7.9)	3,886.0	
Total comprehensive income for the financial year	-	(656.7)	-	-	6.4	(650.3)	
Final dividend relating to the year ended 31 March 2008	-	(42.9)	-	-	-	(42.9)	
Interim dividend relating to the year ended 31 March 2009	-	(22.4)	-	-	-	(22.4)	
Share buyback	(0.4)	(38.5)	0.4	-	-	(38.5)	
Employee share schemes expenses	-	(19.3)	-	-	-	(19.3)	
Redemption of B shares	-	(5.3)	5.3	-	-	-	
31 March 2009	18.7	1,284.3	511.9	1,299.2	(1.5)	3,112.6	
Issue of shares	0.1	-	-	5.1	-	5.2	
Total comprehensive income for the financial year	-	69.7	-	-	(1.2)	68.5	
Final dividend relating to the year ended 31 March 2009	-	(42.7)	-	-	-	(42.7)	
Interim dividend relating to the year ended 31 March 2010	-	(22.5)	-	-	-	(22.5)	
Employee share schemes expenses	-	3.4	-	-	-	3.4	
Redemption of B shares	-	(2.3)	2.3	-	-	-	
31 March 2010	18.8	1,289.9	514.2	1,304.3	(2.7)	3,124.5	

The notes on pages 64 to 100 form an integral part of these consolidated financial statements.

Notes to the financial statements

1. Basis of preparation and accounting policies

The Company's and Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value, including those of the central counterparty (CCP) clearing business of the Group's majority-owned subsidiary Cassa di Compensazione e Garanzia S.p.A. (CC&G), and on the basis of the Group's accounting policies.

The Group uses a columnar format for the presentation of its consolidated income statement. This enables the Group to aid the reader's understanding of its results by presenting profit for the year before goodwill impairment, amortisation of purchased intangible assets and exceptional items. This is the profit measure used to calculate adjusted earnings per share and is considered to be the most appropriate as it best reflects the Group's underlying cash earnings and is the primary measure of performance monitored by the Group's Executive Committee. Profit before acquisition impairment and amortisation, and exceptional items is reconciled to profit before taxation on the face of the income statement.

Recent accounting developments

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRIC and have been adopted in these financial statements.

International accounting standards and interpretations

IAS 1 (Revised) 'Presentation of Financial Statements'

IFRS 7 'Financial Instruments': Disclosures (Amended)

IFRS 8 'Operating Segments'

IAS 23 'Borrowing Costs (Revised)'

IAS 1 (Revised) 'Presentation of Financial Statements' has been adopted. The revised standard prohibits the presentation of items of income and expense in the statement of changes in equity, requiring non-shareholder changes in equity to be presented separately from shareholder changes in equity. All non-shareholder changes in equity are required to be presented in a performance statement. IAS 1 (Revised) permits a choice between presenting a single performance statement (being a Statement of Comprehensive Income) or two statements (being an Income Statement and a Statement of Comprehensive Income). The Group has elected to present two statements.

IFRS 7 'Financial Instruments': Disclosures (Amended) has been adopted. The amendment requires enhanced disclosures about fair value measurement and liquidity risk.

IFRS 8 'Operating Segments' has been adopted. This standard replaces IAS 14 'Segment Reporting' and effectively requires segmental information reported to be based on that which the Group's Executive Committee, which is considered to be the Group's chief operating decision maker, uses internally for the purposes of evaluating the performance of the Group's operating segments. Details of the products and services offered by the individual

segments are given in the Segmental Review on pages 14 to 25. Note 4 of the consolidated financial statements sets out the Group's reportable segments and sets out reconciliations between these and the results reported in the income statement. Following the change in operating segments, the results of the joint ventures are now considered operating activities and as such are disclosed in operating profit. The Group has early adopted the annual improvement to IFRS 8, resulting in disclosure of the information reviewed by the Group's Executive Committee.

IAS 23 'Borrowing Costs (Revised)' has been revised to require capitalisation of borrowing costs on qualifying assets and the Group has amended its accounting policy accordingly. In accordance with the transitional requirements of the standard, the capitalisation of borrowing costs has been adopted as a prospective change from the commencement date of 1 April 2009. No change has been made for borrowing costs incurred prior to this date that have been expensed. Since adoption, the Group has incurred no borrowing costs on qualifying assets which are required to be capitalised.

The following standards and amendments were also effective for the current period, but the adoption of these did not have a material impact on these consolidated financial statements:

International accounting standards and interpretations

IFRIC 15 'Agreements for the Construction of Real Estate'

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'

IFRS various Annual improvements 2009

The following standards, amendments and interpretations have been issued by the IASB and IFRIC with an effective date, subject to EU endorsement that does not impact on these financial statements.

International accounting standards and interpretations

Effective date

IFRS 2 'Share-based Payment' – Amendments relating to group cash-settled share-based payment transactions and vesting conditions 1 January 2010

IFRS 3 'Business Combinations' – Comprehensive revision on applying the acquisition method 1 July 2009

IAS 27 'Consolidated and Separate Financial Statements' – Consequential amendments arising from amendments to IFRS 3 1 July 2009

IAS 28 'Investments in Associates' – Consequential amendments arising from amendments to IFRS 3 1 July 2009

IAS 31 'Interests in Joint Ventures' – Consequential amendments arising from amendments to IFRS 3 1 July 2009

IAS 39 'Financial Instruments: Recognition and Measurement' – Amendments for eligible hedged items 1 July 2009

IFRIC 17 'Distributions of Non-cash Assets to Owners' 1 July 2009

IFRIC 18 'Transfers of Assets from Customers' 1 July 2009

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' 1 July 2010

The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not currently expect any of these changes to have a material impact on the results or the net assets of the Company or the Group. The one potential exception to this is the requirement to expense acquisition costs under IFRS 3 'Business Combinations', the impact of which is entirely dependent on the incidence and size of future acquisitions, both of which are not determinable at this stage.

Accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries with all inter-company balances and transactions eliminated, together with the Group's attributable share of the results of associates and joint ventures. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date that control passes. As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's income for the year is disclosed within the statement of changes in equity.

Investments in joint ventures and associates are accounted for under the equity method. The Group's investments in joint ventures and associates are initially recognised at cost, and its share of profits or losses after tax from joint ventures and associates is included in the consolidated income statement. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the Group's balance sheet. The financial statements of joint ventures and associates are used by the Group to apply the equity method, under which the Group's income statement reflects the Group's share of the results of operations of the associates. A company is considered an associate where the Group has a significant influence.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination, such as professional fees paid to accountants and legal advisers and other consultants to effect the combination. Adjustments to fair values include those made to bring accounting policies into line with those of the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Acquisitions of shares from minority interests result in goodwill being the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary.

Investments in subsidiaries are reviewed for impairment when events indicate the carrying amount may not be recoverable and are accounted for in the Company's financial statements at cost less accumulated impairment losses.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue is recognised in the period when the service or supply is provided. The sources of revenue are:

- a) Maintenance contracts, membership and other fees – revenue is recognised on a straight-line basis over the period to which the fee relates;
- b) Admission fees – revenue is recognised at the time of admission to trading;
- c) Royalties – revenue is recognised at the earlier of cash receipt or the date at which they are earned or measurable with certainty;

- d) IT products – where there is no significant service obligation the revenue is recognised upon delivery and acceptance of the software or hardware by the customer;
- e) IT solutions – where software is sold requiring significant modification, integration or customisation, the consideration is allocated between the different elements on a fair value basis. Revenue is recognised using a percentage of completion method. The stage of completion is determined by reference to the costs incurred to date as a proportion of the total estimated costs or the services performed to date as a percentage of total services to be performed. Provision is made for all foreseeable future losses in the period in which they are identified;
- f) Software and Licence fees – revenue is recognised when the performance under the contract has occurred and the revenue has been earned; and
- g) Other – all other revenue is recognised in the month in which the service is provided. In interim reports, Borsa Italiana group defers some of the income received from cash trading and FTSE MIB futures trading and clearing. This deferral results in revenues being recognised at the average price of transactions forecast for the full year, as pricing levels reduce during the year when incremental volume targets are achieved.

Exceptional items

Items of income and expense that are material by size and/or nature and are non-recurring are classified as exceptional items on the face of the income statement within their relevant category. The separate reporting of these items together with impairment of goodwill and amortisation of purchased intangible assets helps give an indication of the Group's underlying performance.

Share based compensation

The Group operates a number of equity settled share based compensation plans for employees. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant and recognised over the relevant vesting period.

Foreign currencies

The consolidated financial statements are presented in sterling, which is the Company's presentation and functional currency.

Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, such as equities or bonds held at fair value through profit or loss, are reported as part of their fair value gain or loss. Exceptions to this are where the non-monetary items form part of the net investment in a foreign operation or are designated as hedges of a net investment, or as cash flow hedges. Such exchange differences are initially recognised in equity.

The results and financial position of all Group entities that have a functional currency different from the presentation currency are converted into the presentation currency as follows:

- a) assets and liabilities including goodwill, purchased intangible assets and fair value adjustments are converted at the closing balance sheet rate;

- b) income and expenses are translated and recorded in the income statement at the average monthly rates prevailing; and
- c) all resulting exchange differences are recognised as a separate component of equity.

Property, plant and equipment

Freehold properties, including related fixed plant, are included in the financial statements at cost less accumulated depreciation and any provision for impairment. Freehold buildings and related fixed plant are depreciated to residual value, based on cost at the beginning of the year plus subsequent additions, over their estimated economic lives. The estimated useful lives of properties range between 33 and 50 years, and the estimated useful economic lives of fixed plant range from five to 20 years.

Leasehold properties and improvements are included at cost and depreciated to residual value over the shorter of the period of the lease or the useful economic life of the asset.

Plant and equipment is stated at cost and is depreciated to residual value on a straight line basis over the estimated useful economic lives of the assets, which mainly range from three to fifteen years.

Intangible assets

Goodwill arising on the acquisition of subsidiaries represents the excess of consideration paid plus transaction costs over the fair value of the Group's share of net identifiable assets purchased. It is not amortised but is tested for impairment annually and when there are indications that the carrying value may not be recoverable, and is carried at cost less accumulated impairment losses.

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licences and software intellectual property, all of which are recorded as intangible assets and held at cost less accumulated amortisation. These assets are amortised on a straight line basis over their useful economic lives, which do not normally exceed 25 years or the term of the licence. The amortisation period and method are reviewed and adjusted, as appropriate, at each balance sheet date.

Third party software costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised over their estimated useful economic lives.

Internal product development expenditure is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are recorded at cost including labour, directly attributable costs and any third party expenses.

Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Full provision is made, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is determined using tax rates that are substantively enacted at the balance sheet date and are expected to apply when the asset is

realised or liability settled. Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits.

Classification of financial assets

Financial assets (excluding clearing business)

The Group classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for liquidity purposes and are initially recognised at fair value and any subsequent changes in fair value are recognised directly in the income statement. These assets are financial instruments not designated as hedges.

b) Available-for-sale financial assets

Investments (other than term deposits and interests in joint ventures, associates and subsidiaries) are designated as available for sale and are recorded on trade date at fair value plus transaction costs with changes in fair value recognised in equity. Where the fair value is not reliably measurable, the investment is held at cost less any provision for impairment. Assets such as shares in clearing and payment transmission operations and long term equity investments that do not qualify as associates or joint ventures are usually classified as available for sale.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Financial assets and liabilities of the central counterparty (CCP) clearing business

Assets and liabilities of the CCP clearing service relate to CC&G, the subsidiary that performs the CCP clearing business. CC&G clears financial derivatives, equities and bond transactions on Italian regulated markets, guaranteeing the successful receipt or delivery of securities for the transactions to be settled on both the sale and purchase side of transactions with the respective counterparties. It enters into a contractual arrangement in respect of each side of the transaction, bears the counterparty risk associated with the counterparties honouring their obligations and, in the event of a failure to deliver by any counterparty, is required itself to complete delivery of the appropriate securities. Accordingly, CC&G must record an asset and a liability on its balance sheet in respect of each of the sale and purchase sides of each transaction. However, except in respect of failed transactions CC&G as a CCP clearer does not bear any price risk and the value of the sale and purchase side of each transaction are the same; consequently, the principal CCP asset and liability amounts largely match each other.

Income recognised through the CCP clearing business includes net interest earned on margins and default funds held as part of our risk management process. This income stream is shown separately from the Group revenues as the interest is earned on assets held by the Group on behalf of third parties and is based on the spread between EONIA and EURIBOR rates, which is outside the control of management.

This amount has been shown separately on the face of the income statement to distinguish the income stream from those arising from the Group's other activities and provide the reader with a greater understanding of the operating activities of the Group. This new presentation has resulted in the comparatives being reclassified out of Revenue and into 'Net interest income from CCP business', with no impact on the overall income recognised in the prior year.

Accounting treatments of CCP financial assets and liabilities include the following:

a) Derivatives, trading assets and liabilities

These transactions are initially recorded at fair value, which coincides with the market value of the open positions on the IDEM derivatives market in which CC&G operates as CCP, and are subsequently re-measured on the basis of the market price of each derivative instrument at the period end. Since the asset and liability positions of the CCP clearer are matched, the same amount is recorded for both the assets and liabilities and no fair value gains or losses are recognised in the income statement.

b) Receivables for and liabilities under repurchase transactions

These represent repurchase transactions ("repos") by clearing members in the bond market using CC&G's clearing and guarantee service. They represent the value of transactions already settled spot and not yet settled at term, usually within two days. These transactions are initially recognised at fair value and are subsequently measured at amortised cost, by allocating the yield on the repo pro-rated over the duration of the contract (the coupon accrued in the period and the difference between the spot and forward prices). Since the asset and liability positions for repos are matched, the same amount is recorded for both assets and liabilities and no gain or loss is recorded in the income statement.

c) Other receivables from and payables to clearing members

These comprise accounts receivable and payable deriving from the activities of clearing members in derivatives, equities and bond transactions. They mainly represent amounts to be received or paid for initial and variation margins, option premiums and default fund contributions and are initially recorded at fair value. They are generally settled on the next day and, accordingly, are not discounted back to current value.

d) Financial assets and liabilities at fair value

These represent quoted equity and bond securities which CC&G acquires usually as a result of failure by a counterparty to deliver its side of a transaction and are recognised initially at fair value and subsequently re-measured at fair value, based on the market price of each security. The difference between the settlement price of each security at trade date and the market price of that security at the period end is recognised as a fair value gain or loss in the income statement.

e) Cash and cash equivalents (restricted)

These amounts include amounts received from clearing members to cover initial and variation margins and default fund contributions as collateral against default or insolvency and are deposited with banks. Such amounts are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest method, if the time value of money is significant.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument, and if so the nature of the item being hedged.

The Group applies fair value hedge accounting for hedging interest risk on borrowings. Any gain or loss is recognised in the income statement within finance expenses.

The Group designates as cash flow hedges both foreign currency derivatives and hedges of interest rate movements associated with highly probable forecast transactions. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity.

The Group hedges a proportion of its net investment in Borsa Italiana S.p.A. by designating euro borrowings as a net investment hedge.

In order to qualify for hedge accounting, a transaction must meet strict criteria as regards documentation, effectiveness, probability of occurrence and reliability of measurement. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Effectiveness testing is conducted at each reporting date and at the commencement and conclusion of any hedge in order to verify that the hedge continues to satisfy all the criteria for hedge accounting to be maintained. The ineffective portion is recognised in the income statement within finance costs.

Amounts accumulated in equity are recycled in the income statement in the period when the hedged item affects profit or loss (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are non-interest bearing and are stated at their fair value which is usually the original invoiced amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance

account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and term deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Borrowings

Bank borrowings are initially recorded at the fair value of amounts received, net of direct issue costs and transaction costs (including upfront facility fees). Subsequently, these liabilities are carried at amortised cost, and interest is charged to the income statement over the period of the borrowings using the effective interest method. Similarly direct issue costs and transaction costs (including upfront facility fees) are charged to the income statement over the period of the borrowings using the effective interest rate method.

Redeemable class B shares are carried at amortised cost and presented as a financial liability. The dividend accrued in respect of the class B shares has been classified within finance costs in the income statement.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is made in the financial statements for the lower of the cost of fulfilling lease commitments for property space surplus to business requirements after taking into account income from sub-letting, and any compensation or penalties arising from failure to fulfil the lease commitments. Such provisions are discounted where the time value of money is considered material.

Share capital

The Company's own shares held by the ESOP trust are deducted from equity until they vest unconditionally in employees and are held at cost. Consideration paid in respect of these treasury shares is deducted from equity until the shares are cancelled, reissued or disposed of.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis. Lease incentives are spread over the term of the lease.

The Group leases certain plant and equipment where the Group has substantially all the risks and rewards of ownership. These are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the liability so as to achieve a constant rate on the finance balance outstanding. The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Due to the immaterial value of finance leases within the Group, they are not disclosed separately within the accounts.

Pension costs

The Group operates defined benefit and defined contribution pension schemes. For the defined benefit schemes the service cost, representing benefits accruing to employees, is included as an operating expense and the expected return on scheme assets and interest cost from unwinding of the discount on scheme obligations are included as finance income and finance expenses respectively. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions or differences between actual and expected returns on assets are recognised at each period end net of tax in the statement of comprehensive income. The net asset or liability recognised on the balance sheet comprises the difference between the present value of pension obligations and the fair value of scheme assets. For defined contribution schemes, the expense is charged to the income statement as incurred.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: capital risk, credit risk, market risk (including foreign exchange, fair value and cash flow interest rate risks) and liquidity risk. The Group's risk management programme seeks to minimise potential adverse effects on its financial performance.

Financial risk management is not speculative and is performed at both a Group level, where the treasury function identifies, evaluates and hedges financial risks from a Group perspective and locally, where operating unit risk functions manage regulatory or operational risks. The Treasury Committee, chaired by the Chief Financial Officer, meets at regular intervals and operates within Board approved policies to review the management of foreign exchange, interest rate and credit risks, and the investment of excess liquidity.

CAPITAL RISK

RISK DESCRIPTION	RISK MANAGEMENT APPROACH
<p>Capital comprises resources that are raised by the Group from:</p> <ul style="list-style-type: none"> – its shareholders (equity capital) – its lenders (debt capital), and – its retained profits. <p>Details of the Group's equity capital and retained profits are set out in the Consolidated Statement of Changes in Equity and details of the Group's debt capital (current and non-current) are set out in note 27.</p> <p>The Group considers the following to be the principal risks in managing its capital:</p> <ul style="list-style-type: none"> – a scarcity of new capital due to the Group's performance – a scarcity of capital driven by market conditions – an increase in regulatory capital requirements 	<p>The Group seeks to maintain its cost of capital at or close to an optimum level. It seeks to provide superior returns to its shareholders, whilst fulfilling its obligations to the relevant regulatory authorities and other stakeholders and ensuring that it is not overly dependent upon short and medium term debt that might not be available at renewal.</p> <p>The methods by which the Group may adjust its capital structure would principally include returns to shareholders, issues of new shares and increases or reductions of debt. The Board reviews dividend policy and funding capacity on a regular basis.</p> <p>To maintain the financial strength to access new capital at reasonable cost, the Group monitors capital in a number of ways, including on the basis of the ratio of net debt to EBITDA. This ratio is calculated as total current and non-current borrowings less the cash and cash equivalents that are set aside to meet regulatory requirements and compares this with its EBITDA (Group consolidated earnings before net finance charges, taxation, impairment, depreciation and amortisation). Net debt to EBITDA at 31 March 2010 was 1.5 times on an actual basis (2009: 1.6 times). In managing its Net debt to EBITDA ratio the Group has regard to its weighted average cost of capital (WACC) and its strategic objective of an investment grade credit rating.</p> <p>The Group also has two bank facility covenants that have a bearing on its capital structure, Net Debt: EBITDA and coverage of net interest costs by EBITA or EBITDA. Performance against these ratios is comfortable and these covenants should not inhibit the Group's operations or financing plans.</p> <p>As at 31 March 2010 approximately £125m was set aside to comfortably cover regulatory and operational requirements, with the amount subject to ongoing review with regulators in the UK and Italy.</p>

CREDIT RISK

RISK DESCRIPTION	RISK MANAGEMENT APPROACH
<p>CC&G in its role as central counterparty clearer (CCP) to Italian financial market participants faces the risk of losses from the deterioration in the creditworthiness or the default of a counterparty. It takes the position as the guarantor of the final settlement of equity, derivative and fixed income trade contracts, acting as a buyer towards each seller and as a seller towards each buyer. It also manages a significant quantum of member cash held within its margin and default funds.</p> <p>More broadly, credit risk relates to the Group's customers and counterparties being unable to meet their obligations to the Group either in part or in full, including:</p> <ul style="list-style-type: none"> – customer receivables – repayment of cash and cash equivalents including bank deposits – settlement of derivative financial instruments. 	<p>Credit risk is controlled through policies developed both at a Group level and, where appropriate, with regulators at an individual subsidiary level. Due to the nature of its business risk, CC&G has its own financial risk management policy approved by its Board of Directors and it works closely with the Bank of Italy to monitor this risk.</p> <p>CC&G</p> <p>CC&G is required to invest cash with counterparties that are either investment grade or who have a minimum level of capital, for periods of up to 12 months in an amount dependent on the credit quality of the counterparty. CC&G liaises closely with the Bank of Italy regarding the Italian banking institutions with whom these funds are deposited.</p> <p>CC&G has established a financial safeguarding against single or multiple defaults of market participants:</p> <ol style="list-style-type: none"> 1. Clearing membership selection is based upon supervisory capital, technical and organisational criteria; 2. Margin accounts – each member must pay margins, computed at least daily, to cover the theoretical costs which CC&G would incur in order to close out open positions in the event of the member's default; and 3. Default funds – clearing members contribute to default funds managed by CC&G to guarantee the integrity of the markets in the event of multiple defaults in extreme market circumstances, in line with risk management standards agreed by the European Association of Central Counterparty Clearing Houses. Amounts are determined on the basis of the results of periodic stress testing examined by CC&G's risk committee and are varied as appropriate according to circumstances.

CREDIT RISK (CONTINUED)

RISK DESCRIPTION	RISK MANAGEMENT APPROACH
	<p>Group</p> <p>Group companies make a judgement on the credit quality of their customers based upon the following factors:</p> <ul style="list-style-type: none"> – the customer’s financial position – past experience – low concentration of credit risk across a large number of customers – generally, a low historic incidence of customer defaults – the recurring nature of the billing and collection arrangements. <p>Management assesses the credit quality of the Group’s customers as high.</p> <p>Credit risk with respect to cash and cash equivalents is managed generally by limiting the exposure to each counterparty to:</p> <ul style="list-style-type: none"> – £15m (or local currency equivalent) – a minimum rating of Aa3 (per Moody’s) – periods not exceeding 12 months. <p>Derivative transactions are limited to well-capitalised counterparties, authorised by policy, each of whom has an appropriate depth of coverage and expertise and with consideration given to the need for collateralisation.</p> <p>The Group recognises that sovereign risk assessment plays a part in its criteria for counterparty selection.</p>

MARKET RISK – FOREIGN EXCHANGE

RISK DESCRIPTION	RISK MANAGEMENT APPROACH
<p>The Group operates predominantly in the UK, Italy and Sri Lanka. As group companies invoice revenues, incur expenses and purchase assets predominantly in their respective local currencies, foreign exchange risk arises mainly from the translation of the Group’s euro earnings, assets and liabilities into its reporting currency, sterling.</p> <p>The Group also faces less significant foreign exchange exposures from transaction risk on export earnings, occasional strategic investments made in currencies other than the currency of the investing operation and dividends that are remitted in currencies other than the currency of the recipient operation.</p>	<p>The Group seeks to reduce its net asset exposure to movements between sterling and the euro by regularly distributing its euro cash earnings in dividends and by holding an element of its debt in euros or exchanging sterling debt into euros using cross-currency swaps. The Group’s euro debt and cross-currency swaps are then serviced by cash generated by its Italian operations which, in turn, partially protects the Group’s sterling income statement by increasing the proportion of euro denominated interest expense. At 31 March 2010 £284.0m (2009: £151.9m) of the Group’s debt was denominated in or swapped into euros and designated as a hedge of the net investment in Borsa Italiana. During the year to 31 March 2010 a loss of £9.9m (2009: loss of £24.8m) on foreign currency borrowings was recognised in equity. There was no ineffectiveness of the hedge recognised in the income statement.</p> <p>Group treasury policy stipulates that if companies generate revenues in excess of an aggregate £1m or equivalent per annum in a currency other than their reporting currency then this should be hedged in accordance with policy guidelines. During the year foreign exchange derivative contracts required to hedge forecast foreign currency revenues represented less than 1 per cent of the Group’s total revenue.</p> <p>The Group reviews sensitivities to movements in exchange rates which are appropriate to market conditions. As at 31 March 2010 the Group has considered movements in the euro over the last year including recent volatility affecting this currency and has concluded that a 10 per cent movement in rates is a reasonable benchmark. At 31 March 2010, if sterling had weakened/strengthened by 10 per cent against the euro on the day with all other variables held constant, post tax profit for the year would have been £1.8m higher/£1.5m lower (2009: unchanged); however, equity would have been £16.4m lower (2009: £6.7m higher)/£13.4m higher (2009: £10.2m lower). This reflects foreign exchange gains/losses on translation of euro denominated trade receivables, financial assets at fair value through profit or loss and foreign exchange gains/losses on translation of euro denominated borrowings.</p>

MARKET RISK – CASH FLOW AND FAIR VALUE INTEREST RATE RISK

RISK DESCRIPTION	RISK MANAGEMENT APPROACH
<p>The Group's interest rate risk arises on cash and cash equivalents, investments in financial assets and borrowings.</p> <p>Changes in market interest rates mean that investments and borrowings subject to variable rates expose the Group to the risk that future associated cash flows will fluctuate.</p>	<p>To provide a degree of income statement stability, and reflecting material levels of cash and cash equivalents held for short periods, the Group seeks to maintain a proportion of its net debt at fixed rates of interest over the medium term.</p> <p>At the start of the financial year, 60 per cent of the Group's net debt was effectively held at fixed rates of interest after taking into account interest rate swaps exchanging floating rate borrowings for fixed rate borrowings. These hedges were designated cash flow hedges and remained in place and fully effective at 31 March 2010.</p> <p>In June 2009, the Group increased its fixed rate borrowings when it issued a £250m bond due in 2019 (note 27) to refinance shorter dated bank debt resulting in greater than 100 per cent of its net debt being held at fixed rates of interest. Following a period of review the Group sought to increase its floating rate exposure by arranging interest rate swaps on a portion of its £250m bond due in 2016 (note 27). These hedges were designated fair value hedges and were deemed effective at 31 March 2010. Given the cash generative nature of the Group's operations, over 100 per cent of its net debt remains at fixed rates at 31 March 2010 after taking into account the effect of derivative financial instruments. This is subject to ongoing review.</p> <p>The Group reviews sensitivities for movements in interest rates which are appropriate to market conditions. The Group has considered the volatility of interest rates over the last year and prospects for rates over the next 12 months and has concluded that a two per cent upward movement (and no downward movement) reflects a reasonable level of risk to current rates. At 31 March 2010, if interest rates on sterling-denominated and euro-denominated cash and borrowings had been two per cent higher with all other variables held constant, post-tax profit for the year would have been £1.7m higher (2009:£1.6m lower) mainly as a result of higher interest income on floating rate cash and cash equivalents.</p>

LIQUIDITY RISK

RISK DESCRIPTION	RISK MANAGEMENT APPROACH
<p>The Company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations.</p> <p>In addition to the day to day liquidity requirements of Group companies, CC&G and certain other subsidiary companies are required to maintain a level of liquidity within their own legal entities to meet regulatory requirements and/or ensure the smooth operation of their respective markets.</p>	<p>The Group maintains sufficient cash and marketable securities together with the availability of funding through adequate committed credit facilities to meet all its financial obligations as these fall due.</p> <p>Group businesses are profitable and generate significant free cash flow. This free cash flow is available to the Group to invest in capital expenditure, acquisitions, dividend payments, other returns of capital or to reduce debt.</p> <p>Management monitors forecasts of the Group's liquidity, prepared to reflect expected cash flow, and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions.</p> <p>Treasury policy also requires that the Group maintains adequate credit facilities provided by a diversified lending group to at least cover its funding requirements for the next 12 months. Significant headroom is maintained in its committed, revolving credit facilities to provide additional liquidity with attention given during the year to the ongoing credit quality of the Group's lending banks. At 31 March 2010 £368.4m of the Group's facilities were unutilised (2009: £283.5m), the Group having increased its committed credit facilities during the year and generated and retained surplus cash in the business. The Group's borrowings at the 31 March 2010 have an average life to maturity of over six years.</p> <p>Separately, CC&G has access to committed and uncommitted lines of credit with intra-day financing from the Bank of Italy to meet the cash requirements related to settlement (see note 22).</p>

LIQUIDITY RISK (CONTINUED)

RISK DESCRIPTION	RISK MANAGEMENT APPROACH			
	The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.			
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
31 March 2010				
Borrowings	0.9	–	106.2	499.6
Trade and other payables	137.1	–	–	–
CCP liabilities	84,257.5	–	–	–
	84,395.5	–	106.2	499.6
	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
31 March 2009				
Borrowings	2.3	180.0	193.8	250.0
Trade and other payables	112.9	–	–	–
CCP liabilities	35,679.2	–	–	–
	35,794.4	180.0	193.8	250.0

3. Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical judgements and estimates made in the preparation of the financial statements are set out below. The actual outcome may be materially different from that anticipated:

- a) Goodwill is tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return required by shareholders to determine an appropriate discount rate;
- b) The determination of the defined benefit pension asset or liability is based on the present value of future pension obligations using assumptions determined by the Group with advice from an independent qualified actuary;
- c) Purchased intangible assets are valued on acquisition using appropriate methodologies and amortised over their estimated useful economic lives. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets is realised;
- d) The property provision is determined taking into consideration future expected receipts from sub-letting and future property costs based on advice from independent property advisers;
- e) Estimates are required in determining the provision for corporation taxes. The Group recognises liabilities for the estimated tax charge at the period end and where the final tax liability is different from that estimate, such differences are reflected in the period in which such determination is made; and
- f) The determination in the financial statements of the value of subsidiary companies for the purpose of impairment testing is based on their forecast cash flows and an appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

4. Segmental information

Segmental disclosures for the year ended 31 March 2010 are shown below.

	Capital Markets £m	Post Trade Services £m	Information & Technology Services £m	Other £m	Group £m
Revenue	287.4	100.0	216.6	1.6	605.6
Net interest income through CCP business	–	16.2	–	–	16.2
Other income	–	–	–	6.5	6.5
Total income	287.4	116.2	216.6	8.1	628.3
Expenses					
Depreciation and non-acquisition software amortisation	(34.3)	(3.5)	(24.3)	(0.7)	(62.8)
Other non-exceptional expenses	(146.1)	(42.2)	(92.7)	(5.8)	(286.8)
Share of (loss)/profit after tax of joint venture/associates	(1.9)	–	3.5	–	1.6
Operating profit before amortisation of purchased intangible assets and exceptional items	105.1	70.5	103.1	1.6	280.3
Amortisation of purchased intangibles					(54.3)
Exceptional costs					(43.7)
Operating profit					182.3
Net finance expense					(40.7)
Profit on disposal of shares in subsidiaries					2.7
Profit before taxation					144.3

Net interest income through CCP business of £16.2m comprises gross interest income of £498.3m less gross interest expense of £482.1m.

Comparative segmental disclosures for the year ended 31 March 2009 are as follows:

	Capital Markets £m	Post Trade Services £m	Information & Technology Services £m	Other £m	Group £m
Revenue	341.5	91.6	207.5	4.1	644.7
Interest income through CCP business	–	20.8	–	–	20.8
Other income	–	–	–	5.9	5.9
Total income	341.5	112.4	207.5	10.0	671.4
Expenses					
Depreciation and non-acquisition software amortisation	(16.9)	(3.3)	(15.5)	(0.7)	(36.4)
Other non-exceptional expenses	(159.9)	(38.7)	(78.8)	(19.0)	(296.4)
Share of (loss)/profit after tax of joint ventures/associates	(0.1)	–	2.2	–	2.1
Operating profit before amortisation of purchased intangible assets and exceptional items	164.6	70.4	115.4	(9.7)	340.7
Amortisation of purchased intangible assets					(49.4)
Exceptional costs					(15.2)
Operating profit before impairment					276.1
Impairment of goodwill					(484.0)
Operating loss					(207.9)
Net finance expense					(44.9)
Profit on disposal of shares in associates					2.0
Loss before taxation					(250.8)

Net interest income through CCP business of £20.8m comprises gross interest income of £671.0m less gross interest expense of £650.2m.

The comparatives are shown following restatement of the segmental disclosure.

Geographical disclosure

	2010 £m	2009 £m
Revenue		
UK	292.5	343.7
Italy	163.0	149.9
Other	150.1	151.1
Total	605.6	644.7

Revenue is allocated based on the country in which the customer is located.

	2010 £m	2009 £m
Total assets		
UK	315.2	252.4
Italy	85,861.1	37,361.6
Other	12.2	–
Total	86,188.5	37,614.0
Joint ventures – UK	2.3	1.1
Joint ventures – Japan	4.8	0.6
Associates – Europe	1.5	1.9
Total	86,197.1	37,617.6

5. Expenses by nature

Expenses comprise the following:

	Notes	2010 £m	2009 £m
Employee costs	6	111.0	113.3
Depreciation and non acquisition software amortisation		62.8	36.4
Amortisation of purchased intangibles assets and exceptional costs	7	98.0	64.6
Other costs		175.8	183.1
Total before impairment		447.6	397.4
Goodwill impairment	13	–	484.0
Total expenses		447.6	881.4

Foreign exchange gains or losses included in the income statement are immaterial.

6. Employee costs

Employee costs comprise the following:

	Notes	2010 £m	2009 £m
Salaries and other short term benefits		84.5	82.4
Social security costs		15.5	13.9
Pension costs	19	7.5	6.8
Share based compensation	35	3.5	10.2
Total		111.0	113.3

	2010					2009		
The number of employees in the Group was:	UK	Italy	Sri Lanka	Other	Total	UK	Italy	Total
At the year end	539	458	461	30	1,488	570	565	1,135
Average for the year	568	496	453 ¹	28	1,545	592	583	1,175

The employees within Sri Lanka arose from the acquisition of MillenniumIT.

The employees within Euro MTS and MTS Next are shown in the UK headcount figures in 2010 compared to Italy in the prior year, to reflect the principal location of these employees.

The Company has no employees.

¹ Average from date of acquisition.

7. Impairment, amortisation of purchased intangible assets and exceptional items

	Notes	2010 £m	2009 £m
Impairment of goodwill	13	–	(484.0)
Amortisation of purchased intangible assets		(54.3)	(49.4)
Restructuring costs		(30.1)	–
Integration costs		(13.6)	(15.2)
Total affecting operating profit		(98.0)	(548.6)
Profit on disposal of shares in subsidiary		0.3	–
Exceptional finance expenses:			
Bond adjustment to reflect changes in valuation of cash flows		–	3.7
Loss on cash flow hedge recycled to income statement		–	(7.9)
Loss on gilt lock contract in the year		–	(2.7)
Total affecting profit before tax		(97.7)	(555.5)
Tax effect on items affecting profit before tax and tax exceptional items			
Deferred tax on amortisation of purchased intangible assets		9.4	8.5
Tax effect on other items affecting profit before tax		11.9	6.2
Total tax effect on items affecting profit before tax and tax exceptional items		21.3	14.7
Total charge to income statement		(76.4)	(540.8)

Restructuring costs comprise £17.1m one-off implementation costs arising from the cost savings programme announced in July 2009 resulting in a reduction of 133 heads, and the departure of the Deputy Chief Executive, and £13.0m of property restructuring costs relating to the subletting of part of our Paternoster Square premises. The property restructuring costs include provision for onerous lease costs and the write off of prior leasehold improvements.

Current year integration costs include £12.4m related to the acquisition of Turquoise Trading Ltd and the associated costs of integrating them with the Group together with £0.9m (2009: £15.2m) of residual costs related to the integration of the businesses of the London Stock Exchange and Borsa Italiana.

8. Net finance expense

	Notes	2010 £m	2009 £m
Finance income			
Bank deposit and other interest income		2.5	7.5
Expected return on defined benefit pension scheme assets	19	11.8	13.0
Fair value gains on financial instruments		0.6	–
Investment income		0.3	0.3
		15.2	20.8
Finance expense			
Interest payable on bank and other borrowings		(38.9)	(40.4)
Other finance costs		(1.2)	(2.8)
Interest on discounted provision for leasehold properties		(1.2)	(1.2)
Defined benefit pension scheme interest cost		(14.6)	(14.4)
		(55.9)	(58.8)
Exceptional finance expense			
Bond adjustment to reflect change in future coupon		–	3.7
Loss on cash flow hedge recycled to income statement		–	(7.9)
Loss on gilt lock contract in the year		–	(2.7)
Total exceptional finance expense		–	(6.9)
Total finance expense		(55.9)	(65.7)
Net finance expense		(40.7)	(44.9)

9. Taxation

	2010	2009
	£m	£m
Taxation charged to the income statement		
Current tax:		
UK corporation tax for the year at 28%	27.8	42.4
Overseas tax for the year	37.4	46.7
Adjustments in respect of previous years	(6.9)	(4.3)
	58.3	84.8
Deferred tax (see note 17):		
Deferred tax for the current year	2.1	3.1
Adjustments in respect of previous years	1.6	2.6
Deferred tax on amortisation of purchased intangible assets	(9.4)	(8.5)
Taxation charge	52.6	82.0

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns agreed with relevant tax authorities.

	2010	2009
	£m	£m
Taxation on items not (credited)/charged to income statement		
Current tax (credit):		
Tax allowance on share options/awards in excess of expense recognised	(0.4)	(1.1)
Deferred tax charge/(credit):		
Defined benefit pension scheme actuarial losses	(0.5)	(3.2)
Tax allowance on share options/awards (less than)/greater than expense recognised	(0.6)	2.1
	(1.5)	(2.2)

Factors affecting the tax charge for the year

The reconciling items between the profits multiplied by the UK rate of corporation tax rate 28 per cent and the income statement tax charge for the year are explained below:

	2010	2009
	£m	£m
Profit/(loss) before taxation	144.3	(250.8)
Profit/(loss) multiplied by the UK rate of corporation tax at 28%	40.4	(70.2)
Expenses not deductible	2.6	10.5
Impairment of goodwill	–	135.5
Share of joint venture and associates consolidated at profit/(loss) after tax	(0.5)	(0.6)
Overseas earnings taxed at higher rate	9.7	3.2
Adjustments in respect of previous years	(5.3)	(1.7)
Amortisation of purchased intangible assets	5.7	5.3
Taxation charge	52.6	82.0

The weighted average statutory tax rate for the Group was 30 per cent (2009: 30 per cent).

10. Earnings per share

Earnings per share is presented on four bases: basic earnings per share; diluted earnings per share; adjusted basic earnings per share; and adjusted diluted earnings per share. Basic earnings per share is in respect of all activities and diluted earnings per share takes into account the dilution effects which would arise on conversion or vesting of share options and share awards under the Employee Share Ownership Plan (ESOP). Adjusted basic earnings per share and adjusted diluted earnings per share exclude acquisition impairment and amortisation, and exceptional items to enable comparison of the underlying earnings of the business with prior periods.

	2010	2009
Basic earnings/(loss) per share	33.8p	(126.1)p
Diluted earnings/(loss) per share	33.5p	(126.1)p
Adjusted basic earnings per share	60.1p	74.2p
Adjusted diluted earnings per share	59.6p	73.6p
	£m	£m
Profit/(loss) for the financial year attributable to equity holders	90.4	(338.0)
Adjustments:		
Amortisation of purchased intangible assets	54.3	49.4
Impairment of goodwill	–	484.0
Restructuring costs	30.1	–
Integration costs	13.6	15.2
Exceptional profit on disposal of shares in subsidiary	(0.3)	–
Exceptional finance expenses	–	6.9
Tax effect of amortisation and exceptional items and tax exceptional item	(21.3)	(14.7)
Exceptional items, amortisation and taxation attributable to minority interests	(6.0)	(3.9)
Adjusted profit for the financial year attributable to equity holders	160.8	198.9
Weighted average number of shares – million	267.6	268.1
Effect of dilutive share options and awards – million	2.4	–
Diluted weighted average number of shares – million	270.0	268.1

The weighted average number of shares excludes those held in the ESOP. The effect of dilutive share options only applies to periods in which there is a profit. The effect of dilutive share options and awards at 31 March 2010 was 2.4 million (2009: 2.0 million).

11. Dividends

	2010	2009
	£m	£m
Final dividend for 2009 paid August 2009: 16.0p per Ordinary share (2008: 16.0p)	42.7	42.9
Interim dividend for 2010 paid January 2010: 8.4p per Ordinary share (2009: 8.4p)	22.5	22.4
	65.2	65.3

The Board has proposed a final dividend in respect of the year ended 31 March 2010 of 16.0p per share, which is estimated to amount to £42.9m, to be paid on 16 August 2010.

12. Property, plant & equipment

Group	Land and buildings		Plant and equipment £m	Total £m
	Freehold £m	Leasehold £m		
Cost:				
1 April 2008	58.4	42.8	43.4	144.6
Additions	–	4.1	16.0	20.1
Foreign exchange	2.2	–	1.2	3.4
Disposals	(0.6)	(0.3)	(7.6)	(8.5)
31 March 2009	60.0	46.6	53	159.6
Additions	–	–	12.1	12.1
Foreign exchange	(0.3)	–	–	(0.3)
Disposals	–	(5.6)	–	(5.6)
Acquisition of subsidiaries	2.0	–	1.6	3.6
31 March 2010	61.7	41.0	66.7	169.4
Depreciation:				
1 April 2008	26.6	19.9	25.3	71.8
Charge for the year	1.4	5.4	9.3	16.1
Foreign exchange	0.1	–	0.1	0.2
Disposals	(0.6)	(0.3)	(7.5)	(8.4)
31 March 2009	27.5	25.0	27.2	79.7
Charge for the year	1.2	6.8	12.2	20.2
Foreign exchange	–	–	0.2	0.2
Disposals	–	(5.6)	–	(5.6)
31 March 2010	28.7	26.2	39.6	94.5
Net book values:				
31 March 2010	33.0	14.8	27.1	74.9
31 March 2009	32.5	21.6	25.8	79.9

The Company has no property, plant and equipment.

13. Intangible assets

Group	Purchased intangible assets					Total £m
	Goodwill £m	Customer and supplier relationships £m	Brands £m	Software, licences and intellectual property £m	Software £m	
Cost:						
1 April 2008	1,082.2	621.2	9.6	97.5	137.6	1,948.1
Additions	0.5	0.8	0.1	–	35.2	36.6
Disposals	–	–	–	–	(8.6)	(8.6)
Foreign exchange	170.6	99.6	1.5	15.6	1.1	288.4
31 March 2009	1,253.3	721.6	11.2	113.1	165.3	2,264.5
Additions	–	–	–	–	30.3	30.3
Acquisition of subsidiaries	10.2	4.1	0.3	12.9	2.0	29.5
Disposals	(0.7)	–	–	–	–	(0.7)
Foreign exchange	(45.0)	(26.4)	(0.4)	(2.8)	(0.5)	(75.1)
31 March 2010	1,217.8	699.3	11.1	123.2	197.1	2,248.5
Amortisation and accumulated impairment:						
1 April 2008	21.1	14.7	0.5	9.3	80.6	126.2
Amortisation charge for the year	–	29.6	1.0	18.8	20.3	69.7
Impairment charge	484.0	–	–	–	–	484.0
Disposals	–	–	–	–	(8.5)	(8.5)
Foreign exchange	–	4.9	0.2	3.1	–	8.2
31 March 2009	505.1	49.2	1.7	31.2	92.4	679.6
Amortisation charge for the year	–	31.3	1.1	21.9	50.6	104.9
Foreign exchange	(17.5)	(1.0)	–	(1.4)	(0.2)	(20.1)
31 March 2010	487.6	79.5	2.8	51.7	142.8	764.4
Net book values:						
31 March 2010	730.2	619.8	8.3	71.5	54.3	1,484.1
31 March 2009	748.2	672.4	9.5	81.9	72.9	1,584.9

The fair values of purchased intangible assets were principally valued using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill of £730.2m (2009: £748.2m) arising on consolidation primarily represents the growth potential and assembled workforces of the Borsa Italiana group, MillenniumIT and Turquoise.

The Company has no intangible assets.

Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to ten cash generating units (CGUs). The composition of the Borsa Italiana group's seven CGUs as at 31 March 2009 was reallocated on 1 April 2009 to reflect the impact of the restructuring of the Group's segments, as set out in note 1. Consequently, the Borsa Italiana group now comprises six CGUs (Issuer, Equities Trading, Derivatives Trading, Fixed Income Trading, Information & Technology Services and Post Trade Services), with goodwill previously associated with the Borsa Italiana group's other CGU now allocated to these current six CGUs. MillenniumIT comprises two CGUs (Software and Enterprise Service Provider), and Turquoise and EDX constitute one CGU each. Goodwill associated with Proquote was fully written off during the year ended 31 March 2009.

The recoverable amounts of these CGUs have been determined based on value in use calculations, using discounted cash flow projections prepared by management covering the five year period ending 31 March 2015, with the exception of Turquoise for which reference has been made to a recent third party transaction. Cash flows beyond this period are extrapolated using the estimated long term growth rates and applying the pre-tax discount rates referred to below.

The amount of the net book value of goodwill allocated to each CGU is set out below.

Cash generating unit	Net book value of goodwill					31 March 2010	Pre-tax discount rate used in value in use calculations
	31 March 2009	Impact of restructuring of segments	Additions	Disposals	Foreign exchange		
	£m	£m	£m	£m	£m	£m	
Borsa Italiana group:							
Issuer	26.0	(5.7)	–	–	(0.8)	19.5	12.9%
Equities Trading	68.5	–	–	–	(2.5)	66.0	13.1%
Derivatives Trading	30.7	–	–	–	(1.1)	29.6	12.9%
Fixed Income Trading	71.3	6.3	–	–	(3.0)	74.6	11.8%
Information & Technology Services	146.9	(5.0)	–	–	(5.2)	136.7	13.1%
Post Trade Services	385.9	22.8	–	–	(15.1)	393.6	11.8%
Other	18.4	(18.4)	–	–	–	–	N/A
MillenniumIT:							
Software	–	–	0.8	–	0.1	0.9	20.5%
Enterprise Service Provider	–	–	0.7	–	0.1	0.8	18.1%
Turquoise	–	–	8.7	(0.4)	–	8.3	N/A
EDX	0.5	–	–	(0.3)	–	0.2	15.8%
	748.2	–	10.2	(0.7)	(27.5)	730.2	

Management has based its value in use calculations for each CGU on key assumptions about short and medium term revenue and cost growth, long term economic growth rates (used to determine terminal values) and pre-tax discount rates.

The values assigned to short and medium term revenue and cost growth assumptions reflect current trends, anticipated market developments, discussions with customers and suppliers, and management's experience, taking account of an expected recovery in underlying financial markets.

Long term growth rates (assumed to be 2.3 per cent for each of the Borsa Italiana group CGUs, 3.0 per cent for MillenniumIT's Software CGU, Turquoise and EDX, and 12.7 per cent for MillenniumIT's Enterprise Service Provider CGU) represent management's internal forecasts based on external estimates of GDP and inflation for the ten year period 1 January 2005 to 31 December 2014, and do not exceed the long term average growth rates for the countries in which the CGUs operate.

Pre-tax discount rates are based on a number of factors including the risk-free rates in Italy, Sri Lanka and the UK, as appropriate, the Group's estimated market risk premium and a premium to reflect the inherent risks of each of the CGUs.

Value in use calculations for each CGU are sensitive to changes in short and medium term revenue and cost growth assumptions, long term growth rates and pre-tax discount rates. The impact on value in use of a change in these assumptions is shown below:

Cash generating unit	Excess of value in use over carrying value £m	Impact on value in use of:			
		5% reduction in revenues £m	5% increase in costs £m	0.5% reduction in long-term growth rate £m	0.5% increase in pre-tax discount rate £m
Borsa Italiana group:					
Issuer	0.1	(9.0)	(5.0)	(4.3)	(5.6)
Equities Trading	30.2	(20.6)	(9.5)	(11.9)	(15.4)
Derivatives Trading	21.3	(7.0)	(2.9)	(4.3)	(5.5)
Fixed Income Trading	89.2	(33.1)	(15.2)	(19.8)	(25.3)
Information & Technology Services	67.2	(26.6)	(9.9)	(16.2)	(20.8)
Post Trade Services	39.1	(66.0)	(30.1)	(37.0)	(47.4)

Management believes goodwill allocated to MillenniumIT, Turquoise and EDX CGUs is unlikely to be impaired under any reasonable changes to key assumptions. The excess of value in use over carrying value is determined by reference to the carrying value, post impairment charge, as at 31 March 2010. Revenue and cost sensitivities assume a five per cent change in revenues or costs for each of the five years in the value in use calculations.

14. Investment in joint ventures

The Group owns 50 per cent of the 1,000 £1 issued equity shares in FTSE International Ltd ("FTSE"), a company incorporated in Great Britain which distributes financial information. FTSE is a joint venture with The Financial Times Ltd, a subsidiary of Pearson plc. The Group's investment of £2.3m at 31 March 2010 represents the Group's share of the joint venture's net assets as at 31 December 2009, FTSE's accounting reference date, adjusted for subsequent dividends received.

The following amounts represent the Group's 50 per cent share of the revenue and expenses and assets and liabilities of FTSE for the years ended 31 December 2008 and 2009.

	December 2009 £m	December 2008 £m
Revenue	43.9	36.7
Expenses, including tax	(40.4)	(34.3)
Profit after tax	3.5	2.4
Non-current assets	7.7	4.7
Current assets	21.1	16.2
Total assets	28.8	20.9
Current liabilities	(23.9)	(18.0)
Non-current liabilities	(1.1)	(0.5)
Total liabilities	(25.0)	(18.5)
Net assets	3.8	2.4

The Group has a 49 per cent interest in TOKYO AIM, a company incorporated in Japan to provide secondary market listings in Tokyo. TOKYO AIM is a joint venture with Tokyo Stock Exchange Group, a company incorporated in Japan, and the Group has recognised its £2.0m share of TOKYO AIM's loss in the income statement.

	2010 £m	2009 £m
Share of net assets of FTSE at 31 December 2009	3.8	2.4
Dividend paid by FTSE in March 2010	(1.5)	(1.3)
Share of net assets TOKYO AIM at 31 March 2010	4.8	0.6
Investment in joint ventures at 31 March	7.1	1.7

The Group is entitled, under a shareholders' agreement, to receive royalties from FTSE. The amount receivable by the Group from FTSE for the year ended 31 March 2010 was £9.6m (2009: £8.2m).

During the year the Group received dividends of £2.3m (2009: £3.5m) from FTSE. The final dividend for 2009, of which the Group's share is £1.5m (2008: £1.3m), was approved by the shareholders and paid after the publication of FTSE's 31 December 2009 results.

15. Investment in associates

	2010 £m	2009 £m
1 April	1.9	2.3
Share of profit/(loss) after tax	0.1	(0.1)
Share of capital decrease and dividend distribution	–	(0.1)
Disposal	(0.3)	(0.6)
Foreign exchange	(0.2)	0.4
31 March	1.5	1.9

The Group's share of the results of its principal associates, all of which are unlisted and have a reporting date of 31 December 2009, and its aggregated assets and liabilities are as follows:

	Country of incorporation	Assets £m	Liabilities £m	Revenues £m	Profit £m	% interest held
MTS France SA	France	2.5	0.7	1.6	–	22.5
MTS Associated Markets	Belgium	2.2	0.8	1.7	0.1	20.0
MTS Portugal SA	Portugal	2.1	0.2	0.9	–	15.0
MTS España SA	Spain	1.2	0.2	1.0	–	30.0

16. Investments in subsidiary undertakings

Company	Shares £m	Loans £m	Total £m
1 April 2008	4,590.3	(57.2)	4,533.1
Impairment	(768.9)	–	(768.9)
Disposal of Borsa Italiana S.p.A.	(1,322.1)	–	(1,322.1)
Acquisition of London Stock Exchange Group Holdings (Italy) Ltd	905.2	416.9	1,322.1
Other movements during the year	–	(15.9)	(15.9)
1 April 2009	3,404.5	343.8	3,748.3
Acquisition of London Stock Exchange Group Holdings (UK) Ltd	7.0	–	7.0
Other movements during the year	–	(10.7)	(10.7)
31 March 2010	3,411.5	333.1	3,744.6

During the prior year the Company acquired London Stock Exchange Group Holdings (UK) Ltd for a nominal value.

Based on the results of the impairment tests performed in respect of the Borsa Italiana group goodwill referred to in note 13 and London Stock Exchange plc, no impairment of the carrying value of the Company's investment in London Stock Exchange Group Holdings (Italy) or London Stock Exchange plc was considered necessary.

	Principal activity	Country of incorporation	Country of principal operations	% equity and votes held
Principal subsidiaries:				
Held directly by the Company:				
London Stock Exchange plc	Recognised investment exchange	UK	UK	100
London Stock Exchange Group Holdings (Italy) Ltd	Holding company	UK	UK	100
London Stock Exchange Group Holdings Ltd	Holding company	UK	UK	100
Held indirectly by the Company				
Borsa Italiana S.p.A.	Recognised investment exchange	Italy	Italy	99.96
Cassa di Compensazione e Garanzia S.p.A.	CCP for clearing	Italy	Italy	86.36
Monte Titoli S.p.A.	Pre-settlement, settlement and centralised custody	Italy	Italy	98.77
Servizio Titoli S.p.A.	Corporate secretary advisory	Italy	Italy	90
Blt Market Services S.p.A.	Retail information services & market technology	Italy	Italy	99.96
Societa per il Mercato dei Titoli di Stato S.p.A.	Wholesale fixed income bonds	Italy	Italy	60.37
EuroMTS Ltd	Wholesale fixed income bonds	UK	UK	60.37
MTSNext Ltd	Wholesale fixed income bonds	UK	UK	60.37
EDX London Ltd	Derivatives exchange	UK	UK	80.1
Proquote Ltd	Market data provider	UK	UK	100
Turquoise Global Holding Ltd	Holding company	UK	UK	51
Baikal Global Ltd	Trading facility	UK	UK	51
Turquoise Trading Ltd	Holding company	UK	UK	51
Turquoise Services Ltd	Trading facility	UK	UK	51
Millennium Information Technologies Ltd	Holding company	Sri Lanka	Sri Lanka	100
Millennium Information Technologies Software Ltd	IT solutions provider	Sri Lanka	Sri Lanka	100

In May 2009, the Group sold 19.9 per cent of equity in EDX London Ltd to TMX Group Inc., for a profit of £2.4m.

The Group acquired 100 per cent of the share capital of Millennium Information Technologies Ltd and 51 per cent of Turquoise Trading Ltd in the year.

London Stock Exchange Group plc holds directly or indirectly 100 per cent of the Ordinary shares, being the only class of shares in issue, of certain other subsidiaries, none of which has actively traded during the year. A full list of subsidiaries will be annexed to the next annual return of London Stock Exchange Group plc.

17. Deferred taxation

The movements in deferred tax assets and liabilities during the year are shown below.

Group	Accelerated tax depreciation	Acquisition deferred tax and amortisation	Provisions and other temporary differences	Total
	£m	£m	£m	£m
1 April 2008	1.1	(93.8)	7.0	(85.7)
Tax credited/(charged) to income statement:				
– other movements to the income statement during the year	(1.8)	8.5	(3.9)	2.8
Tax credited to other comprehensive income:				
– defined benefit pension scheme actuarial loss	–	–	3.2	3.2
– allowance on share options/awards	–	–	(2.1)	(2.1)
– foreign exchange	–	(14.2)	0.4	(13.8)
Acquisition of subsidiaries	–	(0.2)	–	(0.2)
Balance sheet transfer of pre-acquisition balances	–	(1.8)	–	(1.8)
31 March 2009	(0.7)	(101.5)	4.6	(97.6)
Tax credited/(charged) to the income statement:				
– other movements to the income statement during the year	(0.8)	9.4	(2.8)	5.8
Tax credited to other comprehensive income:				
– defined benefit pension scheme actuarial loss	–	–	0.5	0.5
– allowance on share options/awards	–	–	0.6	0.6
– foreign exchange	–	3.0	–	3.0
Acquisition of subsidiaries	–	(0.4)	–	(0.4)
31 March 2010	(1.5)	(89.5)	2.9	(88.1)
Assets at 31 March 2010	0.2	–	6.0	6.2
Liabilities at 31 March 2010	(1.7)	(89.5)	(3.1)	(94.3)
Net (liabilities)/assets at 31 March 2010	(1.5)	(89.5)	2.9	(88.1)
Assets at 31 March 2009	0.2	–	5.5	5.7
Liabilities at 31 March 2009	(0.9)	(101.5)	(0.9)	(103.3)
Net (liabilities)/assets at 31 March 2009	(0.7)	(101.5)	4.6	(97.6)

The deferred tax assets are recoverable against future taxable profits and are due after more than one year.

The purchased intangible assets of Borsa Italiana S.p.A. create a deferred tax liability due to the difference between their accounting and tax treatment. This liability is amortised at the same rate as the intangible assets. The liability is subject to foreign exchange differences, which are taken to the statement of changes in equity.

There was no deferred tax in the Company.

The Group has unrecognised deferred tax assets of £39m (2009: £36m) in respect of capital losses of £33m and trading losses of £6m. The assets will only be recognised in the future should suitable taxable income arise within the Group.

18. Available for sale investments

Available for sale financial investments of £0.4m (2009: £0.4m) represent the cost of the Group's 0.6 per cent interest in the unlisted ordinary shares of Euroclear plc. The fair value of these shares cannot be reliably measured because they are unquoted.

19. Retirement benefit asset/obligation

The Group operates separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes in the UK are held separately from those of the Group in separate trustee administered funds and the funds are primarily managed by Schroder Investment Management Limited, Investec Investment Management Limited, Newton Fund Managers Limited, Legal & General Investment Management Limited, PIMCO Europe Limited and Aviva.

The 'Italian Plan' relates to the severance and leaving indemnity scheme (TFR) operated by Borsa Italiana group in accordance with Italian law.

The Company has no retirement benefit obligations.

Defined benefit schemes

The UK defined benefit scheme is non-contributory and provides benefits based on final pensionable pay related to salary earned in the last five years of employment. The scheme was closed to new members in 1999. Pension scheme obligations and costs are determined by an independent qualified actuary on a regular basis using the projected unit credit method. The obligations are measured by discounting the best estimate of future cash flows to be paid out by the scheme and are reflected in the Group balance sheet.

The TFR operated by Borsa Italiana group is classified as an unfunded defined benefit scheme for funds accumulated prior to 1 July 2007. The service cost, representing deferred salaries accruing to employees, was included as an operating expense and was determined by law at 6.91 per cent of salary payments subject to certain adjustments. The scheme obligation comprises accumulated service costs and is revalued by law at a rate equal to 75 per cent of 'national life price index +1.5 per cent' by an independent qualified actuary. Since 1 July 2007, the Group retains no obligation, as contributions are made directly into Italian state funds in the manner of a defined contribution scheme.

The employee benefit and retirement plan operated by MillenniumIT is classified as a defined benefit plan. The net obligation in respect of this plan is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Once an employee is continuously employed for more than five years, he or she is entitled to a payment equivalent to half a months gross salary multiplied by the number of years in service at MillenniumIT. The current obligations in the scheme is £0.6m.

Defined contribution schemes

The Group's defined contribution schemes are now the only schemes open to new employees in UK and Italy. For the UK pension plan, a core contribution of eight per cent of pensionable pay is provided and the Group will match employee contributions up to a maximum of six per cent of pensionable pay. For the Italian plan, 6.91 per cent of pensionable pay is provided.

Amounts recognised in the income statement are as follows:

	2010		2009	
	UK Pension £m	Other plans £m	UK Pension £m	Italian plan £m
Defined contribution schemes	(4.3)	(2.4)	(3.2)	(2.6)
Defined benefit scheme – current service cost	(0.7)	(0.1)	(0.9)	(0.1)
Total pension charge included in employee costs (see note 6)	(5.0)	(2.5)	(4.1)	(2.7)
Finance income and expense				
Interest cost	(14.3)	(0.3)	(14.4)	(0.4)
Expected return on assets	11.8	–	13.0	–
Net finance expense	(2.5)	(0.3)	(1.4)	(0.4)
Total recognised in the income statement	(7.5)	(2.8)	(5.5)	(3.1)

Defined benefit assets/(obligations) for UK pension scheme

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Fair value of assets:					
Equities	37.2	25.1	33.2	35.7	69.4
Bonds	218.5	202.6	190.9	185.2	153.3
Property	13.3	7.1	8.8	3.7	–
Total fair value of assets	269.0	234.8	232.9	224.6	222.7
Present value of funded obligations	(264.4)	(229.8)	(221.1)	(239.6)	(243.0)
Surplus/(deficit)	4.6	5.0	11.8	(15.0)	(20.3)

The main actuarial assumptions are set out below:

	2010		2009	
	UK Pension	Italian plan	UK Pension	Italian plan
Inflation rate	3.7%	2.0%	3.1%	2.0%
Rate of increase in salaries	5.2%	3.5%	5.1%	3.5%
Rate of increase in pensions in payment	4.0%	3.0%	3.7%	3.0%
Discount rate	5.5%	4.1%	6.3%	4.2%
Expected return on assets as at 31 March 2010 and 2009				
– equities	7.6%	–	8.2%	–
– bonds	5.2%	–	5.4%	–
– property	6.7%	–	7.2%	–
Life expectancy from age 60 (years)				
– Non retired male member	27.7	–	29.2	–
– Non retired female member	30.5	–	32.7	–
– Retired male member	26.1	–	27.6	–
– Retired female member	29.0	–	31.0	–

Expected returns on equities and property are determined by applying an appropriate risk premium to the risk free rate measured with reference to the return on government bonds. Expected returns on bonds are derived from returns on government and corporate bonds of an equivalent term to the investments held.

The mortality assumptions are based on the standard tables S1NA published by the Institute and Faculty of Actuaries adjusted to take account of projected future improvements in life expectancy from the Self Administered Pension Scheme (SAPS) mortality survey, which was published in 2008 (March 2009 – PA92 tables). The S1NA base data is derived from pension scheme data from 2000 to 2006 which is more recent than PA92 which was based on insurance death data from the period 1990 to 1994. The change in the assumption has been made on the basis of actuarial guidance to reflect the most current data available on mortality experience within pension schemes. In both cases we have used an allowance for the medium cohort effect and applied a one per cent underpin in respect of future mortality improvements.

Sensitivities

The sensitivities regarding the principal assumptions used to measure the scheme obligations are:

Assumption	Change in assumption	Impact on scheme obligations
Inflation rate	Increase/decrease by 0.5%	Increase/decrease by £0.9m
Rate of increase in pensions payment	Increase/decrease by 0.5%	Increase/decrease by £12.6m
Discount rate	Increase/decrease by 0.5%	Decrease/increase by £26.2m
Mortality rate	Increase by 1 year	Increase by £2.7m

Movement in defined benefit obligation during the year

	2010		2009	
	UK Pension £m	Other plans £m	UK Pension £m	Italian plan £m
1 April	229.8	8.3	221.1	7.6
Obligation arising from acquisition	–	0.6	–	–
Reclassification from/(to) other payables	–	0.6	–	(0.4)
Current service cost	0.7	0.1	0.9	0.1
Interest expense	14.3	0.3	14.4	0.4
Benefits paid	(7.0)	(2.5)	(6.4)	(1.1)
Actuarial loss/(gain)	27.4	–	(0.2)	0.6
Curtailment gain	(0.8)	–	–	–
Foreign exchange	–	(0.1)	–	1.1
31 March	264.4	7.3	229.8	8.3

Movement in fair value of UK plan assets during the year

	2010	2009
	£m	£m
1 April	234.8	232.9
Expected return on assets	11.8	13.1
Contributions received	3.8	6.5
Benefits paid	(7.0)	(6.4)
Actuarial gain/(loss)	25.6	(11.3)
31 March	269.0	234.8

The actual return on plan assets was £37.4m (2009: £1.8m).

Defined benefit actuarial gains and losses recognised

The experience adjustments and the effects of changes in actuarial assumptions of the pension scheme during the year are recognised in the statement of comprehensive income:

	2010		2009	
	UK Pension £m	Italian plan £m	UK Pension £m	Italian plan £m
Recognised up to 1 April	4.5	(1.3)	15.5	(0.6)
Net actuarial (loss)/gain recognised in the year	(1.8)	–	(11.0)	(0.7)
Cumulative amount recognised at 31 March	2.7	(1.3)	4.5	(1.3)

The last actuarial valuation of the defined benefit scheme was carried out at 31 March 2009 by an independent qualified actuary. Following the valuation, ordinary contributions were increased from 36 per cent to 41 per cent of pensionable salaries. The Group expects to contribute approximately £0.8m to the defined benefit scheme during the year to 31 March 2011. The next actuarial valuation as at 31 March 2012 may result in an adjustment to future contribution levels.

The Group estimates the present value of the duration of defined benefit obligations on average fall due over 20 years.

History of experience gains and losses for UK scheme	2010	2009	2008	2007	2006
Experience adjustments arising on scheme assets:					
Gain/(loss) (£m)	25.6	(11.2)	(3.7)	(10.7)	21.8
Percentage of scheme assets	9.5%	(4.8%)	(1.6%)	(4.8%)	9.8%
Experience adjustments arising on scheme liabilities:					
Experience gain/(loss) (£m)	7.5	1.3	0.7	(0.4)	5.2
Impact of changes in assumptions (£m)	(34.9)	(1.1)	24.8	11.4	(31.0)
Total (£m)	(27.4)	0.2	25.5	11.0	(25.8)
Percentage of scheme liabilities					
Experience gain/(loss)	2.8%	0.6%	0.3%	(0.2%)	2.1%
Impact of changes in assumptions	(13.2%)	(0.5%)	11.2%	4.8%	(12.7%)
Total	(10.4%)	0.1%	11.5%	4.6%	(10.6%)

20. Inventories

	2010	2009
	£m	£m
Group		
Work in progress	1.5	–
Finished goods	0.7	–
	2.2	–

The Company has no inventories.

21. Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	£m	£m	£m	£m
Trade receivables	84.8	72.3	–	–
Less: provision for impairment of receivables	(6.8)	(6.6)	–	–
Trade receivables – net	78.0	65.7	–	–
Amounts due from Group undertakings	–	–	161.4	169.2
Other receivables	5.7	0.9	–	–
Prepayments and accrued income	48.5	47.9	–	–
	132.2	114.5	161.4	169.2

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values.

Trade receivables that are not past due are not considered to be impaired.

The ageing of the Group's past due debtors is as follows:

	2010		2009	
	Impaired	Not impaired	Impaired	Not impaired
	£m	£m	£m	£m
0 to 3 months past due	–	0.2	0.9	1.2
Greater than 3 months past due	6.8	4.1	5.8	1.0
	6.8	4.3	6.7	2.2

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2010	2009
	£m	£m
Sterling	56.0	52.7
Euro	70.9	61.8
Other currencies	5.3	–
	132.2	114.5

Movements on the Group's provision for impairment of trade receivables are as follows:

	2010	2009
	£m	£m
At 1 April	6.6	0.7
Acquisition of subsidiaries	0.1	–
Provision for receivables impairment	0.7	6.0
Receivables written off during the year as uncollectible	(0.2)	(0.2)
Provisions no longer required	(0.1)	(0.1)
Foreign exchange	(0.3)	0.2
At 31 March	6.8	6.6

The creation and release of provisions for impaired receivables have been included in operating expense in the income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables and the other categories of financial assets do not contain impaired assets.

22. Financial instruments by category

The financial instruments of the Group and Company are categorised as follows:

	Group			Total	Company		
	Loans and receivables	Available for sale	Assets at fair value through profit or loss		Loans and receivables	Assets at fair value through profit or loss	Total
31 March 2010	£m	£m	£m	£m	£m	£m	£m
Assets as per balance sheet							
Financial assets of the CCP clearing business							
– CCP trading assets	–	–	5,467.9	5,467.9	–	–	–
– Receivables for repurchase transactions	72,687.0	–	–	72,687.0	–	–	–
– Other receivables from clearing members	1,489.8	–	–	1,489.8	–	–	–
– Financial assets held at fair value	–	–	24.6	24.6	–	–	–
– Cash and cash equivalents of clearing members	4,580.7	–	–	4,580.7	–	–	–
Financial assets of the CCP clearing business	78,757.5	–	5,492.5	84,250.0	–	–	–
Assets held at fair value	–	–	9.5	9.5	–	–	–
Total financial assets for CCP clearing	78,757.5	–	5,502.0	84,259.5	–	–	–
Trade and other receivables	132.2	–	–	132.2	199.5	–	199.5
Cash and cash equivalents	223.1	–	–	223.1	–	–	–
Available for sale financial assets	–	0.4	–	0.4	–	–	–
Derivative financial instruments	–	–	0.6	0.6	–	0.6	0.6
Total	79,112.8	0.4	5,502.6	84,615.8	199.5	0.6	200.1

	Group			Total	Company		
	Derivatives used for hedging	Other financial liabilities			Derivatives used for hedging	Other financial liabilities	Total
31 March 2010	£m	£m	£m	£m	£m	£m	
Liabilities as per balance sheet							
Financial liabilities of the CCP clearing business							
– CCP trading liabilities	–	5,467.9	5,467.9	–	–	–	
– Liabilities under repurchase transactions	–	72,687.0	72,687.0	–	–	–	
– Other payables to clearing members	–	6,078.3	6,078.3	–	–	–	
– Financial liabilities held at fair value	–	24.3	24.3	–	–	–	
Financial liabilities of the CCP clearing business	–	84,257.5	84,257.5	–	–	–	
Borrowings	–	606.7	606.7	–	606.7	606.7	
Derivative financial instruments	19.0	–	19.0	19.0	–	19.0	
Total	19.0	84,864.2	84,883.2	19.0	606.7	625.7	

The valuation of assets held at fair value through profit or loss is performed with reference to quoted prices from the markets to which they relate and therefore are all considered to be level 1.

Financial assets of the CCP clearing business substantially offset its financial liabilities. The significant year on year increase principally reflects the higher number and value of repurchase transactions that remained open on 31 March 2010 together with an increase in the volatility of their nominal values compared to prior reporting dates.

During the period, the Group executed four cross-currency swaps, of €50m each, to exchange a proportion of its sterling bond issue obligations (swapping €100m sterling equivalent of each of the 2016 and 2019 £250m bond issues) into euros. The swaps are designated part of the Group's net investment hedge and these derivative financial instruments exactly match the term of the respective bonds, the sterling coupon interest rates and their timings and so these hedges are expected to be perfectly effective. For the year ended 31 March 2010, the Group recognised the movement in mark to market value of these derivatives (£16.3m) in reserves.

In addition, the Group arranged four new interest rate swaps of £25m each, switching a proportion of its 2016 sterling bond issue obligation from fixed interest rates into floating interest rates, the swaps accounted for as fair value hedges. These swaps were arranged for a period of two years from January 2009 and are expected to be effective hedges. At 31 March 2010, the Group recognised the movement in mark to market value of these derivatives (£0.6m) in the income statement.

The CCP clearing business assets and liabilities comprise:

a) CCP trading assets and liabilities

The fair value of open positions on the derivatives market (IDEM) in which CC&G operates as the central counterparty and relate to:
 (i) derivative instruments on the S&P MIB index (index futures, mini index futures, index options); and
 (ii) derivative instruments in respect of individual stocks (equity futures, equity options).

b) Receivables for/liabilities under repurchase transactions (Repos)

The value of repo transactions executed by participants in the MTS market who use the central counterparty guarantee service provided by CC&G refers to the value of transactions for which the spot part has been settled while the forward part has still to be settled.

c) Other receivables from clearing members

Sums receivable as initial margin, variation margin, option premiums and securities as collateral resulting from the activity of participants in the IDEM, MTA and MTS markets.

d) Other payables to clearing members

Liability to members for amounts delivered as initial margin, variation margin, option premiums and securities as collateral, resulting from the activity of participants in the IDEM, MTA and MTS markets.

e) Assets and liabilities held at fair value

(i) Equities and bonds, listed on regulated markets, which CC&G has already withdrawn from the settlement system but has not yet delivered to the intermediaries who have bought them; and
 (ii) Securities traded but not yet settled as part of the CCP function.

f) Cash and cash equivalents

Cash and cash equivalents at bank, representing margins and default fund amounts received in connection with the CCP clearing service.

As at 31 March 2010, there were no provisions for impairment in relation to any of the CCP financial assets (2009: nil) and none of these assets were past due (2009: nil).

The financial instruments of the Group and the Company at the previous year's balance sheet date were as follows:

	Group			Total £m	Company	
	Loans and receivables £m	Available for sale £m	Assets at fair value through profit or loss £m		Loans and receivables £m	Total £m
31 March 2009						
Assets as per balance sheet						
Financial assets of the CCP clearing business						
– CCP trading assets	–	–	5,480.5	5,480.5	–	–
– Receivables for repurchase transactions	25,302.5	–	–	25,302.5	–	–
– Other receivables from clearing members	1,287.6	–	–	1,287.6	–	–
– Financial assets held at fair value	–	–	7.3	7.3	–	–
– Cash and cash equivalents of clearing members	3,596.6	–	–	3,596.6	–	–
Financial assets of the CCP clearing business	30,186.7	–	5,487.8	35,674.5	–	–
Assets held at fair value	–	–	5.0	5.0	–	–
Total financial assets for CCP clearing	30,186.7	–	5,492.8	35,679.5	–	–
Trade and other receivables	114.5	–	–	114.5	169.1	169.1
Cash and cash equivalents	143.7	–	–	143.7	–	–
Available for sale financial assets	–	0.4	–	0.4	–	–
Total	30,444.9	0.4	5,492.8	35,938.1	169.1	169.1

	Group			Company		
	Derivatives used for hedging	Other financial liabilities	Total	Derivatives used for hedging	Other financial liabilities	Total
31 March 2009	£m	£m	£m	£m	£m	£m
Liabilities as per balance sheet						
Financial liabilities of the CCP clearing business						
– CCP trading liabilities	–	5,480.5	5,480.5	–	–	–
– Liabilities under repurchase transactions	–	25,302.5	25,302.5	–	–	–
– Other payables to clearing members	–	4,889.0	4,889.0	–	–	–
– Financial liabilities held at fair value	–	7.2	7.2	–	–	–
Financial liabilities of the CCP clearing business	–	35,679.2	35,679.2	–	–	–
Borrowings	–	624.8	624.8	–	624.8	624.8
Derivative financial instruments	1.6	–	1.6	1.6	–	1.6
Total	1.6	36,304.0	36,305.6	1.6	624.8	626.4

23. Assets held at fair value

	2010	2009
	£m	£m
Financial assets held at fair value	9.5	5.0

The Group's assets held at fair value consist largely of Italian equities restricted in use for the operations of CC&G as manager of the clearing and guarantee system. The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

The Company has no assets held at fair value.

24. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	£m	£m	£m	£m
Cash at bank	123.8	85.2	0.1	–
Short term deposits	99.3	58.5	–	–
	223.1	143.7	0.1	–

Cash and cash equivalents is held with counterparties of a high credit standing, in interest bearing call accounts, short term deposits and AAA rated liquidity funds. Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no differences between their book and fair values.

Cash and cash equivalents does not include amounts held by CC&G on behalf of its clearing members, the use of which is restricted to the operation of CC&G as manager of the clearing and guarantee system (see note 22). Cash and cash equivalents does include amounts held by regulated entities for regulatory and operational purposes. At 31 March 2010, the Group set aside £125m (2009: £125m), for such purposes, with the amount subject to ongoing review with regulators in the UK and Italy.

25. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	£m	£m	£m	£m
Trade payables	15.1	20.1	–	–
Amounts owed to Group undertakings (note 36)	–	–	184.6	209.8
Social security and other taxes	20.1	8.8	–	–
Other payables	25.4	21.1	3.8	3.3
Accruals and deferred income	76.5	62.9	14.9	5.7
	137.1	112.9	203.3	218.8

The carrying amounts of trade and other payables are reasonable approximations of fair value.

26. Derivative financial instruments

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Current Asset				
Interest rate swaps – fair value hedges	0.6	–	0.6	–
Current Liability				
Interest rate swaps – cash flow hedges	2.7	1.5	2.7	1.5
Forward foreign exchange contracts	–	0.1	–	–
	2.7	1.6	2.7	1.5
Non Current Liability				
Cross currency interest rate swaps	16.3	–	16.3	–

The interest rate swaps are used to manage exposure to movements in interest rates. Debt converted from a fixed to floating rate is designated as a cash flow hedge. Debt converted from floating to fixed is designated as fair value hedge. The fair value is determined by reference to observable market interest rates.

The cross currency interest rate swaps are used to change the currency of borrowings to reduce exposure to net assets denominated in currencies other than sterling. These are designated as a hedge of the Group's net investment in Borsa Italiana and qualify for effective hedge accounting as both legs of the swap are at fixed rate.

The effectiveness of the hedges has been tested by means of a regression analysis and ineffectiveness was found to be negligible. Gains and losses recognised in the hedging reserve in equity on cash flow hedges are recognised in the income statement in the period during which the hedged forecast transaction takes place.

27. Borrowings

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Current				
Bank borrowings and trade finance loans	0.9	–	–	–
Redeemable class B shares	–	2.3	–	2.3
	0.9	2.3	–	2.3
Non-current				
Bonds	499.6	252.6	499.6	252.6
Bank borrowings	106.2	369.9	106.2	369.9
	605.8	622.5	605.8	622.5

The Group has the following committed unsecured bank facilities:

Type	Expiry date	Facility £m	Carrying value	Interest rate
			at 31 March 2010 £m	percentage at 31 March 2010
Multi-currency revolving credit facility	October 2011	25.0	–	LIBOR + 0.8
Multi-currency revolving credit facility	February 2012	200.0	–	LIBOR + 1.25
Multi-currency revolving credit facility	July 2013	250.0	107.1	LIBOR + 0.8
Capitalised bank facility arrangement fees		–	(0.9)	
Total bank facilities		475.0	106.2	
Notes issued July 2006	July 2016	250.0	252.3	6.125
Notes issued June 2009	October 2019	250.0	247.3	9.125
Total Bonds		500.0	499.6	
Total Debt		975.0	605.8	

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements. In addition, uncommitted credit lines of €1bn are available from major Italian banks in relation to support of the MTS markets. If these are drawn they are guaranteed by Italian government bonds. CC&G also has available to it €125m of committed facilities with banks, available for short term CCP related activity purposes only.

Current borrowings

MillenniumIT has a mixture of import loans and overdrafts drawn against on-demand facilities available in Sri Lanka. The import loans are drawn in Sri Lankan Rupees (LKR) and are priced at 2.75 per cent per annum over Sri Lankan LIBOR. The overdrafts are drawn partly in LKR and partly in USD with pricing at 1.5 per cent per annum and 4 per cent per annum over Sri Lankan LIBOR and US dollar LIBOR respectively.

Non-current borrowings

In July 2006, the Company issued a £250m bond which is unsecured and is due for repayment in 2016. Interest is paid semi-annually in arrears in January and July each year. The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on the company's credit rating with Moody's. Moody's rating improved from Baa3 (positive outlook) to Baa2 (stable) in February 2009.

The bond coupon was 6.375 per cent at the start of the last financial year but the impact of the rating improvement was to reduce the coupon to 6.125 per cent from July 2009. There were no further changes to the coupon during the year.

In June 2009 the Company issued another £250m bond which is unsecured and is due for repayment in 2019. Interest is paid semi-annually in arrears in April and October each year. The issue price of the bond was £99.548 per £100 nominal. The coupon on the bond is dependent on the company's credit rating. The bond coupon was 9.125 per cent throughout the financial year.

As at 31 March 2010 the Company had drawn £107.1m (2009: £371.5m) from its unsecured committed revolving facilities.

Fair values

The fair and carrying values of the Group's borrowings are as follows:

Group	Carrying value 2010 £m	Fair value 2010 £m	Carrying value 2009 £m	Fair value 2009 £m
Borrowings				
– within one year	0.9	0.9	2.3	2.3
– after more than one year	605.8	664.0	622.5	624.1
	606.7	664.9	624.8	626.4

The fair and carrying values of the Company's borrowings are as follows:

Company	Carrying value 2010 £m	Fair value 2010 £m	Carrying value 2009 £m	Fair value 2009 £m
Borrowings				
– within one year	–	–	2.3	2.3
– after more than one year	605.8	664.0	622.5	624.2
	605.8	664.0	624.8	626.5

The fair values of borrowings are based on discounted cash flows using a market rate based on market borrowing cost. Floating rate borrowings bear interest at an agreed margin over LIBOR.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Currency	2010 £m	2009 £m
Sterling	498.7	472.9
Euro	107.1	151.9
LKR	0.9	–
	606.7	624.8

During the year, £177.8m of sterling denominated borrowings were swapped into euros effectively reducing total sterling borrowings above to £321.8m and increasing total euro borrowings to £284.0m.

28. Analysis of net debt

	Group		Company	
	2010	2009	2010	2009
	£m	£m	£m	£m
Due within one year				
Cash and cash equivalents	223.1	143.7	0.1	–
Bank borrowings	(0.9)	–	–	–
Redeemable class B shares	–	(2.3)	–	(2.3)
Derivative financial assets	0.6	–	0.6	–
Derivative financial liabilities	(2.7)	(1.6)	(2.7)	–
	220.1	139.8	(2.0)	(2.3)
Due after one year				
Bank borrowings	(106.2)	(369.9)	(106.2)	(369.9)
Bonds	(499.6)	(252.6)	(499.6)	(252.6)
Derivative financial liabilities	(16.3)	–	(16.3)	–
Total net debt	(402.0)	(482.7)	(624.1)	(624.8)

Reconciliation of net cash flow to movement in net debt

	Group		Company	
	2010	2009	2010	2009
	£m	£m	£m	£m
Increase/(decrease) in cash in the year	82.5	(68.6)	0.1	–
Bond issue – notes due 2019	(248.9)	–	(248.9)	–
Bank loan repayments less new drawings	257.3	82.0	257.9	82.0
B share redemptions	2.3	5.3	2.3	5.3
Other repayments	–	1.2	–	–
Change in net debt resulting from cash flows	93.2	19.9	11.4	87.3
Foreign exchange movements	3.2	(13.0)	6.6	(24.7)
Movement on derivative financial assets and liabilities	(16.8)	6.3	(18.4)	–
Bond valuation adjustment	0.5	3.5	0.5	3.5
Other non-cash movements	0.6	–	0.6	–
Net debt at start of year	(482.7)	(499.4)	(624.8)	(690.9)
Net debt at end of year	(402.0)	(482.7)	(624.1)	(624.8)

29. Provisions

Group	Property	Other	Total
	£m	£m	£m
1 April 2008	27.0	1.4	28.4
Charges during the year	2.1	–	2.1
Utilised during the year	(3.6)	(1.4)	(5.0)
Interest on discounted provision	1.2	–	1.2
31 March 2009	26.7	–	26.7
Charges during the year	9.2	–	9.2
Utilised during the year	(3.2)	–	(3.2)
Interest on discounted provision	1.2	–	1.2
31 March 2010	33.9	–	33.9
Current	3.7	–	3.7
Non-current	30.2	–	30.2
31 March 2010	33.9	–	33.9

The property provision represents the estimated net present value of future costs for lease rentals and dilapidation costs less the expected receipts from sub-letting space which is surplus to business requirements. The leases have between four and 18 years to expiry.

The Company has no provisions.

30. Ordinary share capital

	2010		2009	
	millions	£m	millions	£m
Issued, called up and fully paid				
Ordinary shares of 6 ⁷ / _{60p}	271.1	18.8	270.5	18.7
Class B shares of £2	–	–	1.1	2.3
		18.8		21.0
Less: Class B shares designated as borrowings (see note 28)		–		(2.3)
Share capital		18.8		18.7

During the year the Company issued 0.5m shares in October 2009 at an average share price of £9.34 per share and 0.1m shares in February 2010 at an average share price of £6.55 per share in relation to the acquisition of MillenniumIT. The total consideration was £5.2m. The excess of the consideration over the nominal value has been charged against the merger reserve.

More information about the different classes of share, and rights attaching, is given in the Directors' Report on pages 54 and 55 in this Report.

31. Net cash flow generated from operations

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Profit/(loss) before taxation	144.3	(250.8)	80.4	(672.3)
Depreciation and amortisation	123.0	85.8	–	–
Impairment of goodwill and investments	–	484.0	–	768.9
Loss on disposal of property, plant and equipment	2.3	0.1	–	–
Profit on disposal of share of subsidiaries associates	(2.7)	(2.0)	–	–
Net finance expense/(income)	40.7	44.9	(135.7)	(107.9)
Share of profit after tax of joint ventures	(1.6)	(2.1)	–	–
Provisions created during the year	9.2	2.1	–	–
Provisions utilised during the year	(3.2)	(5.0)	–	–
Increase in inventories	(1.1)	–	–	–
(Increase)/decrease in trade and other receivables	(15.5)	15.2	38.1	–
Increase/(decrease) in trade and other payables	8.7	(32.7)	(0.6)	0.4
Increase/(decrease) in CCP clearing business liabilities	49,498.8	18,371.5	–	–
(Increase)/decrease in CCP financial assets	(49,495.8)	(18,371.2)	–	–
Defined benefit pension obligation – contributions in excess of expenses charged	(4.9)	(6.9)	–	–
(Increase)/decrease in assets held at fair value from operating activities	(4.6)	9.9	–	–
Share scheme expense	3.5	10.2	–	–
Foreign exchange losses/(gains) on operating activities	0.1	(0.4)	14.3	5.9
Cash generated from operations	301.2	352.6	(3.5)	(5.0)
Comprising:				
Ongoing operating activities	325.0	378.9	(3.5)	(5.0)
Exceptional items	(23.8)	(26.3)	–	–
	301.2	352.6	(3.5)	(5.0)

Non-cash transactions include the issue of shares as consideration for the acquisition of a subsidiary discussed in note 33.

Interest on CCP balances is received by CC&G net of withholding tax, which is deducted at source. This withholding tax is effectively therefore a cash outflow and is therefore shown in the cash flow statement.

32. Commitments and contingent liabilities

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £2.0m (2009: nil) and £3.1m (2009: £7.6m) respectively.

The Group will fully fund the cash needs of Turquoise, within an agreed framework, for the first 24 months from acquisition.

33. Business combinations

In the year to 31 March 2010 the Group made two acquisitions involving the acquisition of 100 per cent of the issued share capital of each company.

Due to the share for share consideration for Turquoise, the Group's shareholding stood at 60 per cent immediately post transaction. This was reduced to 51 per cent following a disposal of nine per cent of the shareholding on 5 March 2010.

Acquisitions in the year to 31 March 2010

Company acquired	Date acquired	Consideration ¹ £m	Goodwill £m	Fair value of assets acquired £m	Contribution post-acquisition	
					Revenue £m	Operating profit/(loss) £m
Sri Lanka						
Millennium Information Technologies Ltd (MillenniumIT)	16 October 2009	19.1	1.5	17.6	6.7	0.5
UK						
Turquoise Trading Ltd (Turquoise)	17 February 2010	16.1	8.7	7.4	0.3	(1.8)
Total		35.2	10.2	25.0	7.0	(1.3)

¹ Consideration includes acquisition costs.

If both acquisitions had occurred on 1 April 2009, estimated Group revenue for the year would have been £613.0m, with operating profit (before acquisition amortisation and exceptional items) of £263.5m. These amounts have been calculated using the Group's accounting policies.

The assets and liabilities arising out of each acquisition at the relevant acquisition date are as follows:

	Millennium Information Technologies Ltd		Turquoise Trading Ltd		Total	
	Book value £m	Fair value adjustment £m	Book value £m	Fair value adjustment £m	Book value £m	Fair value £m
Non-current assets:						
Intangible assets	1.0	14.0	0.7	3.3	1.7	19.0
Property, plant and equipment	2.7	–	1.2	–	3.9	3.9
Other non-current assets	–	–	0.6	–	0.6	0.6
Current assets:						
Cash and cash equivalents	0.1	–	5.1	–	5.2	5.2
Other current assets	4.2	–	1.0	–	5.2	5.2
Current liabilities:						
Other current liabilities	(4.4)	–	(4.1)	–	(8.5)	(8.5)
Non-current liabilities						
Deferred tax liability	–	–	–	(0.4)	–	(0.4)
Net assets	3.6	14.0	4.5	2.9	8.1	25.0
Goodwill	–	1.5	–	8.7	–	10.2
Total consideration	3.6	15.5	4.5	11.6	8.1	35.2
Satisfied by:						
Cash (including transaction fees)						16.5
Shares						18.7
						35.2

The fair value adjustments include:

Millennium Information Technologies Ltd

The £14.0m of intangible assets arising on consolidation represents £12.0m of purchased intellectual property, £1.4m of customer contracts, £0.4m of supplier relationships and £0.2m of brand value. The fair values of these purchased intangible assets are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill of £1.5m arising on consolidation represents the future synergies and growth potential of MillenniumIT as part of the Group and its assembled workforce. These fair values are still preliminary and will be finalised during the following financial year.

Turquoise Trading Ltd

The £3.3m of intangible assets arising on consolidation represents £2.3m of customer relationships, £0.1m of brands and £0.9m of licences. The fair values of these purchased intangible assets are being amortised over their useful economic lives, which do not normally exceed

25 years. The goodwill of £8.7m arising on consolidation represents the future synergies with the Group and growth potential of Turquoise Trading Ltd and its assembled workforce. The carrying value of Turquoise goodwill as at 31 March 2010 is £8.3m due to a deemed disposal of £0.4m on 5 March 2010 on the sale of a nine per cent interest to third parties. These fair values are still preliminary and will be finalised during the following financial year.

34. Leases

The Group leases various office properties and equipment under non-cancellable operating leases.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	Group			
	Property		Equipment	
	2010 £m	2009 £m	2010 £m	2009 £m
Less than one year	17.0	21.0	1.0	–
More than one year and less than five years	70.4	75.0	2.1	–
More than five years	119.6	129.7	–	–
	207.0	225.7	3.1	–

Operating lease payments of £15.6m (2009: £19.0m) were charged to the income statement in the year in relation to property. No operating lease payments were charged to the income statement in the year in relation to equipment.

The total future minimum lease payments expected to be received under non-cancellable operating leases are due as follows:

	Group	
	2010 £m	2009 £m
	Less than one year	4.4
More than one year and less than five years	18.9	26.8
More than five years	18.2	10.6
	41.5	45.9

The Company has no lease commitments.

35. Share schemes

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2004 AGM, has two elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in the Company's shares. Vesting of these awards is dependent upon the Company's total shareholder return performance and for awards made since 2008 adjusted basic earnings per share. Further details are provided in the Remuneration Report on pages 44 to 53.

Under the Group's previous share option plan approved by shareholders in 2002, the maximum value of shares placed under option to an individual was equivalent to 100 per cent of their annual salary. No further awards will be made under this scheme.

Prior to 2002, under the previous long-term incentive scheme (comprising the Initial and Annual Share Plans) option grants and share awards were made based on approvals prior to the Group's listing in July 2001. No further option grants or share awards will be made under this scheme apart from the SAYE scheme available to all staff. Under both the Initial and Annual Share Plan, share awards have a vesting period of three years and share options become exercisable at 20 per cent per annum over five years with a contractual life of 10 years.

The SAYE scheme and International Sharesave Plan provide for grants of options to employees who enter into a SAYE savings contract and options were granted at 20 per cent below fair market value. Share awards were granted at nil cost to employees and share options were granted at fair market value or above.

A performance-related Restricted Share Plan was introduced in 2008. Under this plan if the Company meets or exceeds its stretching financial targets for the financial year, deferred shares will be awarded to a limited number of employees who have contributed to this success. These shares will then be released to individuals 12 months after grant contingent on continued employment. Any recipient of a Long Term Incentive Plan award in 2008, including Executive Directors and other Senior Executives, will not participate in the Restricted Share Plan.

The Group established an ESOP discretionary trust to administer the share plans and to acquire the shares to meet commitments to Group employees. At the year end 2,874,538 (2009: 3,621,781) shares were held by the trust, funded by an interest free loan from the Group. The Company has no employees, but in accordance with SIC 12 "Consolidation – Special Purpose Entities" has the obligation for the assets, liabilities, income and costs of the ESOP trust and these have been consolidated in the Group's financial statements. The cost of the Group's shares held by the trust are deducted from retained earnings.

Movements in the number of share options and awards outstanding and their weighted average exercise prices are as follows:

	Share options		SAYE Scheme		LTIP	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 April 2008	1,800,681	3.36	278,436	6.25	2,263,427	–
Granted	–	–	581,672	5.69	2,542,429	–
Exercised	(190,945)	3.60	(82,878)	2.75	(838,551)	–
Forfeited	(7,062)	3.88	(153,019)	8.94	(337,963)	–
At 31 March 2009	1,602,674	3.33	624,211	5.53	3,629,342	–
Granted	64,960	3.45	–	–	2,649,045	–
Exercised	(333,299)	3.37	(80,656)	3.50	(340,267)	–
Forfeited	(5,838)	3.45	(98,584)	6.06	(1,286,488)	–
At 31 March 2010	1,328,497	3.32	444,971	5.79	4,651,632	–
Exercisable at:						
31 March 2010	1,269,105	3.17	9,425	10.26	–	–
31 March 2009	1,602,674	3.33	–	–	10,284	–

The weighted average share price during the year was £7.40 (2009: £7.05).

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

Exercise price range	Awards/options outstanding 2010		Awards/options outstanding 2009	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
Share options				
Up to £3	312,250	0.2	341,880	1.0
Between £3 and £4	952,837	2.1	1,197,384	3.7
Above £4	63,410	0.1	63,410	2.2
SAYE				
Between £2 and £4	–	–	64,279	0.9
Between £5 and £6	435,546	1.4	542,352	2.9
Above £10	9,425	0.1	17,580	1.3
LTIP				
Nil	4,651,632	1.7	3,629,342	1.8
Total	6,425,100	1.8	5,856,227	2.2

The fair value of share awards and share options granted during the year was determined using a stochastic valuation model. The key assumptions used in the valuation were as follows:

	Performance shares 25 November 2009	Matching/ Performance shares 25 November 2009	Matching/ Performance shares 16-28 July 2009	Matching shares 25 September 2009	Company share option plan 16 September 2009
Grant date share price	814.5p	814.5p	681.5p - 682.5p	839.5p	860.5p
Exercise price	n/a	n/a	n/a	n/a	808.0p
Volatility	54%	54%	53%	54%	54%
Expected life	2 - 3.25 years	3 years	3 years	3 years	3 years
Dividend yield	3.00%	3.00%	3.60%	2.90%	2.80%
Fair value	£7.67 - £7.39	–	–	–	£2.95
Fair value TSR	–	£4.83	£3.93	£4.99	–
Fair value EPS	–	£7.44	£6.12	£7.70	–

The volatility assumption is based on a statistical analysis of weekly share prices since the London Stock Exchange's flotation in July 2001. The fair value for the Performance and Matching Shares granted during the year is based on a Total Shareholder Return (TSR) pricing model which takes account of the TSR vesting condition. The fair value of all other shares granted is based on a Black-Scholes model. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

36. Transactions with related parties

FTSE International Ltd

Details of transactions with FTSE International Ltd are included in note 14.

Key management compensation

Compensation for Directors of the Company and key personnel who have authority for planning, directing and controlling the Group:

	2010 £m	2009 £m
Salaries and other short term benefits	7.1	6.8
Pensions	0.5	0.2
Share based payments	–	2.0
	7.6	9.0

Inter-company transactions with subsidiary undertakings

The Company has loan agreements with some of its subsidiary companies. Details as at 31 March 2010 are shown in the table below:

Loan counterparty	Amount due/(owed) as at 31 March		Term	Interest rate as at 31 March 2010	Interest credit/(charge)	
	2010	2009			2010	2009
LSE plc	£(178.5)m	£(198.2)	25 years from May 2006 with five equal annual repayments commencing in May 2027.	LIBOR plus 2% per annum	£(6.7)m	£(12.0)m
London Stock Exchange Employee Benefit Trust	£21.0m	£60.5m	Repayable on demand.	Non-interest bearing	nil	nil
London Stock Exchange Group Holdings (Italy) Limited – Italian Branch	€450.0m	€450.0m	5 years from March 2009, repayable in full on maturity in March 2014.	EURIBOR plus 4.0% per annum	€26.6m	nil
London Stock Exchange Group Holdings (Italy) Limited – Italian Branch	€89.5m	nil	20 years from January 2008 with 5 equal repayments commencing in January 2024.	EURIBOR plus 1.2% per annum	€1.2m	nil
Borsa Italiana S.p.A.	nil	€109.0m	20 years from January 2008 with 5 equal repayments commencing in January 2024.	EURIBOR plus 1.2% per annum	€1.2m	€7.3m
London Stock Exchange Group Holdings Limited	£33.8m	nil	Fifth anniversary of the initial utilisation date which was October 2009.	LIBOR plus 4.0% per annum	£0.5m	nil
MillenniumIT Limited	nil	nil	First anniversary of the initial utilisation date.	LIBOR plus 4.0% per annum	nil	nil

During the year the Company charged in respect of employee share schemes £2.1m (2009: £4.9m) to the London Stock Exchange plc, £1.1m (2009: £4.7m) to London Stock Exchange Group Holdings (Italy) Ltd and £0.1m to Millennium Information Technologies Ltd. The Company received dividends of £109.0m (2009: £117.9m), €51.1m (2009: nil) and nil (2009: €56.6m) respectively from its subsidiaries London Stock Exchange plc, London Stock Exchange Group Holdings (Italy) Ltd and Borsa Italiana S.p.A..

37. Other statutory information

Auditors' remuneration payable to PricewaterhouseCoopers LLP and its associates comprise the following:

	2010 £m	2009 £m
Audit of parent company and consolidated accounts	0.2	0.2
Audit of subsidiary companies	1.1	1.1
Other fees:		
– Taxation	0.3	0.3
– Corporate finance	0.3	0.3
– Other assurance services	0.1	–
	2.0	1.9

Directors' emoluments comprise the following:

	2010 £m	2009 £m
Salary and fees (including cash payments in lieu of pension contributions)	3.8	3.3
Performance bonus	1.9	1.6
Gains on exercise of share options	–	0.6
Benefits	0.2	0.1
	5.9	5.6
Contributions to defined contribution pension schemes	0.1	0.1
	6.0	5.7

During the year two Directors (2009: two) had retirement benefits accruing under defined contribution schemes and no Director (2009: none) had retirement benefits accruing under a defined benefit scheme.

Further details of Directors' emoluments are included in the Remuneration report on pages 44 to 53.

Independent Auditors' Report to the members of London Stock Exchange Group plc

Overview

Business Review

Governance

Group financial statements

Other information

We have audited the financial statements of London Stock Exchange Group plc for the year ended 31 March 2011 which the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Balance Sheets, the Statements of Changes in Equity, the Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 62, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2011 and of the Group's profit and group's and parent company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 40 to 45 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 62, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Alison Morris
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 May 2011

Consolidated income statement

Year ended 31 March 2011

	Notes	2011			2010		
		Before acquisition amortisation and non-recurring items £m	Acquisition amortisation and non-recurring items £m	Total £m	Before acquisition amortisation and non-recurring items £m	Acquisition amortisation and non-recurring items £m	Total £m
Continuing operations							
Revenue	4	615.9	–	615.9	605.6	–	605.6
Net treasury income through CCP business	4	51.3	–	51.3	16.2	–	16.2
Other income		7.7	–	7.7	6.5	–	6.5
Total income		674.9	–	674.9	628.3	–	628.3
Expenses							
Operating expenses	5,7	(336.9)	(68.1)	(405.0)	(349.6)	(98.0)	(447.6)
Share of profit after tax of joint ventures/associates	14,15	3.1	10.0	13.1	1.6	–	1.6
Operating profit/(loss)		341.1	(58.1)	283.0	280.3	(98.0)	182.3
Finance income		16.1	–	16.1	15.2	–	15.2
Finance expense		(60.9)	–	(60.9)	(55.9)	–	(55.9)
Net finance expense	8	(44.8)	–	(44.8)	(40.7)	–	(40.7)
Profit on disposal of shares in subsidiary/associates	7,9	–	–	–	2.4	0.3	2.7
Profit/(loss) before taxation		296.3	(58.1)	238.2	242.0	(97.7)	144.3
Taxation	9	(89.8)	8.1	(81.7)	(73.9)	21.3	(52.6)
Profit/(loss) for the financial year		206.5	(50.0)	156.5	168.1	(76.4)	91.7
Profit/(loss) attributable to non-controlling interests		8.6	(3.7)	4.9	7.3	(6.0)	1.3
Profit/(loss) attributable to equity holders		197.9	(46.3)	151.6	160.8	(70.4)	90.4
		206.5	(50.0)	156.5	168.1	(76.4)	91.7
Basic earnings per share	10			56.4p			33.8p
Diluted earnings per share	10			55.9p			33.5p
Adjusted basic earnings per share	10			73.7p			60.1p
Adjusted diluted earnings per share	10			72.9p			59.6p
Dividend per share in respect of financial year							
Dividend per share paid during the year	11			24.8p			24.4p
Dividend per share declared for the year	11			26.8p			24.4p

Consolidated statement of comprehensive income

Year ended 31 March 2011

	Notes	Group	
		2011 £m	2010 £m
Profit for the financial year		156.5	91.7
Defined benefit pension scheme actuarial gain/(loss)	19	32.4	(1.8)
Cash flow hedge		2.8	(0.9)
Net investment hedge		6.5	(9.9)
Exchange loss on translation of foreign operations		(13.0)	(56.8)
Tax related to items not recognised on income statement	9	(6.5)	1.5
		22.2	(67.9)
Total comprehensive income for the financial year		178.7	23.8
Attributable to non-controlling interest		5.9	(2.2)
Attributable to equity holders		172.8	26.0
		178.7	23.8

Balance Sheets

31 March 2011

	Notes	Group		Company	
		2011 £m	2010 £m	2011 £m	2010 £m
Assets					
Non-current assets					
Property, plant and equipment	12	62.4	74.9	–	–
Intangible assets	13	1,394.4	1,484.1	–	–
Investment in joint ventures	14	17.3	7.1	–	–
Investments in associates	15	0.6	1.5	–	–
Investments in subsidiary undertakings	16	–	–	3,759.7	3,744.6
Deferred tax assets	17	12.2	6.2	–	–
Available for sale investments	18	0.4	0.4	–	–
Retirement benefit asset	19	37.6	4.6	–	–
Other non-current assets		0.5	0.7	–	–
		1,525.4	1,579.5	3,759.7	3,744.6
Current assets					
Inventories	20	1.4	2.2	–	–
Trade and other receivables	21	126.8	132.2	155.0	161.4
Derivative financial instruments	22	0.7	0.6	0.4	0.6
CCP financial assets		110,177.9	79,669.3	–	–
CCP cash and cash equivalents (restricted)		5,929.3	4,580.7	–	–
CCP clearing business assets	22	116,107.2	84,250.0	–	–
Current tax		21.2	–	8.3	45.9
Assets held at fair value	22	8.6	9.5	–	–
Cash and cash equivalents	23	267.0	223.1	0.8	0.1
		116,532.9	84,617.6	164.5	208.0
Assets held for sale	24	36.9	–	–	–
Total assets		118,095.2	86,197.1	3,924.2	3,952.6
Liabilities					
Current liabilities					
Trade and other payables	25	156.5	137.1	210.9	203.3
Derivative financial instruments	22	0.3	2.7	–	2.7
CCP clearing business liabilities	22	116,104.5	84,257.5	–	–
Current tax		49.9	10.5	–	–
Borrowings	26	0.1	0.9	–	–
Provisions	28	3.7	3.7	–	–
		116,315.0	84,412.4	210.9	206.0
Non-current liabilities					
Borrowings	26	499.0	605.8	499.0	605.8
Derivative financial instruments	22	12.9	16.3	12.9	16.3
Deferred tax liabilities	17	92.3	94.3	–	–
Retirement benefit obligation	19	6.4	7.3	–	–
Provisions	28	27.8	30.2	–	–
		638.4	753.9	511.9	622.1
Liabilities held for sale	24	4.8	–	–	–
Total liabilities		116,958.2	85,166.3	722.8	828.1
Net assets		1,137.0	1,030.8	3,201.4	3,124.5
Equity					
Capital and reserves attributable to the Company's equity holders					
Share capital	29	18.8	18.8	18.8	18.8
Retained (loss)/earnings		(662.9)	(775.7)	1,364.1	1,289.9
Other reserves		1,681.0	1,684.8	1,818.5	1,815.8
		1,036.9	927.9	3,201.4	3,124.5
Non-controlling interests		100.1	102.9	–	–
Total equity		1,137.0	1,030.8	3,201.4	3,124.5

The financial statements on pages 64 to 100 were approved by the Board on 13 May 2011 and signed on its behalf by:

Xavier Rolet
Chief Executive

Doug Webb
Chief Financial Officer

Cash flow statements

Year ended 31 March 2011

	Notes	Group		Company	
		2011 £m	2010 £m	2011 £m	2010 £m
Cash flow from operating activities					
Cash generated from/(absorbed by) operations	30	381.8	301.2	(9.9)	(3.5)
Interest received		1.4	2.1	46.6	7.2
Interest paid		(44.9)	(31.0)	(44.6)	(42.6)
Corporation tax paid		(54.3)	(48.1)	–	–
Group relief received		–	–	48.2	–
Withholding tax paid		(19.5)	(9.0)	–	–
Net cash inflow/(outflow) from operating activities		264.5	215.2	40.3	(38.9)
Cash flow from investing activities					
Purchase of property, plant and equipment		(16.9)	(12.3)	–	–
Sale of property, plant and equipment		0.4	–	–	–
Purchase of intangible assets		(26.1)	(29.9)	–	–
Investment in joint ventures		–	(6.1)	–	–
Investment in subsidiaries		(10.3)	(16.3)	(10.8)	(7.0)
Net cash inflow from acquisitions		4.8	5.2	–	–
Dividends received		4.3	2.5	168.8	154.9
Proceeds from sale of non-controlling interest in subsidiary		–	7.4	–	–
Net cash (outflow)/inflow from investing activities		(43.8)	(49.5)	158.0	147.9
Cash flow from financing activities					
Dividends paid to shareholders		(66.6)	(65.2)	(66.6)	(65.2)
Dividends paid to non-controlling interests		(6.1)	(8.7)	–	–
Redemption of B shares		–	(2.3)	–	(2.3)
Repayment of loan to ESOP trust		–	–	3.3	1.4
Loans to subsidiary companies		–	–	(30.5)	(33.8)
Proceeds from own shares on exercise of employee share options		3.3	1.4	–	–
Proceeds from borrowings		–	305.4	–	303.9
Repayment of borrowings		(104.6)	(313.8)	(103.8)	(312.9)
Net cash outflow from financing activities		(174.0)	(83.2)	(197.6)	(108.9)
Increase in cash and cash equivalents		46.7	82.5	0.7	0.1
Cash and cash equivalents at beginning of year		223.1	143.7	0.1	–
Exchange loss on cash and cash equivalents		(0.9)	(3.1)	–	–
Transfer to assets held for sale		(1.9)	–	–	–
Cash and cash equivalents at end of year	23	267.0	223.1	0.8	0.1

Group cash flow does not include cash and cash equivalents held by CC&G on behalf of its clearing members for use in its operation as manager of the clearing and guarantee system. These balances represent margins and default funds held for counterparties for short periods in connection with this operation. Interest on CCP balances is received by CC&G net of withholding tax, which is deducted at source. This withholding tax is effectively a cash outflow for the Group, and is shown separately in the cash flow statement.

Statement of changes in equity

Group	Attributable to equity holders of the Company									Total equity
	Ordinary share capital	Retained loss	Other reserves					Total attributable to equity holders	Non-controlling interests	
			Capital redemption reserve	Reverse acquisition reserve	Foreign exchange translation reserve	Merger reserve	Hedging reserve			
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
1 April 2009	18.7	(803.2)	511.9	(512.5)	476.1	1,299.2	(33.3)	956.9	96.3	1,053.2
Issue of shares	0.1	-	-	-	-	5.1	-	5.2	-	5.2
Total comprehensive income for the financial year	-	90.0	-	-	(53.2)	-	(10.8)	26.0	(2.2)	23.8
Final dividend relating to the year ended 31 March 2009	-	(42.7)	-	-	-	-	-	(42.7)	-	(42.7)
Interim dividend relating to the year ended 31 March 2010	-	(22.5)	-	-	-	-	-	(22.5)	-	(22.5)
Dividend payment to non-controlling interests	-	-	-	-	-	-	-	-	(8.3)	(8.3)
Employee share schemes expenses	-	5.0	-	-	-	-	-	5.0	-	5.0
Redemption of B shares	-	(2.3)	2.3	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	17.1	17.1
31 March 2010	18.8	(775.7)	514.2	(512.5)	422.9	1,304.3	(44.1)	927.9	102.9	1,030.8
Total comprehensive income for the financial year	-	176.6	-	-	(13.1)	-	9.3	172.8	5.9	178.7
Final dividend relating to the year ended 31 March 2010	-	(42.9)	-	-	-	-	-	(42.9)	-	(42.9)
Interim dividend relating to the year ended 31 March 2011	-	(23.7)	-	-	-	-	-	(23.7)	-	(23.7)
Dividend payment to non-controlling interests	-	-	-	-	-	-	-	-	(7.2)	(7.2)
Employee share schemes expenses	-	8.3	-	-	-	-	-	8.3	-	8.3
Purchases of non-controlling interests	-	(5.5)	-	-	-	-	-	(5.5)	(1.5)	(7.0)
31 March 2011	18.8	(662.9)	514.2	(512.5)	409.8	1,304.3	(34.8)	1,036.9	100.1	1,137.0

The capital redemption reserve is a non-distributable reserve set up as a result of a court approved capital reduction. The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the capital reduction scheme. The foreign exchange translation reserve reflects the impact of foreign currency changes on the translation of foreign operations. The merger reserve arises on consolidation when the Company issues shares as part of the consideration to acquire subsidiary undertakings. The hedging reserve represents the cumulative fair value adjustment recognised in respect of net investment and cash flow hedges undertaken in accordance with hedge accounting principles.

Company	Attributable to equity holders of the Company						Total attributable to equity holders
	Ordinary share capital	Retained earnings	Other reserves				
			Capital redemption reserve	Merger reserve	Hedging reserve		
£m	£m	£m	£m	£m	£m		
1 April 2009	18.7	1,284.3	511.9	1,299.2	(1.5)	3,112.6	
Issue of shares	0.1	-	-	5.1	-	5.2	
Total comprehensive income for the financial year	-	69.7	-	-	(1.2)	68.5	
Final dividend relating to the year ended 31 March 2009	-	(42.7)	-	-	-	(42.7)	
Interim dividend relating to the year ended 31 March 2010	-	(22.5)	-	-	-	(22.5)	
Employee share schemes expenses	-	3.4	-	-	-	3.4	
Redemption of B shares	-	(2.3)	2.3	-	-	-	
31 March 2010	18.8	1,289.9	514.2	1,304.3	(2.7)	3,124.5	
Total comprehensive income for the financial year	-	135.8	-	-	2.7	138.5	
Final dividend relating to the year ended 31 March 2010	-	(42.9)	-	-	-	(42.9)	
Interim dividend relating to the year ended 31 March 2011	-	(23.7)	-	-	-	(23.7)	
Employee share schemes expenses	-	5.0	-	-	-	5.0	
31 March 2011	18.8	1,364.1	514.2	1,304.3	-	3,201.4	

The notes on pages 68 to 100 form an integral part of these consolidated financial statements.

Notes to the financial statements

1. Basis of preparation and accounting policies

The Company's and Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value, including those of the central counterparty (CCP) clearing business of the Group's majority-owned subsidiary Cassa di Compensazione e Garanzia S.p.A. (CC&G), and on the basis of the Group's accounting policies.

The Group uses a columnar format for the presentation of its Consolidated Income Statement. This enables the Group to aid the reader's understanding of its results by presenting profit for the year before amortisation of purchased intangibles and non-recurring items. This is the profit measure used to calculate adjusted earnings per share and is considered to be the most appropriate as it best reflects the Group's underlying cash earnings and is the primary measure of performance monitored by the Group's Executive Committee. Profit before acquisition amortisation and non-recurring items is reconciled to profit before taxation on the face of the Income Statement.

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

Recent accounting developments

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB) and IFRIC and have been adopted for the first time in these financial statements:

IFRS 3 (revised) 'Business Combinations' – Comprehensive revision to applying the acquisition method, has been adopted and applied to all acquisitions from 1 April 2010. The revised standard maintains the acquisition method for business combinations, but has made significant changes in other areas when compared to IFRS 3 such as all payments on the purchase of a business are recognised at their fair value as at the acquisition date. In addition any contingent consideration is classified as a debt with any subsequent remeasurement taken through the income statement and all acquisition costs are expensed in the period that they are incurred. The \$4.8m acquisition of ProMac S.p.A. and \$1m acquisition of MTS France S.A.S. were the only significant acquisitions during the period.

IAS 27 (revised) 'Consolidated and Separate Financial Statements' has been adopted and will apply to all acquisitions from 1 April 2010. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. In the current period the remaining 19.9 per cent in EDX Limited and 10 per cent of Servizio Titoli S.p.A. not controlled by the Group were acquired resulting in a \$5.5m adjustment to retained earnings.

The following standards and amendments were also effective for the first time in the current period, but the adoption of these did not have a material impact on these consolidated financial statements:

IFRS 2 'Share-based Payments' – Amendments relating to group cash-settled share-based payment transactions and vesting conditions;
IAS 28 'Investments in Associates' – Consequential amendments arising from amendments to IFRS 3;
IAS 31 'Interests in Joint Ventures' – Consequential amendments arising from amendments to IFRS 3;
IAS 39 'Financial Instruments: Recognition and Measurement' – Amendments for eligible hedged items;
IFRIC 17 'Distributions of Non-cash Assets';
IFRIC 18 'Transfers of Assets from Customers'; and
IFRS various Annual improvements 2010.

The following standards, amendments and interpretations have been issued by the IASB and IFRIC with an effective date, subject to EU endorsement, that does not impact on these financial statements.

	Effective date for periods beginning on or after
IFRS 9 'Financial Instruments';	1 January 2013
IAS 24 'Related Party Disclosures';	1 January 2011
IFRIC 14 'Prepayments of a Minimum Funding Requirement';	1 January 2011
IFRIC 18 'Transfers of Assets from Customers'; and	1 July 2010
IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'.	1 July 2010

The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not currently expect any of these changes to have a material impact on the results or the net assets of the Company or the Group.

Accounting policies

Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries with all inter-company balances and transactions eliminated, together with the Group's attributable share of the results of associates and joint ventures. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date that control passes. As permitted by Section 408 of the Companies Act 2006, the Company's Income Statement and Statement of Comprehensive Income has not been included in these financial statements. The Company's comprehensive income for the year is disclosed within the statement of changes in equity.

Investments in joint ventures and associates are accounted for under the equity method. The Group's investments in joint ventures and associates are initially recognised at cost, and its share of profits or losses after tax from joint ventures and associates is included in the Consolidated Income Statement. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the Group's Balance Sheet. The financial statements of joint ventures and associates are used by the Group to apply the equity method, under which the Group's Income Statement reflects the Group's share of the results of operations of the associates. A company is considered an associate where the Group has a significant influence.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Adjustments to fair values include those made to bring accounting policies into line with those of the Group.

The Group applies a policy of treating transactions with non-controlling interests through the economic entity model. Acquisitions of shares from non-controlling interests result in the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary being recognised in equity.

Investments in subsidiaries are accounted for in the Company's financial statements at cost less accumulated impairment losses. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue is recognised in the period when the service or supply is provided. The sources of revenue are:

- a) Maintenance contracts, membership and other fees – revenue is recognised on a straight-line basis over the period to which the fee relates;
- b) Admission fees – revenue is recognised at the time of admission to trading;
- c) Royalties – revenue is recognised at the earlier of cash receipt or the date at which they are earned or measurable with certainty;
- d) IT products – where there is no significant service obligation the revenue is recognised upon delivery and acceptance of the software or hardware by the customer;
- e) IT solutions – where software is sold requiring significant modification, integration or customisation, the consideration is allocated between the different elements on a fair value basis. Revenue is recognised using a percentage of completion method. The stage of completion is determined by reference to the costs incurred to date as a proportion of the total estimated costs or the services performed to date as a percentage of total services to be performed. Provision is made for all foreseeable future losses in the period in which they are identified;
- f) Software and Licence fees – revenue is recognised when the performance under the contract has occurred and the revenue has been earned; and
- g) Other – all other revenue is recognised in the month in which the service is provided. In interim reports, Borsa Italiana group defers some of the income received from cash trading and FTSE MIB futures trading and clearing. This deferral results in revenues being recognised at the average price of transactions forecast for the full year, as pricing levels reduce during the year when customers achieve incremental volume targets.

Non-recurring items

Items of income and expense that are material by size and/or nature and are non-recurring are classified as non-recurring items on the face of the income statement within their relevant category. The separate reporting of these items together with impairment of goodwill and amortisation of purchased intangible assets helps give an indication of the Group's underlying performance.

Share based compensation

The Group operates a number of equity settled share based compensation plans for employees. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant as an indirect measure of the value of employee services received by the Group and recognised over the relevant vesting period.

Foreign currencies

The consolidated financial statements are presented in sterling, which is the Group and Company's presentation and Company's functional currency.

Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, such as equities or bonds held at fair value through profit or loss, are reported as part of their fair value gain or loss. Exceptions to this are where the non-monetary items form part of the net investment in a foreign operation or are designated as hedges of a net investment, or as cash flow hedges. Such exchange differences are initially recognised in equity.

The results and financial position of all Group entities that have a functional currency different from the presentation currency are converted into the presentation currency as follows:

- a) assets and liabilities including goodwill, purchased intangible assets and fair value adjustments are converted at the closing balance sheet rate
- b) income and expenses are translated and recorded in the income statement at the average monthly rates prevailing; and
- c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arise from the translation of the net investment in foreign operations, and of borrowing and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Finance income and expenses

Finance income and expense comprises interest earned on cash deposited with financial counterparties and interest paid on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the financial year.

Recurring fees and charges levied on committed bank facilities and the payments and cash management transactions and services provided by the Group's banks are charged to the income statement as accrued. Credit facility arrangement fees are capitalised and then amortised back to the income statement over the term of the facility subject to protected utilisation. If a facility is deemed unlikely to be drawn over its life the arrangement fees will be charged to the income statement. Fees and charges are included within other finance costs.

Fair value gains and losses on financial instruments includes the movement in the market valuations of derivative instruments held as fair value hedges.

Property, plant and equipment

Property, plant and equipment are included in the financial statements at cost less accumulated depreciation and any provision for impairment.

Freehold buildings, fixed plant and plant and equipment are stated at cost and are depreciated to residual value on a straight line basis over the estimated useful economic lives of the assets which are as follows:

- a) Freehold buildings – 33 to 50 years;
- b) Fixed plant – five to 20 years; and
- c) Plant and equipment – three to 15 years.

Leasehold properties and improvements are included at cost and depreciated to residual value over the shorter of the period of the lease or the useful economic life of the asset.

Intangible assets

Goodwill arising on the acquisition of subsidiaries represents the excess of consideration paid over the fair value of the Group's share of net identifiable assets purchased. It is not amortised but is tested for impairment annually and when there are indications that the carrying value may not be recoverable, and is carried at cost less accumulated impairment losses.

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licences and software intellectual property, all of which are recorded as intangible assets and held at cost less accumulated amortisation and impairment. These assets are amortised on a straight line basis over their useful economic lives, which do not normally exceed 25 years or the term of the licence. The amortisation period and method are reviewed and adjusted, as appropriate, at each balance sheet date.

Third party software costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised over their estimated useful economic lives of three years.

Internal product development expenditure is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are recorded at cost including labour, directly attributable costs and any third party expenses, and amortised over useful economic lives of three years.

Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Full provision is made, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is determined using tax rates that are substantially enacted at the balance sheet date and are expected to apply when the asset is realised or liability settled. Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits.

*Classification of financial assets**Financial assets (excluding clearing business)*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for liquidity purposes and are initially recognised at fair value and any subsequent changes in fair value are recognised directly in the Income Statement. These assets are financial instruments not designated as hedges.
- b) Available-for-sale financial assets
Investments (other than term deposits and interests in joint ventures, associates and subsidiaries) are designated as available for sale and are recorded on trade date at fair value plus transaction costs with changes in fair value recognised in equity. Where the fair value is not reliably measurable, the investment is held at cost less any provision for impairment. Assets such as shares in clearing and payment transmission operations and long term equity investments that do not qualify as associates or joint ventures are usually classified as available for sale.
- c) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Financial assets and liabilities of the central counterparty (CCP) clearing business

Assets and liabilities of the CCP clearing service relate to CC&G, the subsidiary that performs the CCP clearing business. CC&G clears derivatives, equities and bond transactions on Italian regulated markets, guaranteeing the successful receipt or delivery of securities for the transactions to be settled on both the sale and purchase side of transactions with the respective counterparties. It enters into a contractual arrangement in respect of each side of the transaction, bears the counterparty risk associated with the counterparties honouring their obligations and, in the event of a failure to deliver by any counterparty, is required itself to complete delivery of the appropriate securities. Accordingly, CC&G must record an asset and a liability on its balance sheet in respect of each of the sale and purchase sides of each transaction. However, except in respect of failed transactions CC&G as a CCP clearer does not bear any price risk and the value of the sale and purchase side of each transaction are the same; consequently, the principal CCP asset and liability amounts largely match each other.

Income recognised through the CCP clearing business includes net treasury income earned on margin and default funds held as part of our risk management process and is shown separately from the Group revenues.

This amount has been shown separately on the face of the income statement to distinguish the income stream from those arising from the Group's other activities and provide the reader with a greater understanding of the operating activities of the Group.

Accounting treatments of CCP financial assets and liabilities include the following:

- a) Derivatives, trading assets and liabilities
These transactions are initially recorded at fair value, which coincides with the market value of the open positions on the IDEM derivatives market in which CC&G operates as CCP, and are subsequently re-measured on the basis of the market price of each derivative instrument at the period end. Since the asset and liability positions of the CCP clearer are matched, the same amount is recorded for both the assets and liabilities and no fair value gains or losses are recognised in the income statement.
- b) Receivables for and liabilities under repurchase transactions
These represent repurchase transactions (“repos”) by clearing members in the bond market using CC&G’s clearing and guarantee service. They represent the value of transactions already settled spot and not yet settled at term. These transactions are initially recognised at fair value and are subsequently measured at amortised cost, by allocating the yield on the repo pro-rated over the duration of the contract (the coupon accrued in the period and the difference between the spot and forward prices). Since the asset and liability positions for repos are matched, the same amount is recorded for both assets and liabilities and no gain or loss is recognised in the income statement.
- c) Other receivables from and payables to clearing members
These comprise accounts receivable and payable deriving from the activities of clearing members in derivatives, equities and bond transactions. They mainly represent amounts to be received or paid for initial and variation margins, option premiums and default fund contributions and are initially recorded at fair value. They are generally settled on the next day and, accordingly, are not discounted back to current value.
- d) Financial assets and liabilities at fair value
These represent quoted equity and bond securities which CC&G acquires usually as a result of failure by a counterparty to deliver its side of a transaction and are recognised initially at fair value, based on the market price of each security. The difference between the settlement price of each security at trade date and the market price of that security at the period end is recognised as a fair value gain or loss in the income statement.
- e) Cash and cash equivalents (restricted)
These amounts include amounts received from clearing members to cover initial and variation margins and default fund contributions as collateral against default or insolvency and are deposited with banks. Such amounts are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest method, if the time value of money is significant.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument, and if so the nature of the item being hedged.

The Group applies fair value hedge accounting for hedging interest risk on borrowings. Any gain or loss is recognised in the income statement within finance expenses.

The Group designates as cash flow hedges both foreign currency derivatives and hedges of interest rate movements on floating rate borrowings associated with highly probable forecast transactions. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity.

The Group hedges a proportion of its net investment in Borsa Italiana S.p.A. by designating euro borrowings as a net investment hedge.

In order to qualify for hedge accounting, a transaction must meet strict criteria as regards documentation, effectiveness, probability of occurrence and reliability of measurement. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Effectiveness testing is conducted at each reporting date and at the commencement and conclusion of any hedge in order to verify that the hedge continues to satisfy all the criteria for hedge accounting to be maintained. The ineffective portion is recognised in the income statement within finance costs.

Amounts accumulated in equity are recycled in the income statement in the period when the hedged item affects profit or loss (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are non-interest bearing and are stated at their fair value, which is usually the original invoiced amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and term deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Borrowings

Bank borrowings are initially recorded at the fair value of amounts received, net of direct issue costs and transaction costs (including upfront facility fees). Subsequently, these liabilities are carried at amortised cost, and interest is charged to the income statement over the period of the borrowings using the effective interest method. Similarly direct issue costs and transaction costs (including upfront facility fees) are charged to the income statement over the period of the borrowings using the effective interest rate method.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is made in the financial statements for the lower of the cost of fulfilling lease commitments for property space surplus to business requirements after taking into account income from sub-letting, and any compensation or penalties arising from failure to fulfil the lease commitments. Such provisions are discounted where the time value of money is considered material.

Share capital

The Company's own shares held by the Employee Benefit Trust are deducted from equity until they vest unconditionally for employees and are held at cost. Consideration paid in respect of these treasury shares is deducted from equity until the shares are cancelled, reissued or disposed of.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis. Lease incentives are spread over the term of the lease.

The Group leases certain plant and equipment where the Group has substantially all the risks and rewards of ownership. These are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the liability so as to achieve a constant rate on the finance balance outstanding. The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Due to the immaterial value of finance leases within the Group, they are not disclosed separately within the accounts.

Pension costs

The Group operates defined benefit and defined contribution pension schemes. For the defined benefit schemes the service cost, representing benefits accruing to employees, is included as an operating expense and the expected return on scheme assets and interest cost from unwinding of the discount on scheme obligations are included as finance income and finance expenses respectively. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions or differences between actual and expected returns on assets are recognised at each period end net of tax in the statement of comprehensive income. The net asset or liability recognised on the balance sheet comprises the difference between the present value of pension obligations and the fair value of scheme assets. For defined contribution schemes, the expense is charged to the Income Statement as incurred.

Assets held for sale

Assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2. Financial risk management

The Group's financial risk management programme seeks to minimise potential adverse effects on its financial performance from its exposure to capital risk, credit risk, market risk (including foreign exchange, fair value and cash flow interest rate risks) and liquidity risk.

Financial risk management is not speculative. It is performed at a Group level, where the treasury function identifies, evaluates and hedges financial risks from a Group perspective and locally, where operating units manage regulatory and operational risks. The Treasury Committee, chaired by the Chief Financial Officer, meets at regular intervals to oversee capital management and to review the management of foreign exchange, interest rate and credit risks, and the investment of excess liquidity.

The treasury function, the Treasury Committee and, as appropriate, the operating units work within Group Board approved policies and procedures.

Capital risk

Risk description	Risk management approach
<ul style="list-style-type: none"> - The Group considers that a scarcity of debt or equity (driven by its own performance or financial market conditions) and an increase in regulatory requirements are the principal risks to managing its capital. - The Group's capital base comprises equity capital, debt capital and retained profits, details of which are set out in the Consolidated Statement of Changes in Equity and in note 26. 	<p>The Group is mindful of its overall cost of capital, as it seeks to provide superior returns to its shareholders, fulfil its obligations to the relevant regulatory authorities and other stakeholders and ensure that it is not overly dependent upon short and medium term debt that might not be available at renewal. Maintaining the flexibility to invest for growth is a key capital management consideration.</p> <p>The Group can manage its capital structure by varying returns to shareholders, issuing new shares, or increasing or reducing borrowings. The Board reviews dividend policy and funding capacity on a regular basis and the Group maintains comfortable levels of debt facility headroom. The Group has the strategic objective of maintaining an investment grade credit rating.</p> <p>To maintain the financial strength to access new capital at reasonable cost, the Group monitors capital in a number of ways, including reviewing its leverage ratio, Net debt to adjusted EBITDA (Group consolidated earnings before net finance charges, taxation, impairment, depreciation and amortisation and non-recurring items). This ratio calculates total current and non-current borrowings less the cash and cash equivalents that are not set aside to meet regulatory requirements and compares this with its adjusted EBITDA. Net debt to adjusted EBITDA at 31 March 2011 was 1.0 times (2010: 1.5 times).</p> <p>The Group also has two bank facility covenants that have a bearing on its capital structure, a net leverage covenant and a debt service ratio. Performance against these covenants is comfortable and they should not inhibit the Group's operations or financing plans.</p> <p>As at 31 March 2011 approximately £125 million cash and cash equivalents was set aside to cover regulatory and operational requirements. This amount is subject to ongoing review with regulators in the UK and Italy. In particular, discussions continue with the FSA following their proposal to amend the basis on which the regulatory capital is calculated for LSE plc. Indications are that this could increase the total amount set aside by up to one third.</p>

Credit risk

Risk description	Risk management approach
<p>CC&G, in its role as central counterparty clearer (CCP) to Italian financial market participants, guarantees final settlement of transactions acting as buyer towards each seller and as seller towards each buyer. It faces the risk of losses from the deterioration in the creditworthiness, or the default, of a participant.</p> <p>As a consequence of its risk management approach (described below), CC&G invests significant amounts of margin and default fund cash with Italian banks and faces the risk of direct loss from a deterioration or failure of one or more deposit counterparties.</p> <p>More broadly, credit risk relates to the Group's customers and counterparties being unable to meet their obligations to the Group either in part or in full, including:</p> <ul style="list-style-type: none"> - customer receivables - repayment of cash and cash equivalents including bank deposits - settlement of derivative financial instruments 	<p>CC&G</p> <p>To address the market participant risk, CC&G has established financial safeguards against single or multiple defaults. Clearing membership selection is based upon supervisory capital, technical and organisational criteria. Each member must pay margins, computed at least daily, to cover the theoretical costs which CC&G would incur in order to close out open positions in the event of the member's default. Margins are calculated using established international risk models and are debited by CC&G directly from participants' accounts held with Bank of Italy. Clearing members also contribute to default funds managed by CC&G to guarantee the integrity of the markets in the event of multiple defaults in extreme market circumstances. Amounts are determined on the basis of the results of periodic stress testing examined by CC&G's risk committee and exceed standards agreed by the European Association of Central Counterparty Clearing Houses. To date, no default of a direct participant has occurred.</p> <p>Deposit counterparty risk for CC&G margin and default funds is managed by investing cash with counterparties that are rated investment grade or who, if not rated, are publicly quoted and have a minimum level of capital, for periods of up to 12 months. CC&G liaises closely with the Bank of Italy regarding the Italian banking institutions with whom these funds are deposited.</p> <p>Group</p> <p>Credit risk is controlled through policies developed at a Group level. Group companies make a judgement on the credit quality of their customers based upon the customer's financial position and past experience. Management assesses customer credit quality as high based upon a low concentration of credit risk across a large number of customers, the recurring nature of the billing and collection arrangements and, historically, a low incidence of default. Credit risk of cash and cash equivalents is managed by limiting the exposure to £25 million with counterparties who have a minimum long term rating of Aa3 (per Moody's). Derivative transactions are undertaken with well-capitalised counterparties, authorised by policy, to limit the credit risk underlying these transactions.</p> <p>The Group recognises that sovereign and geo-political risk assessment plays a part in its criteria for counterparty selection.</p>

Market risk – Foreign Exchange

Risk description	Risk management approach
<p>The Group operates predominantly in the UK, Italy and Sri Lanka. With the exception of MillenniumIT, which invoices some contracts in US dollars (regarded as reasonably correlated to the Sri Lankan Rupee) and the Indian Rupee, Group companies generally invoice revenues, incur expenses and purchase assets in their respective local currencies. As a result, foreign exchange risk arises mainly from the translation of the Group's euro earnings, assets and liabilities into its reporting currency, sterling, and from large intercompany transactions.</p> <p>The Group faces less significant foreign exchange exposures from transaction risk on export earnings, occasional strategic investments made in currencies other than the currency of the investing operation and dividends that are remitted in currencies other than the currency of the recipient operation.</p>	<p>The Group seeks, where it can, to match the currency of its assets with the currency of its liabilities. Subject to its approach to capital management, the Group aims to balance the currency of its debt liabilities with its EBITDA generation in the same currency.</p> <p>The Group applies this methodology to its net asset exposure, in particular to movements between sterling and the euro, by regularly distributing its euro cash earnings in dividends and by absorbing euro cash earnings through interest payments on debt re-denominated in euros through the use of cross-currency swaps. At 31 March 2011 £265.1m (2010: £284.0m) of the Group's debt was swapped into euros and designated as a hedge of the net investment in the Italian Group and a gain of £6.5m for the financial year (2010: loss of £9.9m) on foreign currency borrowings was recognised in equity. The hedge was fully effective.</p> <p>Whilst transactional foreign exchange exposure is limited, the Group hedges material transactions in accordance with Group Treasury policy which requires that cash flows of more than £1m or equivalent per annum should be hedged. Hedge accounting is considered in each case and applied to certain transactions, following review at Treasury Committee, where material levels of income statement volatility might result.</p> <p>The Group reviews sensitivities to movements in exchange rates which are appropriate to market conditions. As at 31 March 2011 the Group has considered movements in the euro over the last year including recent volatility affecting this currency and has concluded that a 10 per cent movement in rates is a reasonable benchmark. At 31 March 2011, if sterling had weakened/strengthened by 10 per cent against the euro with all other variables held constant, post tax profit for the year would have been £0.8m higher/£0.6m lower (2010: £1.8m higher/£1.5m lower); however, equity would have been £10.8m lower (2010: £16.4m lower)/£8.8m higher (2010: £13.4m higher). This reflects foreign exchange gains/losses on translation of euro denominated trade receivables, financial assets at fair value through profit or loss and foreign exchange gains/losses on translation of euro denominated borrowings.</p>

Market risk – Cash Flow and Fair Value Interest Rate Risk

Risk description	Risk management approach
<p>The Group's interest rate risk arises through the impact of changes in market rates on cash flows associated with cash and cash equivalents, investments in financial assets and borrowings held at floating rates.</p>	<p>To provide a degree of income statement stability, and reflecting material levels of cash and cash equivalents held for short periods, the Group seeks to maintain a proportion of its net debt at fixed rates of interest over the medium term. Substantially all of the Group's borrowings have been issued at fixed rates of interest with only a proportion, \$100 million (2010: £100 million), swapped to floating rates. Given the cash generative nature of the Group's businesses, net debt has fallen and floating rate borrowings have been repaid using free cash generated during the year. As a result fixed rate borrowings are greater than 100 per cent of net debt. Opportunities to swap further fixed rate borrowings to floating rate have been evaluated during the year but not executed. This is due in part to unfavourable economics and in part to the Group's preference to increase floating rate borrowings naturally as strategic investments are undertaken.</p> <p>In its review of the sensitivities to potential movements in interest rates, the Group has considered interest rate volatility over the last year and prospects for rates over the next 12 months and has concluded that a two percentage point upward movement (and no downward movement) reflects a reasonable level of risk to current rates. At 31 March 2011, if interest rates on sterling-denominated and euro-denominated cash and borrowings (including floating rate swap obligations) had been two percentage points higher with all other variables held constant, post-tax profit for the year would have been £2.2m higher (2009: £1.7m higher) mainly as a result of higher interest income on floating rate cash and cash equivalents.</p>

Liquidity risk

Risk description	Risk management approach
The Group's operations are exposed to liquidity risk to the extent that they are unable to meet their daily payment obligations. In addition, CC&G and certain other subsidiary companies are required to maintain a level of liquidity within their own legal entities to meet regulatory requirements and/or ensure the smooth operation of their respective markets.	<p>Group businesses are profitable and generate strong free cash flow. The Group maintains sufficient liquid resources to meet its financial obligations as they fall due and to invest in capital expenditure, make dividend payments, support acquisitions or repay borrowings. The Group maintains headroom through undrawn committed borrowing facilities to supplement its cash flow.</p> <p>Management monitors forecasts of the Group's liquidity, prepared to reflect expected cash flow, and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions.</p> <p>Treasury policy requires that the Group maintains adequate credit facilities provided by a diversified lending group to at least cover its expected funding requirements for the next 24 months. During the year, a new five year £250 million committed revolving credit facility was arranged, replacing shorter dated facilities and broadening the funding support from the Group's syndicate of banks. At 31 March 2011 £500m of the Group's facilities were unutilised (2010: £368.4m), with committed lines of credit (including bond issues) having an average life to maturity of over five years.</p> <p>CC&G has access to bespoke committed and uncommitted lines of credit with intra-day financing from the Bank of Italy to meet the cash requirements of the clearing and settlement cycle that it manages in association with Monte Titoli (see note 22). In addition, the Group maintains operational support facilities from banks to manage intraday and overnight liquidity.</p> <p>The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.</p>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
At 31 March 2011				
Borrowings	0.1	–	–	500.0
Trade and other payables	156.5	–	–	–
CCP liabilities	116,104.5	–	–	–
Derivative financial instruments	0.3	–	–	12.9
	116,261.4	–	–	512.9
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£m	£m	£m	£m
At 31 March 2010				
Borrowings	0.9	–	106.2	500.0
Trade and other payables	137.1	–	–	–
CCP liabilities	84,257.5	–	–	–
Derivative financial instruments	–	2.7	–	16.3
	84,395.5	2.7	106.2	516.3

3. Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

- Goodwill is tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return required by shareholders to determine an appropriate discount rate. Sensitivity analysis is provided in note 13;
- The determination of the defined benefit pension asset or liability is based on the present value of future pension obligations using assumptions determined by the Group with advice from an independent qualified actuary. Sensitivity analysis is provided in note 19;
- Purchased intangible assets are valued on acquisition using appropriate methodologies and amortised over their estimated useful economic lives. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets is realised. Sensitivity analysis is provided in note 13;
- The property provision is determined taking into consideration future expected receipts from sub-letting and future property costs based on advice from independent property advisers;
- Estimates are required in determining the provision for corporation taxes. The Group recognises liabilities for the estimated tax charge at the period end and where the final tax liability is different from that estimate, such differences are reflected in the period in which such determination is made; and
- The determination in the financial statements of the Company of the value of subsidiary companies for the purpose of impairment testing is based on their forecast cash flows and an appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

4. Segmental information

Segmental disclosures for the year ended 31 March 2011 are shown below:

	Capital Markets	Post Trade Services	Information Services	Technology Services	Other	Group
	£m	£m	£m	£m	£m	£m
Revenue	281.5	99.3	184.7	82.1	1.8	649.4
Inter-segmental revenue	–	–	–	(33.5)	–	(33.5)
Revenue from external customers	281.5	99.3	184.7	48.6	1.8	615.9
Net treasury income through CCP business	–	51.3	–	–	–	51.3
Other Income	–	–	–	–	7.7	7.7
Total income	281.5	150.6	184.7	48.6	9.5	674.9
Expenses						
Depreciation and software amortisation	(32.3)	(5.5)	(10.4)	(1.3)	–	(49.5)
Other recurring expenses	(104.6)	(54.3)	(72.4)	(52.3)	(3.8)	(287.4)
Share of profit/(loss) after tax of joint ventures/associates	(1.9)	–	5.0	–	–	3.1
Operating profit/(loss) before amortisation of purchased intangible assets and non-recurring items	142.7	90.8	106.9	(5.0)	5.7	341.1
Amortisation of purchased intangible assets						(47.1)
Non-recurring items						(11.0)
Operating profit						283.0
Net finance expense						(44.8)
Profit before taxation						238.2

Net treasury income through CCP business of \$51.3m comprises gross interest income of \$227.3m less gross interest expense of \$176.0m. Included within both gross interest income and gross interest expense is \$150.4m relating to repo transactions; net of repo transactions gross interest income was \$76.9m and gross interest expense was \$25.6m.

Comparative segmental disclosures for the year ended 31 March 2010 (restated) are as follows:

	Capital Markets	Post Trade Services	Information Services	Technology Services	Other	Group
	£m	£m	£m	£m	£m	£m
Revenue	295.3	100.0	169.3	39.9	1.6	606.1
Inter-segmental revenue	–	–	–	(0.5)	–	(0.5)
Revenue from external customers	295.3	100.0	169.3	39.4	1.6	605.6
Net treasury income through CCP business	–	16.2	–	–	–	16.2
Other Income	–	–	–	–	6.5	6.5
Total income	295.3	116.2	169.3	39.4	8.1	628.3
Expenses						
Depreciation and software amortisation	(45.7)	(4.8)	(10.9)	(0.8)	(0.6)	(62.8)
Other recurring expenses	(116.7)	(51.9)	(55.8)	(51.8)	(10.6)	(286.8)
Share of profit/(loss) after tax of joint ventures/associates	(1.9)	–	3.5	–	–	1.6
Operating profit/(loss) before amortisation of purchased intangible assets and non-recurring items	131.0	59.5	106.1	(13.2)	(3.1)	280.3
Amortisation of purchased intangible assets						(54.3)
Non-recurring items						(43.7)
Operating profit						182.3
Net finance expense						(40.7)
Profit on disposal of shares in subsidiaries						2.7
Profit before taxation						144.3

Net treasury income through CCP business of \$16.2m comprises gross interest income of \$498.3m less gross interest expense of \$482.1m. Included within both gross interest income and gross interest expense is \$462.9m relating to repo transactions; net of repo transactions gross interest income was \$35.4m and gross interest expense was \$19.2m.

The segmental reporting has been restated to show Information Services and Technology Services as separate segments. This reflects the management re-organisation of the chief operating decision maker, which is the Executive Committee, and associated changes in the reporting of the business lines. Technology Services combines IT Services with MillenniumIT reflecting the similar nature of their products and services. There have been no changes to the profit for the year and accordingly no third Balance Sheet has been presented.

Inter-segmental revenue represent sales of software from MillenniumIT to other segments.

Geographical disclosure

	2011	2010
	£m	£m
Revenue		
UK	305.9	292.5
Italy	168.8	163.0
Other	141.2	150.1
Total	615.9	605.6

Revenue is allocated based on the country in which the customer is located.

	2011	2010
	£m	£m
Total assets		
UK	850.2	315.2
Italy	117,208.8	85,861.1
Other	18.3	12.2
Total	118,077.3	86,188.5
Joint ventures – UK	13.7	2.3
Joint ventures – Japan	3.6	4.8
Associates – Italy	0.6	1.5
Total	118,095.2	86,197.1

5. Expenses by nature

Expenses comprise the following:

	Notes	2011	2010
		£m	£m
Cost of sales		37.0	27.7
Employee costs	6	117.4	111.0
Depreciation and non-acquisition software amortisation		49.5	62.8
Amortisation of purchased intangibles assets and non-recurring costs	7	68.1	98.0
IT costs		65.7	72.5
Other costs		67.3	75.6
Total expenses		405.0	447.6

Foreign exchange gains or losses included in the income statement are immaterial.

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6. Employee costs

		2011	2010
	Notes	£m	£m
Employee costs comprise the following:			
Salaries and other short term benefits		92.0	84.5
Social security costs		15.2	15.5
Pension costs	19	5.2	7.5
Share based compensation	35	5.0	3.5
Total		117.4	111.0

	2011		2010	
The number of employees in the Group was:	Average	Year end	Average	Year end
UK	497	492	568	539
Italy	455	456	496	458
Sri Lanka	534	587	453 ¹	461
Other	29	28	28	30
	1,515	1,563	1,545	1,488

The Company has no employees.

¹ Average from date of acquisition.

7. Amortisation of purchased intangible assets and non-recurring items

	Notes	2011	2010
		£m	£m
Amortisation of purchased intangible assets	13	(47.1)	(54.3)
Merger costs		(15.4)	-
Restructuring costs		(3.5)	(30.1)
Property costs		(2.1)	-
Integration costs		-	(13.6)
Revaluation on acquisition within joint venture		10.0	-
Total affecting operating profit		(58.1)	(98.0)
Profit on disposal of shares in subsidiary		-	0.3
Total affecting profit before tax		(58.1)	(97.7)
Tax effect on items affecting profit before tax and tax non-recurring items:			
Deferred tax on amortisation of purchased intangible assets		6.4	9.4
Tax effect on other items affecting profit before tax		1.7	11.9
Total tax effect on items affecting profit before tax and tax non-recurring items		8.1	21.3
Total charge to income statement		(50.0)	(76.4)

Merger costs comprise costs incurred and committed to date associated with the proposed merger with TMX Group Inc. and primarily comprise non-contingent advisers' fees. Restructuring costs mainly comprise headcount restructuring costs arising from the cost saving programmes announced in July 2009 and May 2010. Property costs are an impairment provision relating to a freehold building now held for resale. The revaluation on acquisition within joint venture relates to the acquisition by the Group's FTSE joint venture of the remaining 50 per cent of the FXI Chinese index business, and the consequent upward revaluation of FTSE's existing interest in that company.

8. Net finance expense

	Notes	2011 £m	2010 £m
Finance income			
Bank deposit and other interest income		1.3	2.5
Expected return on defined benefit pension scheme assets	19	14.5	11.8
Fair value gains on financial instruments		–	0.6
Investment income		0.3	0.3
		16.1	15.2
Finance expense			
Interest payable on bank and other borrowings		(42.8)	(38.9)
Fair value losses on financial instruments		(0.1)	–
Other finance fees		(1.8)	(1.2)
Interest on discounted provision for leasehold properties		(1.5)	(1.2)
Defined benefit pension scheme interest cost	19	(14.7)	(14.6)
		(60.9)	(55.9)
Net finance expense		(44.8)	(40.7)

9. Taxation

	2011 £m	2010 £m
Taxation charged to the income statement		
Current tax:		
UK corporation tax for the year at 28%	38.1	27.8
Overseas tax for the year	55.3	37.4
Adjustments in respect of previous years	1.0	(6.9)
	94.4	58.3
Deferred tax (see note 17):		
Deferred tax for the current year	(10.4)	2.1
Adjustments in respect of previous years	4.1	1.6
Deferred tax on amortisation of purchased intangible assets	(6.4)	(9.4)
Taxation charge	81.7	52.6

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns agreed with relevant tax authorities.

	2011 £m	2010 £m
Taxation on items not (credited)/charged to income statement		
Current tax (credit):		
Tax allowance on share options/awards in excess of expense recognised	(1.3)	(0.4)
Deferred tax charge/(credit):		
Defined benefit pension scheme actuarial gain/(losses)	9.0	(0.5)
Tax allowance on share options/awards less than expense recognised	(0.5)	(0.6)
Adjustments relating to change in UK tax rate	(0.7)	–
	6.5	(1.5)

Factors affecting the tax charge for the year

The reconciling items between the profits multiplied by the UK corporation tax rate of 28 per cent and the income statement tax charge for the year are explained below:

	2011	2010
	<i>£m</i>	<i>£m</i>
Profit before taxation	238.2	144.3
Profit multiplied by the UK rate of corporation tax at 28%	66.7	40.4
Expenses not deductible/income not taxable	1.6	2.6
Share of joint venture and associates consolidated at profit after tax	(3.8)	(0.5)
Deferred tax arising on consolidation	(7.5)	–
Overseas earnings taxed at higher rate	13.2	9.7
Adjustments in respect of previous years	5.1	(5.3)
Amortisation of purchased intangible assets	6.4	5.7
Taxation charge	81.7	52.6

10. Earnings per share

Earnings per share is presented on four bases: basic earnings per share, diluted earnings per share, adjusted basic earnings per share and adjusted diluted earnings per share. Basic earnings per share is in respect of all activities and diluted earnings per share takes into account the dilution effects which would arise on conversion or vesting of share options and share awards under the Employee Share Ownership Plan (ESOP). Adjusted basic earnings per share and adjusted diluted earnings per share exclude amortisation of purchased intangible assets and non-recurring items to enable a better comparison of the underlying earnings of the business with prior periods.

	2011	2010
Basic earnings per share	56.4p	33.8p
Diluted earnings per share	55.9p	33.5p
Adjusted basic earnings per share	73.7p	60.1p
Adjusted diluted earnings per share	72.9p	59.6p
	<i>£m</i>	<i>£m</i>
Profit for the financial year attributable to equity holders	151.6	90.4
Adjustments:		
Amortisation of purchased intangible assets	47.1	54.3
Merger costs	15.4	–
Restructuring costs	3.5	30.1
Property costs	2.1	–
Integration costs	–	13.6
Acquisition revaluations	(10.0)	–
Non-recurring profit on disposal of shares in subsidiary	–	(0.3)
Tax effect of amortisation and non-recurring items	(8.1)	(21.3)
Non-recurring items, amortisation and taxation attributable to non-controlling interests	(3.7)	(6.0)
Adjusted profit for the financial year attributable to equity holders	197.9	160.8
Weighted average number of shares – million	268.6	267.6
Effect of dilutive share options and awards – million	2.8	2.4
Diluted weighted average number of shares – million	271.4	270.0

The weighted average number of shares excludes those held in the ESOP.

11. Dividends

	2011 £m	2010 £m
Final dividend for 2010 paid 16 August 2010: 16.0p per Ordinary share (2009: 16.0p)	42.9	42.7
Interim dividend for 2011 paid 5 January 2011: 8.8p per Ordinary share (2010: 8.4p)	23.7	22.5
	66.6	65.2

The Board has proposed a final dividend in respect of the year ended 31 March 2011 of 18.0p per share, which is estimated to amount to \$48.5m, to be paid on 22 August 2011.

12. Property, plant & equipment

Group	Land and buildings		Plant and equipment £m	Total £m
	Freehold £m	Leasehold £m		
Cost:				
1 April 2009	60.0	46.6	53.0	159.6
Additions	-	-	12.1	12.1
Foreign exchange	(0.3)	-	-	(0.3)
Disposals	-	(5.6)	-	(5.6)
Acquisition of subsidiaries	2.0	-	1.6	3.6
31 March 2010	61.7	41.0	66.7	169.4
Additions	-	0.1	16.4	16.5
Foreign exchange	(0.5)	-	(0.1)	(0.6)
Disposals	-	-	(3.7)	(3.7)
Reclassification as held for sale	(14.3)	-	(1.4)	(15.7)
31 March 2011	46.9	41.1	77.9	165.9
Depreciation:				
1 April 2009	27.5	25.0	27.2	79.7
Charge for the year	1.2	6.8	12.2	20.2
Foreign exchange	-	-	0.2	0.2
Disposals	-	(5.6)	-	(5.6)
31 March 2010	28.7	26.2	39.6	94.5
Charge for the year	1.1	3.0	12.3	16.4
Foreign exchange	(0.1)	-	(0.2)	(0.3)
Disposals	-	-	(3.5)	(3.5)
Impairment	2.5	-	-	2.5
Reclassification as held for sale	(4.8)	-	(1.3)	(6.1)
31 March 2011	27.4	29.2	46.9	103.5
Net book values:				
31 March 2011	19.5	11.9	31.0	62.4
31 March 2010	33.0	14.8	27.1	74.9

The Company has no property, plant and equipment.

13. Intangible assets

	Purchased intangible assets					Total £m
	Goodwill £m	Customer and supplier relationships £m	Software, licences and intellectual property		Software £m	
			Brands £m	£m		
Cost:						
1 April 2009	1,253.3	721.6	11.2	113.1	165.3	2,264.5
Additions	–	–	–	–	30.3	30.3
Acquisitions of subsidiaries	10.2	4.1	0.3	12.9	2.0	29.5
Disposals	(0.7)	–	–	–	–	(0.7)
Foreign exchange	(45.0)	(26.4)	(0.4)	(2.8)	(0.5)	(75.1)
31 March 2010	1,217.8	699.3	11.1	123.2	197.1	2,248.5
Additions	–	–	–	–	29.2	29.2
Acquisitions of subsidiaries	–	0.3	–	–	–	0.3
Disposals	(1.1)	–	–	–	(1.0)	(2.1)
Transfers to held for sale assets	(27.7)	(20.6)	–	–	–	(48.3)
Foreign exchange	(11.3)	(7.0)	(0.1)	(1.7)	(0.1)	(20.2)
31 March 2011	1,177.7	672.0	11.0	121.5	225.2	2,207.4
Amortisation and accumulated impairment:						
1 April 2009	505.1	49.2	1.7	31.2	92.4	679.6
Amortisation charge for the year	–	31.3	1.1	21.9	50.6	104.9
Foreign exchange	(17.5)	(1.0)	–	(1.4)	(0.2)	(20.1)
31 March 2010	487.6	79.5	2.8	51.7	142.8	764.4
Amortisation charge for the year	–	30.7	1.1	15.3	33.2	80.3
Disposals	–	–	–	–	(1.0)	(1.0)
Transfers to held for sale assets	(22.3)	(3.6)	–	–	–	(25.9)
Foreign exchange	(3.9)	–	–	(0.8)	(0.1)	(4.8)
31 March 2011	461.4	106.6	3.9	66.2	174.9	813.0
Net book values:						
31 March 2011	716.3	565.4	7.1	55.3	50.3	1,394.4
31 March 2010	730.2	619.8	8.3	71.5	54.3	1,484.1

The fair values of purchased intangible assets were principally valued using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years. The goodwill primarily represents the growth potential and assembled workforces of the Italian Group, MillenniumIT and Turquoise. The Company has no intangible assets.

During the year the goodwill and purchased intangibles allocated to Servizio Titoli were transferred to assets held for sale.

Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to 10 cash generating units (CGUs). The composition of the Group's Italian operations' six CGUs as at 31 March 2010 was reallocated on 1 April 2010 to reflect the impact of the restructuring of the Group's segments, as set out in note 4. Consequently, the Group's Italian operations now comprise seven CGUs, with goodwill previously associated with its Information & Technology Services CGU now allocated to its Information Services CGU and Technology Services CGUs. MillenniumIT comprises two CGUs (Software and Enterprise Service Provider), and Turquoise constitutes one CGU.

The recoverable amounts of these CGUs have been determined based on value in use calculations, using discounted cash flow projections prepared by management covering the five year period ending 31 March 2016. Cash flows beyond this period are extrapolated using the estimated long term growth rates and applying the pre-tax discount rates referred to below.

The amount of the net book value of goodwill allocated to each CGU is set out below.

Cash generating unit	Net book value of goodwill					31 March 2011	Pre-tax discount rate used in value in use calculations
	31 March 2010	Impact of restructuring of segments	Disposals	Transfers to held for sale assets	Foreign exchange		
	£m	£m	£m	£m	£m	£m	
Italian group:							
Issuer	19.5	–	–	–	(0.1)	19.4	13.2%
Equities Trading	66.0	–	–	–	(0.6)	65.4	13.2%
Derivatives Trading	29.6	–	–	–	(0.3)	29.3	13.2%
Fixed Income Trading	74.6	–	–	–	(0.7)	73.9	13.0%
Information & Technology Services	136.7	(136.7)	–	–	–	–	N/A
Information Services	–	122.2	–	–	(1.0)	121.2	13.4%
Technology Services	–	14.5	–	–	(0.2)	14.3	13.2%
Post Trade Services	393.6	–	–	(5.4)	(4.5)	383.7	13.5%
MillenniumIT:							
Software	0.9	–	–	–	–	0.9	17.3%
Enterprise Service Provider	0.8	–	–	–	–	0.8	15.1%
Turquoise	8.5	–	(1.1)	–	–	7.4	15.5%
	730.2	–	(1.1)	(5.4)	(7.4)	716.3	

Management has based its value in use calculations for each CGU on key assumptions about short and medium term revenue and cost growth, long term economic growth rates (used to determine terminal values) and pre-tax discount rates.

The values assigned to short and medium term revenue and cost growth assumptions reflect current trends, anticipated market developments, discussions with customers and suppliers, and management's experience, taking account of an expected recovery in underlying financial markets.

Long term growth rates (assumed to be 2.3 per cent for each of the Italian CGUs, 3.0 and 13.5 per cent for MillenniumIT's Software and Enterprise Service Provider CGUs respectively, and 3.4 per cent for Turquoise) represent management's internal forecasts based on external estimates of GDP and inflation for the 10 year period 1 January 2006 to 31 December 2015, and do not exceed the long term average growth rates for the countries in which the CGUs operate.

Pre-tax discount rates are based on a number of factors including the risk-free rates in Italy, Sri Lanka and the UK as appropriate, the Group's estimated market risk premium and a premium to reflect the inherent risks of each of the CGUs.

Value in use calculations for each CGU are sensitive to changes in short and medium term revenue and cost growth assumptions, long term growth rates and pre-tax discount rates. The impact on value in use of a change in these assumptions is shown below:

Cash generating unit	Excess of value in use over carrying value	Impact on value in use of:			
		5% reduction in revenues	5% increase in costs	0.5% reduction in long-term growth rate	0.5% increase in pre-tax discount rate
	£m	£m	£m	£m	£m
Italian group:					
Issuer	8.5	9.3	5.3	3.9	5.1
Equities Trading	35.7	20.3	9.9	10.4	13.7
Derivatives Trading	62.8	10.1	4.8	5.1	6.7
Fixed Income Trading	58.3	32.2	17.1	14.7	19.3
Information Services	60.4	22.1	9.4	11.9	15.7
Technology Services	13.4	6.9	4.7	1.3	1.6
Post Trade Services	514.3	78.2	22.4	48.7	64.0

Management believes goodwill allocated to MillenniumIT and Turquoise CGUs is unlikely to be materially impaired under any reasonable changes to key assumptions. The excess of value in use over carrying value is determined by reference to the net book value as at 31 March 2011. Revenue and cost sensitivities assume a five per cent change in revenues or costs for each of the five years in the value in use calculations.

14. Investment in joint ventures

The Group owns 50 per cent of the 1,000 £1 issued equity shares in FTSE International Ltd ("FTSE"), a company incorporated in Great Britain which provides financial indices to international clients.

FTSE is a joint venture with The Financial Times Ltd, a subsidiary of Pearson plc. The Group's investment of \$13.7m at 31 March 2011 represents the Group's share of the joint venture's net assets as at 31 December 2010, FTSE's accounting reference date, adjusted for subsequent dividends received.

The following amounts represent the Group's 50 per cent share of the revenue and expenses and assets and liabilities of FTSE for the years ended 31 December 2009 and 2010.

	December 2010	December 2009
	£m	£m
Revenue	51.2	43.9
Expenses, including tax	(36.2)	(40.4)
Profit after tax	15.0	3.5
Non-current assets	29.8	7.7
Current assets	31.0	21.1
Total assets	60.8	28.8
Current liabilities	(36.5)	(23.9)
Non-current liabilities	(8.1)	(1.1)
Total liabilities	(44.6)	(25.0)
Net assets	16.2	3.8

The Group has a 49 per cent interest in TOKYO AIM, a company incorporated in Japan to provide secondary market listings in Tokyo. TOKYO AIM is a joint venture with Tokyo Stock Exchange Group, a company incorporated in Japan, and the Group has recognised its £1.6m (2010: £2.0m) share of TOKYO AIM's loss in the income statement.

	2011	2010
	£m	£m
Share of net assets of FTSE at 31 December	16.2	3.8
Dividend paid by FTSE in March	(2.5)	(1.5)
Share of net assets of TOKYO AIM as at 31 March	3.6	4.8
Investment in joint ventures at 31 March	17.3	7.1

The Group is entitled, under a shareholders' agreement, to receive royalties from FTSE. The amount receivable by the Group from FTSE for the year ended 31 March 2011 was £11.3m (2010: £9.6m).

During the year the Group received dividends of \$3.7m (2010: \$2.3m) from FTSE. The final dividend for 2010, of which the Group's share is \$2.5m (2009: \$1.5m), was approved by the shareholders and paid after the publication of FTSE's 31 December 2010 results.

The Company had no investment in joint ventures.

15. Investment in associates

	2011	2010
	£m	£m
1 April	1.5	1.9
Share of profit after tax	0.1	0.1
Share of capital decrease and dividend distribution	(0.2)	-
Disposal	(0.8)	(0.3)
Foreign exchange	-	(0.2)
31 March	0.6	1.5

The Group's share of the results of its principal associates, all of which are unlisted and have a reporting date of 31 December 2010, and its aggregated assets and liabilities are as follows:

	Country of incorporation	Assets £m	Liabilities £m	Revenues £m	Profit £m	% interest held
MTS Associated Markets	Belgium	2.8	1.4	2.1	0.1	20.0
MTS Portugal SA	Portugal	2.2	0.3	0.8	0.1	15.0

16. Investments in subsidiary undertakings

Company	Shares	Loans	Total
	£m	£m	£m
1 April 2009	3,404.5	343.8	3,748.3
Acquisition of London Stock Exchange Group Holdings Ltd	7.0	–	7.0
Other movements during the year	–	(10.7)	(10.7)
1 April 2010	3,411.5	333.1	3,744.6
Acquisition of London Stock Exchange Group Holdings (R) Ltd	10.8	–	10.8
Other movements during the year	–	4.3	4.3
31 March 2011	3,422.3	337.4	3,759.7

Based on the results of the impairment tests performed in respect of the Italian group and London Stock Exchange plc, no impairment of the carrying value of the goodwill referred to in note 13, or the Company's investment in subsidiary undertakings was considered necessary.

Principal subsidiaries:	Principal activity	Country of incorporation	Country of principal operations	% equity and votes held
Held directly by the Company:				
London Stock Exchange plc	Recognised investment exchange	UK	UK	100
London Stock Exchange Group Holdings (Italy) Ltd	Holding company	UK	UK	100
London Stock Exchange Group Holdings Ltd	Holding company	UK	UK	100
London Stock Exchange Group Holdings (R) Ltd	Holding company	UK	UK	100
Held indirectly by the Company				
Borsa Italiana S.p.A.	Recognised investment exchange	Italy	Italy	99.96
Cassa di Compensazione e Garanzia S.p.A.	CCP for clearing	Italy	Italy	86.36
Monte Titoli S.p.A.	Pre-settlement, settlement and centralised custody	Italy	Italy	98.80
Bit Market Services S.p.A.	Retail information services & market technology	Italy	Italy	99.99
Servizio Titoli S.p.A.	Corporate secretary advisory	Italy	Italy	99.99
ProMac S.p.A.	Trading platform	Italy	Italy	99.60
Societa per il Mercato dei Titoli di Stato S.p.A.	Wholesale fixed income bonds	Italy	Italy	60.37
MTS France S.A.S.	Wholesale fixed income bonds	Italy	Italy	58.78
EuroMTS Ltd	Wholesale fixed income bonds	UK	UK	60.37
MTSNext Ltd	Wholesale fixed income bonds	UK	UK	60.37
EDX London Ltd	Derivatives exchange	UK	UK	100
Proquote Ltd	Market data provider	UK	UK	100
Turquoise Global Holdings Ltd	Holding company	UK	UK	51
Turquoise Services Ltd	Trading facility	UK	UK	51
Millennium Information Technologies Ltd	Holding company	Sri Lanka	Sri Lanka	100
Millennium Information Technologies Software Ltd	IT solutions provider	Sri Lanka	Sri Lanka	100

The Group acquired in the year 94.4 per cent of the share capital of ProMac S.p.A., 77.5 per cent of MTS France S.A.S., 10 per cent of Servizio Titoli S.p.A., and the 19.9 per cent of EDX that it did not already own.

London Stock Exchange Group plc holds directly or indirectly 100 per cent of the Ordinary shares, being the only class of shares in issue, of certain other subsidiaries, none of which has actively traded during the year. A full list of subsidiaries will be annexed to the next annual return of London Stock Exchange Group plc.

17. Deferred taxation

The movements in deferred tax assets and liabilities during the year are shown below.

	Accelerated tax depreciation	Acquisition deferred tax and amortisation	Provisions and other temporary differences	Total
Group	£m	£m	£m	£m
1 April 2009	(0.7)	(101.5)	4.6	(97.6)
Tax (charged)/credited to income statement:	(0.8)	9.4	(2.8)	5.8
Tax credited to other comprehensive income:				
– defined benefit pension scheme actuarial loss	–	–	0.5	0.5
– allowance on share options/awards	–	–	0.6	0.6
– foreign exchange	–	3.0	–	3.0
Acquisition of subsidiaries	–	(0.4)	–	(0.4)
31 March 2010	(1.5)	(89.5)	2.9	(88.1)
Tax (charged)/credited to the income statement:	(0.2)	6.4	6.5	12.7
Tax credited to other comprehensive income:				
– defined benefit pension scheme actuarial loss	–	–	(8.3)	(8.3)
– allowance on share options/awards	–	–	0.5	0.5
– foreign exchange	–	1.1	–	1.1
Transfer to held for sale	–	2.7	(0.2)	2.5
Transfer between current and deferred tax	–	–	(0.5)	(0.5)
31 March 2011	(1.7)	(79.3)	0.9	(80.1)
Assets at 31 March 2011	1.1	–	11.1	12.2
Liabilities at 31 March 2011	(2.8)	(79.3)	(10.2)	(92.3)
Net (liabilities)/assets at 31 March 2011	(1.7)	(79.3)	0.9	(80.1)
Assets at 31 March 2010	0.2	–	6.0	6.2
Liabilities at 31 March 2010	(1.7)	(89.5)	(3.1)	(94.3)
Net (liabilities)/assets at 31 March 2010	(1.5)	(89.5)	2.9	(88.1)

The deferred tax assets are recoverable against future taxable profits and are due after more than one year.

The purchased intangible assets of the Italian group create a deferred tax liability due to the difference between their accounting and tax treatment. This liability is amortised at the same rate as the intangible assets.

The Group has unrecognised deferred tax assets in respect of losses of £54m (2010: £39m). The assets would be recognised in the future only if suitable taxable income were to arise within the Group.

There was no deferred tax in the Company.

18. Available for sale investments

Available for sale financial investments of £0.4m (2010: £0.4m) represent the cost of the Group's 0.6 per cent interest in the unlisted ordinary shares of Euroclear plc. The fair value of these shares cannot be reliably measured because they are unquoted.

19. Retirement benefit asset/obligation

The Group operates separate defined benefit and defined contribution schemes. The assets of the defined benefit and defined contribution schemes in the UK are held separately from those of the Group in a separate trustee administered fund and the funds are primarily managed by Schroder Investment Management Limited, Investec Asset Management Limited, Legal & General Investment Management Limited, PIMCO Europe Limited and Aviva Investors.

The 'Other plans' relate to the severance and leaving indemnity scheme *Trattamento di Fine Rapporto* (TFR) operated by the Italian group in accordance with Italian law and the employee benefit and retirement plan operated by MillenniumIT.

The Company has no retirement benefit obligations.

On 7 April 2011 the Trustees of the Group's Defined Benefit Plan signed an agreement with Pension Insurance Corporation Limited to insure for a premium of around £158m all future payments to scheme members who were pensioners at 31 March 2011. The actuarial liability of these benefits at 31 March 2011 was \$140.5m, with the excess of the insurance premium over the liabilities being funded from the Plan surplus. The contract includes an obligation to insure future retirements over the next five years on consistent pricing terms for a total premium currently estimated to be \$45m.

Defined benefit schemes

The UK defined benefit scheme is non-contributory and provides benefits based on final pensionable pay related to salary earned in the last five years of employment. The scheme was closed to new members in 1999. Pension scheme obligations and costs are determined by an independent qualified actuary on a regular basis using the projected unit credit method. The obligations are measured by discounting the best estimate of future cash flows to be paid out by the scheme and are reflected in the Group balance sheet.

The TFR operated by the Italian group is classified as an unfunded defined benefit scheme for funds accumulated prior to 1 July 2007. The service cost, representing deferred salaries accruing to employees, was included as an operating expense and was determined by law at 6.91 per cent of salary payments subject to certain adjustments. The scheme obligation comprises accumulated service costs and is revalued by law at a rate equal to 75 per cent of 'national life price index +1.5 per cent' by an independent qualified actuary. Since 1 July 2007, the Group retains no obligation, as contributions are made directly into Italian state funds in the manner of a defined contribution scheme.

The employee benefit and retirement plan operated by MillenniumIT is classified as a defined benefit plan. The net obligation in respect of this plan is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Once an employee is continuously employed for more than five years, he or she is entitled to a payment equivalent to half a month's gross salary multiplied by the number of years in service at MillenniumIT.

Defined contribution schemes

The Group's defined contribution schemes are now the only schemes open to new employees in the UK and Italy. For the UK pension plan, a core contribution of eight per cent of pensionable pay is provided and the Group will match employee contributions up to a maximum of six per cent of pensionable pay. For the TFR, 6.91 per cent of pensionable pay is provided.

Amounts recognised in the income statement are as follows:

	2011		2010	
	UK Pension £m	Italian plan £m	UK Pension £m	Italian plan £m
Defined contribution schemes	(2.2)	(1.3)	(4.3)	(2.4)
Defined benefit scheme – current service cost	(0.7)	(1.0)	(0.7)	(0.1)
Total pension charge included in employee costs (see note 6)	(2.9)	(2.3)	(5.0)	(2.5)
Finance income and expense				
Interest cost	(14.3)	(0.4)	(14.3)	(0.3)
Expected return on assets	14.5	–	11.8	–
Net finance income/(expense)	0.2	(0.4)	(2.5)	(0.3)
Total recognised in the income statement	(2.7)	(2.7)	(7.5)	(2.8)

Defined benefit assets/(obligations) for UK pension scheme

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Fair value of assets:					
Equities	39.3	37.2	25.1	33.2	35.7
Bonds	219.5	218.5	202.6	190.9	185.2
Property	23.3	13.3	7.1	8.8	3.7
Total fair value of assets	282.1	269.0	234.8	232.9	224.6
Present value of funded obligations	(244.5)	(264.4)	(229.8)	(221.1)	(239.6)
Surplus/(deficit)	37.6	4.6	5.0	11.8	(15.0)

The main actuarial assumptions are set out below:

	2011		2010	
	UK Pension	Italian plan	UK Pension	Italian plan
Inflation rate – CPI	2.5%	–	–	–
Inflation rate – RPI	3.5%	2.0%	3.7%	2.0%
Rate of increase in salaries	5.0%	3.5%	5.2%	3.5%
Rate of increase in pensions in payment	3.7%	3.0%	4.0%	3.0%
Discount rate	5.6%	4.1%	5.5%	4.1%
Expected return on assets as at the start of the year:				
– equities	7.6%	–	7.6%	–
– bonds	4.8%	–	5.2%	–
– property	6.8%	–	6.7%	–
Life expectancy from age 60 (Years):				
– Non retired male member	27.8	–	27.7	–
– Non retired female member	30.6	–	30.5	–
– Retired male member	26.2	–	26.1	–
– Retired female member	29.1	–	29.0	–

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In July 2010, the Government announced that in the future it will use the Consumer Prices Index (CPI) in place of the Retail Prices Index (RPI) in its determination of the statutory minimum pension increases that apply to deferred pension increases within the UK defined benefits scheme. The change in assumption has resulted in an additional £7.3m actuarial gain in the current year, which is credited to reserves. Increases in pensions in payment continue to reference RPI under the terms of the scheme.

Expected return on equities and property are determined by applying an appropriate risk premium to the risk free rate measured with reference to the return on Government bonds. Expected returns on bonds are derived from returns on Government and corporate bonds of an equivalent term to the investments held.

The mortality assumptions are based on the standard tables SINA published by the Institute and Faculty of Actuaries adjusted to take account of projected future improvements in life expectancy from the Self Administered Pension Scheme (SAPS) mortality survey, which was published in 2008. We have used an allowance for the medium cohort effect and applied a one per cent underpin in respect of future mortality improvements.

Sensitivities

The sensitivities regarding the principal assumptions used to measure the scheme obligations are:

Assumption	Change in assumption	Impact on scheme obligations
Inflation rate	Increase/decrease by 0.5%	Increase/decrease by \$4.3m
Rate of increase in pensions payment	Increase/decrease by 0.5%	Increase/decrease by £14.8m
Discount rate	Increase/decrease by 0.5%	Decrease/increase by £19.3m
Mortality rate	Increase by 1 year	Increase by \$6.9m

Movement in defined benefit obligation during the year

	2011		2010	
	UK Pension £m	Italian plan £m	UK Pension £m	Italian plan £m
1 April	264.4	7.3	229.8	8.3
Obligations arising from acquisition	–	–	–	0.6
Reclassification to other payables	–	–	–	0.6
Current service cost	0.7	1.0	0.7	0.1
Interest expense	14.3	0.4	14.3	0.3
Benefits paid	(8.1)	(1.8)	(7.0)	(2.5)
Actuarial (gain)/loss	(26.8)	(0.3)	27.4	–
Curtailement gain	–	–	(0.8)	–
Foreign exchange	–	(0.2)	–	(0.1)
31 March	244.5	6.4	264.4	7.3

Movement in fair value of UK plan assets during the year

	2011	2010
	£m	£m
1 April	269.0	234.8
Expected return on assets	14.5	11.8
Contributions received	1.4	3.8
Benefits paid	(8.1)	(7.0)
Actuarial gain	5.3	25.6
31 March	282.1	269.0

The actual return on plan assets was £19.8m (2010: £37.4m).

Defined benefit actuarial gains and losses recognised

The experience adjustments and the effects of changes in actuarial assumptions of the pension scheme during the year are recognised in the statement of comprehensive income:

	2011		2010	
	UK Pension £m	Italian plan £m	UK Pension £m	Italian plan £m
Recognised up to 1 April	2.7	(1.3)	4.5	(1.3)
Net actuarial gain/(loss) recognised in the year	32.1	0.3	(1.8)	–
Cumulative amount recognised at 31 March	34.8	(1.0)	2.7	(1.3)

The last actuarial valuation of the defined benefit scheme was carried out at 31 March 2009 by an independent qualified actuary. Following the valuation, ordinary contributions were increased from 36 per cent to 41 per cent of pensionable salaries. The Group expects to contribute approximately £1.3m to the defined benefit scheme during the year to 31 March 2012. The next actuarial valuation as at 31 March 2012 may result in an adjustment to future contribution levels.

The Group estimates the present value of the duration of defined benefit obligations on average fall due over 20 years.

History of experience gains and losses for UK scheme	2011	2010	2009	2008	2007
Experience adjustments arising on scheme assets:					
Gain/(loss) (£m)	5.3	25.6	(11.2)	(3.7)	(10.7)
Percentage of scheme assets	1.9%	9.5%	(4.8%)	(1.6%)	(4.8%)
Experience adjustments arising on scheme liabilities:					
Experience gain/(loss) (£m)	1.5	7.5	1.3	0.7	(0.4)
Impact of changes in assumptions (£m)	25.3	(34.9)	(1.1)	24.8	11.4
Total (£m)	26.8	(27.4)	0.2	25.5	11.0
Percentage of scheme liabilities					
Experience gain/(loss)	0.6%	2.8%	0.6%	0.3%	(0.2%)
Impact of changes in assumptions	10.3%	(13.2%)	(0.5%)	11.2%	4.8%
Total	10.9%	(10.4%)	0.1%	11.5%	4.6%

20. Inventories

	2011	2010
	£m	£m
Work in progress	0.9	1.5
Finished goods	0.5	0.7
	1.4	2.2

The Company has no inventories.

21. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	£m	£m	£m	£m
Trade receivables	82.4	84.8	–	–
Less: provision for impairment of receivables	(7.3)	(6.8)	–	–
Trade receivables – net	75.1	78.0	–	–
Amounts due from Group undertakings	–	–	154.5	161.4
Other receivables	3.6	5.7	–	–
Prepayments and accrued income	48.1	48.5	0.5	–
	126.8	132.2	155.0	161.4

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values.

Trade receivables that are not past due are not considered to be impaired.

The ageing of past due debtors for the Group is as follows:

	2011		2010	
	Impaired	Not impaired	Impaired	Not impaired
	£m	£m	£m	£m
0 to 3 months past due	–	24.8	–	15.3
Greater than 3 months past due	7.3	5.2	6.8	4.1
	7.3	30.0	6.8	19.4

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2011	2010
	£m	£m
Sterling	58.3	56.0
Euro	61.8	70.9
Other Currencies	6.7	5.3
	126.8	132.2

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Movements on the Group provision for impairment of trade receivables are as follows:

	2011	2010
	£m	£m
At 1 April	6.8	6.6
Acquisition of subsidiaries	–	0.1
Provision for receivables impairment	0.8	0.7
Receivables written off during the year as uncollectible	(0.3)	(0.2)
Provisions no longer required	(0.1)	(0.1)
Foreign exchange	0.1	(0.3)
At 31 March	7.3	6.8

The creation and release of provision for impaired receivables have been included in operating expense in the income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables and the other categories of financial assets do not contain impaired assets.

22. Financial instruments by category

The financial instruments of the Group and Company are categorised as follows:

	Group				Company		
	Loans and receivables	Available for sale	Assets at fair value through profit or loss	Total	Loans and receivables	Assets at fair value through profit or loss	Total
31 March 2011	£m	£m	£m	£m	£m	£m	£m
Assets as per balance sheet							
Financial assets of the CCP clearing business							
– CCP trading assets	–	–	7,309.5	7,309.5	–	–	–
– Receivables for repurchase transactions	98,863.1	–	–	98,863.1	–	–	–
– Other receivables from clearing members	3,983.1	–	–	3,983.1	–	–	–
– Financial assets held at fair value	–	–	22.2	22.2	–	–	–
– Cash and cash equivalents of clearing members	5,929.3	–	–	5,929.3	–	–	–
Financial assets of the CCP clearing business	108,775.5	–	7,331.7	116,107.2	–	–	–
Assets held at fair value	–	–	8.6	8.6	–	–	–
Total financial assets for CCP clearing	108,775.5	–	7,340.3	116,115.8	–	–	–
Trade and other receivables	78.7	–	–	78.7	155.0	–	155.0
Cash and cash equivalents	267.0	–	–	267.0	0.8	–	0.8
Available for sale financial assets	–	0.4	–	0.4	–	–	–
Interest rate swaps	–	–	0.4	0.4	–	0.4	0.4
Forward foreign exchange contracts	–	–	0.3	0.3	–	–	–
Total	109,121.2	0.4	7,341.0	116,462.6	155.8	0.4	156.2

	Group			Company		
	Derivatives used for hedging	Other financial liabilities	Total	Derivatives used for hedging	Other financial liabilities	Total
	£m	£m	£m	£m	£m	£m
Liabilities as per balance sheet						
Financial liabilities of the CCP clearing business						
– CCP trading liabilities	–	7,309.5	7,309.5	–	–	–
– Liabilities under repurchase transactions	–	98,863.1	98,863.1	–	–	–
– Other payables to clearing members	–	9,910.9	9,910.9	–	–	–
– Financial liabilities held at fair value	–	21.0	21.0	–	–	–
Financial liabilities of the CCP clearing business	–	116,104.5	116,104.5	–	–	–
Trade and other payables	–	156.5	156.5	–	210.4	210.4
Provisions	–	31.5	31.5	–	–	–
Borrowings	–	499.1	499.1	–	499.0	499.0
Cross currency interest rate swaps	12.9	–	12.9	12.9	–	12.9
Forward foreign exchange contracts	0.3	–	0.3	–	–	–
Total	13.2	116,791.6	116,804.8	12.9	709.4	722.3

The valuation of CCP assets held at fair value through profit or loss is performed with reference to quoted prices from the markets to which they relate and therefore are all considered to be level 1. The derivative financial instruments are considered to be level 2. The cross currency interest rate swaps are used to change the currency of borrowings to reduce exposure to net assets and cash flow denominated in currencies other than sterling. These are designated as a hedge of the Group's net investment in the Italian group and qualify for effective hedge accounting as both legs of the swap are at fixed rate.

The effectiveness of the hedges has been tested by means of a regression analysis and ineffectiveness was found to be negligible.

During the period, the Group executed two cross-currency swaps, of €50m each, to exchange a proportion of its sterling bond obligations (swapping €100m sterling equivalent of the 2016 £250m bond) into euros. The two new swaps were in addition to four existing cross-currency swaps, also of €50m each, which effectively exchanged some of the proceeds of the 2016 and the 2019 £250m bonds from sterling into euros. The swaps are designated part of the Group's net investment hedge and these derivative financial instruments exactly match the terms of the underlying bonds, the sterling coupon interest rates and their timings and so these hedges are expected to be perfectly effective. For the year ended 31 March 2011, the Group recognised the £3.4m movement in mark to market value of these derivatives in reserves (2010 : £16.3m).

In September 2010, the Group cancelled four interest rate contracts of €30m each that swapped drawn bank borrowings from floating into fixed rates of interest. Upon cancellation, €2.6m of accelerated interest was charged to the income statement. These hedges had been accounted for as cashflow hedges.

The Group continued to hold four interest rate contracts of £25m each, which swapped a proportion of the 2016 sterling bond issue obligation from fixed interest rates into floating interest rates. These swaps were arranged for a period of two years from January 2010, were accounted for as fair value hedges, and were effective hedges. For the financial year ended 31 March 2011 the Group recognised the movement in mark to market value of these derivatives (£0.1m) in the income statement (2010: £0.6m). The interest rate swaps are used to manage exposure to movements in interest rates.

The Group's financial assets held at fair value consist largely of Italian equities restricted in use for the operations of CC&G as manager of the clearing and guarantee system. The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

The CCP clearing business assets and liabilities comprise:

a) CCP trading assets and liabilities

The fair value of open positions on the derivatives market (IDEM) in which CC&G operates as the central counterparty and relate to:

- (i) derivative instruments on the S&P MIB index (index futures, mini index futures, index options); and
- (ii) derivative instruments in respect of individual stocks (equity futures, equity options).

b) Receivables for/liabilities under repurchase transactions (Repos)

The value of repo transactions executed by participants in the MTS market who use the central counterparty guarantee service provided by CC&G refers to the value of transactions for which the spot part has been settled while the forward part has still to be settled.

c) Other receivables from clearing members

Sums receivable as initial margin, variation margin, option premiums and securities as collateral resulting from the activity of participants in the IDEM, MTA and MTS markets.

d) Other payables to clearing members

Liability to members for amounts delivered as initial margin, variation margin, option premiums and securities as collateral, resulting from the activity of participants in the IDEM, MTA and MTS markets.

e) Assets and liabilities held at fair value

- (i) Equities and bonds, listed on regulated markets, which CC&G has already withdrawn from the settlement system but has not yet delivered to the intermediaries who have bought them; and
- (ii) Securities traded but not yet settled as part of the CCP function.

f) Cash and cash equivalents of clearing members

Cash and cash equivalents at bank, representing margins and default fund amounts received in connection with the CCP clearing service.

As at 31 March 2011, there were no provisions for impairment in relation to any of the CCP financial assets (2010: nil) and none of these assets were past due (2010: nil).

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The financial instruments of the Group and the Company at the previous year's balance sheet date were as follows:

	Group				Company			
	Loans and receivables	Available for sale	Assets at fair value through profit or loss	Total	Loans and receivables	Assets at fair value through profit or loss	Total	
31 March 2010	£m	£m	£m	£m	£m	£m	£m	
Assets as per balance sheet								
Financial assets of the CCP clearing business								
– CCP trading assets	–	–	5,467.9	5,467.9	–	–	–	
– Receivables for repurchase transactions	72,687.0	–	–	72,687.0	–	–	–	
– Other receivables from clearing members	1,489.8	–	–	1,489.8	–	–	–	
– Financial assets held at fair value	–	–	24.6	24.6	–	–	–	
– Cash and cash equivalents of clearing members	4,580.7	–	–	4,580.7	–	–	–	
Financial assets of the CCP clearing business	78,757.5	–	5,492.5	84,250.0	–	–	–	
Assets held at fair value	–	–	9.5	9.5	–	–	–	
Total financial assets for CCP clearing	78,757.5	–	5,502.0	84,259.5	–	–	–	
Trade and other receivables	83.7	–	–	83.7	199.5	–	199.5	
Cash and cash equivalents	223.1	–	–	223.1	–	–	–	
Available for sale financial assets	–	0.4	–	0.4	–	–	–	
Interest rate swaps	–	–	0.6	0.6	–	0.6	0.6	
Total	79,064.3	0.4	5,502.6	84,567.3	199.5	0.6	200.1	

	Group			Company		
	Derivatives used for hedging	Other financial liabilities	Total	Derivatives used for hedging	Other financial liabilities	Total
	£m	£m	£m	£m	£m	£m
Liabilities as per balance sheet						
Financial liabilities of the CCP clearing business						
– CCP trading liabilities	–	5,467.9	5,467.9	–	–	–
– Liabilities under repurchase transactions	–	72,687.0	72,687.0	–	–	–
– Other payables to clearing members	–	6,078.3	6,078.3	–	–	–
– Financial liabilities held at fair value	–	24.3	24.3	–	–	–
Financial liabilities of the CCP clearing business	–	84,257.5	84,257.5	–	–	–
Trade and other payables	–	137.1	137.1	–	203.3	203.3
Provisions	–	33.9	33.9	–	–	–
Borrowings	–	606.7	606.7	–	606.7	606.7
Interest rate swaps	2.7	–	2.7	2.7	–	2.7
Cross currency interest rate swap	16.3	–	16.3	16.3	–	16.3
Total	19.0	85,035.2	85,054.2	19.0	810.0	829.0

The comparatives for financial instruments have been updated to exclude prepayment and accrued income which is not considered a financial asset and to include provisions as a financial liability.

23. Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	£m	£m	£m	£m
Cash at bank	152.1	123.8	0.8	0.1
Short term deposits	114.9	99.3	–	–
	267.0	223.1	0.8	0.1

Cash and cash equivalents is held with authorised counterparties of a high credit standing, in interest bearing current and call accounts, short term deposits and AAA rated liquidity funds. Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no differences between their book and fair values.

Cash and cash equivalents does not include amounts held by CC&G on behalf of its clearing members, the use of which is restricted to the operation of CC&G as manager of the clearing and guarantee system (see note 22). Cash and cash equivalents does include amounts held by regulated entities for regulatory and operational purposes. At 31 March 2011, the Group set aside £125.0m (2010: £125m), for such purposes, with the amount subject to regular review with regulators in the UK and Italy.

24. Assets held for sale

The assets and liabilities related to Servizio Titoli S.p.A. are presented as held for sale at 31 March 2011 as the Group was in the process of selling the company. A sale agreement was signed in April 2011 and completion occurred on 10 May 2011. Total consideration for the sale was €32.4m. During the year the Group decided to put up for sale a freehold property, which resulted in this asset being classified as held for sale at 31 March 2011.

Assets classified as held for sale

	2011	2010
	£m	£m
Property, plant and equipment	9.6	–
Intangible assets	22.4	–
Other current assets	4.9	–
	36.9	–

Liabilities classified as held for sale

	2011	2010
	£m	£m
Trade and other payables	1.4	–
Other current liabilities	3.4	–
	4.8	–

The carrying amounts of assets and liabilities are reasonable approximations of fair value.

There have been no transactions recognised during the year in the statement of comprehensive income relating to the company classified as held for sale.

25. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	£m	£m	£m	£m
Trade payables	19.0	15.1	–	–
Amounts owed to Group undertakings (note 35)	–	–	179.8	184.6
Social security and other taxes	11.3	20.1	0.7	–
Other payables	24.7	25.4	3.8	3.8
Accruals and deferred income	101.5	76.5	26.6	14.9
	156.5	137.1	210.9	203.3

26. Borrowings

	Group		Company	
	2011	2010	2011	2010
	£m	£m	£m	£m
Current				
Bank borrowings and trade finance loans	0.1	0.9	–	–
	0.1	0.9	–	–
Non-current				
Bond	499.5	499.6	499.5	499.6
(Deferred arrangement fees)/bank borrowings	(0.5)	106.2	(0.5)	106.2
	499.0	605.8	499.0	605.8

The Group has the following unsecured bank facilities:

Type	Expiry date	Facility £m	Carrying value at 31 March 2011		Interest rate percentage at 31 March 2011
			£m	£m	
Multi-currency revolving credit facility	July 2013	250.0	–		LIBOR + 0.8
Multi-currency revolving credit facility	November 2015	250.0	–		LIBOR + 1.0
Total bank facilities		500.0	–		
Notes issued July 2006	July 2016	250.0	252.0		6.125
Notes issued June 2009	October 2019	250.0	247.5		9.125
Total Bonds		500.0	499.5		
Total Debt		1,000.0	499.5		

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements of €1.2 billion. In addition, uncommitted credit lines of €1bn are available from major Italian banks in relation to support of the MTS markets. If these are drawn they are guaranteed by Italian Government bonds. CC&G also has available to it €200m of committed facilities with banks, available for short term CCP related activity purposes only.

Non-current borrowings

In July 2006, the Company issued a £250m bond which is unsecured and is due for repayment in July 2016. Interest is paid semi-annually in arrears in January and July each year. The issue price of the bond was £99.679 per £100 nominal. The coupon on the bond is dependent on movements in the Company's credit rating with Moody's which was unchanged throughout the financial year. The bond coupon remained at 6.125 per cent throughout this period.

In June 2009 the Company issued another £250m bond which is unsecured and is due for repayment in October 2019. Interest is paid semi-annually in arrears in April and October each year. The issue price of the bond was 99.548 per £100 nominal. The coupon on the bond is dependent on the Company's credit ratings with Moody's and Standard & Poor's which were unchanged throughout the financial year. The bond coupon remained at 9.125 per cent throughout this period.

During the year the Company repaid outstanding drawings from its unsecured committed revolving facilities and signed a new \$250m five year unsecured committed revolving facility which allowed the Company to cancel two shorter-dated facilities of \$200m and \$25m. All capitalised arrangement fees associated with the new and cancelled committed facilities were expensed during the year.

Fair values

The fair and carrying values of the Group's borrowings are as follows:

Group	Carrying value 2011	Fair value 2011	Carrying value 2010	Fair value 2010
	£m	£m	£m	£m
Borrowings				
– within one year	0.1	0.1	0.9	0.9
– after more than one year	499.0	573.0	605.8	664.0
	499.1	573.1	606.7	664.9

The fair and carrying values of the Company's borrowings are as follows:

Company	Carrying value 2011	Fair value 2011	Carrying value 2010	Fair value 2010
	£m	£m	£m	£m
Borrowings				
– after more than one year	499.0	573.0	605.8	664.0
	499.0	573.0	605.8	664.0

The fair values of borrowings are based on discounted cash flows using a rate based on borrowing cost. Floating rate borrowings bear interest at an agreed margin over LIBOR.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Currency	2011			2010		
	Drawn	Swapped	Effective	Drawn	Swapped	Effective
	£m	£m	£m	£m	£m	£m
Sterling	499.0	(265.0)	234.0	498.7	(176.7)	322.0
Euro	–	265.0	265.0	107.1	176.7	283.8
Sri Lankan Rupees	0.1	–	0.1	0.9	–	0.9
Total	499.1	–	499.1	606.7	–	606.7

27. Analysis of net debt

	Group		Company	
	2011 £m	2010 £m	2011 £m	2010 £m
Due within one year				
Cash and cash equivalents	267.0	223.1	0.8	0.1
Bank borrowings	(0.1)	(0.9)	-	-
Derivative financial assets	0.7	0.6	0.4	0.6
Derivative financial liabilities	(0.3)	(2.7)	-	(2.7)
	267.3	220.1	1.2	(2.0)
Due after one year				
(Deferred arrangement fees)/bank borrowings	0.5	(106.2)	-	(106.2)
Bonds	(499.5)	(499.6)	(499.5)	(499.6)
Derivative financial liabilities	(12.9)	(16.3)	(12.9)	(16.3)
Total net debt	(244.6)	(402.0)	(511.2)	(624.1)

Reconciliation of net cash flow to movement in net debt

	Group		Company	
	2011 £m	2010 £m	2011 £m	2010 £m
Increase in cash in the year	46.7	82.5	0.7	0.1
Bond issue – notes due 2019	-	(248.9)	-	(248.9)
Bank loan repayments less new drawings	104.6	257.3	103.8	257.9
B share redemptions	-	2.3	-	2.3
Reduction in net debt resulting from cash flows	151.3	93.2	104.5	11.4
Foreign exchange movements	0.1	3.2	2.4	6.6
Movement on derivative financial assets and liabilities	5.9	(16.8)	5.9	(18.4)
Bond valuation adjustment	0.1	0.5	0.1	0.5
Other non-cash movements	-	0.6	-	0.6
Net debt at start of year	(402.0)	(482.7)	(624.1)	(624.8)
Net debt at end of year	(244.6)	(402.0)	(511.2)	(624.1)

28. Provisions

Group	Property £m
1 April 2009	26.7
Non-recurring charges during the year	9.2
Utilised during the year	(3.2)
Interest on discounted provision	1.2
31 March 2010	33.9
Utilised during the year	(3.9)
Interest on discounted provision	1.5
31 March 2011	31.5
Current	3.7
Non-current	27.8
31 March 2011	31.5

The property provision represents the estimated net present value of future costs for lease rentals and dilapidation costs less the expected receipts from sub-letting space which is surplus to business requirements. The leases have between three and 17 years to expiry.

The Company has no provisions.

29. Ordinary share capital

Authorised	2011		2010	
	millions	£m	millions	£m
Ordinary shares of 6 ⁷⁹ / _{86p}	271.1	18.8	271.1	18.8

More information about the shares and rights attached to the ordinary shares is given in the Directors' Report on pages 58 and 61.

30. Net cash flow generated from operations

	Group		Company	
	2011	2010	2011	2010
	£m	£m	£m	£m
Profit before taxation	238.2	144.3	123.9	80.4
Depreciation and amortisation	96.7	123.0	–	–
Property impairment	2.5	–	–	–
(Gain)/loss on disposal of property, plant and equipment	(0.4)	2.3	–	–
Profit on disposal of shares in subsidiary	–	(2.7)	–	–
Net finance expense	44.8	40.7	(140.5)	(135.7)
Share of profit after tax of joint ventures	(13.1)	(1.6)	–	–
Decrease/(increase) in inventories	0.7	(1.1)	–	–
Decrease/(increase) in trade and other receivables	5.2	(15.5)	3.7	38.1
Increase/(decrease) in trade and other payables	13.9	8.7	(0.4)	(0.6)
Increase in CCP financial assets	(30,334.8)	(49,495.8)	–	–
Increase in CCP liabilities	30,325.1	49,498.8	–	–
Defined benefit pension obligation – contributions in excess of expenses charged	(0.9)	(4.9)	–	–
Provisions utilised during the year	(3.9)	(3.2)	–	–
Provisions created during the year	–	9.2	–	–
Decrease/(increase) in assets held at fair value from operating activities	0.7	(4.6)	–	–
Share scheme expense	5.0	3.5	–	–
Foreign exchange gains/(losses) on operating activities	2.1	0.1	3.4	14.3
Cash generated from/(absorbed by) operations	381.8	301.2	(9.9)	(3.5)
Comprising:				
Ongoing operating activities	394.4	325.0	(7.5)	(3.5)
Non-recurring items	(12.6)	(23.8)	(2.4)	–
	381.8	301.2	(9.9)	(3.5)

31. Commitments and contingent liabilities

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £2.5m (2010: £2.0m) and £23.8m (2010: £3.1m) respectively, of which £0.2m (2010: nil) related to commitments of joint ventures. £23.8m other commitments relates to professional and other fees, the majority of which are conditional on the successful completion of the proposed merger with TMX Group, Inc.

The Group has committed to fully fund the cash needs of Turquoise within an agreed framework for the 24 months from 17 February 2010, the date of acquisition.

32. Business combinations

Acquisitions in the year to 31 March 2011

In the year to 31 March 2011 the Group made two acquisitions involving the acquisition of an additional 94.4 per cent and 77.5 per cent of the issued share capital of ProMac S.p.A. and MTS France S.A.S. respectively.

Company acquired	Date acquired	Consideration £m	Goodwill £m	Fair value of assets acquired £m	Contribution post-acquisition	
					Revenue £m	Operating profit/ (loss) £m
ProMac S.p.A.	9 September 2010	4.7	–	4.7	0.1	(0.4)
MTS France S.A.S.	4 November 2010	1.3	–	1.4	1.1	0.8
Total		6.0	–	6.1	1.2	0.4

The assets and liabilities arising out of each acquisition at the relevant acquisition date are as follows:

	Promac S.p.A.		MTS France S.A.S.		Total	
	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m
Non-current assets:						
Intangible assets	–	0.3	–	–	–	0.3
Property, plant and equipment	–	–	–	–	–	–
Other non-current assets	0.2	0.2	–	–	0.2	0.2
Current assets:						
Cash and cash equivalents	2.6	2.6	2.2	2.2	4.8	4.8
Other current assets	1.8	1.8	0.5	0.5	2.3	2.3
Current liabilities:						
Other current liabilities	(0.2)	(0.2)	(0.7)	(1.3)	(0.9)	(1.5)
Net assets	4.4	4.7	2.0	1.4	6.4	6.1
Fair value adjustments to investment in original holdings						(0.1)
Total consideration						6.0
Satisfied by:						
Cash						6.0

These fair values are preliminary and will be finalised during the following financial year.

Acquisitions in prior year

There were no adjustments to the fair value of assets acquired for MillenniumIT. The fair value of assets acquired for Turquoise was adjusted during the year resulting in a reduction of goodwill by £1.3m.

33. Leases

The Group leases various office properties under non-cancellable operating leases.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	Property		Equipment	
	2011 £m	2010 £m	2011 £m	2010 £m
Less than one year	21.0	17.0	3.1	1.0
More than one year and less than five years	78.4	70.4	3.4	2.1
More than five years	112.4	119.6	–	–
	211.8	207.0	6.5	3.1

Operating lease payments of £19.0m (2010: £15.6m) were charged to the income statement in the year in relation to property and £3.9m (2010: nil) in the year in relation to equipment.

The total future minimum lease payments expected to be received under non-cancellable operating leases for property where the Group is lessor are due as follows:

	Group	
	2011	2010
	£m	£m
Less than one year	4.4	4.4
More than one year and less than five years	18.1	18.9
More than five years	14.7	18.2
	37.2	41.5

The Company has no lease commitments.

34. Share schemes

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2004 AGM, has two elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in the Company's shares. Vesting of these awards is dependent upon the Company's total shareholder return performance and for awards made since 2008 adjusted basic earnings per share. Further details are provided in the Remuneration Report on pages 48 to 57.

Under the Group's previous share option plan approved by shareholders in 2002, the maximum value of shares placed under option to an individual was equivalent to 100 per cent of their annual salary. No further awards will be made under this scheme.

Prior to 2002, under the previous long-term incentive scheme (comprising the Initial and Annual Share Plans) option grants and share awards were made based on approvals prior to the Group's listing in July 2001. No further option grants or share awards will be made under this scheme apart from the SAYE scheme available to all staff. Under both the Initial and Annual Share Plan, share awards have a vesting period of three years and share options become exercisable at 20 per cent per annum over five years with a contractual life of 10 years.

The SAYE scheme and International Sharesave Plan provide for grants of options to employees who enter into a SAYE savings contract and options were granted at 20 per cent below fair market value. Share awards were granted at nil cost to employees and other share options were granted at fair market value or above.

The Group established an ESOP discretionary trust to administer the share plans and to acquire the shares to meet commitments to Group employees. At the year end 1,867,465 (2010: 2,874,538) shares were held by the trust, funded by an interest free loan from the Group. The Company has no employees, but in accordance with SIC 12 "Consolidation – Special Purpose Entities" has the obligation for the assets, liabilities, income and costs of the ESOP trust and these have been consolidated in the Group's financial statements. The cost of the Group's shares held by the trust are deducted from retained earnings.

Movements in the number of share options and awards outstanding and their weighted average exercise prices are as follows:

	Share options		SAYE Scheme		LTIP	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 April 2009	1,602,674	3.33	624,211	5.53	3,629,342	–
Granted	64,960	3.45	–	–	2,649,045	–
Exercised	(333,299)	3.37	(80,656)	3.50	(340,267)	–
Forfeited	(5,838)	3.45	(98,584)	6.06	(1,286,488)	–
At 31 March 2010	1,328,497	3.32	444,971	5.79	4,651,632	–
Granted	100,674	7.00	–	–	2,504,605	–
Exercised	(968,863)	3.22	(25,194)	5.69	(5,676)	–
Forfeited	(14,956)	5.49	(87,821)	6.18	(1,533,627)	–
At 31 March 2011	445,352	4.30	331,956	5.69	5,616,934	–
Exercisable at:						
31 March 2011	299,422	2.43	–	–	–	–
31 March 2010	1,269,105	3.17	9,425	10.26	–	–

The weighted average share price during the year was \$7.36 (2010: \$7.40).

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

Exercise price range	2011		2010	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
Share options				
Up to \$3	–	–	312,250	0.2
Between \$3 and \$4	353,246	2.6	952,837	2.1
Above \$4	92,106	2.0	63,410	0.1
SAYE				
Between \$5 and \$6	331,956	0.4	435,546	1.4
Above \$10	–	–	9,425	0.1
LTIP				
Nil	5,616,934	1.6	4,651,632	1.7
Total	6,394,242	1.7	6,425,100	1.8

The fair value of share awards and share options granted during the year was determined using a stochastic valuation model. The key assumptions used in the valuation were as follows:

	Performance Related Equity Plans				
	Matching Performance Shares 15 Feb 2011	Matching Shares 27 Sep 2010	Performance Shares 14 Sep 2010	Restricted Shares 14 Sep 2010	Market Value Options 14 Sep 2010
Grant date share price	\$9.000	\$7.065	\$6.890	\$6.890	\$6.890
Exercise price	n.a	n.a	n.a	n.a	\$7.000
Volatility	53%	55%	54%	54%	54%
Expected life	3 years	3 years	3 years	3 years	3.5 years
Dividend yield	2.80%	3.50%	3.60%	3.60%	3.60%
Fair value TSR	\$4.37	\$3.56	\$3.42	\$3.42	\$1.96
Fair value EPS	\$8.27	\$6.33	\$6.16	\$6.16	\$2.26

The volatility assumption is based on a statistical analysis of weekly share prices since the London Stock Exchange's flotation in July 2001. The fair value for the Performance and Matching Shares granted during the year is based on a Total Shareholder Return (TSR) pricing model which takes account of the TSR vesting condition. The fair value of all other shares granted is based on a Black-Scholes model. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

35. Transactions with related parties

FTSE International Ltd

Details of transactions with FTSE International Ltd are included in note 14.

Key management compensation

Compensation for Directors of the Company and key personnel who have authority for planning, directing and controlling the Group:

	2011	2010
	£m	£m
Salaries and other short term benefits	8.6	7.1
Pensions	0.4	0.5
Share based payments	0.7	–
	9.7	7.6

Inter-company transactions with subsidiary undertakings

The Company has loan agreements with some subsidiary undertakings. Details as at 31 March 2011 are shown in the table below:

Loan counterparty	Amount in millions due from/(owed to) as at 31 March		Term	Interest rate as at 31 March 2011	Interest in millions credit/(charge)	
	2011	2010			2011	2010
LSE plc	£(183.5)m	£(178.5)m	25 years from May 2006 with five equal annual repayments commencing in May 2027.	LIBOR plus 2% per annum	£(8.3)m	£(6.7)m
London Stock Exchange Employee Benefit Trust	£15.6m	£21.0m	Repayable on demand.	Non-interest bearing	nil	nil
London Stock Exchange Group Holdings (Italy) Limited – Italian Branch	€450m	€450.0m	Five years from March 2009, repayable in full on maturity in March 2014.	EURIBOR plus 4.0% per annum	€21.8m	€26.6m
London Stock Exchange Group Holdings (Italy) Limited – Italian Branch	€120.5m	€89.5m	20 years from January 2008 with five equal repayments commencing in January 2024.	EURIBOR plus 1.2% per annum	€2.7m	€1.2m
Borsa Italiana S.p.A.	nil	nil	Agreement assigned from LSEG plc to London Stock Exchange Group Holdings (Italy) Limited – Italian Branch during FY2010.	EURIBOR plus 1.2% per annum	nil	€1.2m
London Stock Exchange Group Holdings Limited	£28.6m	£33.8m	Fifth anniversary of the initial utilisation date which was October 2009.	LIBOR plus 4.0% per annum	£1.7m	£0.5m

During the year the Company charged in respect of employee share schemes £3.1m (2010: £2.1m) to the London Stock Exchange plc, £1.7m (2010: £1.1m) to London Stock Exchange Group Holdings (Italy) Ltd and £0.3m (2010: £0.1m) to Millennium Information Technologies Ltd. The Company received dividends of £123.3m (2010: £109.0m) and €55.0m (2010: €51.1m) respectively from its subsidiaries London Stock Exchange plc and London Stock Exchange Group Holdings (Italy) Limited.

36. Other statutory information

Auditors' remuneration payable to PricewaterhouseCoopers LLP and its associates comprise the following:

	2011 £m	2010 £m
Audit of parent company and consolidated accounts	0.2	0.2
Audit of subsidiary companies	0.8	1.0
Other audit related	0.2	0.1
Other fees:		
– Taxation	0.3	0.3
– Corporate finance	0.3	0.3
– Other assurance services	0.4	0.1
	2.2	2.0

Further details of the services provided by PwC are given in the Report of the Audit and Risk Committee on page 47.

Directors' emoluments comprise the following:

	2011 £m	2010 £m
Salary and fees	2.6	3.8
Performance bonus	2.2	1.9
Benefits	0.1	0.2
	4.9	5.9
Contributions to defined contribution pension schemes	0.1	0.1
	5.0	6.0

During the year two Directors (2010: two) had retirement benefits accruing under defined contribution schemes and no Director (2010: none) had retirement benefits accruing under a defined benefit scheme.

Further details of Directors' emoluments are included in the Remuneration Report on pages 48 to 57.

ANNEX J — OPERATING AND FINANCIAL REVIEW FOR LSEG

The following information should be read in conjunction with the financial information appended to this Circular under the heading “LSEG Historical Financial Statements”. The financial information set out below and referred to under the heading “Operating and Financial Review for LSEG” has been extracted without material adjustment from the financial information appended to this Circular at Annex I - “LSEG Historical Financial Statements”.

References in this Annex J to “LSEG” shall include LSEG’s Subsidiaries, as the context requires.

The operating information discussed below is derived from LSEG’s internal operational and financial reporting systems. In addition to historical information this review also contains information around the future performance of LSEG. Readers should be aware that these areas are subject to risks and uncertainties that could cause actual results to differ as compared to past performance. Readers should refer to the section entitled “Forward-Looking Statements” for information on the risks and uncertainties regarding forward-looking information and also read the section entitled “Risk Factors” for a discussion of certain factors that may affect the business, financial conditions or results of operations of LSEG, TMX Group and, following completion of the Merger, the Merged Group. Readers should refer to “Material factors affecting results of operations and financial condition” in this section when considering the future performance of LSEG.

The information presented within this section is provided to enable the reader to assess the financial condition and material changes in financial and operating conditions of LSEG. Unless otherwise stated, all amounts are in pounds sterling.

References to “constant currency” within this section refer to the measure used by LSEG to show financial performance excluding the impact of exchange rate movements. For the purposes of this measure, exchange rates for both of the financial years being compared are held consistent with those in the latter financial year when translating the results generated in Italy and Sri Lanka. Movements in Euro and Sri Lankan Rupee rates against pound sterling are the primary cause of exchange rate movements affecting LSEG’s financial performance.

References within this section to “2012”, “2011”, “2010” and “2009” refer to the years ended March 31, 2012, March 31, 2011, March 31, 2010, and March 31, 2009, respectively.

The discussion and analysis within this section is organized as follows:

- *Non-GAAP Performance Measures.* This section provides a discussion of certain non-GAAP financial measures LSEG uses to assess the performance of its business.
- *Overview.* This section includes a general description of LSEG’s business and segments as well as a summary of its material acquisitions since April 1, 2008.
- *Material Factors Affecting Results of Operations and Financial Condition.* This section includes an overview of trends affecting LSEG and the actions of LSEG’s management relating to such trends. Forward-looking statements that provide a general description of recent and projected industry and company developments that are important to understanding LSEG’s results of operations are also included in this section.
- *Overview of Results of Operations and Financial Conditions.* This section summarizes LSEG’s results of operations and year end financial position for the years ended March 31, 2011, March 31, 2010 and March 31, 2009.

- *Results of Operations and Financial Conditions for the year ended March 31, 2011 compared to the year ended March 31, 2010.* This section contains an analysis of LSEG's results of operations by comparing the results for the year ended March 31, 2011 to the year ended March 31, 2010.
- *Results of Operations and Financial Conditions for the year ended March 31, 2010 compared to the year ended March 31, 2009.* This section contains an analysis of LSEG's results of operations by comparing the results for the year ended March 31, 2010 to the year ended March 31, 2009.
- *Semi-Annual Results of Operations.* This section contains an analysis of LSEG's results of operations by comparing the results for the six month periods ended March 31, 2011, September 30, 2010, March 31, 2010 and September 30, 2009.
- *Liquidity and Capital Resources.* This section contains an analysis of LSEG's capitalization, cash flows and a discussion and table of outstanding debt and commitments. Forward-looking statements that are important to understanding LSEG's financial condition are also included in this section.
- *Transactions with Related Parties.* This section summarizes the related party transactions between LSEG and its Subsidiaries entered into during the financial years ended March 31, 2011, 2010 and 2009.
- Proposed Transactions.
- *Financial Instruments and Other Instruments.* This section includes a description of the financial instruments of LSEG as at March 31, 2011.
- *Financial Risk Management.* This section contains a discussion of the financial risks potentially affecting LSEG's financial position, results of operations or cash flows.
- *Critical accounting policies and estimates.* This section contains a discussion of the accounting policies that LSEG believes are important to LSEG's financial condition and results of operations and of the allowances and reserves that require significant judgment and estimates on the part of LSEG's management. In addition, all of LSEG's accounting policies are summarized in Note 1 and significant judgments and estimates are summarized in notes 3, 3 and 5 of LSEG's financial statements for the years ended March 31, 2011, 2010 and 2009, respectively, which are appended at Annex I to this Circular under the heading "LSEG Historical Financial Statements".
- Changes in Accounting Policy.
- Ordinary Share Capital.
- *Transfer Pricing.* This section includes the principles that form the basis of LSEG's transfer pricing policy.
- *Current Trading.*

1. Non-GAAP performance measures

In this Circular, LSEG presents certain financial measures which are not recognized by EU-IFRS. LSEG believes that these measures are widely used in LSEG's industry as a means of evaluating operating performance. These measures may not be comparable with similarly titled measures used by other companies and are not measurements under EU-IFRS or any other body of

generally accepted accounting principles. Further, certain measures do not reflect the impact of items that the LSEG Directors have deemed to be non-recurring. Consequently, these measures should not be considered substitutes for the information appended at Annex I to this Circular and as referred to under the heading “LSEG Historical Financial Statements”.

LSEG uses non-GAAP performance measures as key financial indicators. The effect of impairment of goodwill, acquisition amortization (being amortization of acquired intangibles) and non-recurring items are excluded from adjusted operating profit and along with the associated tax effect, adjusted earnings per share.

In each of its annual reports for the financial years ended March 31, 2011, 2010 and 2009 (which are appended at Annex I to this Circular), LSEG uses a columnar format for the presentation of its consolidated income statement. This enables LSEG to aid the reader's understanding of its results by presenting profit for the year before impairment of goodwill, acquisition amortization and non-recurring items. This profit measure is used to calculate adjusted earnings per share and is considered to be the most appropriate measure by LSEG as it best reflects LSEG's underlying performance and is the primary measure of performance monitored by LSEG's executive committee.

Profit before impairment of goodwill, acquisition amortization and non-recurring items is reconciled to profit before taxation on the face of the income statement within each of LSEG's annual reports for the years ended March 31, 2011, 2010 and 2009 on pages 64, 60 and 55, respectively (which are appended at Annex I to this Circular).

Adjusted Earnings Per Share

Adjusted earnings per share is a supplementary measure of performance and is not required by, presented in accordance with, or defined under, EU-IFRS. Adjusted earnings per share is presented to enhance a reader's understanding of LSEG's financial condition and results of operations.

The LSEG Directors use adjusted earnings per share as a key performance indicator of LSEG's business. LSEG finds adjusted earnings per share to be a useful tool to assist in evaluating performance. However, adjusted earnings per share is not defined under EU-IFRS and other companies may calculate it differently or may use it for different purposes than LSEG, limiting its usefulness as a comparative measure.

A reconciliation of earnings per share for the years ended March 31, 2011, 2010 and 2009, can be found in notes 10, 10 and 12 on pages 80, 77 and 70, respectively of LSEG's annual financial statements (which are appended at Annex I to this Circular).

Non-Recurring Items

These are items of income or expense that are material by size and/or nature and are non-recurring. Separate reporting of these items, together with impairment of goodwill and acquisition amortization, helps give the reader an indication of LSEG's underlying performance.

A full breakdown and discussion of non-recurring items reported by LSEG for the years ended March 31, 2011, 2010 and 2009 are documented separately under the section entitled “Results of Operations and Financial Conditions” within this section.

Operating Net Debt and Adjusted EBITDA

The LSEG Directors use operating net debt to provide a more realistic net leverage metric (calculation of operating net debt to Adjusted EBITDA) as they deem the cash set aside for regulatory and other operating purposes as not available to apply against borrowings. The ratio of operating net debt to Adjusted EBITDA is used by LSEG management as a key indicator as part of LSEG's capital management.

LSEG sets aside £125 million of cash in aggregate to meet specific regulatory, clearing and commercial requirements. Operating net debt is net debt adjusted for such cash set aside, calculated as total borrowings less total cash and cash equivalents with £125 million of cash added back.

For more information please see the table under the heading "Indebtedness", below.

Adjusted Operating Profit

Adjusted operating profit is a supplementary measure of performance and liquidity and is not required by, presented in accordance with, or defined under, EU-IFRS. Adjusted operating profit is presented to enhance a reader's understanding of LSEG's financial condition and results of operations.

Adjusted operating profit, as used in this Circular, represents profit before impairment of goodwill, acquisition amortization and non-recurring items.

The LSEG Directors use adjusted operating profit as a key performance indicator of LSEG's business. LSEG uses adjusted operating profit in its business operations to, among other things, evaluate the performance of its operations, develop budgets and measure its performance against those budgets. LSEG finds adjusted operating profit to be a useful tool to assist in evaluating operating performance. Furthermore, LSEG believes that adjusted operating profit may be reported by comparable businesses and used by investors in comparing the performance of businesses on a consistent basis. However, adjusted operating profit is not defined under EU-IFRS and other companies may calculate adjusted operating profit differently or may use adjusted net income for different purposes to LSEG, therefore limiting its usefulness as a comparative measure.

Adjusted operating profit is reconciled within the tables under the headings "Overview of Results of Operations and Financial Conditions" and "Semi-Annual Results of Operations", below.

Free Cash Flow

Free cash flow is a supplementary measure of performance and liquidity and is not required by, presented in accordance with, or defined under, EU-IFRS. Free cash flow is presented to enhance a reader's understanding of LSEG's financial condition and results of operations.

Free cash flow, as used in this Circular, represents cash flow from operating activities adjusted for net interest paid, corporation and withholding tax paid, investing activities (excluding acquisition or disposal of majority and minority stakes in 2010 and 2009) and dividends.

Other companies may calculate Free Cash Flow differently or may use Free Cash Flow for different purposes to LSEG, therefore limiting its usefulness as a comparative measure.

Free Cash Flow is reconciled under the heading “Liquidity”, below.

2. Overview

LSEG’s Business and Strategy

LSEG’s core business areas are set out below:

- **Capital markets**, which includes:
 - *primary markets* – which facilitate the raising of capital through the issuing of securities by entities from around the world; and
 - *secondary markets* – which provide fast and efficient trading for:
 - cash equities, via a range of reliable electronic trading systems, in an effective regulatory environment and with a high level of price and trade transparency;
 - derivatives, through the IDEM and IDEX markets in Italy and to include Turquoise Derivatives based in the UK; and
 - fixed income, through a range of electronic trading venues including LSEG’s majority owned subsidiary, MTS, and the Italian MOT business.
- **Post-trade services**, which provides clearing, settlement and custody services for cash equity, derivative and fixed income securities through CC&G and Monte Titoli.
- **Information services**, which distributes high quality, real-time price, news and other information-related products. Included in this business segment is Turquoise, which is a Multilateral Trading Facility offering trading in pan-European and some U.S. cash equities on a range of markets and FTSE, a joint venture with the Financial Times.
- **Technology services**, which provides technology to a range of customers, both within the financial services sector and, through MillenniumIT, outside of the financial services sector. In addition, the London Stock Exchange also offers server co-location services in its data centers.

LSEG has set out a clear strategy with customer focus and improving operational efficiency central to its plans. Within this context, LSEG’s strategy can be broadly characterized as: “getting in shape”; “leveraging our assets”; and “developing opportunities”. The imperatives are fourfold: namely, to drive efficiency; build scale; increase scope; and extend reach.

Please see the section entitled “Information Concerning LSEG” for further details regarding LSEG.

Acquisitions and Strategic Combinations

In October 2009, LSEG acquired MillenniumIT, a Sri Lankan based technology services group serving the capital markets industry, for US\$30 million. The purpose of the acquisition was for

MillenniumIT's high performance technology to provide LSEG with a scalable and low latency trading system with multi-asset class functionality and quicker product speed to market. In addition, the transaction provided MillenniumIT with additional resources to enable it to further develop its global exchange technology business.

In February 2010, LSEG acquired Turquoise and merged LSEG's existing Baikal business with Turquoise to create a new pan-European trading venture through the creation of Turquoise Derivatives. The new venture, an FSA regulated Multilateral Trading Facility, aims to expand LSEG's visible and hidden trading platforms across Europe and its liquidity aggregation services. The merged Multilateral Trading Facility business is, at the date of this Circular, 51% owned by LSEG and 49% owned by global investment banking clients of LSEG.

In connection with the establishment of Turquoise Derivatives, Turquoise acquired the EDX business (including its related assets and liabilities) from EDX for nominal consideration under a sale and purchase agreement dated February 23, 2011. Prior to this transfer, LSEG acquired TMX Group's 19.9% stake in EDX for £3.9 million under a sale and purchase agreement dated February 23, 2011. The remaining assets of EDX not transferred to Turquoise will be distributed throughout LSEG. The transaction completed on May 1, 2011.

3. Material Factors Affecting Results of Operations and Financial Condition

As an operator of regulated exchanges and Multilateral Trading Facilities, LSEG is a stable, trusted and neutral provider of market infrastructure and will endeavour to continue to respond to this dynamic market environment in order to create value for both customers and shareholders, by providing reliable, transparent and fully compliant products and services.

In addition to the principal drivers affecting LSEG's key financial indicators described below, LSEG's results of operations may be affected by a number of more general factors, many of which are beyond LSEG's control. Please also see the section entitled "Risk Factors".

The following factors have, and are likely to continue to have, a material effect on LSEG's results, operations and financial condition:

Global Economic Conditions

Since the latter part of 2007, market conditions have been turbulent. It is clear that uncertainty remains, including sovereign debt concerns for some Eurozone countries and political tensions in the Middle East and Northern Africa, with related concerns over possible contagion into other developing markets. LSEG's own domestic economies, in the UK and Italy, remain sluggish as governments restrict spending in order to balance their books.

Nevertheless, macro-economic factors are indicating a recovery from the recent economic downturn, strengthening demand for equity capital, as companies rebuild balance sheets and invest for the future and increased numbers of international initial capital raisings on LSEG's markets. Since 2009, LSEG has experienced stronger levels of primary and secondary capital raisings on its markets as it supports the capital needs of companies, with £223 billion raised on its markets since 2009. With improving economic conditions, LSEG expects increased

numbers of new issues to come to market and that secondary issues will remain healthy, as a means to fund growth and expansion.

Overall levels of equities trading remain lower than pre-credit crisis levels. There has been a scaling back of proprietary trading, hedge funds have de-leveraged and banks have been (and potentially will continue to be) constrained by higher capital requirements. Increased competition, tighter margins and further commoditization of equities trading makes operating in this environment challenging for all participants.

During the year ended March 31, 2011, principal global indices have continued to show strength, leaving behind the lows of early 2009. Furthermore, equity trading levels have also started to show an improvement, although a number of Eurozone countries' credit ratings were downgraded, notably Greece, Ireland and Portugal. This had a significant impact on the level of trading in many sovereign debt products. European Central Bank initiatives and government support have helped stabilize the position and aid some recovery in fixed income trading volumes in the latter part of the year.

LSEG believes that these improvements, along with other structural changes, indicate a steady recovery in secondary market activity.

Changing Regulatory Environment

In recent years, regulation and technology have transformed the capital markets into a global marketplace by removing the barriers to cross-border trading and lowering the costs of entry for new providers of trading services. This has led to greater competition: there are now over 40 active equity trading venues in Europe alone. In part, due to G20 commitments, regulation of financial services remains a key priority of national and EU governments and is likely to have significant effects on the environment in which the LSEG Group and LSEG's customers operate. A number of initiatives, including the MiFID Review, Target2 Securities, OTC derivatives and clearing (EMIR), short selling and the post-trade arena, are likely to change the competitive environment. In addition, it is expected that there will be EU proposals in the following areas: corporate governance, market abuse, issuer transparency, financial transaction/activity taxes and crisis management. Some may reduce LSEG's profitability and its proportion of the markets in which it operates but others may provide new growth opportunities.

In the UK, the government proposes creating a Financial Policy Committee responsible for considering macro-systemic risk and transferring the micro prudential functions of the FSA to the PRA, a new subsidiary of the Bank of England and the conduct and market functions of the FSA (including the UKLA) to a new body, the FCA. The FCA will represent the UK at the new European Securities and Markets Authority and the PRA will represent the UK at the European Banking Authority. These new European supervisory authorities, which have greater powers than their predecessor organizations, will be responsible for limited direct supervision activities, the implementation of certain of the above reforms and the development of the EU "single rule book".

Regulatory restrictions on the risk taking activities of major clients and other trading companies through higher capital requirements and/or restrictions on proprietary trading may lead to a curtailment of trading volumes, although they may also provide potential opportunities in the

form of, for example, a move to trading on an exchange or clearing through a CCP. Regulators may likewise impose higher capital requirements on entities within LSEG. LSEG is engaged in discussions with the FSA about a possible increase in the regulatory capital requirement for its main UK operating company for 2012. However indications are that the overall cash set aside by LSEG in aggregate to meet its regulatory, clearing and commercial requirements for 2012 will increase by no more than one-third above the current £125 million.

LSEG continually monitors developments and engages in direct dialogue with regulatory and government authorities at both the national and EU level, as well as in the U.S. LSEG's strategic planning takes account of the uncertain regulatory environment and LSEG's plans are flexible, with alternative options dependent on how the regulatory environment develops. LSEG works closely with its clients to best align its services to their needs in the context of emerging regulation.

Fiscal Regime

Public finances in Europe are under increasing pressure as governments tighten the fiscal environment, which could reduce activity in capital markets. London's status as a global financial centre could be diminished by a tax regime that is less attractive than alternative global locations and by increasing regulatory pressures, thereby reducing its ability to retain and/or attract investment. This could have a significant impact on LSEG Group's revenues.

The reduction in UK corporation tax over the next four years provides some certainty and benefit for LSEG.

LSEG liaises closely with government bodies and maintains cross-party political relationships, playing an active role by sharing expertise and experience with policy makers on the impact of government and regulatory decisions on financial markets. LSEG's revenue base is not wholly dependent on London, with approximately half its total annual income being generated from its Italian businesses.

The move away from corporate debt (and in particular bank) financing is positive for LSEG's equity business. In addition, government debt requirements can assist its fixed income business.

Security threats

LSEG is dependent on having secure premises and uninterrupted operation of its IT systems and infrastructure. Potential security threats therefore require continuous monitoring and assessment. Terrorist and cyber attacks and similar activities directed against LSEG's offices, operations, computer systems or networks could disrupt LSEG's markets, harm staff, tenants and visitors and severely disrupt its business and operations. Similarly, civil or political unrest could impact companies within LSEG.

Long-term unavailability of key premises or trading and information outages and corruption of data could lead to the loss of client confidence and reputational damage, although risks have escalated due to increasing sophistication of cyber crime.

LSEG has well established business continuity and crisis management procedures and takes security threats very seriously. Extensive information and IT security measures are in place,

which include the monitoring of intelligence and close liaison with the police and government agencies. Security risk has increased, however, risk mitigation against both physical and IT threats is long and well-established.

Clients and Competition

LSEG operates in markets that are characterized by increasing competition and choice for clients, as well as continued concentration of business from a relatively small customer base. Client alignment is paramount to the successful operation and growth of LSEG's business. While regulatory changes removed some barriers to competition and afforded LSEG the opportunity to compete for pan-European trading, it also resulted in increased competition, a consequent loss of market share and pressure on fee levels in its existing markets. In the international primary markets business, New York remains competitive but there is increasing competition from Asia, particularly Hong Kong, which is seeking to attract high profile international listings.

LSEG has implemented a new, structured client engagement programme with senior management sponsorship and named individuals responsible for ensuring effective customer liaison. This, coupled with a focus on cost reduction and new technology deployments, is designed to increase our competitiveness. The early results of these initiatives have seen LSEG's share of trading in cash equities stabilize in the past year.

LSEG aims to align its commercial activities with the interests of its major clients, as demonstrated by LSEG's successful partnership with 12 global investment banks to grow the market for pan-European equity and derivatives trading through Turquoise. LSEG maintains a dedicated international marketing team focused on key target markets, promoting the benefits of listing on LSEG's markets to international issuers, the global advisory community and the stakeholders.

Counterparty Credit and Investment Risk

LSEG's counterparty credit risk is predominantly limited to its clearing operations, through which LSEG closely monitors its exposure to clearing members. CC&G guarantees trades and manages counterparty risk in a range of assets and instruments, including cash equities, derivatives, energy products and government bonds. As such, the LSEG Group is exposed to country risk, credit risk, issuer risk, market risk, liquidity risk, interest rate risk and foreign exchange risk.

CC&G addresses this exposure by strict membership rules, the maintenance of prudent levels of margin and default funds to cover exposures to participants (for further details please see note 22 of the annual report for the year ended March 31, 2011, which is appended at Annex I to this Circular) and back up credit facilities supporting daily liquidity. There is a risk that the significant quantum of the margin deposits and default funds could be insufficient in the event of the failure of one or more of the clearing members.

Separately, the failure of one or more of the deposit-taking banks into which CC&G places cash contributions for margin and default funds could result in a direct financial loss to CC&G.

CC&G maintains a financial risk committee that is responsible for managing the risks connected to the placement of funds held by CC&G and of the operational limits concerned. Investments

are made in compliance with the financial management policy issued by the financial risk committee which limits deposits of margin and default funds to investment grade banks or (if unrated) Italian listed banks that are appropriately capitalized. During the year ended March 31, 2011, CC&G increased the number of counterparties that take its deposits to diversify this risk and maintains close dialogue with the Bank of Italy, the regulator of CC&G and its deposit-taking bank counterparties. All deposits are monitored daily and are subject to regular reporting to LSEG's senior management.

As at the date of this Circular, CC&G has not experienced a loss as a result of the default of a member or a failure of one of its deposit counterparties.

Change Management

LSEG has a number of major, complex projects and strategic actions underway concurrently, including implementation of new technology, cost management initiatives, a client engagement programme and strategic development of LSEG's post-trade and derivatives businesses. If not delivered to sufficiently high standards and within agreed timescales, certain initiatives could have an adverse impact on the operation of core services, revenue and revenue growth, as well as damage LSEG's reputation. The volume of simultaneous change could also lead to a loss of client goodwill, and the projects are not certain to deliver the anticipated synergies and cost benefits. With regard to the capability of LSEG's MillenniumIT offering, losing the balance between key growth projects and on-going product development may undermine the future competitiveness of LSEG's technology platforms.

In view of their importance to LSEG's future success, senior management are focused on the implementation of LSEG's project pipeline. Each project is managed via a dedicated project work stream and overseen by senior management. Rigorous software design methodologies, testing regimes and test environments are employed to minimize implementation risk. Product development teams are being strengthened to ensure that LSEG can continue to deliver advanced trading and information technology to meet its clients' needs.

Ongoing Operations

LSEG's businesses and major revenue stream are highly dependent on secure and stable technology which performs to high levels of availability and throughput. Any technology failures will impact customers and can potentially lead to a loss of trading volumes and adversely impact LSEG's reputation and brand.

LSEG relies on specifically configured software for the operation of its trading platforms and now increasingly performs its IT development and operations in-house, with particular reliance on MillenniumIT following the successful migration of its UK markets (for example, London Stock Exchange and Turquoise) on to MillenniumIT technology. While this gives LSEG a greater degree of control in this area, there remains a risk of resource over-stretch to meet both the requirements of LSEG and those of third parties. LSEG also has dependencies on a number of third parties for the provision of hardware, software, communication and networks for elements of its trading, data and other systems.

The performance and availability of LSEG's systems are constantly reviewed and monitored to prevent problems arising, where possible, and to ensure a prompt response to any potential service interruption issues. LSEG's technology services management team ensures prioritization of all development and operations activities and resource utilization and allocation is kept

under constant review. The MillenniumIT systems are designed to be fault tolerant and, in addition, alternative standby computer facilities are maintained to minimize the risk of system disruptions.

LSEG actively manages relationships with key strategic IT suppliers to avoid any breakdown in service provision which could adversely affect its businesses. Where possible, the LSEG Group has identified alternative suppliers that could be engaged in the event of a third party failing to deliver on its contractual commitments.

Employees

The calibre, quality and retention of LSEG's employees is critical to its success. LSEG's ability to attract and retain high quality individuals depends on the condition of recruitment markets and corresponding compensation packages of financial services, technology firms and regulators with whom LSEG competes for the same key staff. The likelihood of this risk materializing has fluctuated in the year ended March 31, 2011 in the context of increased recruitment activity (particularly in the financial services sector in London), which has resulted in some increase in staff attrition rates; LSEG LTIP awards not vesting in recent years; and a streamlined organization following the restructuring in 2009. The loss of key members of staff could have an adverse impact on LSEG's operations and ability to execute its change programme. LSEG recognizes the importance of retaining and developing employee skills and balancing resource allocation in the face of the changing nature of LSEG's business environment.

A performance related annual bonus and pay review process is in place for all employees and regular benchmarking of reward and incentive systems is performed to ensure they are competitive. LSEG also offers LSEG LTIPs for high performers and critical staff (for further details please see under the headings "LSEG LTIP" within the section "Directors and Officers of Mergeco" in this Circular), although these have not realized any value in recent years. Staff turnover is monitored and reported to LSEG's executive committee quarterly. LSEG operates a performance management and appraisal system, and executive development opportunities are provided, with LSEG's nominations committee responsible for considering succession plans for key senior positions. A centralized training budget allows a co-ordinated approach to development across LSEG.

Nature of Cost Base

Many of LSEG's expenses are fixed and are not able to be varied in the short term. As a result, while this is beneficial during periods of rising revenues, operating profit and LSEG's financial condition are generally more susceptible to falling revenue. LSEG regularly monitors trading performance and updates financial forecasts with a view to identifying potential future downturns so that appropriate mitigating action can be taken.

Costs and operational delivery are a key and continuous focus for LSEG. On a constant currency basis, organic operating expenses before impairment of goodwill, acquisition amortization and non-recurring items fell by £24.8 million in the year ended March 31, 2011 (in addition to the decrease of £26.7 million in the year ended March 31, 2010).

Admission and Annual Fees

Revenue for LSEG's primary markets is derived from admission fees charged to issuers for initial listing or raising further capital on LSEG's markets, as well as annual fees based on market capitalization. The number of companies listing and raising further capital on LSEG's markets, as well as market capitalization levels, are dependent upon market conditions and will vary accordingly.

LSEG continues to increase its marketing activities internationally, and in particular, focus on growth markets in order to benefit from LSEG's global listing brand. As at March 31, 2011, there were 600 international companies from 69 countries listed on LSEG's markets.

While the majority of annual fees on LSEG's markets are based on market capitalization, the tariff structure is designed to limit the impact of stock market fluctuations. AIM charges a flat annual fee irrespective of market capitalization.

Volumes/Value Traded

Of the total Capital Markets revenue for the year ended March 31, 2011, £117.1 million (42%) related to trading through LSEG's order books. Revenue generated from order book trading depends on the value and volume of trades transacted on LSEG's platforms. The volume of trading will vary according to market conditions and customer behaviour which are influenced by a variety of factors including, but not limited to, demographic changes, government policy, interest rates and EU and domestic legislation. LSEG is unable to control these factors, however, management continuously monitors trends and engages in dialogue with regulatory and governmental authorities. It is also affected by the relative attractiveness of its offering compared to those of its competitors. LSEG is in constant discussion with its clients and the recent move to the MillenniumIT trading platform has enabled LSEG to offer an improved technology platform to its clients.

Real-Time Data Terminals

The information services division delivers real-time market data through Infolect and DDMplus, LSEG's proprietary information services. Revenue from data charges is dependent upon the number of subscribers to LSEG's real-time data services. The number of terminals varies with market conditions and cyclical factors over which LSEG has minimal control. LSEG has sought to diversify its sources of revenue in order to protect the Information Services division against potential falls in demand for terminals by the introduction of new services, such as UnaVista, LSEG's global, hosted platform for matching, validation and reconciliation needs. For the year ended March 31, 2011, other information services accounted for 45% of total Information Services revenues (2010: 39%).

Post-Trade

The post-trade industry is undergoing potentially profound change, driven by a combination of clients' desires to see a more competitive environment and European regulators' desire to create a more efficient and safe structure where systemic risk can be more reliably monitored and controlled.

Of the total Post-trade services income for the year ended March 31, 2011, £35.9 million related to clearing services. Clearing revenues depend on the volumes traded on the secondary market and on the number of markets that are guaranteed by the CCP. While LSEG is unable to control the underlying drivers of volume trends, it is actively marketing its services in order to increase the number of markets that are centrally guaranteed.

Custody and settlement revenues constitute 42% of total Post-trade income (£63.4 million) for the year ended March 31, 2011. Custody revenues are dependent on the movements in the value of the underlying assets under custody, over which LSEG has no control. However, measures are being put in place to increase the number of products and services linked to the custody of securities in order to attract additional assets as well as generate a higher level of revenues from the existing stock of assets. Settlement services are dependent on the volumes of transactions both on-exchange and off-exchange. In addition to having no control on market dynamics, LSEG is also affected by the overall market trend of increasingly guaranteed markets (clearing through a CCP) that reduce the numbers of net transactions to be settled. In the future, the Target2 Securities project is likely to change the settlement services landscape, by introducing a common platform for all CSDs, further increasing competition and commoditization of settlement services.

Volatility fluctuations, movements in fixed income and derivatives trading volumes as well as changes in conditions for interbank deposits and lending are factors that may impact CCP net treasury income. CCP net treasury income increased in the year ended March 31, 2011, principally reflecting volume increases in LSEG's fixed income and derivatives businesses resulting in higher average margins held, and proactive treasury management improving the rates achieved on investment of margin funds with Italian banks. Net treasury income through CCP business accounted for 34% of Post-trade income for the year ended March 31, 2011 (2010: 14%).

In this changing regulatory framework, two landmark pan-European industry initiatives are taking longer to reach fruition than LSEG had envisaged. The first initiative is interoperability, the means by which CCPs can interact with one another, thereby providing valuable choice to trading platforms and their clients. This requires greater harmonization of risk management procedures across Europe to become effective.

The second initiative is the European Central Bank's Target2 Securities project, aimed at facilitating cheaper cross-border settlement across Europe, the implementation of which has been delayed beyond 2013. Nonetheless, LSEG is determined to be at the forefront of innovation in the market and has been chosen to be among the first set of participants in the Target2 Securities implementation.

4. Overview of Results of Operations and Financial Conditions

The following table summarizes selected financial information from the annual reports for the years ended March 31, 2011 and 2010, which are appended at Annex I to this Circular. The table contains audited information.

As at March 31, 2011, LSEG's only class of shares were ordinary shares. As at March 31, 2009, 1.1 million class B shares were in issue. On June 1, 2009, all remaining class B shares were

redeemed by LSEG in accordance with their terms. As class B shares were designated as borrowings, all relevant references to earnings per share are in relation to ordinary shares.

Income Statement	Year ended March 31		
	2011 £m	2010 £m	2009 £m
Total Revenue	615.9	605.6	644.7
Net treasury income through CCP business	51.3	16.2	20.8
Other Income	7.7	6.5	5.9
Total Income	674.9	628.3	671.4
Operating expenses before goodwill impairment, acquisition amortization and non-recurring items	(336.9)	(349.6)	(332.8)
Share of profit after tax of joint ventures/associates	3.1	1.6	2.1
Adjusted operating profit	341.1	280.3	340.7
Acquisition amortization and non recurring items	(58.1)	(98.0)	(64.6)
Impairment of goodwill	—	—	(484.0)
Operating profit/(loss)	283.0	182.3	(207.9)
Profit/(loss) for the financial year	156.5	91.7	(332.8)
Earnings per share			
Basic earnings per share / (loss) per share	56.4p	33.8p	(126.1)p
Diluted earnings / (loss) per share	55.9p	33.5p	(126.1)p
Adjusted basic earnings per share	73.7p	60.1p	74.2p
Adjusted diluted earnings per share	72.9p	59.6p	73.6p
Balance sheet			
Total assets	118,095.2	86,197.1	37,617.6
Total liabilities	(116,958.2)	(85,166.3)	(36,564.4)
Other information			
Total dividend per share declared in respect of financial year	26.8p	24.4p	24.4p

Year ended March 31, 2011

Total income for the year ended 31 March 2011 increased to £674.9 million (2010: £628.3 million) as net treasury income increased 217% reflecting higher average margins held and proactive treasury management. Other information services revenues also increased principally reflecting improvements in non real-time data products in addition to LSEG benefiting from a full 12 months of Turquoise and MillenniumIT revenues. These increases were partly offset by lower UK cash equities yields and a weakening of the Euro.

Operating expenses, before impairment of goodwill, acquisition amortization and non-recurring items totalled £336.9 million (2010: £349.6 million) as LSEG benefited from previously announced headcount and property restructuring and other cost savings. One-off costs relating to the replacement of the Tradelect platform were lower than the 12 months ended 31 March 2010. This was partially offset by increased costs relating to acquisitions.

Non-recurring items, including acquisition amortization, reduced to £58.1 million (2010: £98.0 million).

Total assets and liabilities increased, primarily as a result of an increase in the volume and average term of the repurchase transactions that remained open at CC&G on March 31, 2011.

Year ended March 31, 2010

Total income for the year ended March 31, 2010 declined to £628.3 million (2009: £671.4 million) as revenues from capital markets decreased 16%, reflecting lower value traded in the UK cash equities markets, as well as continued competition from alternative trading venues, resulting in price changes and lower yields. Scandinavian volumes fell as EDX migrated to the SOLA platform causing a decline in revenues. The declines in capital markets were partially offset by increased revenues from information and technology services as the segment benefited from a first time contribution of MillenniumIT revenues as well as increased revenues from “other information services” due to growth in SEDOL, UnaVista, FTSE royalties and Proquote.

Operating expenses, before impairment of goodwill, acquisition amortization and non-recurring items totalled £349.6 million (2009: £332.8 million) as LSEG benefited from the continued focus on cost reduction and efficient operational delivery. Reduced staff costs reflected headcount savings although this was offset by the acquisition of MillenniumIT. LSEG incurred one-off accelerated depreciation and IT costs of £25.3 million following the acquisition of MillenniumIT, relating to the existing TradElect platform.

Non-recurring items including impairment of goodwill and acquisition amortization, reduced to £98.0 million (2009: £548.6 million) as the year ended March 31, 2009 included £484.0 million non-cash impairment, primarily in respect of the all-share merger with Borsa Italiana.

Total assets and liabilities increased significantly, principally reflecting the higher number and value of repurchase transactions that remained open on March 31, 2010, together with an increase in the volatility of their nominal values compared to prior reporting dates.

5. Results of Operations and Financial Conditions for the year ended March 31, 2011 compared with the year ended March 31, 2010

Total income increased 7% to £674.9 million (2010: £628.3 million) and adjusted operating profit increased 22% to £341.1 million (2010: £280.3 million).

Total operating profit and basic earnings per share increased to £283.0 million (2010: £182.3 million) and 56.4 pence (2010: 33.8 pence), respectively. Adjusted basic earnings per share increased 23% to 73.7 pence per share from 60.1 pence per share.

Increased total income, primarily due to net treasury income through CCP business was partially offset by lower cash equity revenues, which along with reduced operating expenses resulted in increased operating profit for LSEG.

Primarily as a result of the weakening of the Euro, total income decreased by £11.6 million, due to the impact of movements in exchange rates, while operating costs before acquisition amortization and non-recurring items decreased by £5.8 million.

Segmental reporting reflects the management organization and reporting of the business lines during the year ended March 31, 2011. During the year Information services and Technology services were reported as separate segments, whereas for the year ended March 31, 2010 the two segments were reported on a combined basis, as such the table below and commentaries reflect the segments as they were then reported.

Segmented Results of Operations

	Year ended March 31			
	2011 £m	2010 £m	Variance £m %	
Revenue				
Capital Markets	281.5	295.3	(13.8)	(5%)
Post-Trade Services	99.3	100.0	(0.7)	(1%)
Information Services	184.7	169.3	15.4	9%
Technology Services	48.6	39.4	9.2	23%
Other	1.8	1.6	0.2	13%
Total Revenue	615.9	605.6	10.3	2%
Net treasury income through CCP business	51.3	16.2	35.1	217%
Other Income	7.7	6.5	1.2	18%
Total Income	674.9	628.3	46.6	7%

Capital Markets

Total Capital Markets revenues fell by £13.8 million, 5%, to £281.5 million in the year ended March 31, 2011, primarily due to a decline in UK cash equities as a result of lower average yield due to pricing changes in September 2009 and May 2010. Capital Markets accounted for 42% of total LSEG income (2010: 47%).

Revenues	Year ended March 31			
	2011 £m	2010 £m	Variance £m %	
Primary Markets				
Annual fees	37.8	35.2	2.6	7%
Admission fees	33.0	34.0	(1.0)	(3%)
	70.8	69.2	1.6	2%
Secondary Markets				
Cash equities: UK	86.4	101.8	(15.4)	(15%)
Cash equities: Italy	30.7	31.7	(1.0)	(3%)
Derivatives	16.8	19.5	(2.7)	(14%)
Fixed income	32.4	29.3	3.1	11%
	166.3	182.3	(16.0)	(9%)
Other	44.4	43.8	0.6	1%
Total Revenue	281.5	295.3	(13.8)	(5%)

Primary Markets

Primary Markets revenues increased £1.6 million to £70.8 million (2010: £69.2 million).

Annual fees generated revenues of £37.8 million, an increase of 7%, with UK market capitalizations at the end of November 2009 (which formed the basis of UK fees for the year ended March 31, 2011) up 27% compared with the prior year. This was partially offset by a 14% reduction in AIM companies versus the prior year to 1,253 as at April 2010 (which formed the basis for AIM annual fees for the year ended March 31, 2011). In Italy, average market capitalization for the year ended December 31, 2010 was 5% higher than the corresponding prior year (fees are set on a calendar half-yearly basis based on average market capitalization for the prior six months), while company numbers were broadly stable, at 296.

Admission fee revenues fell 3% to £33.0 million (2010: £34.0 million) as activity from new admissions increased 68% to 185, including 50 international companies joining LSEG's markets (2010: 25), and a more than doubling of new companies joining AIM. In revenue terms, these increases were offset by a reduction in further issues as 2010 reported a high level and mix of secondary raisings as companies repaired their balance sheets following the credit crisis. Money raised from further issues reduced 63% to £27 billion, however, money raised from new issues totalled £13 billion, an increase of over 235%.

Secondary Markets

Secondary Markets revenues decreased by £16.0 million to £166.3 million (2010: £182.3 million).

Cash Equities

Total revenues from cash equities declined 12% to £117.1 million (2010: £133.5 million).

UK revenues decreased 15% to £86.4 million (2010: £101.8 million) although UK average daily value traded on the order book increased 2% to £4.7 billion per day (2010: £4.6 billion), while London Stock Exchange's share of value traded averaged 63.5% (versus 61.4% for the month of April 2010). The average basis point yield decreased 17% from 0.86 in 2010 to 0.71 in 2011, mainly reflecting pricing changes in September 2009 and May 2010 to improve London Stock Exchange's competitiveness and client relationships.

In Italy, equity trading revenues are charged on the basis of the volume of trades completed; the average daily number of trades increased by 2% to 257,000 trades per day (2010: 252,000). Due to the weakening of the Euro, revenues fell by 3% to £30.7 million (2010: £31.7 million); at constant currency revenues increased by 1%

The value traded, volume and number of ETFs and ETCs on LSEG's markets performed strongly. In aggregate there were 1,345 ETFs listed on the London Stock Exchange and Borsa Italiana at the year ended March 31, 2011, up 56% on the previous year. Average daily value traded for the year reached £483 million, comprising an average 18,291 trades a day. Retail demand for ETF trading continued to be strong.

Derivatives

Total derivatives revenues declined 14% to £16.8 million (2010: £19.5 million).

The year ended March 31, 2011 was a record year for trading volumes on IDEM, with Q1 particularly strong, resulting from an active market and earlier fee changes. The total number of IDEM contracts traded increased 13% from 2010, reaching 46.4 million partially offsetting, the 37% decline in the number of EDX contracts traded, to 35.6 million, principally reflecting the loss of Scandinavian derivatives trading at the end of 2009.

Fixed Income

Fixed income revenues increased to £32.4 million (2010: £29.3 million), with value traded in MTS markets up 51% to €68 trillion for the year. Trading at the start of the year was affected by the Eurozone sovereign debt crisis, however, actions taken by the European Central Bank gave confidence to the markets which helped restore volumes. Trading on the retail bond markets remained stable, with MOT attracting 4.0 million trades (2010: 3.5 million) in the year ended March 31, 2011. In the UK, ORB increased the number of corporate, government and supranational bonds to 147 that were available for trading by the end of 2011, up from 73 at launch in February 2010, with 23 participants providing liquidity.

Other capital markets revenues consist of fees for membership of all LSEG's markets and other non-trading revenues.

Post-Trade Services

Revenue decreased 1% to £99.3 million (2010: £100.0 million), although on a constant currency basis, revenues were up 3% as performance was impacted by the weakening of the Euro. Including net interest income through CCP business, total income from Post-trade increased 30% to £150.6 million (2010: £116.2 million), constituting 22% of the total LSEG income (2010: 19%).

Revenues	Year ended March 31			
	2011 £m	2010 £m	Variance £m	%
Clearing	35.9	33.4	2.5	7%
Settlement	18.2	21.1	(2.9)	(14%)
Custody and other	45.2	45.5	(0.3)	(1%)
Total Revenue	99.3	100.0	(0.7)	(1%)
Net treasury income through CCP business	51.3	16.2	35.1	217%
Total Income	150.6	116.2	34.4	30%

Clearing

Total Clearing revenues for the year ended March 31, 2011 increased 7% to £35.9 million (2010: £33.4 million) as equity and derivatives clearing transaction volumes increased 4 and 13%, respectively.

As at March 31, 2011, CC&G had 171 members, up 22% from last year, from 10 countries around Europe. 73 members are from outside Italy, and they account for 68% of volumes in derivatives and 54% in equities.

Settlement

The fall in settlement revenues to £18.2 million in the year ended March 31, 2011 (2010: £21.1 million) was primarily driven by a reduction in OTC volumes driving lower pre-settlement and settlement contracts of 10 and 22%, respectively, and increased netting driven by a rise in the number of markets (such as MOT) guaranteed by the CCP.

Custody and Other

Custody and other revenues of £45.2 million (2010: £45.5 million) declined 1% as the value of assets under management increased 5% to €3.0 trillion was offset by lower activity in Servizio Titoli S.p.A., the shareholder services business. On May 10, 2011, the sale of Servizio Titoli S.p.A. to Computershare plc was completed for a consideration of €32.4 million.

Net treasury Income through CCP Business

The increase in net income through CCP business revenue to £51.3 million in the year ended March 31, 2011 (2010: £16.2 million) resulted from a 53% higher average initial margin held, mainly driven by increased fixed income and derivative trading volumes and additional fixed income markets, in addition to significant investment in risk and treasury management functions enabling LSEG to improve the rates achieved on investment of margin funds with Italian banks.

Information Services

Information services revenues rose 9% to £184.7 million (2010: £169.3 million), accounting for 27% of total income (2010: 27%).

	Year ended 31 March		Variance	
	2011 £m	2010 £m	£m	%
Revenues				
Real-time data	101.2	103.7	(2.5)	(2%)
Other information services	83.5	65.6	17.9	27%
Total revenue	184.7	169.3	15.4	9%

Real-Time Data

Real-time data revenues fell 2% to £101.2 million (2010: £103.7 million) as demand for London Stock Exchange real-time data remained unchanged with 93,000 professional users, although Borsa Italiana professional users fell 2% to 139,000 (2010: 142,000) with the revenue impact heightened by the weakening of the Euro.

In the year ended March 31, 2011, LSEG introduced new pricing and service initiatives for direct reporting and non-display and other application usage, which more appropriately reflect data usage and reduces costs for a number of clients.

Other Information Services

Other information services revenues rose 27% to £83.5 million (2010: £65.6 million), with growth provided by SEDOL (which provides unique identification for a range of global tradable securities), UnaVista (a post-trade data matching service), royalties from the FTSE indices joint venture and Proquote. For the first time, Turquoise contributed a full year of revenue of £10.0 million, in the year ended March 31, 2011 (2010: £0.3 million) following its acquisition in February 2010. Turquoise revenues are shown gross of £5.8 million of maker rebates, which are included within cost of sales.

The SMF database provided clients access to query reference data on over 19 million instruments (up from 10 million in 2010), sourced from over 80 countries worldwide.

UnaVista is LSEG's secure, hosted platform for all matching, validation and reconciliation needs and achieved growth in all of the business solutions it offers: Post-trade services (including the newly launched Post-trade confirmation portal and swaps portal), data solutions and reconciliations.

Technology Services

Technology Services' revenue rose 23% to £48.6 million (2010: £39.4 million), accounting for 7% of total income (2010: 6%).

Revenues	Year ended 31 March		Variance	
	2011 £m	2010 £m	£m	%
MillenniumIT	18.2	6.7	11.5	172%
Technology	30.4	32.7	(2.3)	(7%)
Total revenue	48.6	39.4	9.2	23%

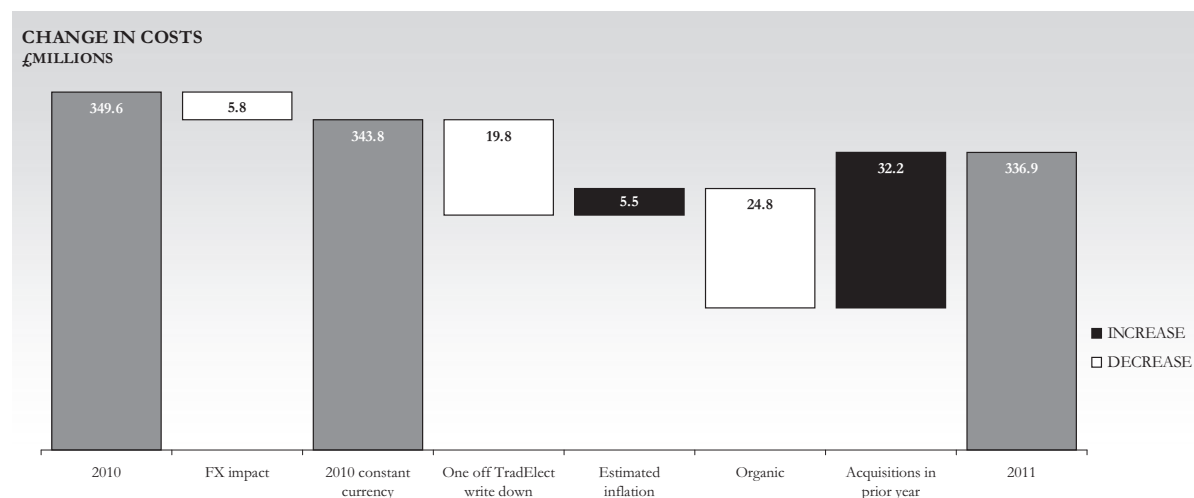
Increased revenues included a full 12 months contribution from MillenniumIT, which delivered £18.2 million (2010 (5½ months): £6.7 million) of revenue following its acquisition in October 2009. MillenniumIT's principal focus of activity was developing technology for LSEG, although, in the year ended March 31, 2011, Millennium took a number of third party customers live, including a commodity exchange in India and smart order routing technology in Canada, and was awarded contracts including Tullett Prebon, the Chittagong Stock Exchange and a large Indian Bank. MillenniumIT will also be a key part of the agreement to restructure and develop the Mongolian Stock Exchange, with whom a contract was signed shortly after the year end.

In the year ended March 31, 2011, Turquoise and London Stock Exchange cash equities migrated to the MillenniumIT trading platform. Subsequently, current latency average, measured at the 99th percentile, dropped from 1.4 milliseconds to below 125 microseconds in comparison to the TradElect platform (the previous trading platform used by London Stock Exchange cash equities). Development also began during 2011 on the migration of Borsa Italiana cash equities.

Technology revenues of £30.4 million (2010: £32.7 million) decreased 7% as the division benefitted from increased revenues from London Stock Exchange's expansion of the UK server co-location offering, which was launched last year, and growth in the Italian ASP business due

to the consolidation of services provided to clients and product diversification to attract new customers. This was offset by the transfer of the supply of external UK communications network to a third party from August 2010 which resulted in a £4.4 million reduction in revenues.

Operating Expenses



	Year ended 31 March		Variance	
	2011 £m	2010 £m	£m	%
Employee costs	117.4	111.0	6.4	6%
Depreciation and non acquisition software amortization	49.5	62.8	(13.3)	(21%)
Other costs	170.0	175.8	(5.8)	(3%)
Operating expenses before acquisition amortization, and non-recurring items	336.9	349.6	(12.7)	(4%)

LSEG's organic operating cost base, before acquisition amortization and non-recurring items, reduced by 8% on a constant currency basis, reflecting previously announced headcount and property restructuring and other cost savings, including a net £5.6 million benefit arising from an agreement with HMRC over the methodology used in recovering input VAT and £4.1 million relating to the outsourcing of external UK communications network to a third party. The savings were partly offset by an increase in the variable staff costs reflecting the improved performance of LSEG.

Included within LSEG's net organic cost reduction is approximately £6 million early delivery of savings out of the £10 million per annum targeted for the year ending March 31, 2012 from the roll-out of the Millennium Exchange system.

Total employee costs including acquisitions increased 6% to £117.4 million principally reflecting a full twelve months of additional headcount in relation to acquisitions, reported for the first time, and an increase in variable staff costs.

One-off costs relating to the replacement of the TradElect platform amounted to £5.5 million (2010: £25.3 million) and comprised accelerated depreciation and other IT costs. Total

depreciation and non-acquisition software amortization decreased to £49.5 million (2010: £62.8 million) while total IT costs fell to £65.7 million (2010: £72.5 million). Cost of sales included £5.8 million of Turquoise maker rebates.

Primarily as a result of the weakening Euro due to the impact of movements in exchange rates, total LSEG costs decreased by £5.8 million during the year ended March 31, 2011.

Acquisition Amortization of Purchase Intangible Assets and Non-Recurring Items

	Year ended 31 March		Variance	
	2011 £m	2010 £m	£m	%
Acquisition amortization of purchased intangible assets	(47.1)	(54.3)		
Merger costs	(15.4)	—		
Restructuring costs	(3.5)	(30.1)		
Property costs	(2.1)	—		
Integration costs	—	(13.6)		
Acquisition costs	10.0	—		
Total affecting operating profit	(58.1)	(98.0)	39.9	41%

Non-recurring items comprised £15.4 million of non-contingent costs associated with the proposed Merger, £3.5 million restructuring costs mainly relating to headcount restructuring in May 2010 and £2.1 million of property costs largely comprising an impairment provision on a freehold property now surplus to requirements and held for resale. These costs were partly offset by a £10.0 million accounting gain triggered by the acquisition by LSEG's FTSE joint venture of the remaining 50% of the FXI Chinese index business.

Operating Profit

Adjusted operating profit increased 22% to £341.1 million (2010: £280.3 million).

Total operating profit increased to £283.0 million (2010: £182.3 million).

Net Finance Costs

Net finance costs increased £4.1 million principally reflecting the payment of a full year's coupon on the 2019 Notes issued in June 2009.

Tax Rate

LSEG's effective tax rate on profit before amortization of purchased intangibles and non-recurring items was 30.3% (2010: 30.5%). This reflects strong results from Italy taxed at a higher rate than UK profits offset by the benefit of the relative tax treatment between the UK and Sri Lanka, where LSEG currently has a corporate tax holiday, relating to the Millennium Exchange licence fee for the UK trading system.

Profit Attributable to Equity Holders

Profit attributable to equity holders for the year ended March 31, 2011, after tax and minority interests, was up 68% to £151.6 million (2010: £90.4 million).

Foreign Exchange

LSEG's principal foreign exchange exposure is on the translation of its Euro denominated earnings, assets and liabilities into pounds sterling. During the year ended 31 March 2011, LSEG's income was reduced by a weakening of the average Euro rate against sterling.

A €5c movement in the average £/€ rate for the year would have changed LSEG's operating profit before amortization of purchased intangibles and non-recurring items by approximately £8 million.

Cash Flow and Balance Sheet

Cash generated from operations increased by 27% to £381.8 million (2010: £301.2 million), while LSEG's net cash inflow from operating activities was 23% higher than prior year at £264.5 million (2010: £215.2 million). LSEG's net cash investment in the business of £48.5 million included £43.0 million of capital expenditure and £5.5 million of investments, net of cash acquired in Subsidiary undertakings (comprising the acquisitions of ProMac S.p.A. and MTS France S.A.S. and buying out the non-controlling interests in EDX London Limited and Servizio Titoli S.p.A.)

LSEG had net assets of £1,137.0 million as at March 31, 2011 (2010: £1,030.8 million). The CCP clearing business assets and liabilities within CC&G largely offset each other and are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties. The gross clearing balances increased year-on-year primarily as a result of an increase in the volume and average term of the repurchase transactions that remained open.

The surplus on LSEG's UK defined benefit pension plan increased to £37.6 million as at March 31, 2011 (2010: £4.6 million). On April 7, 2011 the trustees of the plan signed an agreement with Pension Insurance Corporation Limited to insure for a premium of around £158 million on all future payments to scheme members who were pensioners as at March 31, 2011. This will eliminate any investment, inflation, and mortality risks associated with these benefits. The actuarial liability of these benefits at March 31, 2011 was £140.5 million, with the excess of the insurance premium over the liabilities being funded from the plan surplus. The contract includes an obligation to insure future retirements over the next five years on consistent pricing terms for a total premium currently estimated to be £45 million.

6. Results of Operations and Financial Conditions for the year ended March 31, 2010 compared with the year ended March 31, 2009

Total income decreased 6% to £628.3 million (2009: £671.4 million) and adjusted operating profit decreased 18% to £280.3 million (2009: £340.7 million).

Total operating profit and basic earnings per share increased to £182.3 million (2009: loss of £207.9 million) and 33.8 pence (2009: 126.1 pence loss), respectively, primarily as a result of a non-cash impairment of goodwill in 2009. Adjusted basic earnings per share decreased 19% to 60.1 pence per share from 74.2 pence per share.

Declines in revenues, primarily due to lower UK cash equities trading, were partially offset by increased revenues from the first time addition of MillenniumIT and the accelerated write-down of the TradElect system, associated with the acquisition of MillenniumIT, resulted in lower adjusted operating profit for LSEG. LSEG benefited from the strengthening of the Euro due to the impact of movements in exchange rates; revenues increased by £17.1 million while operating costs increased by £9.9 million.

Segmental reporting reflects the management organization and reporting of the business lines during the year ended March 31, 2010. Prior to 2011, Information and technology services were reported as a combined segment and, as such, the table and commentaries for the year ended March 31, 2010 compared with March 31, 2009 are presented on a combined basis.

Segmented Results of Operations

Revenues	Year ended March 31			
	2010	2009	Variance	%
	£m	£m	£m	
Revenue				
Capital markets	287.4	341.5	(54.1)	(16%)
Post-trade services	100.0	91.6	8.4	9%
Information and technology services	216.6	207.5	9.1	4%
Other	1.6	4.1	(2.5)	(61%)
Total revenue	605.6	644.7	(39.1)	(6%)
Net treasury income through CCP business	16.2	20.8	(4.6)	(22%)
Other income	6.5	5.9	0.6	10%
Total income	628.3	671.4	(43.1)	(6%)

Capital Markets

Total capital markets revenues fell by £54.1 million, a decrease of 16%, to £287.4 million in the year ended March 31, 2010, primarily due to a decline in UK cash equities trading as a result of increased competition and lower value traded in the market. Capital markets accounted for 46% of total LSEG Group income (2009: 51%).

Revenues	Year ended March 31			
	2010	2009	Variance	%
	£m	£m	£m	
Primary Markets				
Annual fees	35.2	41.0	(5.8)	(14%)
Admission fees	34.0	28.1	5.9	21%
	69.2	69.1	0.1	0%
Secondary Markets				
Cash equities: UK	101.8	156.2	(54.4)	(35%)
Cash equities: Italy	31.7	28.0	3.7	13%
Derivatives	19.5	25.6	(6.1)	(24%)
Fixed income	29.3	25.8	3.5	14%
	182.3	235.6	(53.3)	(23%)
Other	35.9	36.8	(0.9)	(2%)
Total Revenue	287.4	341.5	(54.1)	(16%)

Primary Markets

Primary markets revenues increased £0.1 million to £69.2 million (2009: £69.1 million).

Annual fee revenues fell by 14% to £35.2 million (2009: £41.0 million), reflecting the reduction in market capitalizations in 2008 (the London Stock Exchange's annual fees are set based on the market capitalization on 30 November of the prior year) and a fall in the number of companies listed on AIM. The total number of companies listed on markets across the LSEG Group fell to 3,046 (2009: 3,304). The international profile of LSEG's primary markets was enhanced further with 17 international listings on the Main Market of the London Stock Exchange (2009: 15).

Admission fee revenues grew 21% to £34.0 million (2009: £28.1 million) due to the high level and mix of secondary capital raisings, with a larger proportion of smaller and medium sized companies compared to 2009. Capital raised by new and further issues decreased to £77 billion (2009: £106 billion), although AIM reported an increase in capital raised from new issues; £980 million from 47 new issues (2009: £820 million; 87). New issues across LSEG decreased to 110 (2009: 160) as a result of market conditions.

Secondary Markets

Secondary Markets revenues decreased by £53.3 million to £182.3 million (2009: £235.6 million).

Cash Equities

Total revenues from cash equities declined 28% to £133.5 million (2009: £184.2 million).

UK revenues decreased 35% to £101.8 million (2009: £156.2 million) as UK average daily value traded on the order book decreased 33% to £4.6 billion per day (2009: £6.9 billion), in part reflecting continued competition from alternative trading venues as well as an overall lower level of value traded in the market. As a result of pricing changes in September 2009, the average basis point yield decreased 13% from 0.92 in the first half of the year to 0.80 in the second half, giving a full year 0.86 basis point average (2009: 0.87 basis points). The change in pricing was undertaken to simplify the fee structure, lower the threshold for volume discounts and increase the number of firms benefiting from incentives.

In Italy, the average daily number of trades was more resilient, declining 2% to 252,000 trades per day (2009: 256,000), reflecting stronger retail trading and the cost efficient straight-through processing provided by LSEG's integrated trading and post-trade operations.

ETFs, ETCs and ETNs continued to deliver strong growth as individual investors increased the extent to which they personally manage their portfolios. In aggregate there were 861 ETFs listed on the London Stock Exchange and Borsa Italiana as at March 31, 2010, up 30% on the year ended March 31, 2009. Average daily turnover for the year ended March 31, 2010 reached £366 million, comprising an average of 13,987 trades a day: which is an increase of 83% on the year ended March 31, 2009.

Derivatives

Total derivatives revenues declined 24% to £19.5 million (2009: £25.6 million).

EDX volumes fell 8% to 56.5 million contracts (2009: 61.1 million), with a doubling in Russian derivatives trading to 37.4 million contracts (2009: 19.0 million), which helped to offset a fall in Scandinavian business as a result of EDX migrating from the NASDAQ OMX system to the SOLA trading platform in December 2009. IDEM volumes increased 11% to 41.0 million (2009: 37.0 million) following the introduction of tariff caps earlier in the year, although a shift away from index products, together with the tariff changes, reduced the average yield.

Fixed Income

Fixed income revenues increased to £29.3 million (2009: £25.8 million), with value traded in MTS up 31% to €45 trillion for the year, primarily in the second half of 2010. LSEG's retail offering also delivered good growth, with Borsa Italiana's retail bond market attracting 3.5 million trades (2009: 3.4 million). During the year, the Italian market structure was adapted for the UK market, with the London Stock Exchange launching a retail bond market for trading in corporate bonds and gilts from February 1, 2010.

Other capital markets revenues consist of fees for membership of all the LSEG Group's markets and other non-trading revenues within MTS.

Post-Trade Services

Revenue increased 9% to £100.0 million (2009: £91.6 million). Including net treasury income through CCP business, total income from Post-Trade increased 3% to £116.2 million (2009: £112.4 million), constituting 19% of total LSEG Group income (2009: 17%), primarily due to higher clearing transaction volumes and increased share of OTC business settled by Monte Titoli.

Revenues	2010 £m	Year ended March 31		
		2009 £m	Variance £m	%
Clearing	33.4	32.0	1.4	4%
Settlement	21.1	17.2	3.9	23%
Custody and other	45.5	42.4	3.1	7%
Total Revenue	100.0	91.6	8.4	9%
Net treasury income through CCP business	16.2	20.8	(4.6)	(22%)
Total Income	116.2	112.4	3.8	3%

Clearing

Total clearing revenues for the year ended March 31, 2010 increased 4% to £33.4 million (2009: £32.0 million), driven by higher clearing transaction volumes (up 4%) primarily as a result of higher derivative and fixed income volumes. This was offset by a reduction in non-transaction revenues and fail fees. In the year ended March 31, 2010, CC&G was approved by the FSA in the UK as a Recognized Overseas Clearing House, and it provided services for LSEG's London-based derivatives market, EDX.

As at March 31, 2010, the CC&G customer base had expanded to 140 members from 11 European countries. Nearly half of the members are now non-Italian, and they account for 56% of volumes in derivatives and 38% in equities.

Settlement

The growth in settlement revenues to £21.1 million in the year ended March 31, 2010 (2009: £17.2 million) was primarily driven by an increased share of OTC business settled by Monte Titoli.

Custody and Other

Custody and other revenues benefitted from a 7% increase in the average value of assets under custody. The increase was partially offset by a decline in secretarial services business revenues arising from a decrease in the number of quoted companies and shareholders serviced. Total revenues increased by 7% to £45.5 million (2009: £42.4 million).

Net Treasury Income through CCP business

The decline in net treasury income through CCP business revenue to £16.2 million in the year ended March 31, 2010 (2009: £20.8 million) reflected a reduction in the net interest earned compared with the unusually high level experienced during the volatile markets in the year ended March 31, 2009, primarily due to lower spreads between EONIA (the basis for interest payments to members) and EURIBOR (the basis for interest received on cash deposits).

Information and Technology Services

In the year ended March 31, 2010, information services and technology services were reported as one segment.

Information and technology services revenues rose 4% to £216.6 million (2009: £207.5 million), accounting for 34% of total income (2009: 31%).

Revenues	Year ended March 31			
	2010	2009	Variance	
	£m	£m	£m	%
Real time data	103.7	114.4	(10.7)	(9%)
Other information services	65.6	59.2	6.4	11%
Technology services	47.3	33.9	13.4	40%
Total Revenue	216.6	207.5	9.1	4%

Real-Time Data

Real-time data revenues fell 9% to £103.7 million (2009: £114.4 million) as demand for real-time data was affected by difficult economic and market conditions. At March 31, 2010, there were 93,000 and 142,000 professional users accessing the London Stock Exchange's and Borsa Italiana's real time data, respectively, via LSEG's direct network and also via over 200 network service providers and market data vendor partners (2009: 104,000 and 151,000, respectively).

Other Information Services

Other information services revenues rose 11% to £65.6 million (2009: £59.2 million), with growth provided by SEDOL (which provides unique identification for a range of global tradable

securities), UnaVista (a post-trade data matching service), royalties from the FTSE indices joint venture and Proquote. Turquoise contributed £0.3 million of revenue following its acquisition in February 2010.

Nearly 4.5 million new identification codes were added to LSEG's global, multi-asset class SEDOL master file (database) in 2010, bringing the total number to 10 million. The majority of the new SEDOL codes were allocated against ETDs, sourced from over 80 countries worldwide. The number of SEDOL Masterfile customers continued to increase, with over 200 new subscribers across the UK, Europe and the U.S., bringing the total customer base to over 1,500 (2009: 1,300). SEDOL Masterfile usage grew across Asia following the establishment of a stronger sales presence in the region.

In 2010, the UnaVista reconciliation services were extended to facilitate cash and stock reconciliations, exchange reconciliations and commission sharing. LSEG also introduced the UnaVista Confirmation Portal, a central service enabling broker to broker matching and improving post-trade communications between sell side and buy side firms.

In addition to reference data services, LSEG's desktop solutions provide a front-end for market data, as well as order and execution management systems, all provided through LSEG's Proquote brand. In Italy, Proquote screens totaled 34,000 by the end of 2010 (2009: 26,000). In the UK, the number of terminals totaled 4,900 (2009: 4,800). As well as distributing and displaying market data, Proquote provides order management and execution services, predominantly to the private client broking agency in the UK, with connections to 28 Retail Service Providers ("**RSPs**"). Over the course of 2010, Proquote's RSP order flow increased by 150%.

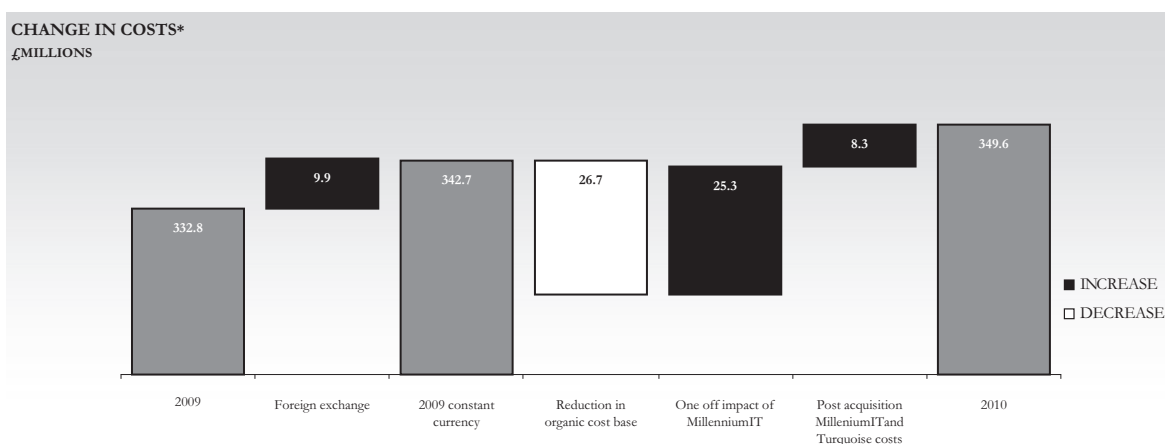
Technology Services

Technology services revenues increased by 40% to £47.3 million (2009: £33.9 million). The increase included a first time contribution from MillenniumIT, which delivered £6.7 million of revenue following its acquisition in October 2009. Excluding MillenniumIT, organic constant currency growth in technology services of 18% reflected revenues from the hosting business and the Oslo Børs exchange partnership, both initiated at the end of the prior year.

In the year ended March 31, 2010, trading platform latency dropped from 4.6 to 1.4 microseconds due to development work on the TradElect trading platform.

Technology services continued to provide a wide range of connectivity options for customers, and in 2010 this offering was augmented with hosting services. Hosting allows latency sensitive customers to place their trading technology systems within the same data centre as the matching engine and market data. This investment underlined LSEG's commitment to encourage market efficiency through decreased round trip latency. By the year ended March 31, 2010, LSEG had 33 hosting customers with demand expected to increase significantly.

Operating Expenses



Operating Expenses	Year ended March 31			
	2010 £m	2009 £m	Variance £m	%
Employee costs	111.0	113.3	(2.3)	(2%)
Depreciation and non-acquisition software amortization	62.8	36.4	26.4	73%
Other costs	175.8	183.1	(7.3)	(4%)
Operating expenses before impairment of goodwill, acquisition amortization and non-recurring items	349.6	332.8	16.8	5%

LSEG's organic operating cost base, before impairment of goodwill, acquisition amortization and non-recurring items, was reduced by 8% on a constant currency basis, highlighting LSEG's continued focus on cost reduction and more efficient operational delivery. These improvements included a full year's benefit from completion of the Borsa Italiana integration and an initial £6 million saving following the 12% reduction in LSEG's UK and Italy headcount during 2009. Costs during 2010 also benefited from a £6.7 million reduction in expenses related to long term incentive arrangements reflecting the reduction in headcount and scheme performance in the year.

Total employee costs including acquisitions declined 2% to £111.0 million reflecting the decline in organic headcount (down 13% to 991), although total headcount increased as a result of an additional 497 staff from MillenniumIT and Turquoise.

One-off costs of £25.3 million that were incurred following LSEG's acquisition of MillenniumIT comprised of non-recurring accelerated depreciation (£19.7 million) and other IT costs (£5.6 million) relating to the existing Tradelect platform.

As a result of the strengthening Euro due to the impact of movements in exchange rates, LSEG costs increased in sterling terms by £9.9 million during the year ended March 31, 2010.

Goodwill Impairment, Acquisition Amortization of Purchased Intangible Assets and Non-Recurring Items

	Year ended March 31			
	2010	2009	Variance	
	£m	£m	£m	%
Impairment of goodwill	—	(484.0)		
Acquisition amortization of purchased intangible assets	(54.3)	(49.4)		
Restructuring costs	(30.1)	—		
Integration costs	(13.6)	(15.2)		
Total affecting operating profit	(98.0)	(548.6)	(450.6)	(82%)

Non-recurring items comprise £30.1 million of restructuring costs, including £17.1 million primarily associated with the 2009 headcount reduction programme and £13.0 million relating to the subletting of surplus space in LSEG's Paternoster Square premises. Integration costs principally include £12.4 million associated with the acquisition of Turquoise and a residual £0.9 million for the integration of the London Stock Exchange and Borsa Italiana.

In 2009, non-recurring items included a £484.0 million non-cash impairment, primarily in respect of goodwill recognized on the all-share merger with Borsa Italiana. The impairment reflected the deterioration in economic conditions but had no impact on day-to-day operations, LSEG's ability to generate cash or its banking covenants.

Operating Profit

Adjusted operating profit decreased 18% to £280.3 million (2009: £340.7 million). Excluding one-off costs associated with the acquisition of MillenniumIT and early replacement of the TradElect system, operating profit of £305.6 million was 10% lower than in 2009.

Total operating profit increased to £182.3 million (2009: £207.9 million loss) as a result of the non-cash goodwill impairment in the year ended March 31, 2009.

Net Finance Costs

Net finance costs declined £4.2 million, reflecting gilt lock hedge costs (a hedge of the UK gilt linked to a proposed bond issue in 2007 that could not be executed as markets closed as a result of the credit crisis) in 2009 not recurring in the year ended March 31, 2010, partially offset by lower market rates on LSEG's cash balances and the higher coupon on the 2019 Notes issued in 2009.

Tax Rate

LSEG's underlying effective tax rate was 30.5% (2009: 32.0%), reflecting the mix of lower UK and higher Italian effective rates and a greater benefit in 2010 from settling open tax filings.

Profit Attributable to Equity Holders

The profit attributable to equity holders for the year, after tax and minority interests, was £90.4 million (2009: £338.0 million loss).

Foreign Exchange

LSEG's foreign exchange exposure arises mainly from translating LSEG's Euro earnings, assets and liabilities into pounds sterling. During the year ended March 31, 2010, LSEG's income benefited from the strengthening of the average Euro rate against sterling.

A €5c weakening in the average £/€ rate for 2010 would have reduced LSEG's adjusted operating profit by approximately £6.1 million.

Cash Flow and Balance Sheet

Cash generated from operations decreased by 15% to £301.2 million (2009: £352.6 million), and LSEG's net cash inflow from operating activities decreased by 4% to £215.2 million (2009: £225.1 million), reflecting the reduced underlying profitability. LSEG's net cash investment in the business of £49.5 million included £42.2 million of capital expenditure, £16.3 million spent to acquire MillenniumIT and Turquoise and £6.1 million of funding to the TOKYO AIM joint venture, partially offset by the proceeds from the sale of non-controlling interests in Subsidiaries and net cash inflow from acquisitions.

LSEG had net assets of £1,030.8 million at March 31, 2010 (2009: £1,053.2 million). The CCP clearing business assets and liabilities within CC&G largely offset each other and are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties. The gross clearing balances increased substantially year-on-year, primarily as a result of a higher number and value of repurchase transactions processed.

7. Semi-Annual Results of Operations

	Mar 31 2011 Unaudited £m	Six months ended		Sep 30 2009 Unaudited £m
		Sep 30 2010 Unaudited £m	Mar 31 2010 Unaudited £m	
Income Statement				
Total revenue	318.0	297.9	304.4	301.2
Net treasury income through CCP business	34.6	16.7	6.5	9.7
Other income	3.9	3.8	3.4	3.1
Total income	356.5	318.4	314.3	314.0
Operating expenses before acquisition amortization and non-recurring items	(171.7)	(165.2)	(169.4)	(180.2)
Share of profit after tax of joint ventures/ associates	1.5	1.6	0.6	1.0
Adjusted operating profit	186.3	154.8	145.5	134.8
Acquisition amortization and non-recurring items	(26.2)	(31.9)	(59.0)	(39.0)
Operating profit	160.3	122.9	86.5	95.8
Profit for the period	94.3	62.2	40.8	50.9
Earnings per share				
Basic earnings per share	33.2p	23.2p	15.3p	18.5p
Diluted earnings per share	32.9p	23.0p	15.1p	18.4p
Adjusted basic earnings per share	41.5p	32.2p	31.1p	29.0p
Adjusted diluted earnings per share	40.9p	32.0p	30.7p	28.9p

Six Months ended March 31, 2011

Total income for the six months ended March 31, 2011 increased by £38.1 million over the six months ended September 30, 2010, primarily due to treasury income through the CCP business increasing to £34.6 million (September 30, 2010: £16.7 million) as a result of higher margins held and active treasury management by CC&G, along with higher revenues from admission fees and the seasonality and improving market conditions of fixed income trading.

Adjusted operating profit increased to £186.3 million (September 30, 2010: £154.8 million) principally due to the improved revenue performance in the period. This was partially offset by increased operating expenses primarily resulting from variable employee costs reflecting the improved performance.

Operating profit for the six months ended March 31, 2011 also increased (£160.1 million) as acquisition amortization and non-recurring items reduced by £5.7 million to £26.2 million.

Cash flow generated from operations for the six months of £188.2 million was broadly unchanged over the prior six months with stronger profitability offset primarily by an increase in trade receivables driven by higher revenues and the seasonality of revenue collections. Cash and cash equivalents increased in the period by £73.1 million compared to a decrease in the previous six months of £29.2 million mainly as a result of a repayment of borrowings of £103.9 million in the prior period. In addition, an interim dividend of £23.7 million paid to shareholders was £19.2 million lower than the final dividend that was paid to shareholders in the preceding six months.

Six Months ended September 30, 2010

Total income for the six months ended September 30, 2010 increased by £4.1 million over the six months ended March 31, 2010, primarily due to treasury income through the CCP business increasing to £16.7 million (March 31, 2010: £6.5 million) as a result of higher margins held and active treasury management by CC&G; the period benefited from a full six month inclusion of Turquoise revenues in addition to a good performance from the FTSE indices business, SEDOL, Proquote and UnaVista. The increases were partially offset by lower yields from pricing promotions on UK cash equities in conjunction with the absence of Scandinavian derivatives trading in EDX.

Adjusted operating profit increased to £154.8 million (March 31, 2010: £145.5 million) as the six months ended September 30, 2010 included a £5.6 million non-recurring benefit arising from an agreement with HMRC over the methodology used in recovering input VAT, partially offset by a full six months of Turquoise costs. Reduced operating expenses also reflected savings in relation to previously announced headcount and property restructuring.

Operating profit for the six months ended September 30, 2010 increased to £122.9 million due to acquisition amortization and non-recurring items reducing to £31.9 million (March 31, 2010: £59.0 million) as LSEG reported two significant costs in relation to property restructuring and Turquoise integration in the six months ended March 31, 2010.

Cash flow generated from operations for the six months of £193.6 million increased by £47.6 million over the prior six months, primarily due to the seasonality of revenue collections

(as the London Stock Exchange collects annual membership fees in its first quarter), stronger profitability and working capital benefits, including a decrease in trade receivables. However, cash and cash equivalents reduced in the period by £29.2 million compared to an increase in the previous six months of £53.6 million mainly as a result of a repayment of borrowings from free cash of £103.9 million. A final dividend of £42.9 million paid to shareholders, which was £20.4 million higher than the interim dividend that was paid to shareholders in the preceding six months.

Six Months ended March 31, 2010

Total income for the six months ended March 31, 2010 increased by £0.3 million over the prior six months primarily as a result of market conditions and lower yields from pricing reductions impacting cash equities revenues; offset by the addition of MillenniumIT revenues and the expansion of the hosting service increasing technology revenues.

Adjusted operating profit for the six months ended March 31, 2010 increased to £145.5 million as the period reported lower operating costs (£10.8 million), primarily as the prior six months included £20.4 million of accelerated depreciation and IT costs relating to the TradElect platform as a consequence of the MillenniumIT acquisition, partially offset by the addition of five-and-a-half months of MillenniumIT costs post-acquisition.

Operating profit decreased to £86.5 million as a result of impairment of goodwill, acquisition amortization and non-recurring items for the period increasing to £59.0 million as LSEG reported significant costs in relation to property restructuring and the integration of Turquoise.

Cash flow generated from operations for the six months of £146.0 million decreased by £9.2 million over the prior six months, primarily due to an increase in trade receivables of £22.9 million and the seasonality of revenue collections. Compared to the preceding six months, LSEG increased its investment activities with the acquisition of MillenniumIT and the investment in Turquoise. In addition, interim dividends to shareholders at £22.5 million were £20.2 million lower than the final dividends paid in the prior six month period. Cash and cash equivalents increased by £53.6 million.

Six Months ended September 30, 2009

Total income for the six months ended September 30, 2009 declined over the prior period, as revenues reflected difficult market conditions in cash equities and derivatives, although this was partially offset by increases in fixed income, where market conditions improved, and admission fee revenues driven by further issues.

Adjusted operating profit for the six months ended September 30, 2009 declined as operating costs increased to £180.2 million, primarily as a result of accelerated depreciation and IT costs relating to the TradElect platform.

Impairment of goodwill, acquisition amortization and non-recurring items for the period of £39.0 million increased primarily due to headcount savings.

Operating profit of £95.8 million declined due to lower revenues, as well as increased operating expenses and impairment of goodwill, acquisition amortization and non-recurring items in comparison to the prior six months.

Cash flow generated from operations for the six months of £155.2 million increased by £13.5 million over the prior six-month period, principally driven by seasonality of revenue collections and working capital improvements (reduction in trade payables £0.6 million in the period compared to £38.0 million for the prior period). Interest paid at £13.0 million was significantly lower given the cancellation and cash-settlement of a gilt lock transaction in the prior period (interest paid of £27.9 million). LSEG invested £22.4 million in capital expenditure during the period, down from £32.0 million in the previous six months, including development of the EDX derivatives platform, a secondary data centre and investment in Baikal, its dark pool venture. In addition, £6.1 million was invested in LSEG's AIM market joint venture with the Tokyo Stock Exchange, TOKYO AIM. Cash and cash equivalents increased by £25.8 million in the period.

8. Liquidity and Capital Resources

Liquidity

LSEG's principal sources of liquidity are cash generated from operations and borrowings available under committed revolving credit facilities. Cash generated from operations is made available to LSEG through intra-group loan arrangements controlled centrally by LSEG's treasury function or through subsidiary dividends. LSEG maintains committed credit facility arrangements sufficient to meet its planned obligations for the next 24 months. In addition, LSEG endeavours to arrange its debt facilities to avoid significant maturity overlap. LSEG is potentially able to access further capital through the equity and debt markets.

At CC&G, margin and default funds are maintained to protect its position as guarantor of each trade executed by participants in the Italian financial markets, should a counterparty fail. CC&G also has access to committed and uncommitted lines of credit with Italian commercial banks for short-term liquidity support purposes. As at March 31, 2011, these credit lines have remained undrawn.

LSEG's principal uses of cash have been capital expenditures, small and medium sized acquisitions and strategic investments, capital returns to shareholders (including dividends) and debt servicing. Other than timing of collection of annual listing fees in its first quarter of each financial year, LSEG does not have significant seasonality in its operating cash cycle. LSEG's cash cycle is discussed in further detail in "Semi-annual results of operations", above. LSEG's working capital requirements are relatively small.

Cash generated from operations for the 12 months ended March 31, 2011 is discussed in "Results of Operations and Financial Conditions for the year ended March 31, 2011 compared with the year ended March 31, 2010" within this section.

Cash generated from operations for the 12 months ended March 31, 2010 is discussed under the heading "Results of Operations and Financial Conditions for the year ended March 31, 2010 compared with the year ended March 31, 2009", above.

For the 12 months ended March 31, 2011 cash used in financing activities was £174.0 million compared to £83.2 million for the 12 months ended March 31, 2010 due to higher net borrowing repayments year on year from free cash of £96.2 million. For the year ended March 31, 2011 cash and cash equivalents increased by £43.9 million.

For the 12 months ended March 31, 2010, cash used in financing activities was £83.2 million compared to £237.8 million for the 12 months ended March 31, 2009. The principal reasons for the year-on-year reduction were £77.8 million of cash invested in share repurchases and £74.9 million greater net borrowing repayments both made in the preceding 12 months.

The following table sets out the calculation of LSEG's free cash flow available for strategic investments and repayment of debt, for the past three years:

	Year ended March 31		
	2011 Unaudited £m	2010 Unaudited £m	2009 Unaudited £m
Free cash flow			
Cash flow generated from operations	381.8	301.2	352.6
Net interest paid	(43.5)	(28.9)	(45.1)
Corporation and withholding tax paid	(73.8)	(57.1)	(82.4)
Investing activities*	(43.8)	(39.7)	(52.6)
Dividends	(72.7)	(73.9)	(72.3)
Free cash flow	148.0	101.6	100.2

* excluding acquisition or disposal of majority and minority stakes in 2010 and 2009.

Free cash flow generation in 2011 was £46.4 million higher than in 2010. The main differences year-on-year comprised of stronger profitability driving higher cash generated from operations of £80.6 million, offset by higher net interest expense of £14.6 million due to a full year's coupon on the 2019 Notes (issued in June 2009), and higher taxes of £16.7 million. Investing activities in 2011 included investments in subsidiaries and joint ventures, net of cash acquired, and proceeds from sale of minority interests in subsidiaries which totalled £5.5 million. These elements were not included in the computation of free cash flow in previous years.

Free cash flow generation in 2010 was in line with that in 2009. A reduction in cash flow from operating activities of £52 million was offset by lower cash interest paid, primarily due to the timing of coupon payments on the 2019 Notes falling after the end of the financial year, reduced taxes driven in part by operating performance year-on-year and a reduction in cash investment by LSEG (including capital expenditure).

In November 2010, LSEG entered into the 2010 Facility Agreement to take advantage of improved conditions in the bank lending market and to refinance existing, shorter-dated facilities. The new facility, together with the existing 2008 Facility Agreement, gives LSEG access to £500 million of facility headroom as at March 31, 2011, and the refinancing extends maturities to an average maturity of over five years. Neither the interest margin nor the financial covenants are linked to the credit rating performance of LSEG.

The 2016 Notes and the 2019 Notes have terms and conditions customary in the sterling debt capital market for investment grade borrowers, including negative pledges. A change of control of LSEG together with a drop in the credit ratings of LSEG, to sub-investment grade (within 12 months of the change of control) would allow investors to redeem the 2016 Notes and the 2019 Notes.

Capital Resources

At March 31, 2011, the last reported balance sheet date, cash and cash equivalents amounted to £267.0 million (2010: £223.1 million), which were mainly deposited with banks in short term deposits, placed with AAA rated liquidity funds or held short term on interest-bearing call accounts. Balances are held primarily in pounds sterling in LSEG's UK-based entities and in Euros in LSEG's Italy-based entities.

At March 31, 2011, LSEG's net financial funding (audited, and stated under EU-IFRS) was £232.1 million (2010: £383.6 million), comprising £267.0 million cash and cash equivalents (2010: £223.1 million) (including restricted cash), offset by £0.1 million current financial debt (2010: £0.9 million) and £499.0 million non-current loans (2010: £605.8 million). A table of LSEG's unaudited capitalization and indebtedness as at March 31, 2011 is set out under the heading "Information Concerning LSEG" in this Circular.

LSEG funds its operations through retained earnings, equity, notes and committed bank facilities. Details of LSEG's debt are summarized below. With the exception of the timing of the collection of annual listing fees in the first quarter of each financial year, LSEG is not subject to significant seasonal trends, cash flows vary from month to month as a result of factors such as significant payments (for example, bond interest and dividends) and billing arrangements.

Except for customary restrictions on any such payments under corporate law in their respective jurisdictions of incorporation and regulatory requirements that certain entities within LSEG must adhere to, there are no specific restrictions that materially affect the ability of the subsidiaries of LSEG to make payments to LSEG in the form of dividends, loans or advances. The FSA requires the London Stock Exchange and EDX London Limited to hold a certain level of cash and cash equivalents, linked to the amount of costs in each business, to cover the orderly wind-down of these markets in extreme circumstances. LSEG holds cash in its other regulated businesses either as part of its regulatory capital requirement and/or to underpin the smooth ongoing operation of the related markets. At CC&G, surplus cash is traditionally retained to support its market clearing activities. In aggregate, the cash set aside by LSEG to meet its regulatory, clearing and commercial requirements amounted to £125 million as at March 31, 2011 (2010: £125 million).

Derivative contracts are used by LSEG to hedge foreign exchange exposures and manage interest rate risks associated with borrowings. The types of instrument permitted are governed by an LSEG Board-approved treasury policy and these are instruments that are commonly used by corporates in the London financial markets. LSEG does not speculate on foreign exchange or interest rate movements in its financial risk management approach. All derivative transactions are executed to manage an identified underlying exposure. Furthermore, the policy restricts LSEG from transacting derivatives with counterparties other than those pre-approved working under signed International Swaps and Derivatives Association arrangements.

LSEG controls treasury transactions centrally with the treasury function carrying out its activities within the scope of an LSEG Board-approved treasury policy, overseen by a treasury committee. Areas of policy coverage include liquidity and financing, cash management, security and controls and financial risk management (including hedging interest rates and foreign exchange risks).

Regulatory Capital Requirements

LSEG has set aside £125 million of cash in aggregate for regulatory clearing and commercial requirements. As part of this, the regulated entities from within LSEG currently benefits from bespoke regulatory capital regimes to maintain adequate financial resources. LSEG is engaged in discussions with the FSA about a possible increase in the regulatory capital requirement for its main UK operating company for 2012. However indications are that the overall cash set aside by LSEG will increase by no more than one third above the current £125 million.

Capital Expenditures

Total capital expenditures for the year ended March 31, 2011 of £45.7 million comprised of £16.5 million property, plant & equipment expenditure (2010: £12.1 million) and £29.2 million intangible asset expenditure (2010: £30.3 million). Committed expenditure is detailed within “Contractual commitments” below.

Indebtedness

The following table presents comparative information related to the ratio of operating net debt to Adjusted EBITDA which is used by LSEG management as a key indicator as part of its capital management.

	Year ended March 31		
	2011 Unaudited £m	2010 Unaudited £m	2009 Unaudited £m
Net Debt and Leverage			
Current borrowings	(0.1)	(0.9)	(2.3)
Non-current borrowings	(499.0)	(605.8)	(622.5)
Total borrowings	(499.1)	(606.7)	(624.8)
Derivative financial assets / (liabilities)	(12.5)	(18.4)	(1.6)
Less: cash and cash equivalents	267.0	223.1	143.7
Net debt	(244.6)	(402.0)	(482.7)
Cash set aside	(125.0)	(125.0)	(125.0)
Operating net debt	(369.6)	(527.0)	(607.7)
Adjusted EBITDA	390.9	343.4	377.4
Operating net debt/Adjusted EBITDA ratio	1.0	1.5	1.6

	Year ended March 31		
	2011 Unaudited £m	2010 Unaudited £m	2009 Unaudited £m
Adjusted EBITDA reconciliation			
Adjusted operating profit	341.1	280.3	340.7
Add back:			
Investment income	0.3	0.3	0.3
Depreciation and non-acquisition intangible amortization	49.5	62.8	36.4
Adjusted EBITDA	390.9	343.4	377.4

LSEG typically arranges its core borrowings with LSEG as the borrower. There is no significant borrowing at the Subsidiary level other than credit facilities arranged to support the clearing and settlement cycle for CC&G in Italy. These clearing facilities are permitted within the terms of LSEG's broader credit arrangements.

Under the terms of LSEG's syndicated committed revolving bank facilities, LSEG must maintain a ratio of net debt to Adjusted EBITDA of not more than four times for the preceding 12 months as of the last day of each full year and interim reporting period. LSEG is also required to maintain a ratio of Adjusted EBITDA to net finance costs of not less than three times as measured throughout the preceding 12-month period. As at March 31, 2011, LSEG was in compliance with these covenants. No breach of covenants occurred during the years ended March 31, 2011, 2010 and 2009; as at the date of this Circular LSEG was not involved in discussions in relation to existing borrowing facilities or covenants.

In June 2009, following a period of considerable market uncertainty, LSEG took advantage of the re-opening of the bond markets to issue the 2019 Notes. This allowed the repayment and cancellation of certain short-term bank facilities, further diversified LSEG's sources of debt and extended LSEG's average debt maturities.

In November 2010, LSEG arranged the 2010 Facility Agreement with a syndicate of nine banks, seven of whom had provided LSEG with the 2008 Facility Agreement also totaling £250 million arranged in July 2008. Both facilities have a five year maturity and, as at March 31, 2011 and as at May 23, 2011 (the last practicable date prior to publication of this Circular), were undrawn. Total committed term funding at March 31, 2011 was £1,000 million, of which £500 million remained undrawn.

LSEG had the following undrawn committed revolving credit facilities available to it as at March 31, 2011:

£250m	2008 Facility Agreement	Interest charged at LIBOR plus 0.8% per annum.
£250m	2010 Facility Agreement	Interest charged at LIBOR plus 1.0% per annum.

As at March 31, 2011, LSEG had no other undrawn committed credit facilities other than the 2008 Facility Agreement and the 2010 Facility Agreement.

Moody's provides ratings for the 2016 Notes and the 2019 Notes. Following LSEG's proposals in 2007 to potentially increase leverage to return capital to shareholders, Moody's downgraded its long-term rating to Baa3 with a stable outlook. In March 2008, Moody's assigned a positive outlook to its rating as the scale of the capital return was significantly less than it had anticipated. This action resulted in a rating change to Baa2 with stable outlook in February 2009. Following the announcement of the proposed Merger, Moody's put its rating on positive watch pending further evaluation of the details of the proposed Merger.

LSEG engaged S&P in early 2008 and a long-term rating of A- with stable outlook was assigned to LSEG in May 2008. S&P subsequently assigned the same rating to the 2019 Notes upon their issuance in June 2009. Following the announcement of the proposed Merger, S&P put its rating on positive watch pending further evaluation of the details of the proposed Merger.

Both Moody's and S&P have applied to be registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009.

As at March 31, 2011, LSEG has the following long-term credit ratings assigned to its notes:

Credit ratings	Moody's	S&P
2016 Notes	Baa2	
2019 Notes	Baa2	A-
Outlook	Positive	Positive

Contractual Commitments

Contractual obligations	Total £m	Payments due by period		
		Less than one year £m	One to five years £m	More than five years £m
Long term debt	499.0	—	—	499.0
Capital lease obligations	—	—	—	—
Operating leases	211.8	21.0	78.4	112.4
Purchase obligations	—	—	—	—
Other long term obligations	—	—	—	—
Total contractual obligations	710.8	21.0	78.4	611.4

As at March 31, 2011, contracted capital commitments and other contracted commitments not provided for in the financial statements of the LSEG Group were £2.5m (2010: £2.0m) and £23.8m (2010: £3.1m), respectively, of which £0.2m (2010: nil) related to commitments of joint ventures. £23.8m in other commitments relates to professional and other fees, the majority of which are conditional on the successful completion of the proposed Merger.

The LSEG Group has committed to fully fund the cash needs of Turquoise within an agreed framework for the first 24 months from February 17, 2010, the date of acquisition.

The contractual commitments made by LSEG for the financial years ended March 31, 2011, 2010 and 2009 are shown within the commitments and contingent liabilities note in the annual reports for the years ended March 31, 2011, 2010 and 2009, on pages 96, 95 and 88, in notes 31, 32 and 34, respectively, and are appended at Annex I to this Circular. During the period April 1, 2011 to May 23, 2011 (the latest practicable date prior to the publication of this Circular) there were no new contractual commitments outside of the ordinary course of business, other than continuation of contractual commitments described on page 96 of the annual report for the year ended March 31, 2011.

LSEG has also entered into non-cancellable operating leases. The total future minimum lease payments under the leases for the financial years ended March 31, 2011, 2010 and 2009, are shown within the leases note in the annual reports for the years ended March 31, 2011, 2010 and 2009 on pages 97, 97 and 89, respectively and are appended at Annex I to this Circular. During the period April 1, 2011 to May 23, 2011 (the latest practicable date prior to the publication of this Circular) there were no new operating lease arrangements entered into by LSEG other than a continuation of those described on pages 97 to 98 of the annual report for the year ended March 31, 2011.

9. Transactions with Related Parties

The related party transactions between LSEG and its Subsidiaries that were entered into during the financial years ended March 31, 2011, 2010 and 2009 are shown in the transactions with related parties notes in the annual reports for the years ended March 31, 2011, 2010 and 2009 on pages 99-100, 99 and 92, respectively, and are appended at Annex I to this Circular. During the period April 1, 2011 to May 23, 2011 (the latest practicable date prior to the publication of this Circular) there were no new related party transactions other than a continuation of those described on pages 99-100 of the annual report for the year ended March 31, 2011.

10. Proposed Transactions

The sectors in which LSEG operates are experiencing significant levels of consolidation and transaction activity at the current time. Like its competitors, LSEG evaluates, and has discussions in relation to, transaction opportunities in all of its business segments on an ongoing basis. In the event that any of these transaction opportunities are entered into prior to Admission any such transaction will be announced and, if appropriate, a supplementary prospectus published.

11. Financial Instruments and Other Instruments

The financial instruments of LSEG and their values as at March 31, 2011 are set out in the table below:

Financial instruments	Loans and receivables £m	Available for sale £m	Assets at fair value through profit and loss £m	Total £m
Assets				
Financial assets for CCP clearing	108,775.5	—	7,340.3	116,115.8
Trade and other receivables	78.7	—	—	78.7
Cash and cash equivalents	267.0	—	—	267.0
Available for sale financial assets	—	0.4	—	0.4
Derivative financial instruments	—	—	0.7	0.7
Total assets	109,121.2	0.4	7,341.0	116,462.6
Financial instruments		Derivatives used for hedging £m	Other Financial Liabilities £m	Total £m
Liabilities				
Financial liabilities of CCP clearing		—	116,104.5	116,104.5
Trade and other payables		—	156.5	156.5
Provisions		—	31.5	31.5
Borrowings		—	499.1	499.1
Derivative financial instruments		13.2	—	13.2
Total liabilities		13.2	116,791.6	116,804.8

The valuation of assets held at fair value through profit and loss is performed with reference to quoted prices from the markets to which they relate and therefore are all considered to be Level 1 as determined in accordance with EU-IFRS 7. The derivative financial instruments are considered to be Level 2.

Financial assets of the CCP clearing business substantially offset its financial liabilities. The year-on-year increase principally reflects the higher number and value of repurchase transactions that remained open on March 31, 2011, together with an increase in the volatility of their nominal values compared to prior reporting dates.

During the period ending March 31, 2011, LSEG executed two cross-currency swaps of €50 million each to exchange a proportion of its sterling bond issue obligations (swapping €100 million sterling equivalent of the 2016 Notes) into Euros. These contracts are in addition to four trades, each also of €50 million in value, that were executed in the period ended March 31, 2010. These swaps are designated part of LSEG's net investment hedge and each matches the term of the respective bonds. For the year ended March 31, 2011, LSEG recognized the mark-to-market value of these derivatives of £12.9 million in reserves.

In September 2010, four Euro denominated interest rate swaps, which exchange a floating rate obligation for a fixed rate obligation, were cancelled and the underlying borrowing of €120 million was repaid. The cancellation cost of the swaps was €2.6 million. The majority of this cost has been offset during the remainder of the financial year ending March 31, 2011 from savings made from cancelling the fixed rate coupon swaps and repaying the borrowing.

In addition to the cross currency swaps described above, LSEG maintains four £25 million sterling interest rate swaps of £100 million in aggregate effectively exchanging fixed rate borrowings into floating rates. These swaps mature in early 2012. For the financial year ended March 31, 2011, LSEG recognized the movement in mark-to-market value of these fair value hedges of £0.1 million in the income statement. LSEG continues to evaluate its fixed rate versus floating rate debt liabilities in order to optimize net finance costs for LSEG.

12. Financial Risk Management

Capital Risk

LSEG considers that a scarcity of debt or equity (driven by its own performance or financial market conditions) and an increase in regulatory requirements are the principal risks associated with managing its capital. LSEG's capital base comprises equity capital, debt capital and retained profits.

LSEG is mindful of its overall cost of capital, as it seeks to provide superior returns to LSEG Shareholders, fulfill its obligations to the relevant regulatory authorities and other stakeholders and ensure that it is not overly dependent upon short and medium term debt that might not be available at renewal. Maintaining the flexibility to invest in growth is a key capital management consideration. LSEG can manage its capital structure by varying returns to LSEG Shareholders, issuing new shares or increasing or reducing borrowings. The LSEG Board reviews dividend policy and funding capacity on a regular basis and LSEG maintains comfortable levels of debt facility headroom. LSEG has the strategic objective of maintaining an investment grade credit rating.

To maintain the financial strength to access new capital at reasonable cost, LSEG monitors capital in a number of ways, including reviewing its leverage ratio: net debt to Adjusted EBITDA (its consolidated earnings before net finance charges, taxation, impairment, depreciation and amortization and non-recurring items). This ratio calculates total current and

non-current borrowings less the cash and cash equivalents that are not set aside to meet regulatory requirements and compares this with its Adjusted EBITDA. Net debt to Adjusted EBITDA at March 31, 2011 was 1.0 times (2010: 1.5 times). LSEG also has two bank facility covenants that have a bearing on its capital structure: a net leverage covenant and a debt service ratio. Performance against these covenants is comfortable and they should not inhibit LSEG's operations or financing plans. As at March 31, 2011, £125 million cash and cash equivalents was set aside by LSEG in aggregate to cover regulatory, clearing and commercial requirements. This amount is subject to ongoing review with regulators in the UK and Italy. In particular, discussions continue with the FSA following their proposal to amend the basis on which the regulatory capital is calculated for London Stock Exchange. Indications are that this could increase the total amount set aside by up to one third above the current £125 million.

Foreign Exchange Risk

LSEG operates predominantly in the UK, Italy and Sri Lanka. Subsidiaries of LSEG invoice revenues, incur expenses and purchase assets predominantly in their respective local currencies, although MillenniumIT transacts a proportion of its business in other foreign currencies. Foreign exchange risk arises mainly from the translation of LSEG's Euro earnings, assets and liabilities into its reporting currency, pounds sterling.

LSEG also faces less significant foreign exchange exposures from transaction risk on export earnings (for example, MillenniumIT is denominated in the Sri Lankan Rupee but transacts also in other currencies including the U.S. dollar and the Indian Rupee), strategic investments made in currencies other than the currency of the investing operation and dividends that are remitted in currencies other than the currency of the recipient operation. LSEG hedges material transactions of this nature in accordance with its treasury policy.

LSEG seeks to reduce its net asset exposure to movements between sterling and the Euro by regularly distributing its Euro cash earnings in dividends and by holding an element of its debt in Euros or exchanging sterling debt into Euros using cross-currency swaps. LSEG's Euro debt and cross-currency swaps are then serviced by cash generated by its Italian operations, which, in turn, partially protects LSEG's sterling income statement by increasing the proportion of Euro denominated interest expense.

Credit Risk

CC&G, in its role as clearer to Italian financial market participants, faces the risk of losses from deterioration in creditworthiness or default of a participant. CC&G acts as the guarantor of the final settlement of equity, derivative and fixed income trade contracts, acting as a buyer towards each seller and as a seller towards each buyer. CC&G also manages member cash held within its margin and default funds. While these funds are protected under Italian financial law from the creditors of an insolvent market participant (who has placed the funds with CC&G as collateral), the risk of default of the deposit counterparty chosen by CC&G to manage the funds is CC&G's risk. More broadly, credit risk relates to LSEG's customers and counterparties being unable to meet their obligations to LSEG, either in part or in full.

Credit risk is controlled through policies developed both at a LSEG level and, where appropriate, with regulators at an individual Subsidiary level. Due to the nature of its business

risk, CC&G has its own financial risk management policy approved by its board of directors and it works closely with the Bank of Italy to monitor this risk. CC&G's deposit counterparties are all regulated by the Bank of Italy.

CC&G

CC&G is required to invest cash with counterparties that are either investment grade or meet requirements for minimum levels of capital, for periods of up to 12 months in an amount dependent on the credit quality of the counterparty. CC&G liaises closely with the Bank of Italy regarding the Italian banking institutions with whom these funds are deposited.

CC&G has established a financial safeguard against single or multiple defaults of market participants, which includes minimum clearing membership criteria, the maintenance of margin funds to cover a clearing member's individual exposure and the maintenance of default funds, which guarantee the integrity of the markets in the event of multiple defaults in extreme market circumstances. To date, no clearing members of CC&G have defaulted and CC&G has never had to utilize the default funds.

LSEG

LSEG and its Subsidiaries assess the credit quality of their customers based upon a number of factors. Management assesses the credit quality of LSEG's customers as high based upon a low concentration of credit risk across a large number of customers, the recurring nature of the billing and collection arrangements and, historically, a low incidence of default. Credit risk with respect to cash and cash equivalents is managed by limiting the exposure to each counterparty to certain policy-governed parameters. Derivative transactions are limited to well-capitalized counterparties, as authorized by internal policy.

LSEG recognizes that sovereign and geo-political risk assessment plays a part in its criteria for counterparty selection.

Liquidity Risk

LSEG and its Subsidiaries are exposed to liquidity risk to the extent that they are unable to meet their daily payment obligations. In addition, CC&G and certain other Subsidiary companies are required to maintain a level of liquidity within their own legal entities to meet regulatory requirements and/or support the smooth operation of their respective markets.

LSEG holds sufficient cash and marketable securities, together with the availability of funding through adequate committed credit facilities, to meet financial obligations as they become due. LSEG applies its cash flow to capital expenditure, acquisitions, dividend payments and other returns of capital or debt reduction.

Treasury policy requires that LSEG maintains adequate credit facilities provided by a diversified lending group to at least cover its expected funding requirements for the next 24 months. During the year, a new five year £250 million committed revolving credit facility was arranged, replacing shorter dated facilities and broadening the funding support from LSEG's syndicate of banks. At March 31, 2011, £500m of LSEG's facilities were unutilized (2010: £368.4m), with committed lines of credit (including bond issues) having an average life to maturity of over five years.

LSEG maintains credit facilities at CC&G to cover immediate and short-term liquidity requirements (as described under the heading “Information Concerning LSEG — 13. Material Contracts” in this Circular).

13. Critical Accounting Policies and Estimates

Basis of Preparation and Accounting Policies

LSEG’s consolidated financial statements are prepared in accordance with EU-IFRS and IFRIC interpretations endorsed by the EU, and with those parts of the Companies Act applicable to companies reporting under EU-IFRS.

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value, including those of the CCP clearing business of LSEG’s majority-owned subsidiary CC&G, and on the basis of LSEG’s accounting policies.

Full details of LSEG’s accounting policies for the financial years ended March 31, 2011, 2010 and 2009 are shown in note 1 of each of the annual reports for the years ended March 31, 2011, 2010 and 2009 on pages 68-72, 64-68 and 58-61, respectively, and are appended at Annex I to this Circular.

Significant Judgments and Estimates

Judgments and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical judgments and estimates made in the preparation of the financial statements are set out below. The actual outcome may be materially different from that anticipated:

- **Impairment:** goodwill is tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management’s best estimate of future performance and estimates of the return required by shareholders to determine an appropriate discount rate. Full details of LSEG’s impairment testing for goodwill are documented in notes 13, 13 and 15 (Intangible assets) on pages 82-83, 79–81 and 71-72 in the annual reports for the years ended March 31, 2011, 2010 and 2009, respectively, which are appended at Annex I to this Circular. The relevant information from the annual reports is separately presented for the following four entities: Borsa Italiana, MillenniumIT, Turquoise and EDX. The analysis in the notes to the annual report includes:
 - **Goodwill** allocated for each cash generating unit including pre-tax discount rate used in value in use calculations; and
 - **Sensitivity analysis** on Borsa Italiana’s cash generating units.
- **Pensions:** the determination of the defined benefit pension asset or liability is based on the present value of future pension obligations using assumptions determined by LSEG with advice from an independent qualified actuary. Full details of LSEG’s defined pension asset or liability, including the main actuarial assumptions and sensitivities regarding the principal assumptions are detailed in notes 19, 19 and 21

(retirement benefit asset/obligation) on pages 86-89, 85-87 and 76-78 in the annual reports for years ended March 31, 2011, 2010 and 2009, respectively, and which are appended at Annex I to this Circular.

- **Purchased intangible assets:** purchased intangible assets of “customer and supplier relationships”, “brands”, and “software, licenses and intellectual property” are valued on acquisition using appropriate methodologies and amortized over their estimated useful economic lives which do not normally exceed 25 years. These valuations and useful economic lives are based on management’s best estimates of future performance and periods over which value from the intangible assets is realized. Full details of LSEG’s intangible assets are detailed in note 32 on page 97-98 of the annual report for the year ended March 31, 2011, and note 33 on pages 96-97 for the annual report for the year ended March 31, 2010, respectively, which are appended at Annex I to this Circular.
- **Property:** the property provision is determined by taking into consideration future expected receipts from sub-letting and future property costs based on advice from independent property advisors.
- **Taxation:** estimates are required in determining the provision for corporation taxes. LSEG recognizes liabilities for the estimated tax charge at the period end and where the final tax liability is different from that estimate, such differences are reflected in the period in which such determination is made.

14. Changes in Accounting Policy

There have been no changes to LSEG’s accounting policies in the years ended March 31, 2011, 2010 and 2009 other than, where relevant, adopting the standards, amendments and interpretations that have been issued by the International Accounting Standards Board and IFRIC and the impact on LSEG is set out on pages 68, 64 and 58, respectively, of the annual reports for the years ended March 31, 2011, 2010 and 2009, appended at Annex I to this Circular.

15. Ordinary Share Capital

As at May 23, 2011, (the latest practicable date prior to publication of this Circular), LSEG had in issue 271,108,651 ordinary shares of 6⁷⁹/₈₆ pence each with voting rights.

16. Transfer Pricing

LSEG operates its transfer pricing policy in accordance with Organization for Economic Co-operation and Development (“**OECD**”) guidelines, which govern the international intercompany financial relationship between related parties, ensuring that all material related party transactions are undertaken on an arm’s length basis. All material transactions are reviewed by the in-house tax department and external advice is sought when necessary from industry and country experts. A relationship of transparency and trust is maintained with the UK tax authorities to minimize risk of future enquiries and disputes.

To comply with the OECD guidelines, LSEG must use an appropriate transfer pricing method for establishing and testing intra-group transactions with a related party. Having chosen an appropriate method, it is then necessary to apply it using the commercial or market data available.

The OECD guidelines state that a group of companies should determine an appropriate and reliable method for establishing an arm's length price using one of the five specified methods, split between traditional or transactional methods.

- Traditional methods:
 - o comparable uncontrolled price;
 - o resale price; and
 - o cost-plus.
- Transactional (profit-based) methods:
 - o net margin method; and
 - o profit split.

Application of the arm's length principle under any of the methods depends on the analysis of potentially comparable independent transactions or companies in arm's length situations. Reliable results can only be obtained where there is a sufficient degree of comparability; therefore, where significant differences exist regarding the functions performed, assets used and risks assumed, differences are quantified and accounted for.

Comparable data is sourced from a combination of in-house industry standard data bases and those provided by external transfer pricing experts.

In order to establish the degree of actual comparability, and then to make appropriate adjustments to establish arm's length conditions, LSEG compares attributes of the transactions and the enterprises involved in the transactions that would affect conditions in arm's length dealings. Attributes that may be important include:

- characteristics of the property or services transferred;
- functions performed by the parties taking into account assets used and risks assumed;
- contractual terms — an analysis of the contractual terms should be a part of the functional analysis above;
- economic circumstances of the parties; and
- business strategies pursued by the parties.

Once the review has been undertaken, LSEG maintains contemporaneous documentation to support the prices charged. The documentation includes evidence of how the arm's length price was determined, method used, comparable data set, assumptions made on any adjustments made and accounting records confirming the use of the price.

Both the review and the documentation is refreshed periodically or as and when required due to fundamental changes.

17. Current Trading

In primary markets, the pipeline of companies seeking to raise capital on LSEG's markets looks encouraging. In April, there were 20 new issues, including 13 on the Main Market and the indications for May are also good.

Trading on MTS remained good overall in April, with cash markets average daily value traded up 7% although repo was down 3% on the same month last year. Overall trading on the LSEG's derivatives platforms has also increased with the total number of contracts up 19% year on year.

UK equity order book trading declined 10% in April, impacted by the holiday pattern during the month, although May has started strongly: as at May 23, 2011 the average value traded was 23% higher than average for April. In Italy the average daily volume traded decreased marginally, by 2%, on April last year. Average value traded on Turquoise's lit book increased 28% year on year and rose 96% on the dark mid-point book.

In post-trade operations, net treasury income remained strong in April at £7 million, although the current treasury income run rate may moderate over the year.

**ANNEX K — UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF
THE MERGED GROUP**

Unless otherwise indicated, capitalized terms used in this Annex K have the meaning set out in the Circular under “Glossary of Terms”.

The unaudited pro forma consolidated income statement and unaudited pro forma consolidated statement of net assets of the Merged Group set out below have been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive Regulation and applicable rules under Canadian Securities Laws and on the basis of the notes set out below. The unaudited pro forma consolidated income statement has been prepared to illustrate the effect on LSEG of consolidating the LSEG consolidated income statement for the year ended March 31, 2011 with the TMX Group consolidated income statement for the year ended December 31, 2010. The unaudited pro forma consolidated statement of net assets has been prepared to illustrate the effect of consolidating the consolidated net assets of LSEG with the consolidated net assets of TMX Group as at March 31, 2011. The unaudited pro forma consolidated income statement and consolidated statement of net assets have been prepared for illustrative purposes only and, because of their nature, address a hypothetical situation and do not, therefore, represent LSEG’s or the Merged Group’s actual financial position or results. The pro forma financial information has been prepared under EU-IFRS and on the basis of the accounting policies of LSEG.

Unaudited pro forma consolidated Income Statement

	LSEG Year ended 31-Mar-11 (note 2) £m	TMX Group Year ended 31-Dec-10 (note 3) £m	Pro Forma Merged Group £m
Total income	674.9	393.1	1,068.0
Expenses			
Share of profit after tax of joint ventures/associates	13.1	0.8	13.9
Operating expenses	<u>(405.0)</u>	<u>(181.1)</u>	<u>(586.1)</u>
Operating profit	283.0	212.8	495.8
Net interest expense	(44.8)	(0.7)	(45.5)
Income taxes	<u>(81.7)</u>	<u>(62.9)</u>	<u>(144.6)</u>
Profit for the financial year	<u>156.5</u>	<u>149.2</u>	<u>305.7</u>
Profit attributable to minority interests	4.9	(0.1)	4.8
Profit attributable to equity holders	<u>151.6</u>	<u>149.3</u>	<u>300.9</u>
	<u>156.5</u>	<u>149.2</u>	<u>305.7</u>
Basic earnings per share (note 6)	56.4p		61.1p
Diluted earnings per share (note 6)	55.9p		60.5p

See accompanying notes to the unaudited pro forma income statement

Unaudited pro forma consolidated statement of Net Assets

See accompanying notes to the unaudited pro forma net asset statement

	LSEG As at 31-Mar-11 (note 2) £m	TMX Group As at 31-Mar-11 (note 4) £m	Adjustments		Pro Forma Merged Group £m
			Elimination of TMX acquisition goodwill and intangible assets (note 5) £m	Merger adjustments (note 5) £m	
Assets					
Non-current assets					
Property, plant and equipment	62.4	17.1			79.5
Intangible assets	1,394.4	857.9	(835.3)	1,965.5	3,382.5
Investments in joint ventures . . .	17.3	—			17.3
Investments in associates	0.6	10.0			10.6
Deferred tax assets	12.2	31.1			43.3
Available for sale investments . . .	0.4	—			0.4
Retirement benefit asset	37.6	—			37.6
Other non-current assets	0.5	6.5			7.0
	<u>1,525.4</u>	<u>922.6</u>	<u>(835.3)</u>	<u>1,965.5</u>	<u>3,578.2</u>
Current assets					
Inventories	1.4	—			1.4
Trade and other receivables	126.8	93.6			220.4
Derivative financial instruments	0.7	—			0.7
CCP financial assets	110,177.9	—			110,177.9
CCP cash and cash equivalents (restricted)	5,929.3	—			5,929.3
CCP clearing business assets	116,107.2	—			116,107.2
Assets held at fair value	8.6	—			8.6
Energy contracts receivable	—	450.7			450.7
Fair value of open energy contracts	—	81.3			81.3
Daily settlements and cash deposits	—	116.2			116.2
Current tax	21.2	1.5			22.7
Assets held for resale	36.9	—			36.9
Marketable securities	—	188.1			188.1
Cash and cash equivalents	267.0	54.0			321.0
	<u>116,569.8</u>	<u>985.4</u>	<u>—</u>	<u>—</u>	<u>117,555.2</u>
Total assets	<u>118,095.2</u>	<u>1,908.0</u>	<u>(835.3)</u>	<u>1,965.5</u>	<u>121,133.4</u>

		<u>Adjustments</u>			
	LSEG As at 31-Mar-11 (note 2) £m	TMX Group As at 31-Mar-11 (note 4) £m	Elimination of TMX acquisition goodwill and intangible assets (note 5) £m	Merger adjustments (note 5) £m	Pro Forma Merged Group £m
Current liabilities					
Trade and other payables	156.5	28.5		34.3	219.3
Derivative financial instruments . . .	0.3	0.1			0.4
CCP clearing business liabilities . . .	116,104.5	—			116,104.5
Energy contracts payable	—	450.7			450.7
Fair value of open energy contracts	—	81.3			81.3
Daily settlements and cash deposits	—	116.2			116.2
Deferred revenue	—	49.3			49.3
Current tax	49.9	3.7			53.6
Borrowings	0.1	275.2			275.3
Provisions	3.7	3.8			7.5
	<u>116,315.0</u>	<u>1,008.8</u>	<u>—</u>	<u>34.3</u>	<u>117,358.1</u>
Non-current liabilities					
Borrowings	499.0	—			499.0
Derivative financial instruments . . .	12.9	—			12.9
Deferred tax liabilities	92.3	149.9	(132.6)		109.6
Retirement benefit obligation	6.4	7.8			14.2
Other non-current liabilities	4.8	17.5			22.3
Provisions	27.8	—			27.8
	<u>643.2</u>	<u>175.2</u>	<u>(132.6)</u>	<u>—</u>	<u>685.8</u>
Total liabilities	<u>116,958.2</u>	<u>1,184.0</u>	<u>(132.6)</u>	<u>34.3</u>	<u>118,043.9</u>
Net assets	<u>1,137.0</u>	<u>724.0</u>	<u>(702.7)</u>	<u>1,931.2</u>	<u>3,089.5</u>

Notes:

1. Basis of preparation

The unaudited pro forma financial information has been prepared using underlying financial statements prepared in accordance with EU-IFRS as applied by LSEG and reflects the transaction to create a Merged Group. The financial information has been extracted without material adjustment.

The unaudited pro forma financial information should be read in conjunction with the underlying financial information of LSEG, which is included in Annex I – “LSEG Historical Financial Statements” and TMX Group, which is incorporated by reference into this document.

For accounting purposes, the Merger has been treated as an acquisition, with LSEG as the acquirer and TMX Group as the acquiree. For the unaudited pro forma consolidated income statement, the TMX Group consolidated income statement for the year ended December 31, 2010 has been combined with the LSEG consolidated income statement for the year ended March 31, 2011. For the unaudited pro forma consolidated statement of net assets, the respective TMX Group and LSEG consolidated balance sheets as at March 31, 2011 have been combined.

The unaudited pro forma financial information of the Merged Group is presented for illustrative purposes only and is not intended to reflect the financial position and results which would have actually resulted had the Merger been effected on any of the dates indicated. Further, the unaudited pro forma consolidated income statement is not necessarily indicative of the results of operating that may be obtained in the future nor the impact of possible changes to the Merged Group's business model as a result of changes in market conditions which may impact revenues, expense efficiencies, asset dispositions, share repurchases and other factors. No account has been taken of the trading activity or other transactions of the Merged Group for the period since March 31, 2011.

The unaudited pro forma financial information has been prepared in order to meet the requirements of Annex II of the Prospectus Directive Regulation and associated guidance issued in the European Securities and Markets Authority Recommendations and applicable rules under Canadian Securities Laws.

2. LSEG financial information for the year ended March 31, 2011

The financial information for LSEG was extracted without material adjustment from the audited consolidated financial statements of LSEG for the year ended March 31, 2011 prepared in accordance with EU-IFRS.

3. TMX Group financial information for the year ended December 31, 2010

The financial information for TMX Group used in the unaudited pro forma consolidated income statement was extracted without material adjustment from Note 11 of the unaudited interim financial information of TMX Group for the three months ended March 31, 2011, prepared in accordance with IFRS as adopted by the International Accounting Standards Board. A rate of exchange of C\$1.5913 = £1 as the average for the year ended December 31, 2010 has been used to convert the financial information into sterling.

4. TMX Group financial information as at March 31, 2011

The financial information for TMX Group used in the unaudited pro forma consolidated statement of net assets was extracted without material adjustment from the unaudited interim financial information of TMX Group for the three months ended March 31, 2011, prepared in accordance with IFRS as adopted by the International Accounting Standards Board. A rate of exchange of C\$1.5599 = £1 prevailing at March 31, 2011 has been used to convert the financial information into sterling.

The unaudited interim financial information of TMX Group as at March 31, 2011 has been prepared on a basis consistent with LSEG's accounting policies. These accounting policies are

consistent with those used to prepare the financial statements of TMX Group, prepared in accordance with IFRS as adopted by the International Accounting Standards Board, incorporated by reference herein.

“Prepaid expenses” and “Trade and other receivables” in the TMX Group balance sheet as at March 31, 2011 have been aggregated under “Trade and other receivables” in the unaudited pro forma statement of net assets. “Goodwill” and “Other intangible assets” in the TMX Group balance sheet as at March 31, 2011 have been aggregated under “Intangible assets” in the unaudited pro forma statement of net assets.

There are no GAAP differences between the EU-IFRS accounting policies used to prepare the annual financial statements of LSEG for the year ended March 31, 2011 and the IFRS accounting policies used to prepare the quarterly financial information for the TMX Group for the period ended March 31, 2011. On this basis, for the remainder of this Annex K – “Unaudited Pro Forma Consolidated Financial Statements of the Merged Group”, IFRS has been collectively referred to as the applicable accounting standards for both LSEG and TMX Group.

5. Pro forma adjustments

- a) Estimated purchase consideration and related excess purchase consideration over book value of net assets acquired are as follows:

<u>Estimated excess of purchase consideration over net assets acquired</u>	<u>£m</u>	<u>Notes</u>
Estimated purchase consideration	1,986.8	i
<u>Less: book value of net assets acquired</u>	(724.0)	
<u>Add back: TMX purchased goodwill and intangibles</u>	835.3	(ii)
<u>Less: deferred tax liability associated with the acquired intangibles</u>	(132.6)	
Excess of purchase consideration over book value of net assets acquired	<u>1,965.5</u>	(iii)

- i) To effect the Merger, TMX Group will be acquired by LSEG in an all-share merger of equals to be implemented by means of a plan of arrangement in Ontario. Under the terms of the Merger Agreement, TMX Group Shareholders will receive 2.9963 Mergeco Shares or Exchangeable Shares for each TMX Group Share.

Estimated purchase consideration comprises New Mergeco Shares to be issued and was calculated using a price of £8.89 for each LSEG Share based on the quoted closing market price of LSEG Shares on May 23, 2011. The number of New Mergeco Shares assumed to be issued is 223.5 million, and the underlying number of TMX Group Shares deemed acquired was measured as of March 31, 2011;

- ii) For the purposes of the pro forma financial information, goodwill and acquired intangible assets of TMX Group of £835.3 million has been added back to the book value of net assets acquired. The £835.3 million consists of goodwill of £269.8 million, £434.5 million of indefinite life intangible assets and £131.0 million definite life intangible assets; and
- iii) The difference of £1,965.5 million between the book value of net assets acquired and the estimated consideration has been presented as a single value in goodwill and no

account has been taken of any acquired intangible assets that may arise in connection with the Merger, or related deferred tax balances. Following completion of the Merger, the assets and liabilities of TMX Group will be subject to fair value restatement. LSEG amortizes purchased intangible assets over their useful economic lives, which do not normally exceed 25 years. Goodwill, which is not amortized, is tested annually for impairment.

6. Pro forma earnings per share

<u>Basic and diluted pro forma earnings per share</u>	<u>Notes</u>	
Numerator:		
Pro forma profit for the financial year attributable to equity holders (£m) ..	(i)	<u>300.9</u>
Denominator:		
LSEG weighted-average number of ordinary shares (million)	(ii)	268.6
Number of new ordinary shares to be issued (million)	(iii)	<u>223.5</u>
Basic pro forma weighted-average number of ordinary shares (million)		492.1
Effect of dilutive share options and awards (million)	(iv)	<u>5.3</u>
Diluted pro forma weighted-average number of ordinary shares (million)		<u>497.4</u>
Basic pro forma earnings per share (pence)		<u>61.1p</u>
Diluted pro forma earnings per share (pence)		<u>60.5p</u>

- (i) The “Pro forma profit for the financial year attributable to equity holders” has been extracted without adjustment from the unaudited pro forma income statement.
- (ii) The LSEG weighted average number of ordinary shares has been extracted without adjustment from the LSEG audited financial statements for the year ended March 31, 2011.
- (iii) The number of New Shares to be issued has been calculated by applying the Merger ratio of 2.9963 to the number of TMX Group issued shares as at March 31, 2011 extracted without material adjustment from the unaudited TMX Group financial information as at March 31, 2011.
- (iv) The number of dilutive shares has been extracted without material adjustment from the LSEG audited financial statements for the year ended March 31, 2011 and the unaudited TMX Group financial information as at March 31, 2011 applying the Merger ratio to the TMX dilutive share options.

ANNEX L — RECONCILIATION OF TMX GROUP FINANCIAL INFORMATION



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of TMX Group Inc.

Under date of February 9, 2011, we reported on the consolidated balance sheets of TMX Group Inc. (the "Company") as at December 31, 2010 and 2009, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, as incorporated by reference in the Information Circular. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related supplemental note entitled "Reconciliation of TMX Group Financial Information" as set forth in Annex L in the Information Circular. This supplemental note is the responsibility of the Company's management. Our responsibility is to express an opinion on this supplemental note based on our audits.

In our opinion, such supplemental note, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
May 25, 2011

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

TMX Group Inc.
Reconciliation of Shareholders' equity from Canadian GAAP to IFRS
(In millions of Canadian dollars)

	<u>Note</u>	<u>December 31, 2010</u>
Shareholders' equity as previously reported by TMX Group under Canadian GAAP		853.1
<u>Accounting Policy Adjustments:</u>		
Deferred revenue related to listing fees	(1)	533.2
Deferred tax assets related to the deferred revenue on listing fees	(1)	(137.2)
Business combinations	(2)	(163.0)
Other		<u>3.3</u>
Shareholders' equity under IFRS		<u>1,089.4</u>

TMX Group Inc.
Reconciliation of Comprehensive income from Canadian GAAP to IFRS
(In millions of Canadian dollars)

	<u>Note</u>	<u>December 31, 2010</u>
Comprehensive income as previously reported by TMX Group under Canadian GAAP		192.8
<u>Accounting Policy Adjustments:</u>		
<u>Pre-tax adjustments:</u>		
Revenue recognition	(1)	50.1
Other		(4.8)
<u>Tax Adjustments:</u>		
Tax effect of the above adjustments	(1)	<u>(9.4)</u>
Revised comprehensive income under IFRS		<u>228.7</u>

Notes to the audited Canadian GAAP reconciliation to IFRS:

Note 1: Revenue recognition on initial and additional listing fees

Under Canadian GAAP, initial and additional listing fees were recorded as deferred revenue – initial and additional listing fees, and were recognized on a straight-line basis over an estimated service period of 10 years in accordance with EIC 141, Revenue Recognition. Under IFRS, initial and additional listing fees are recognized in full in the period when the listings occur.

Impact on TMX Group:

Shareholders equity:

At December 31, 2010, Deferred revenue — initial and additional listing fees was reduced by \$533.2 (\$88.9 in short term and \$444.3 in long term) with the offset to retained earnings as part of shareholders' equity. The tax effect on the above transition adjustment was a reduction of \$137.2 in deferred tax assets (\$24.7 in short term and \$112.5 in long term) with the offset to retained earnings as part of shareholders' equity.

Net Income:

Revenue from issuer services increased by \$50.1 with an offsetting increase in income taxes of \$8.9.

Note 2: Business combinations

First-time adopters of IFRS may elect to apply *IFRS 3 (revised)—Business Combinations* (“IFRS 3”), prospectively from the Transition Date or retrospectively only to acquisitions after a chosen date that is prior to the Transition Date. Not taking this exemption would require retrospective restatement of all business combinations occurring before the Transition Date. TMX Group has elected to not apply IFRS 3 to all business combinations that occurred prior to January 1, 2008. Accordingly, only business combinations that took place on or after January 1, 2008—the acquisitions of MX, BOX, and NTP—have been restated to reflect the requirements of IFRS 3 upon adoption of IFRS. As a result of applying this exemption, goodwill arising on these three acquisitions has been adjusted accordingly as at the Transition Date. In applying this exemption there are certain additional requirements in relation to acquisitions that are not restated under IFRS. An analysis of these requirements as they relate to TMX Group was conducted with no resulting implications and as such, goodwill relating to business combinations prior to January 1, 2008 has not been adjusted from its pre-conversion Canadian GAAP carrying value.

The specific impacts as a result of taking the election are as follows:

Measurement of purchase price:

Canadian GAAP required shares issued as consideration to be measured at their estimated fair value on the date the parties to the business combination reached an agreement on the purchase price and the proposed transaction was announced. IFRS requires shares issued as consideration to be measured at their fair value on acquisition date.

Acquisition costs:

Canadian GAAP required direct and incremental costs of business combinations to be recognized as part of the purchase cost. IFRS requires acquisition related costs to be accounted for separately from the business combination and expensed as incurred.

Restructuring provisions:

Canadian GAAP required, if certain conditions were met, the costs of restructuring activities to be included as part of the purchase price even if a present obligation did not exist as of the date of acquisition. IFRS will only allow a restructuring provision to be included as part of the business combination only if the restructuring provision represents a present obligation as of the date of acquisition.

Non-controlling interests:

Canadian GAAP required all non-controlling interests be recorded at their share of the existing carrying values of the net assets acquired. IFRS allows non-controlling interests to be recorded at either their fair value or their proportionate share of the fair value of the acquiree's net assets. TMX Group has opted for the latter method.

Increase in ownership of a subsidiary:

Canadian GAAP required that an increase in ownership interests of a subsidiary be accounted for using the purchase method. IFRS states that when an entity increases its ownership in an investment that results in the acquisition of control, the previously held equity interests are re-measured to fair value through net earnings. When an entity increases its ownership in a previously controlled subsidiary, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Contingent liabilities:

Canadian GAAP allowed contingent liabilities assumed in a business combination to be recognized when it was probable that a liability had been incurred on the date of acquisition and when the amount could be reasonably estimated. IFRS requires a contingent liability be recognized at fair value on the date of acquisition if it is a present obligation that arises from past events and its fair value can be measured reliably.

Contingent consideration:

Canadian GAAP required contingent consideration arising from a business combination be recognized on the date of acquisition as part of the cost of purchase if the outcome of the contingency could be determined beyond a reasonable doubt. Otherwise, contingent consideration is recognized as part of the cost of purchase when the contingency was resolved and consideration was issued or became issuable. IFRS requires contingent consideration be measured at its acquisition-date fair value and is included as part of the cost of purchase. Subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognized.

Impact on TMX Group:**Shareholders' equity:**

The acquisitions of MX, BOX and NTP were restated under IFRS 3, and as a result of this, the acquisition accounting was amended. The goodwill associated with the MX acquisition decreased by \$155.5, share capital decreased by \$141.1, and retained earnings decreased by \$14.4. Intangible assets related to the acquisition of BOX increased by \$14.3, non-controlling interests increased by \$16.0, and were reclassified to equity, and retained earnings decreased by \$1.7. The goodwill related to the acquisition of NTP decreased by \$5.3, share capital decreased by \$3.6, and retained earnings decreased by \$1.7. The tax effect on the above transition adjustments was a reduction of \$0.5 in goodwill with the offset to retained earnings.

ANNEX M — TMX GROUP ANNUAL MEETING INFORMATION

Unless otherwise indicated, capitalized terms used in this Annex M have the meaning set out in the Circular under “Glossary of Terms”.

Consolidated Financial Statements

At the Meeting, you will consider the TMX Group audited consolidated financial statements for the year ended December 31, 2010, and the auditor’s report on those financial statements. They are included in our 2010 Annual Report, which was mailed to those registered shareholders and beneficial shareholders who have requested it. You may obtain additional copies of the 2010 Annual Report, in English or French, from our Investor Relations Department upon request or at the Meeting.

Election of Directors

TMX Group’s articles of incorporation provide for our board of directors (the “**TMX Group Board**”) to consist of a minimum of three and a maximum of 24 Directors. The number of Directors currently in office is 14. The TMX Group Board has set the number of Directors to be elected at the Meeting at 12. Messrs. Turmel and Verreault, each appointed to the TMX Group Board on May 1, 2008, are retiring from the TMX Group Board at the Meeting.

On May 1, 2008 we completed the MX Combination. As a condition to obtaining the necessary approval for the MX Combination, we provided a written undertaking to the AMF in which we agreed that 25% of our Directors will be residents of Québec. The Québec resident Directors who are nominees for election to the TMX Group Board are Ms. Chicoyne and Messrs. Cedraschi and Martel.

The Governance Committee of the TMX Group Board annually reviews the qualifications of and recommends nominees for election to the TMX Group Board for consideration and approval. The nominees are, in the opinion of the TMX Group Board, well qualified to act as Directors for the coming year. Each nominee has established his or her eligibility and willingness to serve as a Director, if elected.

The persons named as proxyholders in the form of proxy are the Chair of the TMX Group Board and our Chief Executive Officer who intend to vote at the Meeting for the election of the nominees to the TMX Group Board whose names are set out below unless you give specific instructions on the form of proxy to withhold that vote. If, before the Meeting, any of the listed nominees become unable or unwilling to serve as a Director, the persons named in the form of proxy will have the discretion to vote for a properly qualified substitute. Directors are elected annually and will hold office until our next annual meeting of shareholders or until the Director resigns, becomes ineligible, unable to serve or until his or her successor is elected or appointed.


Our Director Qualification Policy provides that in an uncontested election of Directors, any nominee who receives a greater number of votes “withheld” than votes “for” will tender his or her resignation to the TMX Group Board promptly following our annual meeting. An “uncontested election” means the number of nominees for election is the same as the number of Directors to be elected to the TMX Group Board. The Governance Committee will consider


the resignation and recommend to the TMX Group Board the action to be taken. The TMX Group Board will make its decision and announce it in a press release within 90 days following the annual meeting, including the reasons for rejecting the resignation, if applicable. A Director who tenders a resignation pursuant to this policy will not participate in any meeting of the TMX Group Board or the Governance Committee at which the resignation is considered.

The following pages set out, among other things, the names of the 12 proposed nominees for election as Directors, together with their municipalities of residence; their ages; the year from which each has continually served as a Director of TMX Group, TSX Inc. or their predecessors; their principal occupations and their occupations for the previous five years; other directorships; public board interlocks; TMX Group committee memberships; attendance at TMX Group Board and committee meetings; and the number of TMX Group Shares (including TMX Group DSUs) of TMX Group beneficially owned by each proposed nominee.

Upon completion of the Merger, TMX Group will cease to be listed on Toronto Stock Exchange, but will continue to exist as a private company.

A Record of Attendance of Directors at meetings of the TMX Group Board and its committees held during the year ended December 31, 2010 is also set out in Schedule A to this Annex M.


		<p>Wayne C. Fox⁽¹⁾ Chair of TMX Group Oakville, Ontario, Canada</p> <p>TMX Group Shares: nil TMX Group DSUs: 75,007 Equity at Risk: \$3,004,030⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since April 29, 1997 • Independent 		<p>Mr. Fox, 63, was appointed to the TMX Group Board in April 1997. He is the Chair of TMX Group and a Corporate Director. Until September 2005, he was Vice-Chair and Chief Risk Officer, Treasury, Balance Sheet and Risk Management, Canadian Imperial Bank of Commerce (chartered bank). In the previous five years, Mr. Fox held several increasingly senior positions in CIBC and in several CIBC affiliates. In addition, he was a member of the Steering Committee on Regulatory Capital, Institute of International Finance Inc. and on the Board of Governors of McMaster University and Junior Achievement of Central Ontario. In 2006, Mr. Fox became an accredited director through the Directors College program at McMaster University. Mr. Fox is Governor Emeritus of Appleby College and is a member of the Accounting Standards Oversight Council.</p>			
TMX Group Board/Committee Membership		Attendance		Attendance (Total)		Total Compensation	
TMX Group Board (Chair)		17/17		27/27	100%	Year	Amount
Governance Committee		4/4				2010	\$275,000
Human Resources Committee		6/6				2009	\$275,000
Equity Ownership (as at December 31, 2010) ⁽⁵⁾							
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements	
2010	—	75,007	75,007	\$3,004,030	\$250,000	Yes	
2009	—	63,941	63,941	\$2,560,837			
Change	—	11,066	11,066	\$443,193			
Public Board Membership During Last Five Years ⁽⁶⁾			Public Board Committee Memberships		Public Board Interlocks		
—			—		—		

	<p>Tullio Cedraschi⁽¹⁾ Montréal, Québec, Canada</p> <p>TMX Group Shares: nil TMX Group DSUs: 30,277 Equity at Risk: \$1,212,594⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since September 25, 2001 • Independent 	<p>Mr. Cedraschi, 72, was appointed to the TMX Group Board in September 2001. He was President and Chief Executive Officer of CN Investment Division (investment operations) until his retirement on January 31, 2008, a position he held for more than five years. Mr. Cedraschi serves on the board of Freehold Resources Trust. He is also a Governor Emeritus of McGill University, a Governor of the National Theatre School, a trustee of Olin College and an advisory board member to Walter Surface Technologies and the Pamoja Foundation.</p>
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TMX Group Board/Committee Membership	Attendance	Attendance (Total)		Total Compensation	
		Year	Amount	Year	Amount
TMX Group Board	16/17	26/27	96%	2010	\$130,667
Governance Committee	4/4			2009	\$116,000
Human Resources Committee (Chair)	6/6				


Equity Ownership (as at December 31, 2010) ⁽⁵⁾						
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements
2010	—	30,277	30,277	\$1,212,594	\$250,000	Yes
2009	—	25,105	25,105	\$1,005,455		
Change	—	5,172	5,172	\$207,139		

Public Board Membership During Last Five Years ⁽⁶⁾		Public Board Committee Memberships	Public Board Interlocks
Freehold Resources Trust	January 1998 - Present	—	—

	<p>Raymond Chan Calgary, Alberta, Canada</p> <p>TMX Group Shares: 10,000 TMX Group DSUs: 6,593 Equity at Risk: \$667,850⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since July 26, 2006 • Independent 	<p>Mr. Chan, 55, was appointed to the TMX Group Board in July 2006. He is the Executive Chairman of Baytex Energy Corp. (public oil and gas company) a position he has held since January 1, 2009. Mr. Chan was the Chief Executive Officer of Baytex Energy from September 2003 until December 31, 2008. Prior thereto, Mr. Chan was Senior Vice-President and Chief Financial Officer and a Director of Baytex Energy Ltd. from October 1998. Mr. Chan is a chartered accountant and has held senior executive positions in the Canadian oil and gas industry since 1982. Mr. Chan also serves on the board of WestFire Energy Ltd.</p>
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TMX Group Board/Committee Membership	Attendance	Attendance (Total)		Total Compensation	
		Year	Amount	Year	Amount
TMX Group Board	16/17	31/32	97%	2010	\$132,500
Finance and Audit Committee	9/9			2009	\$104,250
Human Resources Committee	6/6				


Equity Ownership (as at December 31, 2010) ⁽⁵⁾						
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements
2010	10,000	6,593	16,593	\$667,850	\$250,000	Yes
2009	10,000	5,125	15,125	\$609,056		
Change	—	1,468	1,468	\$58,794		
Public Board Membership During Last Five Years ⁽⁶⁾			Public Board Committee Memberships		Public Board Interlocks	
Baytex Energy Corp.	Sept 2003 - Present		—		—	
WestFire Energy Ltd.	Dec 2007 - Present		Audit Committee			
Result Energy Inc.	Nov 2009 - April 2010		Audit Committee Compensation Committee			
Crew Energy Inc.	Sept 2003 - Sept 2006		Audit Committee Reserves Committee			
C1 Energy Ltd.	Dec 2003 - May 2006		Audit Committee Compensation Committee Reserves Committee			
Defiant Resources Corporation	Dec 2004 - March 2008		Audit Committee Governance and Compensation Committee Reserves Committee			

	<p>Denyse Chicoyne⁽²⁾ Montréal, Québec, Canada</p> <p>TMX Group Shares: 74,595 TMX Group DSUs: 4,171 Equity at Risk: \$3,179,195⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since May 1, 2008 • Independent 	<p>Ms. Chicoyne, 58 is a Corporate Director who was appointed to the TMX Group Board in May 2008. She serves on the board of directors of Richelieu Hardware Ltd., Deans Knight Income Corporation, Canada Post Corporation and Purolator Holdings Inc. Ms. Chicoyne is also a member of the Investment Advisory Committee for the Pension Fund of Canada Post Corporation. Ms. Chicoyne has worked in the securities industry as a top ranked analyst for brokerage firms such as BMO Nesbitt Burns, Nesbitt Thomson, McNeil Mantha and was also a senior analyst and portfolio manager for the Caisse de dépôt et placement du Québec. Ms. Chicoyne is also a member of the CFA Institute.</p>
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TMX Group Board/Committee Membership	Attendance	Attendance (Total)		Total Compensation	
TMX Group Board	17/17	26/26	100%	Year	Amount
Finance and Audit Committee	9/9			2010	\$128,000 ⁽⁷⁾
				2009	\$110,000 ⁽⁷⁾


Equity Ownership (as at December 31, 2010) ⁽⁵⁾						
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements
2010	74,595	4,171	78,766	\$3,179,195	\$250,000	Yes
2009	74,595	2,824	77,419	\$3,125,247		
Change	—	1,347	1,347	\$53,948		
Public Board Membership During Last Five Years ⁽⁶⁾			Public Board Committee Memberships		Public Board Interlocks	
Richelieu Hardware Ltd.	March 2005 - Present		Audit Committee		—	
Deans Knight Income Corporation	March 2009 - Present		Audit Committee			
Groupe Laperrière & Verreault Inc.	Sept 2004 - August 2007		Audit Committee			
Bourse de Montréal Inc.	March 2007 - May 2008		Human Resources Committee Audit Committee			

 <p>John A. Hagg⁽¹⁾ Calgary, Alberta, Canada</p> <p>TMX Group Shares: 5,000 TMX Group DSUs: 28,556 Equity at Risk: \$1,345,568⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since May 29, 2001 • Independent 	<p>Mr. Hagg, 63, is a Corporate Director and an independent businessman, who was appointed to the TMX Group Board in May 2001. Mr. Hagg is Chairman of the board of Strad Energy Services Ltd. and Chairman of the board of Clark Builders. He also serves on the board of directors of The Fraser Institute. Prior to December, 2001 he was Chairman of Northstar Energy Corporation.</p>						
	<p>TMX Group Board/Committee Membership</p>		<p>Attendance</p>		<p>Attendance (Total)</p>		<p>Total Compensation</p>
<p>TMX Group Board</p>		<p>16/17</p>		<p>25/26</p>		<p>96%</p>	
<p>Human Resources Committee</p>		<p>6/6</p>				<p>2010</p>	
<p>Public Venture Market Committee</p>		<p>3/3</p>				<p>2009</p>	
						<p>\$123,500</p>	
						<p>\$108,500</p>	
<p>Equity Ownership (as at December 31, 2010)⁽⁵⁾</p>							
<p>Year</p>	<p>TMX Group Shares</p>	<p>TMX Group DSUs</p>	<p>Total TMX Group Shares and TMX Group DSUs</p>	<p>Total Market Value of TMX Group Shares and TMX Group DSUs⁽⁴⁾</p>	<p>Minimum Equity Ownership Requirements</p>	<p>Meets Requirements</p>	
<p>2010</p>	<p>5,000</p>	<p>28,556</p>	<p>33,556</p>	<p>\$1,345,568</p>	<p>\$250,000</p>	<p>Yes</p>	
<p>2009</p>	<p>5,000</p>	<p>23,682</p>	<p>28,682</p>	<p>\$1,150,364</p>			
<p>Change</p>	<p>—</p>	<p>4,874</p>	<p>4,874</p>	<p>\$195,204</p>			
<p>Public Board Membership During Last Five Years⁽⁶⁾</p>				<p>Public Board Committee Memberships</p>		<p>Public Board Interlocks</p>	
<p>Global Railway Industries Ltd.</p>		<p>Dec 2005 - May 2008</p>		<p>Audit Committee Compensation Committee</p>		<p>—</p>	


 <p>Harry A. Jaako⁽¹⁾ West Vancouver, British Columbia, Canada</p> <p>TMX Group Shares: nil TMX Group DSUs: 19,245 Equity at Risk: \$770,762⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since August 1, 2001 • Independent 	<p>Mr. Jaako, 58, was appointed to the TMX Group Board in August 2001. He is the Executive Officer and a Director and Principal of Discovery Capital Management Corp. (DCMC) and is also President and a Director of British Columbia Discovery Fund (VCC) Inc., a British Columbia venture capital fund managed by DCMC. He has held these director and officer positions for more than five years, during which time and prior thereto he was also the Chairman, Co-Chief Executive Officer and a Principal of Discovery Capital Corporation (a publicly-traded venture capital company), the former parent company of DCMC. Incidental to the venture capital business of DCMC and its former parent company, Mr. Jaako also serves as Chairman and Director of Paradigm Environmental Technologies Inc., and as a Director of Avigilon Corp., Navarik Corp., Texada Software Inc., and Vigil Health Solutions Inc. Mr. Jaako is also the Honorary Consul for Estonia in British Columbia.</p>						
	<p>TMX Group Board/Committee Membership</p>		<p>Attendance</p>		<p>Attendance (Total)</p>		<p>Total Compensation</p>
<p>TMX Group Board</p>		<p>15/17</p>		<p>27/29</p>		<p>93%</p>	
<p>Finance and Audit Committee</p>		<p>9/9</p>				<p>2010</p>	
<p>Public Venture Market Committee (Chair)</p>		<p>3/3</p>				<p>2009</p>	
						<p>\$132,167</p>	
						<p>\$111,500</p>	

Equity Ownership (as at December 31, 2010) ⁽⁵⁾						
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements
2010	—	19,245	19,245	\$770,762	\$250,000	Yes
2009	—	16,512	16,512	\$661,306		
Change	—	2,733	2,733	\$109,456		
Public Board Membership During Last Five Years ⁽⁶⁾			Public Board Committee Memberships	Public Board Interlocks		
Discovery Capital Corporation		July 2000 - Sept 2007		—		—
Texada Software Inc.		Oct 2003 - Present		Audit Committee		
Vigil Health Solutions Inc.		Dec 2003 - Present		Compensation Committee Governance Committee		
Tir Systems Ltd.		Oct 1991 - June 2007		Compensation Committee Corporate Governance & Nominating Committee		

 <p>Thomas A. Kloet Chief Executive Officer TMX Group Toronto, Ontario, Canada</p> <p>TMX Group Shares: 17,500 TMX Group DSUs: nil Equity at Risk: \$706,650⁽⁴⁾ Share Options: 175,394</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since July 30, 2008 • Non-Independent (Chief Executive Officer of TMX Group) 	<p>Mr. Kloet, 53, was appointed to the TMX Group Board in July 2008. He is the Chief Executive Officer of TMX Group, a position he assumed on July 14, 2008. Prior to joining TMX Group Mr. Kloet was, from 2003, the Senior Executive Vice President and Chief Operating Officer of the American Zone for Fimat and its successor, Newedge Group. From 2000 to 2002 Mr. Kloet served as the first Chief Executive Officer and Executive Director of the Singapore Exchange Limited. Mr. Kloet has held various management positions in the securities industry throughout his career. Mr. Kloet also serves on the boards of the World Federation of Exchanges, IIROC, Elmhurst College and the Elmhurst Memorial Hospital.</p>		
	<p>TMX Group Board/Committee Membership</p> <p>TMX Group Board</p>		<p>Attendance</p> <p>17/17</p>
<p>Public Board Membership During Last Five Years⁽⁶⁾</p> <p>—</p>		<p>Public Board Committee Memberships</p> <p>—</p>	<p>Public Board Interlocks</p> <p>—</p>

 <p>J. Spencer Lanthier⁽¹⁾ Toronto, Ontario, Canada</p> <p>TMX Group Shares: nil TMX Group DSUs: 26,261 Equity at Risk: \$1,051,753⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since February 8, 2000 • Independent 	<p>Mr. Lanthier, 70, is a Corporate Director who was appointed to the TMX Group Board in February 2000 who also serves on the boards of Ellis-Don Inc. (Chair), Zarlink Semiconductor Inc. and Wellspring Cancer Support. Mr. Lanthier is a past Chairman of the board of Wellspring Cancer Support. Mr. Lanthier previously served as Lead Director of the Bank of Canada and Biovail Inc. He is a former director of the board of Rona Inc. Mr. Lanthier was appointed as a Member of the Order of Canada in 1999. He received an Honorary Doctor of Laws Degree from the University of Toronto in 2002. When he retired in 1999, Mr. Lanthier was a partner of KPMG Canada and from 1993 until 1999 he was Chairman and Chief Executive of KPMG Canada and a member of the KPMG International Executive Committee.</p>									
	<p>TMX Group Board/Committee Membership</p> <p>TMX Group Board</p> <p>Finance and Audit Committee (Chair)</p> <p>Governance Committee</p>		<p>Attendance</p> <p>15/17</p> <p>9/9</p> <p>4/4</p>	<p>Attendance (Total)</p> <p>28/30</p> <p>93%</p>	<p>Total Compensation</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>\$141,667</td> </tr> <tr> <td>2009</td> <td>\$118,500</td> </tr> </tbody> </table>	Year	Amount	2010	\$141,667	2009
Year	Amount									
2010	\$141,667									
2009	\$118,500									

Equity Ownership (as at December 31, 2010) ⁽⁵⁾						
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements
2010	—	26,261	26,261	\$1,051,753	\$250,000	Yes
2009	—	20,943	20,943	\$838,767		
Change	—	5,318	5,318	\$212,986		
Public Board Membership During Last Five Years ⁽⁶⁾			Public Board Committee Memberships		Public Board Interlocks	
Zarlink Semiconductor Inc.	May 2003 - Present		Audit Committee and Nominating and Corporate Governance Committee		—	
Rona Inc.	May 2006 - May 2011		Audit Committee			
Biovail Inc.	June 2008 -September 2010		Nominating and Corporate Governance Committee Compensation Committee			
Gerdau Ameristeel	May 2000 - August 2010		Audit Committee and Human Resources Committee			
Torstar Corporation	July 2002 - May 2009		Audit Committee and Pension Committee			
Emergis Inc.	Feb 2003 - Jan 2008		Audit Committee			
Intertape Polymer Group Inc.	June 2001 - May 2005		Audit Committee Nominating & Governance Committee			

 <p>Jean Martel⁽¹⁾ Montréal, Québec, Canada</p> <p>TMX Group Shares: 2,000 TMX Group DSUs: 21,273 Equity at Risk: \$932,744⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since October 26, 1999 • Independent 	<p>Mr. Martel, 58, was appointed to the TMX Group Board in October 1999. He is a partner of Lavery, de Billy LLP, a Québec based law firm where he has been practicing securities, financial and regulatory law in Montreal since 1999. From 1995 to 1999, he was Chairman and President and CFO of the Commission des valeurs mobilières du Québec (“CVMQ”), the Québec securities regulator, and from 1988 to 1994, he acted as Assistant Deputy Minister of Finance of Québec, with overall responsibilities for financial institutions and financial sector policy in that province. During his tenure at the CVMQ, he was also Vice Chair of the Executive Committee of the International Organization of Securities Regulators. He serves on the board of directors of the Business Development Bank of Canada. He also chairs the Independent Review Committee of the Investment Funds of the Québec Bar and a special advisor to the Board of Association Internationale du Logiciel Libre.</p>						
	<p>TMX Group Board/Committee Membership</p>		<p>Attendance</p>		<p>Attendance (Total)</p>		<p>Total Compensation</p>
<p>TMX Group Board</p>		<p>16/17</p>		<p>18/20</p>		<p>90%</p>	
<p>Public Venture Market Committee</p>		<p>2/3</p>		<p>2010</p>		<p>\$121,667⁽⁷⁾</p>	
				<p>2009</p>		<p>\$115,500⁽⁷⁾</p>	
Equity Ownership (as at December 31, 2010) ⁽⁵⁾							
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements	
2010	2,000	21,273	23,273	\$932,744	\$250,000	Yes	
2009	2,000	17,947	19,947	\$799,537			
Change	—	3,326	3,326	\$133,207			
Public Board Membership During Last Five Years ⁽⁶⁾			Public Board Committee Memberships		Public Board Interlocks		
—			—		—		



John P. Mulvihill⁽¹⁾⁽³⁾
 Toronto, Ontario, Canada
 TMX Group Shares: nil
 TMX Group DSUs: 27,287
 Equity at Risk: \$1,092,844⁽⁴⁾
 Share Options: nil

TMX Group Board Details:

- Director since June 12, 1996
- Independent

Mr. Mulvihill, 63, was appointed to the TMX Group Board in June 1996. He is Chairman and CEO, Mulvihill Capital Management Inc. (investment counsel), a position he has held for more than five years. Mr. Mulvihill is the Chairman of the Board of University Health Network and is a Director of 12 exchange-traded funds listed on Toronto Stock Exchange (Canadian Utilities & Telecom Income Fund, Core Canadian Dividend, Gold Participation & Income Fund, Government Strip Bond Trust, Premium Canadian Income Fund, Premium Canadian Bank, Premium Split Share, Pro-AMS U.S., S Split Corp., Top 10 Canadian Financial Trust, Top 10 Split Trust and World Financial Split). Mr. Mulvihill is also a member of the CFA Institute.

TMX Group Board/Committee Membership		Attendance		Attendance (Total)		Total Compensation	
TMX Group Board Governance Committee (Chair)		16/17		20/21	95%	Year	Amount
		4/4				2010	\$118,667
						2009	\$104,000
Equity Ownership (as at December 31, 2010) ⁽⁵⁾							
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements	
2010	—	27,287	27,287	\$1,092,844	\$250,000	Yes	
2009	—	22,645	22,645	\$906,932			
Change	—	4,642	4,642	\$185,912			
Public Board Membership During Last Five Years ⁽⁶⁾		Public Board Committee Memberships			Public Board Interlocks		
—		—			—		



Kathleen M. O'Neill
 Toronto, Ontario, Canada
 TMX Group Shares: nil
 TMX Group DSUs: 21,453
 Equity at Risk: \$859,193⁽⁴⁾
 Share Options: nil


TMX Group Board Details:

- Director since April 26, 2005
- Independent

Ms. O'Neill, 57, is a Corporate Director who was appointed to the TMX Group Board in April 2005. Prior to January 2005, she was an Executive Vice President, BMO Bank of Montreal. Prior to joining BMO Bank of Montreal in 1994, Ms. O'Neill was with PricewaterhouseCoopers for 19 years including eight years as a tax partner. Ms. O'Neill is a fellow of the Institute of Chartered Accountants of Ontario. In 2005, Ms. O'Neill became an accredited director through the ICD/Rotman School of Management Directors Education Program. She is a member of the boards of Finning International Inc., ARC Resources Limited, Invesco Canada Fund Inc., Invesco Corporate Class Inc. and Canadian Tire Bank. Ms. O'Neill is also a member of the advisory board, the audit committee and the independent review committee for Invesco Trimark Funds. She is past Chair of the board of St. Joseph's Health Centre Foundation, past Chair of the board of St. Joseph's Health Centre in Toronto, a director of the board of the University of St. Michael's College and the Canadian Tire Jumpstart Foundation.

TMX Group Board/Committee Membership		Attendance		Attendance (Total)		Total Compensation	
TMX Group Board Finance and Audit Committee Governance Committee		17/17		30/30	100%	Year	Amount
		9/9				2010	\$131,000
		4/4				2009	\$111,500
Equity Ownership (as at December 31, 2010) ⁽⁵⁾							
Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements	
2010	—	21,453	21,453	\$859,193	\$250,000	Yes	
2009	—	16,706	16,706	\$669,075			
Change	—	4,747	4,747	\$190,118			

Public Board Membership During Last Five Years ⁽⁶⁾		Public Board Committee Memberships	Public Board Interlocks
Finning International Inc.	February 2007 - Present	Audit Committee Governance Committee Human Resources Committee Pension Committee	—
Rona Inc.	May 2006 - May 2011	Audit Committee	
Biovail Inc.	June 2008 - September 2010	Nominating and Corporate Governance Committee Compensation Committee	

 <p>Gerri B. Sinclair Vancouver, British Columbia, Canada</p> <p>TMX Group Shares: nil TMX Group DSUs: 18,555 Equity at Risk: \$743,128⁽⁴⁾ Share Options: nil</p> <p>TMX Group Board Details:</p> <ul style="list-style-type: none"> • Director since April 26, 2005 • Independent 	<p>Ms. Sinclair, 64, is a Corporate Director who was appointed to the TMX Group Board in April 2005. She was the Executive Director, Centre for Digital Media at Great Northern Way Campus (academic institution) from November 2006 to August 2010. Ms. Sinclair is also a Strategic Consultant (consulting services) to government and industry, specializing in the areas of telecommunication and emerging technologies. From 2002 to 2004 she was the General Manager of MSN.ca. From 2001 to 2002, Ms. Sinclair was President of B.C. Premier's Technology Council. Ms. Sinclair also serves on the boards of Ballard Power Systems Inc., The Social Sciences and Humanities Research Council of Canada, Vancouver Airport Authority Board and the Digibc Industry Association.</p>																																																		
	<table border="1"> <thead> <tr> <th>TMX Group Board/Committee Membership</th> <th>Attendance</th> <th colspan="2">Attendance (Total)</th> <th colspan="2">Total Compensation</th> </tr> </thead> <tbody> <tr> <td>TMX Group Board</td> <td>17/17</td> <td rowspan="2">25/26</td> <td rowspan="2">96%</td> <td>Year</td> <td>Amount</td> </tr> <tr> <td>Human Resources Committee</td> <td>5/6</td> <td>2010</td> <td>\$130,667</td> </tr> <tr> <td>Public Venture Market Committee</td> <td>3/3</td> <td></td> <td></td> <td>2009</td> <td>\$116,000</td> </tr> </tbody> </table>	TMX Group Board/Committee Membership	Attendance	Attendance (Total)		Total Compensation		TMX Group Board	17/17	25/26	96%	Year	Amount	Human Resources Committee	5/6	2010	\$130,667	Public Venture Market Committee	3/3			2009	\$116,000	<p>Equity Ownership (as at December 31, 2010)⁽⁵⁾</p> <table border="1"> <thead> <tr> <th>Year</th> <th>TMX Group Shares</th> <th>TMX Group DSUs</th> <th>Total TMX Group Shares and TMX Group DSUs</th> <th>Total Market Value of TMX Group Shares and TMX Group DSUs⁽⁴⁾</th> <th>Minimum Equity Ownership Requirements</th> <th>Meets Requirements</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>—</td> <td>18,555</td> <td>18,555</td> <td>\$743,128</td> <td rowspan="3">\$250,000</td> <td rowspan="3">Yes</td> </tr> <tr> <td>2009</td> <td>—</td> <td>14,193</td> <td>14,193</td> <td>\$568,430</td> </tr> <tr> <td>Change</td> <td>—</td> <td>4,362</td> <td>4,362</td> <td>\$174,698</td> </tr> </tbody> </table>					Year	TMX Group Shares	TMX Group DSUs	Total TMX Group Shares and TMX Group DSUs	Total Market Value of TMX Group Shares and TMX Group DSUs ⁽⁴⁾	Minimum Equity Ownership Requirements	Meets Requirements	2010	—	18,555	18,555	\$743,128	\$250,000	Yes	2009	—	14,193	14,193	\$568,430	Change	—	4,362	4,362
TMX Group Board/Committee Membership	Attendance	Attendance (Total)		Total Compensation																																															
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Public Board Membership During Last Five Years ⁽⁶⁾		Public Board Committee Memberships		Public Board Interlocks																																															
Ballard Power Systems Inc.	January 2006 - June 2010	Corporate Governance Committee Management Development, Nominating and Compensation Committee		—																																															

- (1) On April 3, 2000, The Toronto Stock Exchange demutualized and continued under the Business Corporations Act (Ontario) as The Toronto Stock Exchange Inc. The Toronto Stock Exchange had a board of governors, which became the Board of Directors of The Toronto Stock Exchange Inc. on demutualization. The Toronto Stock Exchange Inc. was renamed TSX Inc. on July 10, 2002. On November 12, 2002, TSX Inc. completed a corporate reorganization through which TMX Group acquired all the outstanding common shares of TSX Inc. and became the holding company of the TMX group of companies which includes TSX Inc.
- (2) Ms. Chicoyne was a director of Albums DF Ltée until June 16, 2003 when she withdrew from the board, six months before the bankruptcy of this company on December 6, 2003.
- (3) Mr. Mulvihill is prohibited from purchasing TMX Group Shares by the terms of employment with his employer.
- (4) Equity at Risk is determined by adding the value of TMX Group Shares and TMX Group DSUs owned. The value of all TMX Group Shares is determined with reference to the closing price for our TMX Group Shares on Toronto Stock Exchange on May 9, 2011, which was \$40.380. The value of all TMX Group DSUs is determined with reference to the fair market value of a TMX Group DSU on May 9, 2011, calculated based on the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the five trading days preceding May 9, 2011, which was \$40.050.

- (5) During 2010 we were regularly and actively engaged in activities relating to exploring acquisition or business combination opportunities which resulted in a prolonged “black out” period during which time the TMX Group Board was unable to grant the Director’s annual TMX Group DSU retainer earned in respect of 2010-2011 TMX Group Board year. On February 8, 2011, the TMX Group Board granted \$150,000 in TMX Group DSUs to the Chairman of the TMX Group Board and \$50,000 in TMX Group DSUs to each non-employee Director representing the TMX Group DSUs annual retainer earned which would ordinarily have been granted immediately following the annual and special meeting in 2010.
- (6) Public Board Membership only reflects corporate board membership and not ETFs or entities that do not issue shares to the public.
- (7) Ms. Chicoyne’s and Mr. Martel’s 2010 Total Compensation also includes their retainer and meeting fees for sitting on MX’s Rules and Policies Committee.

Independence and TMX Group Board Committees

In accordance with the current TSX Inc. and TMX Group recognition order (“**Recognition Order**”) issued by the OSC, the Governance Committee reviewed the relationship of each Director with TMX Group to determine which Directors are independent under National Instrument 52-110 — *Audit Committees*, National Policy 58-201 — *Corporate Governance Guidelines*, the TMX Group Board Independence Standards and our Recognition Order. The following chart illustrates the independence of members of the TMX Group Board and its standing committees as of December 31, 2010:

Directors	Committees (Number of Members) ⁽¹⁾			
	Finance and Audit Committee ⁽²⁾	Governance Committee ⁽³⁾	Human Resources Committee ⁽³⁾	Public Venture Market Committee
Independent Outside Directors				
Tullio Cedraschi		✓	Chair	
Raymond Chan	✓		✓	
Denyse Chicoyne	✓			
Wayne C. Fox		✓	✓	
John A. Hagg			✓	✓
Harry A. Jaako	✓			Chair
J. Spencer Lanthier	Chair	✓		
Jean Martel				✓
John P. Mulvihill		Chair		
Kathleen M. O’Neill	✓	✓		
Gerri B. Sinclair			✓	✓
Jean Turmel		✓		
Laurent Verreault			✓	
Management Director — Not Independent				
Thomas A. Kloet ⁽¹⁾				

- (1) The Chief Executive Officer of TMX Group and all other non-employee Directors who are not otherwise members may attend all meetings of the Finance and Audit Committee, the Governance Committee, the Human Resources Committee and the Public Venture Market Committee in an ex-officio capacity, but are not entitled to vote.
- (2) In accordance with National Instrument 52-110 — *Audit Committees* all members of the Finance and Audit Committee are independent Directors.
- (3) In accordance with National Policy 58-201 — *Corporate Governance Guidelines* all members of the Governance Committee and the Human Resources Committee are independent Directors.

Experience Matrix

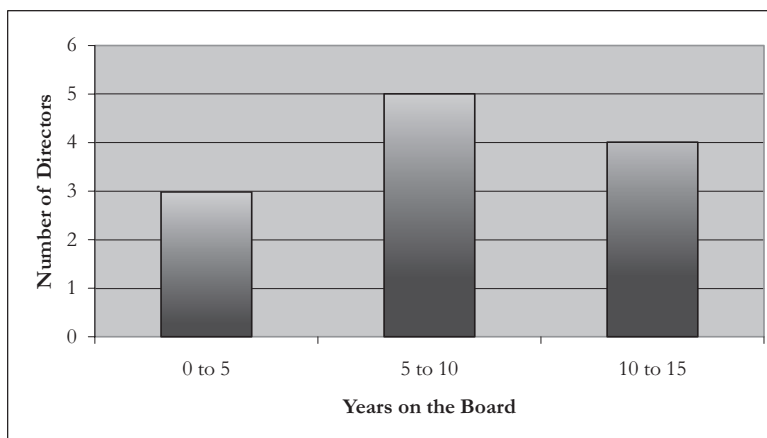
The Governance Committee reviews annually the composition of the TMX Group Board, including the current strengths, skills and experiences on the TMX Group Board. The objective is to ensure the TMX Group Board's composition provides the appropriate mix of skills and experience to guide the strategies and business operations of TMX Group. The Governance Committee identifies any gaps in the TMX Group Board's composition and seeks to fill those gaps. Qualities such as integrity, good character and high regard in his or her community or professional field will always be a basic criteria for TMX Group Board members.

We maintain a skills matrix and the Directors indicate their experience in each area. The matrix below illustrates the TMX Group Board's mix of experience in 15 categories that are important to TMX Group.

Experience Description	Directors with significant experience
Chief Executive Officer/Senior Officer — experience working as a Chief Executive Officer or senior officer for a major organization.	10
Governance/Board — experience as a board member of a major or public company organization.	12
Regulated Company — experience working in an organization which the business/operations is regulated by the government, government agencies or other regulatory bodies.	12
Technology — experience in businesses heavily dependent on information technology.	8
Strategy — experience driving strategic direction and leading growth of an organization.	12
Financial/Risk — experience in financial accounting and reporting, corporate finance, internal controls and risk management.	11
Mergers & Acquisitions — experience in major mergers and acquisitions.	11
Marketing — experience in marketing in the capital markets.	9
Human Resources — experience in compensation, benefit and pension programs, legislation and agreements.	9
Energy — experience in the energy markets.	6
Capital Markets — experience working in the capital markets.	11
Derivatives — experience in the derivatives markets.	9
Public Venture — experience in the public venture markets.	10
Clearing — experience in clearing.	3
International — experience working in an organization with global operations.	8

The TMX Group Board Tenure chart below is calculated using the year from which each Director has continually served as a Director of TMX Group, TSX Inc. or their predecessors.

**TMX Group Board Tenure
(Director Nominees)
as at May 9, 2011**



Directors' Compensation and Equity Ownership Requirements

The following summarizes the annual compensation arrangements in effect from April 26, 2006 (except as noted below) for non-employee Directors:

Chair of the TMX Group Board Retainer⁽¹⁾

- Cash	\$125,000 per year
- TMX Group DSUs ⁽²⁾	\$150,000 per year

Director Retainer

- Cash	\$30,000 per year
- TMX Group DSUs ⁽²⁾	\$50,000 per year

Committee Chair Retainer

- Finance and Audit Committee ⁽³⁾	\$20,000 per year
- Other Committees ⁽³⁾	\$10,000 per year

Committee Member Retainer

\$3,000 per year

TMX Group Board Meeting Attendance Fee

\$1,500 per meeting

Committee Meeting Attendance Fee

\$1,500 per meeting

Travel Fee⁽⁴⁾

\$1,500 per meeting

- (1) The Chair of the TMX Group Board receives no additional committee or attendance fees.
- (2) A TMX Group DSU issued under the TMX Group Non-Executive Director DSU Plan is a bookkeeping entry equivalent to the value of a TMX Group Share, credited to an account to be maintained for the individual Director until retirement from the TMX Group Board. The number of TMX Group DSUs (including fractional TMX Group DSUs) to be credited to a Director's TMX Group DSU account is determined by dividing the dollar value of the grant by the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the five trading days preceding the date of grant.
- (3) On March 3, 2010, the TMX Group Board, on the recommendation of the Governance Committee, amended the current level of committee chair retainer for the Finance and Audit Committee and the other Committees from \$10,000 and \$6,000 to \$20,000 and \$10,000, respectively.
- (4) Travel fees are paid to Directors whose return air travel time exceeds six hours per meeting.

Non-employee Directors must achieve ownership of \$250,000 of TMX Group Shares over a five year period (including ownership of TMX Group DSUs issued under the TMX Group Non-Executive Director DSU Plan). Until the mandated level of ownership is reached, these Directors must take at least 50% of their TMX Group Board and Committee compensation in the form of TMX Group DSUs (although Directors are free to elect a higher level of TMX Group DSU participation). Each TMX Group DSU has a value based on the value of one TMX Group Share. We credit TMX Group DSUs to a Director's TMX Group DSU account by dividing the dollar value of the Director's TMX Group Board and Committee compensation by the weighted average trading price for our TMX Group Shares on Toronto Stock Exchange for the five trading days before the date of payment of a Director's retainer or attendance fee. TMX Group DSUs can only be redeemed at the time a Director ceases to be a Director. We will not issue or transfer any TMX Group Shares on redemption of TMX Group DSUs; only cash payments will be made.

The following table reflects all amounts of compensation earned by the non-employee Directors in 2010. Directors who are our employees do not receive fees for serving as Directors. We also reimburse Directors for out-of-pocket expenses incurred in connection with meetings of the TMX Group Board or any committee of the TMX Group Board.

Director	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)⁽¹⁾	Total (\$)
Tullio Cedraschi	80,667	50,000					130,667
Raymond Chan	82,500	50,000					132,500
Denyse Chicoyne	72,000	50,000				6,000 ⁽²⁾	128,000
Wayne C. Fox	125,000	150,000					275,000
John A. Hagg	73,500	50,000					123,500
Harry A. Jaako	82,167	50,000					132,167
J. Spencer Lanthier	91,667	50,000					141,667
Jean Martel	60,000	50,000				11,667 ⁽²⁾	121,667
John P. Mulvihill	68,667	50,000					118,667
Kathleen M. O'Neill	81,000	50,000					131,000
Gerri B. Sinclair	73,500	50,000					123,500
Jean Turmel	60,000	50,000				6,000 ⁽²⁾	116,000
Laurent Verreault	67,500	50,000					117,500
Total	1,018,168	750,000				23,667	1,791,835

- (1) During 2010 we were regularly and actively engaged in activities relating to exploring acquisition or business combination opportunities which resulted in a prolonged "black out" period during which time the TMX Group Board was unable to grant the Director's annual TMX Group DSU retainer earned in respect of 2010-2011 TMX Group Board year. On February 8, 2011, the TMX Group Board granted \$150,000 in TMX Group DSUs to the Chairman of the TMX Group Board and \$50,000 in TMX Group DSUs to each non-employee Director representing the TMX Group DSUs annual retainer earned which would ordinarily have been granted immediately following the annual and special meeting in 2010.
- (2) Ms. Chicoyne, Messrs. Martel and Turmel received retainer and meeting fees for sitting on MX's Rules and Policies Committee. For 2010, the retainer and meeting fees received by Ms. Chicoyne, Messrs. Martel and Turmel were \$6,000, \$11,667 and \$6,000, respectively.

The following table is a breakdown of the fees earned by the non-employee Directors for attending TMX Group Board and Committee meetings in 2010.

Director	TMX Group Board Retainer (\$)	Equity Grant (TMX Group DSUs) ⁽¹⁾ (\$)	Committee Chairman Retainer (\$)	Committee Member Retainer (\$)	TMX Group Board Attendance Fee (\$) ⁽²⁾	Committee Attendance Fee (\$) ⁽²⁾	Total Fees Paid (\$)	Total Fees Paid in Cash (\$)	Portion of Fees taken in TMX Group DSUs (%)
Tullio Cedraschi	30,000	50,000	8,667	3,000	24,000	15,000	130,667		100
Raymond Chan	30,000	50,000		6,000	24,000	22,500	132,500	82,500	38
Denyse Chicoyne	30,000	50,000		3,000	25,500	13,500	122,000	72,000	41
Wayne C. Fox ⁽³⁾	125,000	150,000					275,000		100
John A. Hagg	30,000	50,000		6,000	24,000	13,500	123,500		100
Harry A. Jaako	30,000	50,000	8,667	3,000	22,500	18,000	132,167	60,500	54
J. Spencer Lanthier	30,000	50,000	16,667	3,000	22,500	19,500	141,667		100
Jean Martel	30,000	50,000		3,000	24,000	3,000	110,000	30,000	73
John P. Mulvihill	30,000	50,000	8,667		24,000	6,000	118,667		100
Kathleen M. O'Neill	30,000	50,000		6,000	25,500	19,500	131,000		100
Gerri B. Sinclair	30,000	50,000		6,000	25,500	12,000	123,500		100
Jean Turmel	30,000	50,000		3,000	21,000	6,000	110,000		100
Laurent Verreault	30,000	50,000		3,000	25,500	9,000	117,500		100
Total	485,000	750,000	42,668	45,000	288,000	157,500	1,768,168	245,000	90

- (1) During 2010 we were regularly and actively engaged in activities relating to exploring acquisition or business combination opportunities which resulted in a prolonged "black out" period during which time the TMX Group Board was unable to grant the Director's annual TMX Group DSU retainer earned in respect of 2010-2011 TMX Group Board year. On February 8, 2011, the TMX Group Board granted \$150,000 in TMX Group DSUs to the Chairman of the TMX Group Board and \$50,000 in TMX Group DSUs to each non-employee Director representing the TMX Group DSUs annual retainer earned which would ordinarily have been granted immediately following the annual and special meeting in 2010.
- (2) See Schedule A for attendance at TMX Group Board and Committee meetings.
- (3) The Chair of the TMX Group Board receives \$125,000 of cash and \$150,000 in TMX Group DSUs as compensation and no additional committee or attendance fees are paid.

Director Equity Ownership

The table on page M-15 shows, as at December 31, 2010, the number of TMX Group Shares owned by each Director, the number of TMX Group DSUs held by each Director, and the change from December 31, 2009 to December 31, 2010. Non-employee Directors must achieve ownership of \$250,000 of TMX Group Shares over a five year period (including ownership of TMX Group DSUs issued under the TMX Group Non-Executive Director DSU Plan). As at May 9, 2011, all of our non-employee Director nominees were above the minimum equity ownership level.

Non-employee Directors do not receive grants of share options under the TMX Group Option Plan ("**Share Options**"). The total value of TMX Group Shares and TMX Group DSUs is the amount each Director, as at May 9, 2011, has at risk in TMX Group.

Directors	Year	Number of TMX Group Shares	Number of TMX Group DSUs ⁽¹⁾	Total Number of TMX Group Shares and TMX Group DSUs	Equity at Risk ⁽²⁾ (\$)	Equity at Risk Multiple of Annual Retainer
Tullio Cedraschi	2010 2009 Change	– – –	30,277 25,105 5,172	30,277	1,212,594	15.2
Raymond Chan	2010 2009 Change	10,000 10,000 –	6,593 5,125 1,468	16,593	667,850	8.6
Denyse Chicoyne	2010 2009 Change	74,595 74,595 –	4,171 2,824 1,347	78,766	3,179,195	39.7
Wayne C. Fox ⁽³⁾	2010 2009 Change	– – –	75,007 63,941 11,066	75,007	3,004,030	10.9
John A. Hagg	2010 2009 Change	5,000 5,000 –	28,556 23,682 4,874	33,556	1,345,568	16.8
Harry A. Jaako	2010 2009 Change	– – –	19,245 16,512 2,733	19,245	770,762	9.6
Thomas A. Kloet ⁽⁴⁾	2010 2009 Change	17,500 17,500 –	– – –	17,500	706,650	n/a
J. Spencer Lanthier	2010 2009 Change	– – –	26,261 20,943 5,318	26,261	1,051,753	13.1
Jean Martel	2010 2009 Change	2,000 2,000 –	21,273 17,947 3,326	23,273	932,744	11.7
John P. Mulvihill	2010 2009 Change	– – –	27,287 22,645 4,642	27,287	1,092,844	13.1
Kathleen M. O'Neill	2010 2009 Change	– – –	21,453 16,706 4,747	21,453	859,193	10.7
Gerri B. Sinclair	2010 2009 Change	– – –	18,555 14,193 4,362	18,555	743,128	9.3

- (1) During 2010 we were regularly and actively engaged in activities relating to exploring acquisition or business combination opportunities which resulted in a prolonged “black out” period during which time the TMX Group Board was unable to grant the Director’s annual TMX Group DSU retainer earned in respect of 2010-2011 TMX Group Board year. On February 8, 2011, the TMX Group Board granted \$150,000 in TMX Group DSUs to the Chairman of the TMX Group Board and \$50,000 in TMX Group DSUs to each non-employee Director representing the TMX Group DSUs annual retainer earned which would ordinarily have been granted immediately following the annual and special meeting in 2010.

- (2) Equity at risk is determined by adding the value of TMX Group Shares and TMX Group DSUs owned. The value of all TMX Group Shares is determined with reference to the closing price for our TMX Group Shares on Toronto Stock Exchange on May 9, 2011, which was \$40.380. The value of all TMX Group DSUs is determined with reference to the fair market value of a TMX Group DSU on May 9, 2011, calculated based on the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the five trading days preceding May 9, 2011, which was \$40.050.
- (3) Mr. Fox's equity at risk multiple is calculated based on the annual retainer received as Chair of the TMX Group Board. Mr. Fox's equity at risk multiple when calculated based on the Directors' annual retainer is 37.6 times.
- (4) As Chief Executive Officer of TMX Group, Mr. Kloet is required to achieve equity ownership equal to three times his base salary over a four year period. In addition to TMX Group Shares we include TMX Group DSUs for purposes of satisfying Mr. Kloet's equity ownership requirements.

Appointment of Auditor and Auditor's Remuneration

The TMX Group Board recommends that TMX Group Shareholders re-appoint KPMG LLP as our auditor and authorize the Directors to fix the auditor's remuneration. Representatives of KPMG LLP will be present at the Meeting. KPMG LLP has served as our auditor since TMX Group was formed on August 23, 2002 and as auditor of TSX Inc. and its predecessors since 1993.

The persons named in the enclosed proxy intend to vote for the re-appointment of KPMG LLP, Chartered Accountants, Suite 4600, 333 Bay Street, Bay Adelaide Centre, Toronto, Ontario, M5H 2S5, as our auditor to hold office until the next annual meeting of shareholders and in favour of authorizing the Directors to fix the auditor's remuneration.

The aggregate fees billed by KPMG LLP, TMX Group's auditor, related to the years ended December 31, 2010 and 2009 for professional services are set out below:

Services Rendered	Fees billed by KPMG	
	Fiscal 2010	Fiscal 2009
Audit Fees ⁽¹⁾	\$1,193,500	\$982,500
Audit Related Fees ⁽²⁾	\$337,000	\$189,000
Tax Fees ⁽³⁾	\$7,500	—
Other Fees ⁽⁴⁾	\$100,000	—

- (1) For the audit of our financial statements, including the review of our quarterly financial statements, for services relating to the IFRS opening balance sheet, and for services normally provided by the auditor in connection with statutory and regulatory filings. The 2009 audit fees include fees for audit services related to our acquisition of NetThruPut Inc.
- (2) For assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported in (1), including the audit of the pension plan for our employees, French translation services, a Section 5970 report on internal control procedures at a service organization and other services provided in connection with information technology controls.
- (3) Fees for tax advisory services provided to MX.
- (4) Fees for services provided to NGX relating to its margining system.

Advisory Vote on Approach to Executive Compensation

In March 2009, we announced that at our annual shareholder meetings, starting in 2010, we would take a non-binding advisory vote on executive compensation. The adoption of advisory votes on executive compensation is a recent and evolving corporate governance practice in Canada.

The TMX Group Board believes that shareholders should have the opportunity to fully understand the objectives, philosophy and principles that it has used to make executive compensation decisions. Our executive compensation program, developed under the direction of the Human Resources Committee, has been designed to attract, motivate and retain a highly qualified executive team and directly link their pay to attaining both our corporate and their individual performance objectives. In addition to promoting pay for performance, our compensation program is designed to align our executives' interests with those of TMX Group Shareholders by linking executive compensation to TMX Group's performance. Our program is designed to provide a balance between short-term and longer term compensation awards to ensure TMX Group meets short-term objectives while continuing to provide shareholder value over the longer term.

The shareholder advisory vote gives you as a TMX Group Shareholder the opportunity to indicate your acceptance of our approach to executive compensation. **The TMX Group Board recommends that TMX Group Shareholders vote "IN FAVOUR" of the following advisory resolution:**

BE IT RESOLVED THAT:

On an advisory basis and not to diminish the role and responsibilities of the Directors, that the TMX Group Shareholders accept the approach to executive compensation disclosed in our Circular delivered in advance of the Meeting.

Since your vote is advisory, it will not be binding on the TMX Group Board. However, the TMX Group Board and the Human Resources Committee will take into account the outcome of the vote when considering our future approach to executive compensation. For information on TMX Group's approach to executive compensation see Compensation Discussion and Analysis ("**CD&A**") beginning on page M-21 of this Annex M.

Statement of Executive Compensation and Other Information

Composition of the Human Resources Committee

The Human Resources Committee of the TMX Group Board is composed of six Directors: Tullio Cedraschi (Chair), Raymond Chan, Wayne C. Fox, John A. Hagg, Gerri B. Sinclair and Laurent Verreault. They are all independent Directors. The Human Resources Committee's complete Charter is available on our website at www.tmx.com.

Human Resources Committee Report on Executive Compensation

The Human Resources Committee's role is to ensure that we attract, motivate and retain a capable executive team which will enhance our growth and profitability. We believe that effective compensation principles and practices are fundamental to achieving this objective.

The Human Resources Committee oversees the compensation policies and programs for executives. The TMX Group Board has final approval on the compensation philosophy, guidelines and plans for compensating executives. The philosophy and its application for 2010 are contained in the CD&A section of this Annex M.

One of the Human Resources Committee's principal responsibilities is to review and recommend to the TMX Group Board the Chief Executive Officer's annual compensation, and to review and approve the executive management committee's ("**Exco**") annual compensation.

In determining our executive compensation levels, the Human Resources Committee relies on external consultants to provide competitive benchmark information and to assist in the design and review of pay programs. By using competitive pay information and assessing executive performance, the Human Resources Committee is able to evaluate the appropriateness of executive compensation each year. Our discussion of the Comparative Market can be found on page M-22 of this Annex M.

Year in Review:

2010 was a year of strong performance for TMX Group, which included record setting activity across much of the business. We set a new record for combined trading volumes on TSX and TSX Venture Exchange, and added a record 65 international issuers to our equity exchanges. In 2010, our equities trading market share stabilized. Our Canadian derivatives business rebounded strongly in 2010 with a record number of contracts traded during the year. NGX, our energy business, continued to grow and reported record energy volumes traded. In 2010, there was also significant corporate development activity.

In 2010, as part of the regular compensation process, the Human Resources Committee reviewed and approved changes to our short and long term incentive programs, approved 2010 performance targets for our corporate balanced scorecard and set individual Named Executive Officer ("**NEO**") performance objectives, assessed 2010 year end performance and compensation awards for the NEOs, and reviewed succession plans for key executive positions. Also in 2010, the Human Resources Committee recommended changes to other workplace policies and changes to the Human Resources Committee's charter.

In early 2011, LSEG and TMX Group announced an agreement to combine Europe's and Canada's leading diversified exchange groups in an all-share merger of equals. With the

announcement of the Merger in early 2011, retention of executives and senior management became a priority in the post-announcement environment for the Human Resources Committee. Retention arrangements for key executives, and special retention RSU awards (“**TMX Group Special Retention RSUs**”) for the broader management team, were reviewed and approved in early 2011. Details of these can be found on page M-46 and page M-51, respectively.

The following table outlines the key activities and decisions of the Human Resources Committee for 2010 and early 2011.

Market Review	<ul style="list-style-type: none"> The Human Resources Committee, as part of our compensation review process and in consultation with Towers Watson, reviewed market data for key executive positions, including our NEOs.
Performance Measures and Short Term Incentive	<ul style="list-style-type: none"> The Human Resources Committee reviewed and approved the 2010 individual performance objectives and measures for Exco members. The Human Resources Committee reviewed and approved changes to the performance measures, weights and leverage used in the 2010 corporate balanced scorecard. The Human Resources Committee approved the targets for the 2010 corporate balanced scorecard. At year end, the Human Resources Committee approved the final bonus accruals based on these measures and targets. The Human Resources Committee also approved the targets for the 2011 corporate balanced scorecard.
Long Term Incentive Plan (“ LTIP ”)	<ul style="list-style-type: none"> The Human Resources Committee reviewed and approved management’s recommended changes to the performance criteria and thresholds for the TMX Group RSU Plan. At year end, the Human Resources Committee approved the compensation value of all long term incentive amounts for each participant in the program.
Executive Compensation	<ul style="list-style-type: none"> The Human Resources Committee reviewed and approved the 2010 year end compensation awards, ensuring appropriate pay for performance. See page M-30 for more detail on compensation awards for our NEOs. The Human Resources Committee reviewed market data and approved a move to differentiated target ranges for Exco members.

Chief Executive Officer Compensation	<ul style="list-style-type: none"> • The Human Resources Committee evaluated an in depth market review of Chief Executive Officer compensation in consultation with Towers Watson. • The Human Resources Committee recommended to the TMX Group Board the 2010 year end compensation award for the Chief Executive Officer, ensuring appropriate pay for performance. See page M-32 for more detail. • The Human Resources Committee reviewed and recommended to the TMX Group Board certain changes to the Chief Executive Officer's employment agreement which will amend and supersede his current employment agreement upon successful completion of the Merger.
Succession Planning	<ul style="list-style-type: none"> • The Human Resources Committee reviewed and approved executive succession plans. We mapped succession for our key executive positions, identified potential gaps and put succession plans in place.
Other 2010 Business	<ul style="list-style-type: none"> • The Human Resources Committee recommended changes to the TMX Respectful Workplace policy and the Code of Conduct to reflect new legislation that was introduced in the year. • The Human Resources Committee reviewed and recommended changes to the Human Resources Committee's Charter to reflect emerging best practice.
LSEG/TMX Group Merger	<ul style="list-style-type: none"> • The Human Resources Committee reviewed, and at a joint Human Resources Committee and TMX Group Board meeting, approved the retention arrangements for certain executives who are critical to the successful completion of the Merger. • In addition, TMX Group Special Retention RSU awards were granted in 2011 to director-level and above employees who received 2010 LTIP to recognize their importance in continuing to drive business results during the post Merger announcement period.

The Human Resources Committee has reviewed and discussed with management the CD&A. Based on this review, the Human Resources Committee has recommended to the TMX Group Board that the CD&A be included in this Annex M.

Submitted by the Human Resources Committee:

Tullio Cedraschi (Chair), Raymond Chan, Wayne Fox, John A. Hagg, Gerri Sinclair and Laurent Verreault.

Compensation Discussion and Analysis

Executive Compensation Philosophy

TMX Group is a diversified exchange group which owns and operates cash and derivatives markets and clearing houses for multiple asset classes including equities, fixed income and energy. In order to meet the challenges of growing, expanding and diversifying our business, the Human Resources Committee has adopted an executive compensation philosophy designed to attract, motivate and retain a highly qualified executive team and directly link their pay to both our corporate performance and their individual performance. This program is designed to:

- Provide competitive pay when corporate and individual performance meet annually established objectives;
- Provide significant upside opportunity for superior performance;
- Align executives' interests with those of our shareholders;
- Reflect high standards of good governance; and
- Be easily understood by shareholders.

Executive Compensation Process

Our executive compensation review process is outlined below:

At the beginning of the year, the Human Resources Committee:

- Reviews and recommends to the TMX Group Board for approval the compensation philosophy and guidelines for the Chief Executive Officer and Exco;
- Reviews and recommends to the TMX Group Board the Chief Executive Officer's performance objectives for the year;
- Approves the annual performance objectives for Exco;
- Approves the annual balanced scorecard for our short term incentive plan; and
- Approves the target incentive accrual for our short term incentive plan based on competitive levels of pay in the market.

During the year, the Human Resources Committee:

- Monitors interim results against scorecard targets; and
- Approves appointments to designated positions and any related compensation changes.

At the end of the year, the Human Resources Committee:

- Approves the short term incentive plan accrual based on achievement of annual balanced scorecard targets;
- Reviews the Chief Executive Officer's assessment of Exco members' individual performance, based on approved targets;
- Approves and reports to the TMX Group Board on the annual compensation awards for Exco, including any changes to base salary, short and long-term incentive awards and any changes to benefits and other perquisites, if applicable; and

- Reviews and recommends to the TMX Group Board the annual compensation awards of the Chief Executive Officer.

Independent Advisor

The Human Resources Committee uses Towers Watson as the independent advisor to the Human Resources Committee. The advisor's mandate includes, but is not limited to, the following:

- Competitive pay reviews;
- General audit of compensation programs including long term incentive and retirement programs;
- Incentive plan design;
- Advice in relation to corporate transactions; and
- Other ongoing executive compensation consulting services to the Human Resources Committee including trend analysis, technical support and meeting attendance.

Towers Watson worked directly with the Human Resources Committee on the 2010 annual compensation program and conducted a competitive pay review to assist in the development of the 2010 compensation program.

Towers Watson's total fees for 2010 were \$158,488 for executive compensation and \$17,165 for broader-based pay advice on regulatory and benefit matters.

The Comparative Market

The Human Resources Committee retains Towers Watson to provide specialized competitive pay samples to the Human Resources Committee. The primary purpose is to provide the Human Resources Committee with information on pay levels and structures from a number of market reference groups.

Towers Watson confirmed that TMX Group has no direct Canadian comparators in the international exchange industry against which to review executive pay. Therefore, the market references for TMX Group executives have included the broad financial services industry, professional services firms, Canadian general industry, businesses with highly specialized technology and international exchanges. In addition, the Towers Watson databank has been used to benchmark some specialized disciplines.

The Human Resources Committee, with input from the Chief Executive Officer and Towers Watson, has developed a compensation structure that aims to pay both competitively and responsibly. In setting our compensation structures a considerable amount of judgment is used. No one source of information was used for comparative purposes. Rather, the Human Resources Committee takes a broad approach with respect to the comparative market references and applies its business judgment in making compensation decisions. The Human Resources Committee also considers each executive's background, skill set and relative contribution to the organization in setting the individual's final pay level.

See Schedule D to this Annex M for a list of comparators considered by the Human Resources Committee in 2010.

Components of Compensation

The components of compensation for executives, including our NEOs, are base salary, short-term incentive (cash bonus) and long-term incentive (performance-based TMX Group RSUs and Share Options) as further described in the table below. These are the key elements of the total annual compensation opportunity. Pension, benefits and perquisites are the remaining compensation components and comprise a small portion of the total annual compensation opportunity. The following table excludes any special awards or one-time payments that are not part of annual compensation design.

Element		Form	Period	Program Objectives
Base Salary		Cash	Annual	<ul style="list-style-type: none"> • Reflect executives' scope of responsibility, capability, knowledge, experience, performance and maturity in role.
Variable Compensation	Short-Term Incentive	Cash	Annual	<ul style="list-style-type: none"> • Reward executives for achievement of annual corporate and individual performance goals.
	Long-Term Incentive	Share Options	3 & 4 year vesting; 7 & 10 year term	<ul style="list-style-type: none"> • Align interests of executives and shareholders. • Motivate and reward executives for creating long-term shareholder value. • Retain key talent.
		Performance-based Restricted Share Units	3 year cliff vesting	<ul style="list-style-type: none"> • Align interests of executives and shareholders. • Motivate and reward executives for creating increased shareholder value. • Retain key talent.
Other elements of compensation				
Benefits		Group health, dental and insurance benefits	Ongoing	<ul style="list-style-type: none"> • Provide competitive health programs that protect the health and well being of executives.

Element	Form	Period	Program Objectives
Pension	Defined Benefit Plan (closed to new entrants in 2009)	2 year vesting (or according to provincial legislation)	<ul style="list-style-type: none"> Provide retirement programs that are designed to retain executives.
	Executive Defined Contribution Plan		
Perquisites	Cash Allowance	Annual	<ul style="list-style-type: none"> Consistent with market practice, provide an allowance that is directed by the executive.

Base Salary

Base salaries are established by the Human Resources Committee to reflect the executive's scope of responsibility and individual performance. To emphasize performance-based pay, each executive's base salary is set at a level that ensures a significant amount of total direct compensation (base salary, annual short-term and long term incentive compensation) remains at risk.

Variable Compensation

Variable compensation levels are established by the Human Resources Committee, with consideration given to variable pay levels selected comparator groups and data sources. The actual opportunity to achieve higher total compensation relative to our target competitive market is provided through our variable compensation plans (short-term and long-term incentive) if corporate and individual performance exceed pre-determined goals.

Short Term Incentive Plan ("STIP")

The STIP is designed to reward our executives for achieving or exceeding annual performance goals and is a cash program. The Human Resources Committee uses a balanced scorecard approach to accrue funding for potential payouts under the annual STIP for the majority of our employees. The scorecard provides objective and comprehensive performance measures which enable the Human Resources Committee to evaluate performance and progress with respect to our critical goals. If the balanced scorecard's results exceed target, the STIP accrual will be greater than target. If the balanced scorecard's results are below target, the STIP accrual will be below target. If performance falls below predetermined thresholds on all measures, the balanced scorecard will not generate an accrual. In this way, we align compensation with measured success towards achieving short-term financial performance and long-term strategic goals.

As discussed in the Executive Compensation Process on page M-21, the Human Resources Committee approves the scorecard objectives at the beginning of the financial year, and reviews the interim results on a quarterly basis. At the end of the year, the Human Resources Committee approves final scorecard results and may use its discretion to increase or decrease the accrual if there are unique circumstances impacting business and scorecard results.

Incentive Targets

For 2010, the following target percentages were used for our NEOs:

<u>Level/NEO</u>	<u>Target %</u>
Chief Executive Officer (Mr. Kloet)	75%
Senior Vice President (Mr. Cowan, Ms. Hoffman, Mr. Sinclair)	70%
Senior Vice President (Mr. Ptasznik)	60%

Performance Measures used for 2010 STIP Accruals

Our balanced scorecard, which funds our STIP, was re-designed for the 2010 performance year. To better align the overall objectives of TMX Group with the STIP program, one balanced scorecard covering the majority of our employees was implemented starting in 2010. Integral to the design of the program were links to pay for performance and ensuring the program did not encourage excessive risk taking, while still providing the ability to reward corporate and individual performance.

For 2010, new measures were added to ensure employee focus on specific TMX Group objectives. Measures that were no longer relevant were removed. The weight and the leverage of each of the measures were also re-aligned. The TMX Group Board's external advisor, Towers Watson, was included in the design process. The key design principles were to:

- balance quantitative current results with projects we must complete to position TMX Group for future success;
- provide for consideration of opportunities or challenges that arose from the environment as the year progressed;
- allow for the exercise of judgment related to desired outcomes that may be hard to measure quantitatively; and
- ensure plan elements had minimums and maximums attributable to a target measure with appropriate scaling.

The balanced scorecard for 2010 (the “**2010 Balanced Scorecard**”) had a 50% weight on financial objectives and a 50% weight on key corporate objectives that supported our strategic direction.

Financial Objectives (50%)		Corporate Objectives (50%)		
1. Income from operations with listings revenue on a billed basis ⁽¹⁾ , less minority interest in BOX, a non-wholly-owned subsidiary of MX. (Exceeded target in 2010)	+	<p>Six key objectives aimed at diversifying and growing revenue, and improving technology and operational efficiency</p> <ol style="list-style-type: none"> 1. Diversify revenue (Exceeded target in 2010) 2. Diversify product base through acquisition (No funding generated) 3. Improve latency in equity trading technology (Exceeded target in 2010) 4. Maintain equity trading market share (Exceeded target in 2010) 5. Increase cleared volume in energy products (Exceeded target in 2010) 6. Execute cost reduction plans (Achieved target in 2010) 	=	Annual STIP accrual

(1) Represents fees billed to listed issuers which differs from listings revenue reported in our consolidated financial statements under Canadian generally accepted accounting principles in effect at December 31, 2010. These adjustments to listings revenue allow management to assess the effectiveness of our strategy to serve our listed issuers and manage the listings portion of our business.

Target measures were established for each objective as were detailed descriptions of the threshold and stretch values to be used to determine final scorecard values. In determining the final accrual for 2010, the Human Resources Committee had the option to exercise its discretion to increase or decrease the accrual based on an assessment of items not directly measured in the scorecard such as risk management, achievement of earnings (within the appropriate risk parameters), execution of key initiatives, effectiveness of management’s response to emerging challenges and opportunities and other items it deemed appropriate. For 2010, the Human Resources Committee did not adjust the accrual generated by the balanced scorecard.

In some of our smaller niche businesses where we employ highly targeted sales teams, we replace the balanced scorecard with sales incentive plans that are specific to the business drivers of that business. These sales incentive plans mirror the competitive market practice for these businesses. These unique plans apply to less than 5% of our employees.

In combination, the 2010 Balanced Scorecard results against plan for TMX Group provided for final scores that exceeded target and drove funding for a total STIP accrual that exceeded target.

The actual distribution of the STIP accrual involves business judgment and discretion. For NEOs and other executives, the Human Resources Committee, with input from the Chief Executive Officer, will refer to market-based target levels for each role and then consider team and individual contribution in determining individual STIP awards.

For all other employees, the Chief Executive Officer, with approval of the Human Resources Committee, distributes the accrual to the various divisions and departments based on objectives and results specific to each area. Management, guided by target ranges for each employee level, considers individual performance against objectives in determining individual STIP awards.

Please see the “Process for Evaluating Performance and Determining Total Compensation” and the “Summary Compensation Table” for more detail on the individual awards for our NEOs.

Performance Measures for 2011 Scorecard Accruals

Our balanced scorecard for 2011 (the “**2011 Balanced Scorecard**”) was designed using a similar approach to that used in 2010. The 2011 Balanced Scorecard has a 50% weight on financial objectives and a 50% weight on key corporate objectives that support our strategic direction. Corporate objectives were modified slightly and now also include an employee-based measure.

Financial Objectives (50%)	+	Corporate Objectives (50%)	=	Annual STIP accrual
Income from operations per IFRS standards (less minority interest in BOX, a non-wholly owned subsidiary of MX)		Six key objectives aimed at diversifying and growing revenue, and improving technology and operational efficiency <ol style="list-style-type: none"> 1. Diversify revenue 2. Diversify product base through acquisition 3. Improve throughput of equity trading technology 4. Maintain equity trading market share 5. Increase cleared volume in energy products 6. Retain employees 		

Long-Term Incentive Plan (“LTIP”)

The LTIP is designed to motivate and reward participants for creating mid-and long-term shareholder value. TMX Group employees (and those of designated subsidiaries) at or above the director-level and certain employees below the director-level designated by the Chief Executive Officer are eligible to participate in the LTIP. We grant LTIP awards to recognize an individual’s contribution to the growth, profitability and sustainability of the business over the past financial year, as well as to motivate and retain the individual going forward. The LTIP grant takes the form of Share Options and/or performance-based TMX Group RSUs. The term “**TMX Group RSU**” refers to the aggregate of performance-based restricted share units, and the additional restricted share units, or fractional restricted share units credited to reflect the notional equivalents of dividends paid on TMX Group Shares.

The LTIP is provided in Share Options and TMX Group RSUs (50% of the total dollar value award is converted into Share Options and 50% into TMX Group RSUs). A significant portion of an executive’s total annual compensation is in Share Options and TMX Group RSUs because this is the most direct way to align the executive’s interests with those of our shareholders. The vesting and other design features of these grants, together with our equity ownership requirements, further motivate them to create long-term shareholder value.

In 2008, we revised our approach to granting LTIP awards. Historically, LTIP awards granted at the beginning of the year were considered to be part of the upcoming year’s total compensation mix. Beginning in 2009, the LTIP awards were made on a retrospective basis reflecting the performance of the recipient in the previous year and recognizing his or her contribution to the growth and the success of the business. In the summary compensation table for the 2008 financial year, we have included the retrospective LTIP awards approved in January 2009, for the 2009 financial year we have included the retrospective LTIP awards approved in February 2010, and for the 2010 financial year we have included the retrospective LTIP awards approved in February 2011.

In addition to the annual LTIP granting process described above, LTIP awards may also be made when there are internal appointments, promotions or external hires at senior levels. The LTIP may be provided in Share Options and TMX Group RSUs, or only in Share Options.

TMX Group Option Plan and TMX Group RSU Plan details are provided starting on page M-37 and M-44, respectively, of this Annex M. For termination provisions of these plans, please refer to Schedule C of this Annex M.

Pension, Benefits and Perquisites

The NEOs, other than Mr. Kloet, participate in the closed non-contributory defined benefit tier of our registered pension plan for employees. For Mr. Kloet, we established a non-contributory supplementary pension plan that provides a similar benefit to the defined benefit plan described for the executives, but is funded separately. We also maintain a non-contributory supplementary retirement plan for certain executives. Details of the pension plans start at page M-56.

Executives participate in group benefit plans on the same basis as all other employees.

Our executives also receive an annual taxable cash perquisite allowance. This allowance varies by executive level (Vice Presidents \$12,000; Presidents and Senior Vice Presidents \$21,600; Chief Executive Officer \$24,000). Other perquisites provided in addition to the allowance are: paid parking, an annual medical exam, and home security services where warranted.

For termination provisions of these plans, please refer to Schedule C.

Process for Evaluating Performance and Determining Total Compensation

In establishing the overall award level each year, the Human Resources Committee considers each compensation element separately, and in combination, to determine the appropriate level of total compensation for the year. The Human Resources Committee undertakes a comprehensive review, looking at both objective and subjective measures for each compensation element. The Human Resources Committee considers the Chief Executive Officer's perspective on each executive's individual performance and compensation, including his views on the business' performance, revenue growth, expense control, system availability, service quality, project execution and demonstration of leadership behaviours.

The Human Resources Committee assesses the overall performance of the Chief Executive Officer each year and approves his final performance evaluation. The Human Resources Committee assesses the Chief Executive Officer's accomplishments against the stated objectives, considering financial and non-financial components. The Human Resources Committee considers this assessment when recommending the Chief Executive Officer's salary, short and long-term compensation awards to the TMX Group Board for approval.

The TMX Group Board considers the evaluation of the Human Resources Committee and its compensation recommendations when making year-end compensation decisions. Coupled with independent advice from the Human Resources Committee's external compensation consultant, the TMX Group Board then exercises its discretion and determines the Chief Executive Officer's year-end compensation. The Chief Executive Officer does not participate in these discussions.

The Chief Executive Officer evaluates the performance of his direct reports using each executive's individual performance results against objectives and his or her relative contribution to the corporate scorecard results. The Chief Executive Officer makes a compensation recommendation to the Human Resources Committee based on his assessment in relation to previously agreed to targets. The Human Resources Committee considers these recommendations, receives advice from the Human Resources Committee's external compensation consultant and applies judgment to determine if any adjustments are warranted before approving executives' year-end compensation.

Given the absence of Canadian comparators, both the Human Resources Committee and the TMX Group Board use broad ranging benchmark data, discretion and business judgment to award what the Human Resources Committee and TMX Group Board believe is competitive compensation.

The following sections discuss the 2010 compensation for the Chief Executive Officer, the Chief Financial Officer and the other NEOs.

Compensation of Named Executive Officers

Summary Compensation Table

The following tables present information about compensation of our NEOs (determined in accordance with applicable securities legislation), and sets out the total compensation paid, payable, awarded, granted, given or otherwise provided to each of the NEOs for services rendered to us by that individual in all capacities:

Name & Principal Position	Year	Salary (\$)	Share-based awards ⁽⁶⁾⁽⁷⁾⁽⁸⁾ (\$)	Option based awards ⁽⁶⁾⁽⁹⁾ (\$)	Non-equity incentive plan compensation - Annual Incentive Plan (\$)	Pension Value ⁽¹⁰⁾ (\$)	All Other Compensation ⁽¹¹⁾⁽¹²⁾⁽¹³⁾ (\$)	Total compensation (\$)
Thomas A. Kloet Chief Executive Officer, TMX Group ⁽¹⁾	2010	700,000	700,000	700,000	700,000	165,877	2,683	2,968,560
	2009	700,000	450,000	450,000	700,000	166,831	6,354	2,473,185
	2008	326,218	350,000	918,500	700,000	99,368	392,227	2,786,313
Michael Ptasznik Senior Vice President, Group Chief Financial Officer ⁽²⁾	2010	375,000	175,000	175,000	320,000	38,622	3,841	1,087,463
	2009	375,000	150,000	150,000	300,000	150,663	3,987	1,129,650
	2008	325,000	157,500	726,000	375,000	108,263	103,822	1,795,585
Kevan Cowan President, TSX Markets, Group Head of Equities ⁽³⁾	2010	325,000	165,000	165,000	350,000	49,306	3,841	1,058,147
	2009	325,000	162,500	162,500	325,000	99,472	191,277	1,265,749
	2008	298,333	137,500	137,500	325,000	102,103	4,773	1,005,209
Brenda Hoffman Senior Vice President, Group Head of Information Technology, Chief Information Officer ⁽⁴⁾	2010	350,000	170,000	170,000	340,000	48,283	4,378	1,082,661
	2009	350,000	140,000	140,000	367,500	47,730	4,376	1,049,606
	2008	350,000	135,000	135,000	387,500	69,242	3,910	1,080,652
Eric Sinclair President, TMX Datalinx, Group Head Information Services ⁽⁵⁾	2010	310,000	170,000	170,000	320,000	106,845	3,841	1,080,686
	2009	285,000	155,000	155,000	310,000	48,209	3,987	957,196
	2008	285,000	137,500	137,500	325,000	81,433	3,822	970,255

(1) Mr. Kloet joined TMX Group on July 14, 2008. For 2008, his annualized salary was \$700,000. Upon hire, he received a \$300,000 compensatory payment with respect to forfeited retention and bonus pay which is included under "All Other Compensation". Mr. Kloet also received a signing bonus of 50,000 Share Options (a \$568,500 value) that is included under option based awards in 2008. In 2009, due to an administrative error, a reversal of Mr. Kloet's previously reported 9,400 TMX Group DSUs was required and his \$315,000 2008 bonus was repaid to him in cash, as well as \$3,380 in interest. The interest is included under "All Other Compensation" in 2009.

- (2) Mr. Ptasznik was appointed Interim Co-Chief Executive Officer of TMX Group effective January 7, 2008. To recognize the additional responsibilities in 2008, an acting assignment cash allowance of \$100,000 was paid to Mr. Ptasznik, which is included under "All Other Compensation". Mr. Ptasznik's 2008 "Annual Incentive Plan" figure includes an annual STIP award of \$325,000 plus a special bonus of \$50,000 to recognize his role in completing the MX Combination. Mr. Ptasznik also received an award in 2008 of 50,000 Share Options (a \$568,500 value), included under option based awards, to recognize his skills and experience required to transition the new Chief Executive Officer and also as a means of retention.
- (3) In 2009, Mr. Cowan was re-located from Calgary to Toronto. As part of his relocation agreement, he was indemnified against any loss on the sale of his Calgary home, up to \$200,000. In total, we paid \$187,290 to Mr. Cowan with respect to this indemnification. This amount is included under "All Other Compensation". Mr. Cowan's 2008 salary information is actual compensation paid. The 2008 annualized salary equivalent was \$285,000 in his capacity as President, TSX Venture Exchange from January 1 to August 31, 2008, and \$325,000 in his capacity as President, TSX Markets, Group Head of Equities from September 1, 2008 to December 31, 2008.
- (4) Ms. Hoffman's 2009 "Annual Incentive Plan" figure includes an annual STIP award of \$280,000 plus a special bonus of \$87,500 for the successful implementation of the TSX Quantum Gateway. Ms Hoffman's 2008 "Annual Incentive Plan" figure includes an annual STIP award of \$300,000 plus a special bonus of \$87,500 for the successful migration of all Toronto Stock Exchange symbols to TSX Quantum.
- (5) In 2010, Mr. Sinclair was promoted to President, TMX Datalinx. His salary was increased from \$285,000 to \$310,000 to recognize his promotion.
- (6) LTIP awards granted in January or February are included in the previous year's total compensation calculation. In the summary compensation table for the 2010, 2009 and 2008 financial years, we have included the retrospective LTIP awards approved in February 2011, February 2010 and January 2009, respectively.
- (7) Our share-based awards are comprised of TMX Group RSUs. The grant price of a TMX Group RSU is the closing price of one of our TMX Group Shares on Toronto Stock Exchange at the close of business on December 31 or the last trading day of the previous year. To calculate the number of TMX Group RSUs to be granted we divide the compensation value of the TMX Group RSU award by 91.5% of the closing price. This discount reflects the assessment of risk and vesting (the TMX Group RSUs will not vest until December 31st of the second calendar year following the grant date). The closing price on December 31, 2010 was \$36.96 and the number of TMX Group RSUs granted in 2011 was determined by dividing the compensation value of the TMX Group RSU award by the discounted value of \$33.818. The closing price on December 31, 2009 was \$33.13 and the number of TMX Group RSUs granted in 2010 was determined by dividing the compensation value of the TMX Group RSU award by the discounted value of \$30.314. The closing price on December 31, 2008 was \$25.19 and the number of TMX Group RSUs granted in 2009 was determined by dividing the compensation value of the TMX Group RSU award by the discounted value of \$23.049.
- (8) The 2008 TMX Group RSUs vested on December 31, 2010 and were paid on January 14, 2011. The target number of units were granted at \$52.80. The TMX Group RSUs were valued on December 31 using the fair market value of \$37.079, determined on the basis of a five day weighted average. As our Total Shareholder Return over the period did not meet the 40% target over the three year period, the minimum multiplier of 25% was applied. These amounts are not included in the summary compensation table.

Name	2008 TMX Group RSU Payment
Thomas A. Kloet	—
Michael Ptasznik	\$27,711
Kevan Cowan	\$22,147
Brenda Hoffman	\$27,711
Eric Sinclair	\$22,147

- (9) The Black Scholes valuation methodology is used to value the Share Options as it is the predominant methodology in the Canadian marketplace. Our compensation consultant, Towers Watson, provides us with the Black Scholes calculations. For Share Options granted in 2011, the Black Scholes value of \$7.68 was used to determine the present value of the Share Options, which represents a value ratio of 20.8% using the December 31, 2010 TMX Group Share closing price of \$36.96. The number of Share Options granted was determined by dividing the value of the option award by \$7.68. For Share Options granted in 2010, the Black Scholes value of \$7.37 was used to determine the present value of the Share Options, which represents a value ratio of 22.2% using the December 31, 2009 TMX Group Share closing price of \$33.13. The number of Share Options granted was determined by dividing the value of the option award by \$7.37. For Share Options granted in 2009, the Black Scholes value of \$5.44 was used to determine the present value of the Share Options, which represents a value ratio of 21.6% using the December 31, 2008 TMX Group Share closing price of \$25.19. The number of Share Options granted was determined by dividing the value of the option award by \$5.44. The exercise price of a Share Option will not be less than the fair market value of the TMX Group Shares, being the weighted-average trading price of the TMX Group Shares on Toronto Stock Exchange, for the five trading days immediately preceding the effective date of the grant.
- (10) Pension value is the compensatory change that is provided in the table on page M-56.
- (11) For 2010, "All Other Compensation" includes premiums for term life insurance maintained for the benefit of the NEO and employer contributions to the Employee Share Purchase Plan ("ESPP").

Name	Life Insurance/ Medical Coverage/ Contribution to ESPP
Thomas A. Kloet	2,683
Michael Ptasznik	3,841
Kevan Cowan	3,841
Brenda Hoffman	4,378
Eric Sinclair	3,841

(12) For 2009, “All Other Compensation” includes premiums for term life insurance maintained for the benefit of the NEO, employer contributions to the ESPP, other compensation and relocation where applicable.

Name	Life Insurance/ Medical Coverage/ Contribution to ESPP	Other Compensation	Relocation
Thomas A. Kloet ^(a)	2,974	3,380	—
Michael Ptasznik	3,987	—	—
Kevan Cowan ^(b)	3,987	—	187,290
Brenda Hoffman	4,376	—	—
Eric Sinclair	3,987	—	—

- (a) Due to an administrative error, a reversal of Mr. Kloet’s previously reported 9,400 TMX Group DSUs was required and his \$315,000 2008 bonus was repaid to him in cash, as well as \$3,380 in interest.
- (b) Mr. Cowan was re-located from Calgary to Toronto in 2009. As part of his relocation agreement, he was indemnified against any loss on the sale of his Calgary home up to \$200,000. In total, we paid \$187,290 to Mr. Cowan with respect to this indemnification.

(13) For 2008, “All Other Compensation” includes premiums for term life insurance maintained for the benefit of the NEO, employer contributions to the ESPP, other compensation and relocation where applicable.

Name	Life Insurance/ Medical Coverage/ Contribution to ESPP	Other Compensation ^(a)	Relocation
Thomas A. Kloet ^(b)	947	300,000	91,280
Michael Ptasznik	3,822	100,000	—
Kevan Cowan	4,773	—	—
Brenda Hoffman	3,910	—	—
Eric Sinclair	3,822	—	—

- (a) See notes 1 and 2 for the descriptions of payments included in the Other Compensation column made to Messrs. Kloet and Ptasznik.
- (b) To manage Mr. Kloet’s transition to Canada, he was eligible for up to \$60,000 for temporary accommodation and travel, \$35,000 for legal and tax advice and \$25,000 for relocation. \$91,280 was paid in 2008 in respect of these allowances.

2010 Chief Executive Officer Compensation

Thomas A. Kloet, Chief Executive Officer, TMX Group

The table below summarizes Mr. Kloet’s Total Direct Compensation for 2010:

NEO	Base Salary	STIP	LTIP (50% TMX Group RSUs/ 50% Share Options)	Total Direct Compensation	Pay at Risk
Thomas A. Kloet	\$700,000	\$700,000	\$1,400,000	\$2,800,000	75%

The Human Resources Committee assesses the overall performance of the Chief Executive Officer each year. The Human Resources Committee conducts its review of the Chief Executive Officer’s contribution, considering financial and non-financial components. The Human Resources Committee then considers this assessment when recommending the Chief Executive Officer’s salary and short- and long-term compensation awards to the TMX Group Board for approval.

Under Mr. Kloet’s leadership, TMX Group achieved annual revenues of \$575.5 million in 2010. The full year 2010 diluted EPS was \$2.64 compared with \$1.41 in 2009. Cash flow from operating activities was \$280.2 million in 2010, up 37% over 2009. TMX Group share price reflected these strong financial results, increasing 11.5%, bringing the two year total increase to 46.7%. On a relative basis, this share price performance was strong relative to global peers.

2010 trading volumes were strong. TSX and TSX Venture Exchange both achieved record equity trading volumes. In spite of intense price competition, TMX maintained equity trading market share at approximately 72% in 2010. MX also achieved record volumes, in spite of a

near zero interest rate environment and low market volatility. Volumes for BOX improved, resulting in BOX being profitable for the second half the year. At NGX, where ten new trading hubs were added in the year, volumes grew as well, increasing by 13% year over year. Shorcan, our fixed income business, continued to grow in 2010. In 2010, Shorcan Energy, a wholly-owned subsidiary of Shorcan, established an energy trading operation in Calgary which has proven to be very successful.

Due to extensive and successful business development activities, listings contributed strong results in 2010. For TSX, new listings increased from 100 in 2009 to 187 in 2010. For TSX Venture Exchange, transactions increased by 20%. International listings achieved a record level in 2010, with 65 new listings (compared to 38 in 2009), for a combined total of 318 international listings.

The information services business remained strong in 2010. Revenue grew due to new products, including several new indices, and to new services including, expansion of our co-location service. Sales capacity was added in the UK, in order to proactively build market demand for information services in Europe.

The technology group had an outstanding year with the implementation of several important projects designed to deliver strategic advantage and competitive strength to our business. Ongoing enhancements to our enterprise architecture served us well in the year, including creating potential new revenue streams for TMX Group.

There was significant focus on corporate development activity in 2010, with multiple potential initiatives being reviewed by Mr. Kloet. In early 2011, the LSEG and TMX Group announced an agreement to combine Europe's and Canada's leading diversified exchange groups in an all-share merger of equals.

For 2010, Mr. Kloet's base salary was \$700,000. The TMX Group Board assessed Mr. Kloet's performance during the year based on the criteria noted above and awarded him a \$700,000 annual STIP award and a \$1,400,000 LTIP award to recognize the overall success of the business under his leadership.

The awards for the Chief Executive Officer were recommended by the Human Resources Committee, in consultation with its external compensation advisors, Towers Watson, and were approved by the TMX Group Board based on its assessment of Mr. Kloet's achievement of the scorecard measures as well as the achievement of the approved 2010 Chief Executive Officer performance objectives.

2010 Other NEO Compensation

The other NEO awards were recommended by the Chief Executive Officer and reviewed and approved by the Human Resources Committee. The Chief Executive Officer's recommendation is based on his evaluation of each NEO's individual performance against objectives set for the NEO at the beginning of the year, each NEO's individual performance in contributing to scorecard measures, and each NEO's performance relative to our business plan. The following summarizes key considerations which supported compensation decisions made for the remaining NEOs:

Michael Ptasznik, Senior Vice President and Group Chief Financial Officer

The table below summarizes Mr. Ptasznik's Total Direct Compensation for 2010:

NEO	Base Salary	STIP	LTIP (50% TMX Group RSUs/ 50% Share Options)	Total Direct Compensation	Pay at Risk
Michael Ptasznik	\$375,000	\$320,000	\$350,000	\$1,045,000	64%

Mr. Ptasznik is responsible for a range of strategic functions, including strategic and financial planning and reporting, corporate development, risk management, corporate communications and investor relations. In 2010, Mr. Ptasznik and his team successfully facilitated the development of TMX Group's strategy and the 2011 business plan. He led the project to prepare TMX Group for IFRS conversion, including the facilitation of TMX Group Board and executive education sessions. Following extensive preparations, TMX Group flawlessly operated in back-up mode for over a week, deploying our business continuity plans during Toronto's hosting of the G-20 Summit. Finally, Mr. Ptasznik was responsible for identifying and advancing a number of potential corporate development initiatives. In particular, Mr. Ptasznik has been instrumental in the planning and negotiation of the Merger.

The Human Resources Committee considered his performance evaluation and the recommendation of the Chief Executive Officer. His 2010 annual bonus of \$320,000 and his LTIP award of \$350,000 reflect his accomplishments relative to his 2010 objectives.

Kevan Cowan, President, TSX Markets, Group Head of Equities

The table below summarizes Mr. Cowan's Total Direct Compensation for 2010:

NEO	Base Salary	STIP	LTIP (50% TMX Group RSUs/ 50% Share Options)	Total Direct Compensation	Pay at Risk
Kevan Cowan	\$325,000	\$350,000	\$330,000	\$1,005,000	68%

Mr. Cowan is responsible for equity trading, listings and other services offered by both TSX and TSX Venture Exchange. He and his team made a number of significant contributions to TMX Group's success in 2010. On the equities trading side, faced with intense competition, market share remained stable at approximately 72% on a combined basis due to improved technology, pricing and an effective customer service offering. On the listings side, revenues were up due to volume and productivity improvements. Mr. Cowan's team hosted several important industry events both here in Canada and internationally, attracting record numbers of meeting participants. These efforts helped to push TMX Group's combined international listings to 318.

The Human Resources Committee considered Mr. Cowan's performance evaluation and the recommendation of the Chief Executive Officer. For 2010, his annual bonus of \$350,000 and his LTIP award of \$330,000 reflect the achievement of his objectives in 2010.

Brenda Hoffman, Senior Vice President and Group Head of Information Technology, Chief Information Officer

The table below summarizes Ms. Hoffman's Total Direct Compensation for 2010:

NEO	Base Salary	STIP	LTIP (50% TMX Group RSUs/ 50% Share Options)	Total Direct Compensation	Pay at Risk
Brenda Hoffman	\$350,000	\$340,000	\$340,000	\$1,030,000	66%

Ms. Hoffman leads the technology team that supports all facets of the business. Ms. Hoffman and her team were integral to the 2010 success of TMX Group. Ms. Hoffman and her team continued to deliver on the enterprise architecture blueprint, which forms our long-term technology road map. This future-focused road map is designed to ensure that TMX Group's technology remains at the leading edge of speed, reliability and functionality. Twelve major and one hundred medium- to small-sized projects were delivered in the year, enhancing our operational excellence, revenue streams and operating capacity. These projects included the implementation of the Trading Enterprise Expansion infrastructure which delivered significant performance enhancements to the Canadian and international trading community, the opening of our new co-location facility, the customization and launch of the SOLA derivatives application at Borsa Italiana and the continued evolution and migration to new technology allowing for the decommissioning of less efficient and legacy technology reducing overall operating cost. Despite significant change, and numerous record volumes across trading over the year, we achieved near 100% system availability.

The Human Resources Committee considered Ms. Hoffman's performance evaluation and the recommendations of the Chief Executive Officer. For 2010, her annual bonus of \$340,000 and her LTIP award of \$340,000 reflect her accomplishments relative to her 2010 objectives.

Eric Sinclair, President, TMX Datalinx, Group Head of Information Services

The table below summarizes Mr. Sinclair's Total Direct Compensation for 2010:

NEO	Base Salary	STIP	LTIP (50% TMX Group RSUs/ 50% Share Options)	Total Direct Compensation	Pay at Risk
Eric Sinclair	\$310,000	\$320,000	\$340,000	\$970,000	68%

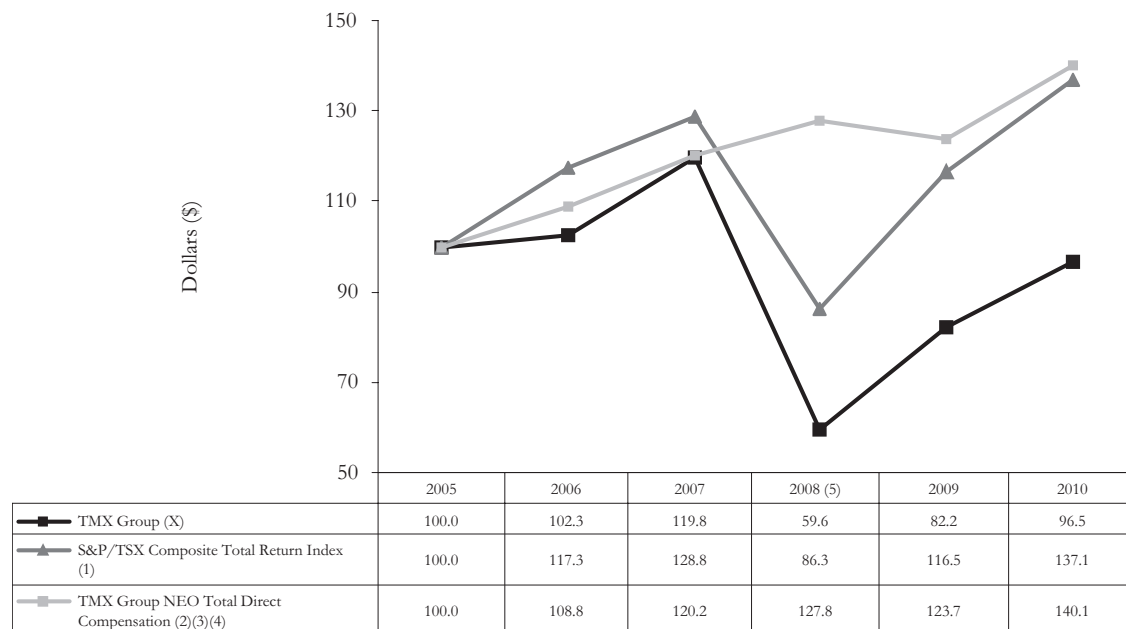
Mr. Sinclair is responsible for TMX Group information services, diversifying the information services business to include multi-asset class data content and indices, data delivery solutions including a suite of datafeeds, high speed networks and co-location services, sold in an increasingly diverse global client base. In 2010, despite economic challenges and industry competition, the financial results for TMX Datalinx exceeded 2009 business results. Beyond the financial results, Mr. Sinclair and his team made progress on important strategic and industry issues. They strengthened and extended existing products and brought new ones to market, including three new equities indices. Sales of co-location racks were strong. At the end of the year, Mr. Sinclair added a sales resource in the UK in order to build European demand for TMX Datalinx products and services.

For 2010, Mr. Sinclair's salary was increased from \$285,000 to \$310,000 to recognize his promotion to President, TMX Datalinx in January of 2010.

The Human Resources Committee considered Mr. Sinclair's performance evaluation and the recommendations of the Chief Executive Officer. For 2010, his annual bonus of \$320,000 and his LTIP award of \$340,000 reflect his accomplishments relative to his 2010 objectives.

Performance Graph

This graph compares the total cumulative shareholder return for \$100 invested in TMX Group Shares on December 31, 2005 with the cumulative total return, including dividend reinvestment, of the S&P/TSX Composite Total Return Index for the period from December 31, 2005 through to and including December 31, 2010. Also shown for comparison purposes is the total direct compensation for NEOs indexed at \$100 for 2005. Total direct compensation includes annualized base salary, short-term incentive and long-term incentive.



- (1) "S&P" is a trade-mark of Standard & Poor's and "TSX" is a trade-mark of TSX Inc.
- (2) For comparability year over year, we have included the active Chief Executive Officer and Chief Financial Officer as at December 31 of the applicable year and the three most highly compensated NEOs as at December 31 of the applicable year.
- (3) Total direct compensation includes annualized base salary, short-term incentive and long-term incentive for the applicable year. Pension values, non-recurring payments and special one-time awards (STIP or LTIP) have been excluded from the trend line.
- (4) LTIP prior to 2007 has been included on a prospective basis reflecting information provided in previously published circulars.
- (5) In 2008, our overall NEO total direct compensation increased slightly, in part, due the inclusion of the Deputy Chief Executive Officer, TMX Group and President and Chief Executive Officer, MX whose total direct compensation was higher than that of a typical NEO.

The change in payout positions of the executives generally aligned with the trend of TMX Group's total shareholder return shown in the above graph. The payouts from the performance-based TMX Group RSUs were directly aligned to the TMX Group total shareholder return graph above as their value per unit moved in direct proportion to the TMX Group total shareholder return line provided above. Moreover, the actual payouts from the TMX Group RSUs for the periods ending 2006, 2007, 2008, 2009 and 2010 were adjusted by a multiple of 180%, 180%, 25%, 25% and 25% respectively (TMX Group RSUs paid prior to 2006 were not performance based). The executives' in-the-money option position (including realized gains) increased significantly in 2005 and 2007, followed by a significant reduction or elimination of the executives' in-the-money positions in 2008 and 2009. As described on page M-55,

executives are subject to equity ownership requirements while they are employed by TMX Group. The values of TMX Group Shares owned by executives have changed directly in proportion to the change in the total shareholder return graph above.

Aggregate Compensation for the NEOs

	2010	2009	2008
Total Aggregate NEO Compensation ⁽¹⁾	\$7.3 million ⁽²⁾	\$6.8 million ⁽³⁾	\$8.1 million ⁽⁴⁾
As a percentage of Total Revenue	1.3%	1.2%	1.5%
As a percentage of Net Income reported	3.7%	6.5%	4.4%

- (1) For comparability year over year, we have included the active Chief Executive Officer and Chief Financial Officer as at December 31 of the applicable year and the three most highly compensated NEOs as at December 31 of the applicable year. 2010 includes the compensation for Mr. Kloet, Mr. Ptasznik, Mr. Cowan, Ms. Hoffman and Mr. Sinclair. 2009 includes the compensation for Mr. Kloet, Mr. Ptasznik, Mr. Cowan, Ms. Hoffman and Mr. Miquelon. 2008 includes the compensation for Mr. Kloet, Mr. Ptasznik, Mr. Bertrand, Ms. Hoffman and Ms. Pel.
- (2) Total aggregate NEO compensation for 2010 is the sum of the salaries, share-based awards, option-based awards, STIP, pension values and all other compensation.
- (3) 2009 total aggregate NEO compensation includes select non-recurring payments and special awards. Total aggregate NEO compensation for 2009 is the sum of salaries, share-based awards, option-based awards, STIP, pension values and all other compensation, less the relocation related costs for Mr. Cowan (\$187,290). Total aggregate NEO compensation including the non-recurring payment is \$7.0 million or 1.3% of total revenue and 6.7% of net income reported.
- (4) 2008 was a year of significant change and transition. As a result, the total aggregate NEO compensation includes multiple non-recurring payments and special awards. Total aggregate compensation for 2008 is the sum of salaries (Mr. Kloet's salary has been annualized), share-based awards, option-based awards, STIP, pension values and all other compensation, less the sign on compensation and relocation assistance for Mr. Kloet (\$300,000 compensatory payment; \$568,500 sign on grant; \$91,280 relocation) and Mr. Ptasznik's acting assignment allowance (\$100,000). Total aggregate NEO compensation including these non-recurring payments and special awards is \$9.1 million or 1.7% of total revenue and 5.0% of net income.

Description of Long-Term Incentive Plans

TMX Group Option Plan

Our TMX Group Option Plan is designed to motivate participants to focus on creating shareholder value. Employees or officers (and those of our designated subsidiaries) at or above the director-level, and certain employees below the director-level designated by the Chief Executive Officer, are eligible to be granted Share Options under the TMX Group Option Plan.

We have reserved 3,779,682 TMX Group Shares for issuance upon exercise of Share Options granted under the TMX Group Option Plan, representing approximately 5.1% of our outstanding TMX Group Shares. The exercise price of a Share Option will not be less than the fair market value of our TMX Group Shares, being the weighted-average trading price of our TMX Group Shares on Toronto Stock Exchange, for the five trading days immediately preceding the effective date of the grant (the grant fair market value). The Human Resources Committee determines the vesting schedule and term of Share Options subject to a maximum 10-year term. The aggregate number of TMX Group Shares issuable to our insiders at any time, and issued to our insiders within any one year period, is limited. Such number of TMX Group

Shares cannot exceed 10% of our issued and outstanding TMX Group Shares. Under no circumstances may any one person's Share Options and all other share compensation arrangements exceed 5% of the outstanding TMX Group Shares.

Employees who are granted Share Options are prohibited from 'monetizing' unvested Share Options. Also, we do not currently provide financial assistance to facilitate the purchase of TMX Group Shares under the TMX Group Option Plan.

Our TMX Group Option Plan does not provide for automatic accelerated vesting of Share Options in cases where employment is terminated, upon retirement, or if there is a change of control of TMX Group.

As at May 9, 2011, the total number of (a) TMX Group Shares issued on the exercise of Share Options granted under the TMX Group Option Plan and (b) TMX Group Shares issuable on the exercise of outstanding Share Options granted under the TMX Group Option Plan, and the respective percentages of our issued and outstanding TMX Group Shares represented by those shares, were as follows:

<u>Program</u>	<u>TMX Group Shares Issued</u>	<u>TMX Group Shares Issuable Under Outstanding Share Options</u>
TMX Group Option Plan	1,820,318 (2.4%)	1,848,326 (2.5%)

The table below summarizes our overhang, dilution and burn rates:

	2011 ⁽¹⁾⁽²⁾	2010 ⁽¹⁾⁽³⁾	2009 ⁽¹⁾⁽³⁾	2008 ⁽¹⁾⁽³⁾
Overhang (Outstanding Share Options plus the Share Options available to grant, divided by the total TMX Group Shares outstanding)	5.1%	5.4%	5.5%	5.5%
Dilution (Outstanding Share Options, divided by the total TMX Group Shares outstanding)	2.5%	2.2%	1.8%	1.2%
Burn Rate (Total Share Options issued during the applicable year, divided by the total TMX Group Shares outstanding)	0.6%	0.6%	0.9%	0.5%

- (1) MX Replacement Options have not been considered when calculating outstanding Share Options, Share Options available to grant or total Share Options issued during the year.
- (2) Overhang, dilution and burn rates are calculated as at May 9, 2011.
- (3) Overhang, dilution and burn rates are calculated as at December 31 for each of the applicable years.

Share Option Grant History

The following table sets forth the number of Share Options granted, date of grant, grant price, vesting schedule and term, since the first grant in January 2003.

Grant Date	Securities under Share Options Granted (#)	Outstanding Share Options (#)	Exercise Price (\$/security)	Vesting Schedule ⁽⁵⁾	Term of Grant
February 17, 2011	476,394	474,425	\$41.740	Regular schedule	7 year term
February 22, 2010	447,782	401,013	\$29.519		
February 22, 2010 ⁽¹⁾	10,000	10,000	\$29.519	3 year cliff vest	
August 10, 2009 ⁽¹⁾	10,000	10,000	\$34.236	3 year cliff vest	
May 8, 2009 ⁽²⁾	15,000	15,000	\$31.714	3 year cliff vest	
February 6, 2009	610,717	379,433	\$31.589	Regular schedule	
August 11, 2008 ⁽³⁾	150,000	100,000	\$36.464	3 year cliff vest	
May 9, 2008 ⁽¹⁾	47,341	23,239	\$46.625	Regular schedule	
February 22, 2008	166,693	114,715	\$45.226		
August 3, 2007 ⁽¹⁾	6,464	4,623	\$42.803		
May 4, 2007 ⁽¹⁾	6,013	4,622	\$43.681		
February 9, 2007	207,471	104,487	\$53.037		
November 3, 2006 ⁽¹⁾	4,188	2,928	\$48.391		
May 5, 2006 ⁽¹⁾	9,670	2,520	\$47.304		
February 10, 2006	180,404	87,041	\$49.635		
May 5, 2005 ⁽¹⁾	6,796	3,088	\$31.113		
February 2, 2005	100,000	—	\$29.636		
February 2, 2005	277,686	40,392	\$29.636	Regular Schedule	
March 31, 2004 ⁽¹⁾	27,200	—	\$26.447		
January 28, 2004	423,600	—	\$22.403		
July 2, 2003 ⁽¹⁾⁽⁴⁾	50,000	—	\$14.167	25% on each of the first four anniversaries of the date of grant	10 year term
January 30, 2003 ⁽¹⁾⁽⁴⁾	40,000	18,000	\$11.102		
January 2, 2003 ⁽⁴⁾	1,450,000	52,800	\$10.529		
Total:	4,723,419	1,848,326			

- (1) Additional Share Options granted to employees who joined, or were promoted, outside of the annual grant process.
- (2) Special award granted to Mr. Miquelon, a former NEO. The grant will vest 100% on the third anniversary of the date of grant which was May 8, 2009.
- (3) Special awards granted to Mr. Kloet, Mr. Ptasznik and Mr. Bertrand (a former NEO). Upon Mr. Bertrand's departure on June 30, 2009, his grant was forfeited in its entirety. The remaining grants will vest 100% on the third anniversary of the date of grant which was August 11, 2008.
- (4) On December 31, 2003, we paid a special dividend of \$2.50 per TMX Group Share on all our outstanding TMX Group Shares. To address the significant decrease in value of Share Options as a result of this special dividend, the TMX Group Board approved special deferred bonus payments to holders of Share Options. For each Share Option granted in 2003, we paid to each Share Option holder who was employed on the applicable payment date a cash amount of \$2.50 per Share Option payable in four equal installments ending December 2006, essentially in line with the period over which the Share Options vested.
- (5) Regular vesting schedule is 33.3% on each of the first three anniversaries of the date of grant.

Amendment Provisions for Share Options

The Human Resources Committee administers the TMX Group Option Plan in compliance with applicable laws and the requirements of Toronto Stock Exchange on which our TMX Group Shares are listed. Certain types of amendments cannot be made by the TMX Group Board or Human Resources Committee without shareholder approval, while other types of amendments can be made by the TMX Group Board or the Human Resources Committee.

Shareholder approval will be required, in each instance, for the following amendments to the TMX Group Option Plan:

- (a) to increase the number of our TMX Group Shares reserved for issuance under the TMX Group Option Plan;
- (b) to reduce the exercise price of a Share Option (including a cancelling and then reissuing of a Share Option at a reduced exercise price to the same participant);
- (c) to expand the category of eligible persons that can participate in the TMX Group Option Plan;
- (d) except as contemplated by the TMX Group Option Plan, to extend the term of a Share Option granted beyond the original expiry date; and
- (e) to allow for the issuance of TMX Group DSUs or TMX Group RSUs or any other provision which results in participants receiving TMX Group Shares while no cash consideration is received by TMX Group.

The TMX Group Option Plan provides that no Share Option may be exercised after the expiry date, except where a Share Option expires during a blackout period. If the Share Option expires during a blackout period, the expiry date for the Share Option will be extended for 10 Business Days after the end of the last day of the blackout period. Also, if the Share Option expires within 10 Business Days after the end of the blackout period, the expiry date will be extended to allow for a total of 10 Business Days after the blackout period. For example, if the Share Option expires four Business Days after the blackout period, the Share Option's expiry date will be extended an additional six Business Days.

Notwithstanding the above, shareholder approval will not be required for any adjustments that may be made to the issuable shares or the exercise of outstanding Share Options pursuant to the section of the TMX Group Option Plan that provides for appropriate adjustments under certain events. Such events include share splits, share dividends, combinations or exchanges of shares, mergers, consolidations, spin-offs or other distributions (other than normal cash dividends) of our assets to shareholders, or any other alteration of our share capital affecting TMX Group Shares.

The TMX Group Board or the Human Resources Committee may continue to make all other amendments without shareholder approval, subject to any required regulatory review or approval, to our TMX Group Option Plan on matters including but not limited to, the vesting provisions applicable to any outstanding grant of Share Options; the termination of our TMX Group Option Plan; adding or amending any form of financial assistance provisions to the TMX Group Option Plan; amendments designed to comply with applicable laws or regulatory requirements; and "housekeeping" and administrative changes.

Merger Amendments to Share Options

Under the Plan of Arrangement, outstanding Share Options that have not been duly exercised prior to the Effective Time will be replaced with options to acquire New Mergeco Shares granted by Mergeco. The number of New Mergeco Shares under a Replacement Option will be equal to the number of TMX Group Shares under the corresponding Share Option multiplied by the Exchange Ratio, and the exercise price for each Replacement Option will be equal to the current exercise price of the Share Option divided by the Exchange Ratio (as further described under “Description of the Merger — Arrangement Mechanics — Effect of the Merger on TMX Group Options”). The existing terms of the Share Options will otherwise remain unchanged. The replacement of Share Options is conditional on TMX Group Shareholders approving the Arrangement Resolution and the Merger being completed.

On the basis of the Exchange Ratio, and on the assumption that at the Effective Date there are outstanding Share Options under the TMX Group Option Plan, over 1,848,326 TMX Group Shares, Replacement Options will be granted over an aggregate of approximately 5,538,139 New Mergeco Shares.

No further Share Options will be granted under the TMX Group Option Plan following completion of the Merger.

MX Replacement Options

As a result of the MX Combination on May 1, 2008, unexercised options held by MX option holders were cancelled. We granted to the MX optionees MX Replacement Options using an exchange ratio of 0.7784 (for every one MX option, we provided 0.7784 of a Share Option). In total, 162,194 Share Options were granted. Original grant prices were also adjusted using the same exchange ratio of 0.7784.

The MX Replacement Options are governed by a separate plan (the “**MX Replacement Option Plan**”). Upon conversion, each employee signed an individual agreement. Termination provisions and vesting schedules for these MX Replacement Options are different from the TMX Group Option Plan discussed above.

Half of the un-vested options automatically time vest as described in the table below. The remaining half are subject to performance vesting. At the beginning of each year, the Human Resources Committee determines the performance vesting criteria for the upcoming tranche. For options that vested on December 31, 2008, it was decided that the options would time vest as MX was in transition. For options eligible to vest on December 31, 2009, the overall score of the balanced scorecard (specific to the MX business) was used to determine the percentage of MX Replacement Options that would vest. If the MX business met objectives (100 score on the balanced scorecard) 100% would vest. For a score of 75, only 50% would vest. Vesting was to be pro-rated for a score between 100 and 75. The 2009 MX balanced scorecard was above 100%, therefore 100% of the options eligible to vest on December 31, 2009 vested.

For options that were eligible to vest on December 31, 2010, MX operating profit was used to determine the percentage of MX Replacement Options that would vest. If MX's operating profit met or exceeded target, 100% of eligible options would vest. For 75% of target, 50% of eligible options would vest. Below 75% of target, 0% of eligible options would vest. Vesting was

pro-rated for an operating profit between 75% of target, and target. For 2010, results were below target, therefore 81.8% of the options eligible to vest on December 31, 2010 vested, and the remainder were forfeited. For options eligible to vest on December 31, 2011, the same measure and percentages described for 2010 will be applied.

We have a separate reserve of 162,194 TMX Group Shares for issuance upon exercise of MX Replacement Options, being the number of MX Replacement Options issued on May 1, 2008 and representing approximately 0.22% of our outstanding TMX Group Shares. There will be no future grants under the MX Replacement Option Plan. Forfeited options do not go back into the reserve.

As at May 9, 2011, the total number of (a) TMX Group Shares issued on the exercise of MX Replacement Options granted under the MX Replacement Option Plan and (b) TMX Group Shares issuable on the exercise of outstanding MX Replacement Options granted under the MX Replacement Option Plan, and the respective percentages of our issued and outstanding TMX Group Shares represented by those shares, was as follows:

<u>Program</u>	<u>TMX Group Shares Issued</u>	<u>TMX Group Shares Issuable Under Outstanding MX Replacement Options</u>
MX Replacement Options	2,335 (0.003%)	58,335 (0.08%)

MX Replacement Option Grant History

Original Grant Date (converted on May 1, 2008)	Securities under MX Replacement Options Granted⁽¹⁾ (#)	Outstanding MX Replacement Options (#)	Exercise Price⁽¹⁾ (\$/security)	Vesting Schedule⁽²⁾	Term of Grant
December 31, 2002	2,335	—	\$2.21	100% vested on date of conversion	10 year term
May 7, 2007	116,270	27,908	\$54.50	20% on December 31, 2007; 25% on each of December 31, 2008 and December 31, 2009; and 30% on December 31, 2010 ⁽³⁾	
August 14, 2007	16,346	15,974	\$43.53	25% on each of December 31, 2008; December 31, 2009; December 31, 2010 and December 31, 2011 ⁽³⁾	7 year term
February 13, 2008	27,243	14,453	\$46.26		
Total:	162,194	58,335			

(1) MX options converted to Share Options on May 1, 2008 at conversion rate of 0.7784. Exercise price was converted using the same rate.

- (2) 50% of unvested options are subject to performance criteria. 50% are subject to an automatic time vesting.
- (3) Half of the December 31, 2007 tranche vested prior to the effective date of the MX Combination and half were forfeited as the performance criteria was not met. All of the December 31, 2008 tranche vested. All of the December 31, 2009 tranche vested. Half of the December 31, 2010 tranche time vested. For the other half subject to performance criteria, 81.8% of the options vested and the balance were forfeited. The final 2011 tranche is subject to performance criteria. The performance criteria for the 2011 tranche was reviewed and approved by the Human Resources Committee.

Amendment Provisions for MX Replacement Options

Board, shareholder and requisite regulatory approvals will be required for the following amendments to the MX Replacement Option Plan:

- (a) to permit the transfer or assignment of an MX Replacement Option granted other than by will or under succession laws (estate settlement);
- (b) to add a cashless exercise feature which does not provide for a full deduction of the number of underlying securities from the plan reserve;
- (c) to reduce the exercise price of an MX Replacement Option (including a cancelling and then reissuing of an MX Replacement Option at a reduced exercise price to the same participant);
- (d) to extend the term of an MX Replacement Option granted beyond the original expiry date, except as contemplated by the plan;
- (e) to the method of determining the exercise price of each MX Replacement Option; and
- (f) to add any form of financial assistance and any amendment to a financial assistance provision which is more favourable to eligible persons that can participate in the plan or holders of MX Replacement Options.

Notwithstanding the above, the TMX Group Board and Human Resources Committee, subject to any required regulatory review or approval may make any amendments: (i) of a “housekeeping” or clerical nature, as well as any amendment clarifying any provision of the plan; (ii) to change the vesting provisions of an MX Replacement Option; (iii) to change the termination provisions of an MX Replacement Option or the MX Replacement Option Plan which does not entail an extension beyond the original expiry date; (iv) that result in an adjustment to the issuable shares or outstanding MX Replacement Options under certain events. These events would include, among others, a share split, share dividends re-capitalization, merger, arrangement, or consolidation of activities or shares, or exchange of shares; and (v) to discontinue the plan.

The MX Replacement Option Plan provides that no MX Replacement Option may be exercised after the expiry date, except where an MX Replacement Option expires during a blackout period, in which case the expiry date will be extended for a period ending seven Business Days from the end of the blackout period.

Merger Amendments to MX Replacement Options

Under the Plan of Arrangement, outstanding MX Replacement Options that have not been duly exercised prior to the Effective Time will be replaced with options to acquire New Mergeco Shares granted by Mergeco. The number of New Mergeco Shares under a MX Replacement Option will be equal to the number of TMX Group Shares under the corresponding MX Replacement Option multiplied by the Exchange Ratio, and the exercise price for each MX Replacement Option will be equal to the current exercise price of the MX Replacement Option divided by the Exchange Ratio. The existing terms of the MX Replacement Option will otherwise remain unchanged. The replacement of MX Replacement Option is conditional on TMX Group Shareholders approving the Arrangement Resolution and the Merger being completed.

On the basis of the Exchange Ratio, and on the assumption that at the Effective Date there are outstanding MX Replacement Options under the MX Replacement Option Plan, over 58,335 TMX Group Shares and Replacement Options will be granted over an aggregate of approximately 174,789 New Mergeco Shares.

No further MX Replacement Options will be granted under the MX Replacement Option Plan following completion of the Merger.

TMX Group RSU Plan

The TMX Group RSU Plan is designed to further align management's interests with those of our shareholders. TMX Group employees (or those of our designated Subsidiaries) at or above the director-level, and certain employees below the director-level designated by the Chief Executive Officer, are eligible to be granted restricted share units under the restricted share unit plan.

A TMX Group RSU is a bookkeeping entry that is credited to an account maintained by TMX Group for the individual entitled to the TMX Group RSU. The grant price of a TMX Group RSU is the closing price of one of our TMX Group Shares on Toronto Stock Exchange as of the close of business on December 31 or the last trading day of the year if December 31 is not a trading day.

We credit additional TMX Group RSUs, or fractional TMX Group RSUs, to an individual's account to reflect notional equivalents of dividends paid on our TMX Group Shares.

TMX Group RSUs vest on December 31 of the second calendar year following the year in which the TMX Group RSUs were granted. Upon vesting, TMX Group RSUs are redeemed as described below, and a lump sum cash payment is made to the participant (net of any applicable withholdings).

The number of TMX Group RSUs to be redeemed is subject to a total shareholder return performance factor ("**TSR**"). TSR represents the share price appreciation on our TMX Group Shares plus the value of the dividends paid over the term of the TMX Group RSUs. Upon redemption, the TSR is calculated along with a corresponding performance multiplier. The performance multiplier is used to determine the final number of TMX Group RSUs to be redeemed.

For TMX Group RSUs granted prior to 2011, the target TSR is 40%. If target TSR is achieved, the accumulated TMX Group RSUs are redeemed using a multiplier of 100%, which is our target multiplier. If target TSR is exceeded, the number of TMX Group RSUs will be adjusted upwards. For TMX Group RSUs granted prior to 2011, the maximum multiplier is 180% for a TSR of 70% or greater. If target TSR is not achieved, the number of TMX Group RSUs will be adjusted downward. In any event, 25% of the number of accumulated TMX Group RSUs will be redeemed.

In 2010, we evaluated our TMX Group RSU plan and determined that the risk parameters, performance criteria and multipliers linked to our TMX Group RSUs were not market competitive and did not reflect the shareholder experience. For TMX Group RSUs granted in 2011 (for 2010 performance), we have increased the minimum threshold payment allowable, but have also decreased the maximum payment allowable under the plan. Starting with TMX Group RSUs granted in 2011, the target TSR is 26%. If target TSR is achieved, the accumulated TMX Group RSUs are redeemed using a multiplier of 100%, which is our target multiplier. If target TSR is exceeded, the number of TMX Group RSUs will be adjusted upwards. The maximum multiplier is 125% for a TSR of 32.5% or greater. If target TSR is not achieved, the number of TMX Group RSUs will be adjusted downward. In any event, 75% of the number of accumulated TMX Group RSUs will be redeemed.

TMX Group RSUs are valued using the fair market value per TMX Group Share determined as at the date of redemption. The number of TMX Group RSUs to be redeemed is multiplied by the fair market value.

For TMX Group RSUs granted prior to 2010, the fair market value is calculated using the weighted average trading price of our TMX Group Shares of Toronto Stock Exchange for the five trading days immediately preceding the redemption date. Starting with TMX Group RSUs granted in 2010, the fair market value per TMX Group Share calculation upon redemption will be the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the thirty trading days immediately preceding the redemption date.

TMX Group RSU Grant and Redemption History

The following table sets out the number of TMX Group RSUs granted, TMX Group RSU grant value, vesting and redemption date, TMX Group RSU minimum and maximum estimates and actual redemption value for TMX Group RSUs that vested on December 31, 2010.

Year of Grant	TMX Group RSUs Granted ⁽¹⁾ Target # of Units (#)	Vesting and Redemption Date	Grant Value per Unit ⁽²⁾ (\$)		TMX Group RSU Minimum and Maximum Estimates		Redemption Value (\$)
					Minimum # of Units ⁽³⁾ (#)	Maximum # of Units ⁽³⁾ (#)	
2011	108,170	December 31, 2013	\$36.960	December 31, 2010	81,127	135,213	—
2010	109,650	December 31, 2012	\$33.130	December 31, 2009	27,413	197,370	—
2009	157,210	December 31, 2011	\$25.190	December 31, 2008	39,303	282,978	—
2008 ⁽⁴⁾⁽⁵⁾	53,839	December 31, 2010	\$52.800	December 31, 2007	13,460	96,910	381,324

(1) We credit additional TMX Group RSUs, or fractional TMX Group RSUs, to an individual's account to reflect notional equivalents of dividends paid on our TMX Group Shares.

(2) The grant price of an TMX Group RSU is the closing price of one of our TMX Group Shares on Toronto Stock Exchange at the close of business on December 31 or the last trading day of the previous year. To calculate

- the number of TMX Group RSUs granted, we divide the compensation value of the TMX Group RSU award by 91.5% of the closing price. This discount reflects the assessment of risk and vesting (the TMX Group RSUs will not vest until December 31st of the second calendar year following the grant date). The closing price on December 31, 2010 was \$36.96 and the number of TMX Group RSUs granted in 2011 was determined by dividing the compensation value of the TMX Group RSU award by the discounted value of \$33.818.
- (3) For awards granted prior to 2011, the minimum (25%) and maximum (180%) estimated number of TMX Group RSUs does not include additional TMX Group RSUs or fractional TMX Group RSUs that would be credited to reflect notional equivalents of dividends paid during the TMX Group RSU term. For awards granted in 2011, the minimum (75%) and maximum (125%) does not include additional TMX Group RSUs or fractional TMX Group RSUs that would be credited to reflect notional equivalents of dividends paid during the TMX Group RSU term.
 - (4) The 2008 TMX Group RSUs vested on December 31, 2010 and were paid on January 14, 2011. The target number of units was granted at \$52.80. The TMX Group RSUs were valued on December 31 using the fair market value of \$37.079, determined on the basis of a five day weighted average. As our TSR over the period did not meet the 40% target over the three year period, the minimum multiplier of 25% was applied.
 - (5) The actual number of units on which the 2008 payout was based was less than the 13,460 minimum estimated due to the forfeiture of TMX Group RSUs upon employee resignation or termination prior to the vesting and redemption date.

TMX Group's RSUs are not transferable or assignable other than by will or the laws of descent and distribution. If the employee has resigned or employment is terminated for cause prior to the vesting date of the TMX Group RSUs, the employee forfeits all right, title and interest with respect to the TMX Group RSUs. If employment has ceased prior to the vesting date for any reason other than resignation or termination for cause, the number of TMX Group RSUs is pro-rated for time elapsed from grant date to termination date and the TSR is calculated as at the termination date. The lump sum cash payment is equal to the performance-adjusted number of TMX Group RSUs multiplied by the fair market value per TMX Group Share determined as at the date of such termination (net of any applicable withholdings). For TMX Group RSUs granted prior to 2010, the fair market value is calculated using the weighted average trading price of our TMX Group Shares of Toronto Stock Exchange for the five trading days immediately preceding the redemption date. Starting with TMX Group RSUs granted in 2010, the fair market value per TMX Group Share calculation upon redemption will be the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the thirty trading days immediately preceding the redemption date.

The TMX Group RSU Plan does not provide for automatic accelerated vesting of TMX Group RSUs in cases where employment is terminated, upon retirement, or if there is a change of control of TMX Group.

Under the TMX Group RSU Plan, the Human Resources Committee may, at any time, subject to any required regulatory approval or shareholder approval, amend, suspend or terminate the TMX Group RSU Plan in whole or in part.

TMX Group Special Retention RSU Plan — 2011 Grant

In connection with the Merger, a special 2011 retention TMX Group RSU award was made to Director and above employees who received 2010 LTIP (excluding the Chief Executive Officer).

As leaders in the organization, this group of employees plays a critical role in driving business results and ensuring that focus is maintained on creating value for our issuers, customers and shareholders during the post-Merger announcement period. The award is designed to ensure that this focus is maintained.

The compensation value of the award was equal to the LTIP compensation value awarded for 2010 performance under the annual program. The TMX Group Special Retention RSUs were granted at the same time as the LTIP awards for 2010 performance, however, under a separate plan.

The grant price of TMX Group Special Retention RSUs was the fair market value of our TMX Group Shares, being the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange, for the five trading days immediately preceding the effective date of the grant, which was February 17, 2011.

The TMX Group Special Retention RSUs cliff vest on the third anniversary of the grant date. There are no performance conditions or multipliers applied to this grant.

The TMX Group Special Retention RSUs will be valued using the fair market value per TMX Group Share determined as at the date of redemption, which is February 17, 2014. The number of TMX Group Special Retention RSUs to be redeemed will be multiplied by the fair market value of our TMX Group Shares, being the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the thirty trading days immediately preceding the redemption date.

If an employee resigns, retires or is terminated for any reason prior to the vesting date, all TMX Group Special Retention RSUs will forfeit.

Year of Grant	TMX Group Special Retention RSUs Granted⁽¹⁾⁽³⁾ (#)	Vesting and Redemption Date	Grant Value per Unit⁽²⁾ (\$)	
2011	142,357	February 17, 2014	\$41.740	February 17, 2011

(1) We credit additional TMX Group RSUs, or fractional TMX Group RSUs, to an individual's account to reflect notional equivalents of dividends paid on our TMX Group Shares.

(2) The grant price of a TMX Group Special Retention RSU was the fair market value of our TMX Group Shares, being the weighted average trading price of a TMX Group Share on Toronto Stock Exchange, for the five trading days immediately preceding the effective date of the grant. The grant date was February 17, 2011 and the fair market value was \$41.740. The number of TMX Group Special Retention RSUs granted was determined by dividing the compensation value of the award by the fair market value.

(3) For the TMX Group Special Retention RSUs, there are no performance conditions or multipliers applied at redemption.

The TMX Group Special Retention RSUs are not transferable or assignable other than by will or the laws of descent and distribution. The TMX Group Special Retention RSU Plan does not provide for automatic accelerated vesting of TMX Group Special Retention RSUs in cases where employment is terminated, upon retirement, or if there is a change of control of TMX Group.

Under the TMX Group Special Retention RSU Plan, the Human Resources Committee may, at any time, subject to any required regulatory approval or shareholder approval, amend, suspend or terminate the plan in whole or in part.

Proposed Changes to the TMX Group RSU Plan and Special Retention RSU Plan under the Merger

Upon completion of the Merger, the TMX Group RSU Plan and Special Retention RSU Plan will be amended to reflect from and after the Effective Date: (i) a conversion of the number of TMX Group RSUs then in each participant's account (including dividend TMX Group RSUs) into Amended RSUs by multiplying each TMX Group RSU and TMX Group Special Retention RSU by 2.9963; (ii) a conversion of the grant price for the TMX Group RSUs and TMX Group Special Retention RSUs into an amended grant price by dividing the grant price by 2.9963; (iii) a reference to Mergeco Shares in substitution for TMX Group Shares to which such Amended RSUs relate; (iv) a reference to dividends accruing on such Amended RSUs as dividends are paid on the Mergeco Shares (in substitution for TMX Group Shares); and (v) that the amount to be paid on redemption of the Amended RSUs will be linked to the fair market value of a Mergeco Share.

No further TMX Group RSUs or TMX Group Special Retention RSUs will be granted under the TMX Group RSU Plan or the TMX Group Special Retention RSU Plan following completion of the Merger.

NEO Incentive Plan Awards

Outstanding Share-Based Awards and Option Based-Awards

The following table sets out the awards outstanding as at December 31, 2010.

Name	Option-based Awards					Share-based Awards ⁽⁵⁾		
	Grant Date	Number of securities underlying unexercised options (#)	Share Option exercise price (\$)	Share Option Expiration Date	Value of unexercised in-the-money Share Options (\$) ⁽⁴⁾	Grant Date	Number of shares or units of shares that have not vested (#)	Minimum Payout (25% of accumulated units)
Thomas A. Kloet ⁽¹⁾	11-Aug-08	50,000	36.464	10-Aug-15	24,800	—	—	—
	06-Feb-09	64,317	31.589	05-Feb-16	345,447	2009	16,768	155,433
	22-Feb-10	61,077	29.519	21-Feb-17	454,474	2010	15,623	137,603
Michael Ptasznik ⁽²⁾	02-Feb-05	9,726	29.636	01-Feb-12	71,233	—	—	—
	10-Feb-06	7,762	49.635	09-Feb-13	—	—	—	—
	09-Feb-07	8,529	53.037	08-Feb-14	—	—	—	—
	22-Feb-08	10,983	45.226	21-Feb-15	—	2008	Paid Jan 14, 2011	27,711
	11-Aug-08	50,000	36.464	10-Aug-15	24,800	—	—	—
	06-Feb-09	28,966	31.589	05-Feb-16	155,576	2009	7,539	69,889
	22-Feb-10	20,345	29.519	21-Feb-17	151,387	2010	5,211	45,899
Kevan Cowan	02-Feb-05	2,160	29.636	01-Feb-12	15,820	—	—	—
	10-Feb-06	4,631	49.635	09-Feb-13	—	—	—	—
	09-Feb-07	6,913	53.037	08-Feb-14	—	—	—	—
	22-Feb-08	8,795	45.226	21-Feb-15	—	2008	Paid Jan 14, 2011	22,147
	06-Feb-09	25,257	31.589	05-Feb-16	135,655	2009	6,590	61,089
	22-Feb-10	22,051	29.519	21-Feb-17	164,081	2010	5,643	49,700
Brenda Hoffman ⁽³⁾	28-Jan-04	2,600	22.403	27-Jan-11	37,848	—	—	—
	02-Feb-05	6,484	29.636	01-Feb-12	47,489	—	—	—
	10-Feb-06	7,354	49.635	09-Feb-13	—	—	—	—
	09-Feb-07	8,078	53.037	08-Feb-14	—	—	—	—
	04-May-07	4,622	43.681	03-May-14	—	—	—	—
	22-Feb-08	10,983	45.226	21-Feb-15	—	2008	Paid Jan 14, 2011	27,711
	06-Feb-09	24,804	31.589	05-Feb-16	133,222	2009	6,469	59,963
	22-Feb-10	18,989	29.519	21-Feb-17	141,297	2010	4,864	42,839
Eric Sinclair	30-Jan-03	18,000	11.102	29-Jan-13	465,444	—	—	—
	28-Jan-04	12,000	22.403	27-Jan-11	174,684	—	—	—
	02-Feb-05	9,726	29.636	01-Feb-12	71,233	—	—	—
	10-Feb-06	7,762	49.635	09-Feb-13	—	—	—	—
	09-Feb-07	8,529	53.037	08-Feb-14	—	—	—	—
	22-Feb-08	8,795	45.226	21-Feb-15	—	2008	Paid Jan 14, 2011	22,147
	06-Feb-09	25,257	31.589	05-Feb-16	135,655	2009	6,590	61,089
	22-Feb-10	21,044	29.519	21-Feb-17	156,588	2010	5,380	47,382

- (1) Mr. Kloet received a Share Option signing bonus upon hire (granted August 11, 2008).
- (2) Mr. Ptasznik was awarded an off-cycle long-term incentive award in 2008 (granted August 11, 2008) to recognize the skill and experience required to transition the new Chief Executive Officer, and also as a means of retention.
- (3) Ms. Hoffman was awarded an off-cycle long-term incentive award in 2007 (granted May 4, 2007) in recognition of her appointment to Senior Vice President and Chief Information Officer.
- (4) The value of unexercised in-the-money Share Options at December 31, 2010 is the difference between the exercise price of the Share Options and the closing price of our TMX Group Shares on Toronto Stock Exchange on December 31, 2010, which was \$36.960 per TMX Group Share.
- (5) The 2008 TMX Group RSUs vested on December 31, 2010 and were paid January 14, 2011 using the fair market value of \$37.079 and the minimum multiplier of 25%. We used the same fair market value and minimum multiplier to calculate the 2009 minimum TMX Group RSU payouts. For 2010 TMX Group RSUs, we used the same minimum multiplier but a 30 day FMV of \$35.231 per plan design. For the 2009 and 2010 minimum payouts, no assumptions were made for future dividend TMX Group RSU credits, and no assumptions were made for the TSR performance based multiplier. As outlined under "TMX Group RSU Plan", upon redemption, we adjust the number of TMX Group RSUs by the TSR performance factor. If target TSR is achieved 100% of TMX Group RSUs

will vest. If target TSR is exceeded, the number of TMX Group RSUs will be adjusted upwards to a maximum of 180% for awards granted prior to 2011. If target TSR is not achieved, the number of TMX Group RSUs will be adjusted downward, to a minimum multiplier of 25% for awards granted prior to 2011.

NEO Share Options Exercised

Our NEOs did not exercise any Share Options in 2010 or 2009.

Name	2010		2009		2008	
	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)
Thomas Kloet	0	0	0	0	0	0
Michael Ptasznik	0	0	0	0	0	0
Kevan Cowan	0	0	0	0	0	0
Brenda Hoffman	0	0	0	0	7,000	194,062
Eric Sinclair	0	0	0	0	0	0

NEO Value Vested or Earned During 2010

The following table sets out the financial year-end incentive plan awards for NEOs where the value has vested or was earned during 2010.

Name	Option-based-awards — value vested during the year (\$) ⁽¹⁾	Share-based-awards — value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation — value earned during the year (\$) ⁽³⁾
Thomas A. Kloet	0	—	700,000
Michael Ptasznik	0	27,711	320,000
Kevan Cowan	0	22,147	350,000
Brenda Hoffman	0	27,711	340,000
Eric Sinclair	0	22,147	320,000

- (1) The value of Share Option holdings was estimated using the closing price on the vesting date or the next trading day if the Share Options vested on a weekend.
- (2) 2008 performance TMX Group RSUs vested on December 31, 2010. These were paid on January 14, 2011 using the minimum multiplier of 25% and a fair market value of \$37.079.
- (3) Under non-equity incentive plan compensation, all figures are annual bonuses.

NEO Share Options and TMX Group RSUs (granted in 2011 for 2010 financial and performance year)

The following table provides details on the Share Options and TMX Group RSU grants that were made to the NEOs, granted in 2011 up to and including May 9, 2011. These are the annual LTIP awards that were approved for performance during the 2010 financial year (granted in 2011).

Name	Share Options ⁽¹⁾				TMX Group RSUs ⁽²⁾⁽³⁾			
	Securities Under Share Options Granted (#)	% of Total Share Options Granted to Employees	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Share Options on the Date of Grant (\$/security)	Expiration Date	Target TMX Group RSUs Granted (#)	Grant Price (\$/TMX Group RSU)	Performance period until maturation or payout
Thomas A. Kloet	91,142	19.1%	\$41.740	\$40.480	February 16, 2018	20,700	\$36.960	December 31, 2013
Michael Ptasznik	22,807	4.8%	\$41.740	\$40.480	February 16, 2018	5,170	\$36.960	December 31, 2013
Kevan Cowan	21,480	4.5%	\$41.740	\$40.480	February 16, 2018	4,880	\$36.960	December 31, 2013
Brenda Hoffman	22,122	4.6%	\$41.740	\$40.480	February 16, 2018	5,030	\$36.960	December 31, 2013
Eric Sinclair	22,122	4.6%	\$41.740	\$40.480	February 16, 2018	5,030	\$36.960	December 31, 2013

- (1) The exercise price of a Share Option will not be less than the fair market value of our TMX Group Shares, being the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange, for the five trading days immediately preceding the effective date of the grant.
- (2) The grant price of a TMX Group RSU is the closing price of one of our TMX Group Shares on Toronto Stock Exchange at the close of business on December 31 or the last trading day of the previous year. To calculate the number of TMX Group RSUs to be granted we divide the compensation value of the TMX Group RSU award by 91.5% of the closing price. The discount reflects the assessment of risk and vesting (the TMX Group RSUs will not vest until December 31st of the second calendar year following the grant date). The closing price on December 31, 2010 was \$36.960 and the number of TMX Group RSUs granted in 2011 was determined by dividing the compensation value of the TMX Group RSU award by the discounted value of \$33.818.
- (3) As outlined under "TMX Group RSU Plan", upon redemption, we adjust the number of TMX Group RSUs by the TSR performance factor. If target TSR is achieved 100% of TMX Group RSUs will vest. For TMX Group RSUs awarded in 2011, if target TSR is exceeded, the number of TMX Group RSUs will be adjusted upwards to a maximum multiplier of 125%. If target TSR is not achieved, the number of TMX Group RSUs will be adjusted downward, to a minimum multiplier of 75%.

NEO TMX Group Special Retention RSU Awards (award granted in 2011)

The following table provides details on the TMX Group Special Retention RSU awards that were made to the NEOs granted February 17, 2011. The compensation value of the award was equal to the aggregate LTIP compensation value awarded for 2010 performance.

Name	TMX Group Special Retention RSU Awards ⁽¹⁾			
	Compensation Value of the Award (\$)	TMX Group Special Retention RSUs Granted (#)	Grant Price (\$/TMX Group RSU)	Vesting Date
Thomas A. Kloet ⁽²⁾	—	—	—	—
Michael Ptasznik	350,000	8,385	\$41.740	February 17, 2014
Kevan Cowan	330,000	7,906	\$41.740	February 17, 2014
Brenda Hoffman	340,000	8,146	\$41.740	February 17, 2014
Eric Sinclair	340,000	8,146	\$41.740	February 17, 2014

- (1) The grant price of a TMX Group Special Retention RSU is the fair market value of our TMX Group Shares, being the weighted average trading price of a TMX Group Share on Toronto Stock Exchange, for the five

trading days immediately preceding the effective date of the grant. The grant date was February 17, 2011 and the fair market value was \$41.740. The number of TMX Group Special Retention RSUs granted was determined by dividing the compensation value of the TMX Group RSU award by the fair market value.

- (2) Mr. Kloet received a special retention TMX Group DSU award under the TMX Group Executive DSU Plan instead. Please see page M-54 for details.

Securities Authorized for Issuance under Equity Compensation Plans

The following table shows, as of December 31, 2010, compensation plans under which our equity securities are authorized to be issued from treasury both for plans previously approved by shareholders and plans not previously approved by shareholders.

The numbers shown under “Equity compensation plans approved by security holders” relate to our TMX Group Option Plan. The numbers shown under “Equity compensation plans not approved by security holders” relate to the MX Replacement Options discussed above. Please refer to the description of the TMX Group Option Plan and the MX Replacement Options under Long-Term Incentive Plans in this Annex M.

Plan category	Number of securities to be issued upon exercise of outstanding Share Options (a)	Weighted average exercise price of outstanding Share Options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,618,116	\$33.66	2,385,495
Equity compensation plans not approved by security holders ⁽¹⁾	60,615	\$49.53	—
Total	1,678,731	\$34.23	2,385,495

- (1) MX Replacement Options under the MX Replacement Option Plan have a separate reserve equal to 162,194, being the number of MX Replacement Options issued on May 1, 2008. There will be no future grants under this plan. Forfeited options do not go back into the reserve.

TMX Group Executive DSU Plan

For the years 2001 and 2002, we awarded grants to officers and director-level employees under the interim bonus plan which we introduced in lieu of a long-term compensation plan for those years. The interim bonus plan provided eligible employees with a deferred award based on our annual financial performance. For officers we converted the deferred awards into deferred share units. A deferred share unit is a bookkeeping entry that is credited to an account maintained by TMX Group for the individual entitled to the deferred share unit. The fair market value of a deferred share unit is based on the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the five trading days before the applicable conversion date. We credit additional deferred share units or fractional deferred share units to an individual’s account to reflect notional equivalents of dividends paid on our TMX Group Shares. The term “**TMX Group DSU**” will refer to the aggregate of deferred share units and additional deferred share units, or fractional deferred share units, credited to reflect notional equivalents of dividends paid on our TMX Group Shares.

We converted the awards for 2001 at our IPO share price of \$9.00, and for 2002 at the share price of \$10.566, the weighted average price for the five trading days before December 31, 2002. The terms governing the TMX Group DSUs granted under the interim bonus plan are otherwise identical to the terms set out below. All TMX Group DSUs granted under the interim bonus plan are now fully vested.

In addition, to assist our officers to meet their equity ownership requirements, we give our officers the opportunity to convert all or part of their STIP award into TMX Group DSUs. See equity ownership requirements on page M-55 for a description of our executives' requirements. We limit this opportunity to those officers who have not yet achieved their required level of equity ownership. Our officers converted the following short-term incentive amounts into TMX Group DSUs:

Year of Deferral	Short-term Incentive Elected for Deferral ⁽¹⁾ (\$)	Fair Market Value per TMX Group DSU (\$)	Number of TMX Group DSUs (#)
2011 ⁽²⁾	300,000	40.779	7,357
2010	—	—	—
2009 ⁽³⁾	233,500	33.509	6,968
2008	202,500	45.515	4,449
2007	29,375	52.205	563
2006	275,000	49.126	5,598
2005	117,200	29.638	3,954
2004	290,000	24.798	11,694

- (1) Represents the previous year's short-term incentive total dollar amount elected for conversion to TMX Group DSUs.
- (2) Mr. Kloet elected in 2009 to defer \$300,000 of his 2010 bonus into TMX Group DSUs, effective February 25, 2011.
- (3) Due to an administrative error, a reversal of Mr. Kloet's previously reported 9,400 TMX Group DSUs was required and his \$315,000 2008 bonus was repaid to him in cash, as well as \$3,380 in interest.

To reflect our changing employee demographics, the TMX Group Executive DSU Plan has been amended to facilitate participation by employees who are United States persons (“**U.S. employees**”). TMX Group DSUs are not transferable or assignable other than by will or the laws of descent and distribution. If a Canadian employee retires or otherwise ceases to be an employee (other than for reason of death), the employee must file a notice of redemption on or before December 15 of the first calendar year which commences after the date of retirement or termination. If a U.S. employee retires or otherwise ceases to be an employee (other than for reason of death), the employee's TMX Group DSUs will be redeemed on the date the employee ceases to be an employee (“**Redemption Date**”). We will then pay the employee a lump sum cash payment (net of any applicable withholdings) equal to the number of TMX Group DSUs as of the filing date (for Canadian employees) or the Redemption Date (for U.S. employees) multiplied by the fair market value per TMX Group Share determined as at the date of filing the notice of redemption or the Redemption Date, as applicable. If an employee dies while employed (or after ceasing to hold all positions but before filing a notice of redemption), then within 90 days (in the case of a Canadian employee) or 30 days (in the case of a U.S. employee) of the employee's death, we must redeem all of the employee's TMX Group DSUs and make a lump sum cash payment to or for the benefit of the legal representative of the

employee. The lump sum payment will be equal to the number of TMX Group DSUs as of the date of the employee's death multiplied by the fair market value per TMX Group Share determined as of the date of the employee's death.

For TMX Group DSUs granted prior to 2010, the fair market value upon redemption is calculated by reference to the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the five trading days immediately preceding the date of retirement, termination or death. Starting with TMX Group DSUs issued in 2010, the fair market value upon redemption will be calculated by reference to the weighted average trading price of our TMX Group Shares on Toronto Stock Exchange for the thirty trading days immediately preceding such date.

Under the TMX Group Executive DSU Plan, the Human Resources Committee may, at any time, subject to any required regulatory approval or shareholder approval, amend, suspend or terminate the TMX Group Executive DSU Plan in whole or in part.

NEO Special Retention TMX Group DSU Award (award granted in 2011)

In connection with the Merger, the Chief Executive Officer was awarded a special retention TMX Group DSU award with a compensation value of \$1,400,000. The award value was based on the aggregate LTIP awarded for 2010 performance. The following table provides details on the special retention TMX Group DSU award that was granted February 17, 2011 under the TMX Group Executive DSU Plan.

Name	Special Retention TMX Group DSU Award ⁽¹⁾		
	TMX Group DSUs Granted (#)	Grant Price (\$/TMX Group DSU)	Vesting Date
Thomas A. Kloet	33,541	\$41.740	February 17, 2014

(1) The grant price of a TMX Group DSU under the special retention award was the fair market value of our TMX Group Shares, being the weighted average trading price of a TMX Group Share on Toronto Stock Exchange, for the five trading days immediately preceding the effective date of the grant. The grant date was February 17, 2011 and the fair market value was \$41.740. The number of TMX Group DSUs granted was determined by dividing the compensation value of the award by the fair market value.

The special retention TMX Group DSUs are subject to the terms and conditions of the regular TMX Group DSU Plan with the following exceptions:

- The special retention TMX Group DSUs are not immediately vested. 100% of the special retention TMX Group DSUs will vest on the third anniversary of the effective date of the grant.
- 100% of the special retention TMX Group DSUs will be forfeited without compensation if (1) the Chief Executive Officer triggers termination of employment with TMX Group prior to the date on which the special retention TMX Group DSUs vest; (2) TMX Group terminates employment for any reason prior to the date on which the special retention TMX Group DSUs vest; (3) employment with TMX Group is terminated with cause; or (4) the Chief Executive Officer ceases to be employed by TMX Group due to retirement or due to death.

Proposed Changes to the TMX Group DSU Plans Under the Merger

Upon completion of the Merger, the TMX Group DSU Plan, which for greater certainty, refers to both the TMX Group deferred executives' share unit plan dated February 10, 2010 or the deferred share unit plan for non executive Directors dated March 3, 2010, will be amended to reflect, from and after the Effective Date: (i) a conversion of the number of TMX Group DSUs then in each participant's account (including dividend TMX Group DSUs) into Amended DSUs by multiplying each TMX Group DSU by 2.9963; (ii) a reference to Mergeco Shares in substitution for TMX Group Shares to which such Amended DSUs relate; (iii) a reference to dividends accruing on such Amended DSUs as dividends are paid on the Mergeco Shares (in substitution for TMX Group Shares); and (iv) that the amount to be paid on redemption of the Amended DSUs will be linked to the fair market value of a Mergeco Share.

No further TMX Group DSUs will be granted under the TMX Group DSU Plan following completion of the Merger.

Equity Ownership Requirements

To further align the interests of our officers with those of our Shareholders we mandate minimum equity ownership for each of our officers, including the NEOs.

We require officers to achieve a level of equity ownership that is a multiple of one to three times base salary depending on job level as follows:

Chief Executive Officer	three times salary
Presidents/Senior Vice Presidents	two times salary
Vice Presidents	one times salary

The officers must meet the minimum level of ownership over a four-year period (prior to January 2009 for Presidents/Senior Vice Presidents and Vice Presidents and prior to February 2010 for the Chief Executive Officer, the period to achieve the minimum ownership requirement was three years). Since January 2009, once equity ownership levels have been attained, we do not require additional shares to be purchased to offset subsequent decreases in market value.

In addition to TMX Group Shares, we include TMX Group DSUs and additional TMX Group DSUs, or fractional TMX Group DSUs, credited to reflect notional equivalents of dividends paid on our TMX Group Shares for purposes of satisfying an officer's equity ownership requirement.

Officers who have not yet met their equity ownership requirements have the option to convert all or part of their STIP award into TMX Group DSUs. This option is only available until equity ownership levels are reached.

The Chief Executive Officer is required to pre-disclose to the public the intention to sell or purchase TMX Group Shares, including the exercise of Share Options. The disclosure must occur no less than two Business Days prior to the transaction.

The following table sets forth the equity ownership information for the NEOs as at May 9, 2011.

Name	TMX Group Shares		TMX Group DSUs		Total Equity Ownership (\$)	Multiple of Salary
	(#)	(\$) ⁽¹⁾	(#)	(\$) ⁽²⁾		
Thomas A. Kloet ⁽³⁾	17,500	706,650	41,316	1,700,000	2,406,650	3.4
Michael Ptasznik	11,903	480,660	27,338	1,094,868	1,575,528	4.1
Kevan Cowan	13,529	546,315	13,983	560,017	1,106,332	3.0
Brenda Hoffman	3,522	142,223	41,960	1,680,509	1,822,732	4.9
Eric Sinclair	7,775	313,940	9,272	371,333	685,273	2.1

- (1) To calculate ownership levels, we used the greater of book value or the closing price for our TMX Group Shares on Toronto Stock Exchange on May 9, 2011. The closing price of our TMX Group Shares on May 9, 2011 was \$40.380.
- (2) To calculate ownership levels, we used the greater of the original TMX Group DSU grant or conversion value, or the value based on the fair market value of a TMX Group DSU on May 9, 2011. The fair market value of a TMX Group DSU on May 9, 2011 was \$40.050, the weighted-average trading price of our TMX Group Shares on Toronto Stock Exchange for the five trading days immediately preceding the effective date. For Mr. Kloet, the original TMX Group DSU grant and conversion values were included, and for all other NEOs with TMX Group DSUs, the fair market value was used.
- (3) Due to an administrative error, a reversal of Mr. Kloet's previously reported 9,400 TMX Group DSUs was required and his \$315,000 2008 bonus was repaid to him in cash, as well as \$3,380 in interest. Mr. Kloet opted to defer \$300,000 of his 2010 bonus to TMX Group DSUs in 2011. In addition, he was awarded 33,541 special retention TMX Group DSUs in 2011.

Pension Plans

Effective April 28, 2009, the TMX Group pension plan was amended to close the defined benefit component to new executive members and a new defined contribution component was created for executive members who are hired or promoted to executive positions on or after April 28, 2009.

The NEOs, with the exception of Mr. Kloet, participate as non-contributory members in the defined benefit component of our registered pension plan for employees. The pension benefit under the registered pension plan will be limited to the maximum amount prescribed under the Canadian Tax Act. TMX Group also maintains a non-contributory supplementary retirement plan for executive officers and other members of senior management. The supplementary retirement plan provides the portion of the pension benefits that exceed the maximum permitted under the defined benefits tier of the registered pension plan. Benefits provided by the supplementary retirement plan are securely funded through a Registered Compensation Agreement.

If an NEO (with the exception of Mr. Kloet) retires on the normal retirement date, the amount of annual pension from the registered pension plan and supplementary retirement plan combined will be 2% of the average of the best three consecutive years of pensionable earnings multiplied by credited years of service, subject to a maximum annual pension of 100% of final salary. Pensionable earnings refers to base salary plus short term incentive bonus, with the amount of bonus being capped at 50% of salary for the NEOs, commencing in 2006.

All NEOs (with the exception of Mr. Kloet) may take early retirement on or after the first day of the month after their 55th birthday, in which case they will be entitled to receive a reduced

pension. The amount of pension that is payable will be reduced by ¼% for each month between such early retirement date and the earlier of age 60 or when age plus service equals 85. All NEOs who have not retired and are over the age of 55 may retire with full pension at the earlier of age 60 or when age plus service equals 85. The pension benefit is payable for life, with 120 monthly payments guaranteed if there is no surviving spouse or 60% continuance for a surviving spouse. In addition, NEOs are guaranteed the greater of the commuted value of their accrued pension benefit and the amount equivalent to 10% of their pensionable earnings accumulated each year with interest while a member of the supplementary retirement plan.

Mr. Kloet participates in a non-contributory supplementary pension plan that is funded through a retirement compensation arrangement. The total pension payable from the supplementary retirement plan will be 2% of the average of the best three consecutive years of pensionable earnings multiplied by credited years of service, subject to a maximum annual pension of 100% of final salary. Pensionable earnings refer to base salary plus short term incentive bonus, with the amount of bonus being capped at 50% of salary.

Mr. Kloet may take early retirement on or after the first day of the month after his 55th birthday, in which case he will be entitled to receive a reduced pension. The amount of pension that is payable will be reduced by ¼% for each month between such early retirement date and the earlier of age 60 or when age plus service equals 85. If Mr. Kloet has not retired and is over the age of 55 he may retire with full pension at the earlier of age 60 or when his age plus service equals 85. The pension benefit is payable in a lump sum equal to the commuted value of the annual pension determined in respect of the member. Mr. Kloet is guaranteed the greater of the commuted value of his accrued pension benefit and the amount equivalent to 10% of his pensionable earnings accumulated each year with interest while a member of the supplementary retirement plan.

The following table shows the annual retirement benefits payable to the NEOs upon retirement at age 65 based on the above described pension formulae (exclusive of the amounts paid under the Canada Pension Plan or the Quebec Pension Plan):

Name	Number of Years Credited Service (#)	Annual Benefits Payable (\$)		Accrued Obligation At Start of Year (\$) ⁽¹⁾	Compensatory Change (\$) ⁽²⁾	Non-Compensatory Change (\$) ⁽³⁾	Accrued Obligation At Year End (\$) ⁽⁴⁾
		At Year End	At Age 65				
Thomas A. Kloet	2.5	51,839	312,589	270,001	165,877	137,417	573,295
Michael Ptasznik	12.2	130,792	361,917	876,964	38,622	427,239	1,342,825
Kevan Cowan	9.0	85,350	231,552	633,168	49,306	251,676	934,150
Brenda Hoffman	9.9	106,466	290,216	727,876	48,283	311,030	1,087,189
Eric Sinclair	7.9	69,667	185,534	508,443	106,845	194,646	809,934

- (1) Accrued obligation at Start of Year is the value of the projected pension earned for service up to December 31, 2009 determined using the same actuarial assumption used to calculate the pension plan obligations at December 31, 2009, as disclosed in the notes to the 2009 financial statements.
- (2) The values shown under the column headed Compensatory Change include the value of the projected pension earned for service in the year using the same actuarial methods and assumptions used to calculate the current service cost for the 2010 pension expense disclosed in the 2010 financial statements plus the increase or decrease in the accrued obligation due to the difference between actual compensation in the year and the actuarial assumption for the year that was assumed at the end of the prior year.
- (3) The values shown under the column headed Non-Compensatory Change include amounts attributable to interest accruing on the beginning-of-year obligation, experience gains and losses other than those associated with compensation levels and changes in actuarial assumptions.

- (4) Accrued Obligation at Year End is the value of the projected pension earned for service up to December 31, 2010 determined using the same actuarial assumption used to calculate the pension plan obligations at December 31, 2010, as disclosed in the notes to the 2010 financial statements.

Employment Contracts and Severance Arrangements

We have an employment agreement with Mr. Kloet. The following table summarizes the terms of the current agreement.

Effective Date	Entered into arrangement on June 9, 2008, with an employment start date of July 14, 2008.
Signing Bonus and Compensatory Payment	Received a signing bonus in August 2008 of 50,000 Share Options (which cliff vest three years from the date of grant). The value of this award using the Black Scholes methodology was \$568,500. In addition, to compensate for the forfeited bonus opportunity at his previous employer he was paid a cash lump sum payment of \$300,000.
Base Salary	\$700,000 (reviewed on an annual basis and may be increased upon recommendation by the TMX Group Board, in their sole discretion).
Variable Compensation (STIP and LTIP)	Performance will be assessed against achievement of annual financial and non-financial goals, using performance measures upon which the incumbent and the TMX Group Board have agreed. Short-term incentive/bonus target is 75% of base salary with a maximum award of 150% of base salary. Effective for the 2011 performance year, short-term incentive target is 100% of base salary. Notwithstanding the foregoing, for the 2008 year, the STIP award was guaranteed to be not less than target (75% of Base Salary or \$525,000). Eligible to participate in the TMX LTIP. LTIP awards are granted at the sole discretion of the TMX Group Board, typically at the beginning of the calendar year.
Pension	Participates in a non-contributory supplementary pension plan, as described on page M-56 of this Annex M.
Relocation and Tax/ Legal Advice	As required to relocate to the vicinity of Toronto, eligible for relocation assistance in accordance with TMX Group's Relocation Assistance program to a maximum of \$25,000. In addition, to assist in the relocation, TMX Group would pay the cost of renting temporary accommodation in, and travel to, Toronto for up to six months, to a maximum of \$10,000 per month.

	<p>To assist in the evaluation of the job offer, and in preparation of his first year's Canadian and U.S. tax returns, provided a one-time payment of up to \$35,000 for tax and/or legal advice.</p> <p>See also Termination without Cause and Resignation for additional relocation allowance.</p>
Termination without Cause	<p>In the event of termination without cause, entitled to a lump sum payment equal to one times total cash remuneration (current Base Salary and STIP at target) plus any earned unpaid STIP at target year to date.</p> <p>Continuation of coverage and TMX Group payment of healthcare, dental, vision care and emergency travel accident insurance benefits for 12 months.</p> <p>If terminated prior to the vesting of the Share Option signing bonus, will receive a cash payment equal to the in-the-money value of the signing bonus based on the fair market value of our TMX Group Shares on the effective date of termination.</p> <p>In addition, if Mr. Kloet's employment is terminated without cause within three years of employment date, he is eligible to receive up to \$25,000 to assist in relocating out of Canada.</p>
Resignation	<p>Has option to terminate employment by providing thirty (30) days written notice. No special termination payment under this scenario other than salary and vacation unpaid by the date of termination. In addition, if Mr. Kloet resigns within three years of employment date, he is eligible to receive up to \$25,000 to assist in relocating out of Canada.</p>
Change of Control	<p>No change of control provisions.</p>
Equity Ownership & Requirement to pre-disclose	<p>Required to achieve a minimum equity ownership level of three times base salary over a four-year period, and to maintain this level of ownership for the duration of employment. As Chief Executive Officer, also required to pre-disclose the intention to sell or purchase TMX Group Shares, including the exercise of Share Options during employment.</p>
Non-Competition and Non-Solicitation	<p>Non-competition and non-solicitation is 12 months in Canada and the United States. Scope includes the operation of businesses and markets across multiple asset classes including a senior equity market, a public venture equity market, energy markets, currency, interest rate, index and equity derivatives markets, equity options markets and businesses or markets in fixed income products, data distribution products, investor relations and environmental products as it exists at the date of executing the agreement or at the date of termination or resignation.</p>

In connection with the Merger, Mr. Kloet entered into an addendum to his employment agreement, which, upon completion of the Merger, amends certain sections of Mr. Kloet's current employment agreement with TMX Group. With the exception of the special retention TMX Group DSUs granted to Mr. Kloet in February 17, 2011, the following table summarizes the changes to Mr. Kloet's employment agreement upon the Merger being successfully completed.

Effective Date	Unless otherwise stated, is effective upon the completion date of the Merger.
Post-Merger Position	Mr. Kloet will continue to hold the position of Chief Executive Officer of TMX Group and will become the President of Mergeco. Mr. Kloet will also be appointed to the board of Mergeco.
Grant of special retention TMX Group DSUs	Mr. Kloet was granted TMX Group DSUs under the TMX Group Executive DSU Plan having a grant value of \$1,400,000 on February 17, 2011. See page M-54 for details.
Company Initiated Termination without Cause / Executive Initiated Termination	<p>In the event of termination of Mr. Kloet's employment by Mergeco without cause during the term of his employment agreement (or upon resignation during the period that is between twelve months from the Effective Date and the date that is thirty days from the end of such twelve month period (the "Resignation Window")), Mr. Kloet will be entitled to receive: (1) all termination payments specified in his current employment agreement, being (A) a lump sum payment equal to his total cash remuneration (being his current base salary and short-term incentive plan at target which is 100% of base salary) plus pro-rated incentive awards at target year to date, (B) continuation of pension and certain benefits for twelve months, (C) if terminated prior to 11 August 2011, a cash payment equal to the in-the-money value of Mr. Kloet's signing bonus (50,000 share options valued at the time of grant to be C\$568,500), and (D) if terminated prior to 14 July 2011, an amount up to C\$25,000 to assist in relocating out of Canada (collectively, the "Existing Termination Payments"); and (2) continued coverage of U.S. health insurance for twelve months.</p> <p>Additionally, all unvested Share Options and TMX Group RSUs granted prior to the Effective Date will be forfeited on termination. Mr. Kloet will receive a cash amount equal to the compensation value (attributed to the respective awards at the time of grant) of such forfeited unvested Share Options and TMX Group RSUs (less applicable withholdings).</p>

	If Mr. Kloet resigns outside of the Resignation Window, he will be entitled only to the Existing Termination Payments and to regular treatment of Share Options and TMX Group RSUs in accordance with the rules of those plans but not the cash payment in lieu of forfeiture of unvested Share Options and TMX Group RSUs. If Mr. Kloet secures employment elsewhere within twelve months following termination, coverage under all pension and benefits programs maintained by TMX Group (or the Merged Group following completion of the Merger) will immediately cease.
Equity Ownership & Requirement to pre-disclose	As President of Mergeco, Mr. Kloet is to achieve a minimum share ownership that is one (1) times Base Salary or equivalent to that of the Chief Executive Officer of Mergeco, whichever is greater. This requirement must be met within a three year period from the effective date of the Merger.
Non-Competition and Non-Solicitation	Effective from date of acceptance of Addendum, non-compete is 6 months in the EEA or North America, and non-solicit is 12 months. Scope shall mean the operation of markets or exchanges in the EEA or North America, including, without limitation, a senior equity market, public venture equity market, energy market, currency, interest rate, index or equity derivatives market, equity options market and businesses or markets in fixed income products, date distribution products, investor relations and environmental products.

The following table summarizes the estimated severance payment and other related payments Mr. Kloet would receive under his original employment agreement effective December 31, 2010.

Name	Termination Scenario (1)(2)	Estimated Severance Payment (\$)	TMX Group RSU Payment (\$)	Signing Grant Provision (\$)	Total payments triggered by termination ⁽⁶⁾⁽⁷⁾ (\$)
Thomas A. Kloet	Termination without Cause	1,750,000 ⁽³⁾	660,969 ⁽⁴⁾	30,750 ⁽⁵⁾	2,441,719
	Resignation	—	—	—	—
	With Cause	—	—	—	—

- (1) Assumes termination date of December 31, 2010 and excludes any costs provided for under the 2011 addendum to his employment agreement.
- (2) Schedule C provides a summary of how salary, STIP, TMX Group RSUs, Share Options, TMX Group DSUs and other benefits and perquisites would be treated under the various termination scenarios.
- (3) Mr. Kloet's termination without cause estimated severance payment includes:
 - One-times his current base salary (\$700,000) plus target STIP (\$525,000).
 - Earned but unpaid STIP at target (\$525,000).
- (4) A pro-rated TMX Group RSU payment treated in accordance with the plan document. Assuming a December 31, 2010 termination date, Mr. Kloet's pro-rated TMX Group RSU payment would be \$660,969 using the December 31, 2010 5 day fair market value of \$37.079 for his 2009 TMX Group RSUs and a 30 day FMV of \$35.231 for his 2010 TMX Group RSUs.
- (5) Mr. Kloet's signing bonus of 50,000 Share Options (August 11, 2008 grant date) were not vested and would be forfeited upon termination date. In the event that we terminate him without cause prior to the vesting of the signing grant (August 11, 2011),

we are required to pay him an amount equal to the in-the-money value of the signing bonus calculated based on the fair market value of our TMX Group Shares on the effective date of termination. Effective December 31, 2010 the in-the-money value was \$30,750 (grant price was \$36.464, and the fair market value on December 31, 2010 was \$37.079).

- (6) All other Share Options would be treated in accordance with the plan document. These amounts are not included in the table above. Assuming a December 31, 2010 termination date:
- Mr. Kloet's 2009 annual grant of 61,077 Share Options would be forfeited (granted February 22, 2010) assuming a December 31, 2010 termination date.
 - Mr. Kloet would have 90 days to exercise 21,439 Share Options from his 2008 grant that were vested on December 31, 2010. Effective December 31, 2010 the estimated value was \$117,700 (grant price was \$31.589, and the fair market value on December 31, 2010 was \$37.079). 42,878 un-vested Share Options would be forfeited.
- (7) In addition, in the event that Mr. Kloet is terminated without cause or resigns within three years of his employment date, he is eligible for up to \$25,000 to relocate out of Canada. Also, Mr. Kloet's coverage of healthcare, dental, vision care and emergency travel accident insurance would continue for 12 months at an estimated cost of \$5,000. These amounts are not included in the table above. His perquisites would cease on the date of termination.
- (8) Subject to the successful completion of the Merger, severance and other related payment calculations shown above would be adjusted, or replaced, to reflect the amended provisions in Mr. Kloet's employment agreement addendum.

Retention Arrangements for other NEOs

In connection with the Merger, TMX Group is entering into retention arrangements with certain of its executive officers, including Brenda Hoffman and Eric Sinclair.

Ms. Hoffman's retention arrangement provides for the following:

- Should the Merger be successfully completed and Ms. Hoffman is subsequently terminated (other than with cause), she will be entitled to:
 - 14 months' salary and bonus, payable over a 14-month cycle in periodic instalments;
 - continued benefit coverage (including perquisite allowance) for 14 months following actual termination date, with the exception of short-term and long-term disability benefits, which will cease upon the expiry of the statutory notice period; and
 - continued accrual of credited service under the TMX Group Pension Plan and the Supplementary Income Plan for Executive Employees of TMX Group for 14 months following actual termination date.
- Notwithstanding the foregoing, if Ms. Hoffman becomes employed by another employer within 14 months following termination, coverage under all pension and benefits programs maintained by TMX Group shall immediately cease. In such event, Ms. Hoffman would be entitled to a lump sum payment equal to the unpaid payments in respect of salary and bonus referred to above, less applicable withholdings.
- All Share Options and TMX Group RSUs that are unvested at the time of termination are forfeited and 50% of the granted compensation value, excluding the TMX Group Special Retention RSUs, is paid out in cash (subject to applicable withholdings) in event of termination of Ms. Hoffman (other than for cause).
- Should the Merger be successfully completed and Ms. Hoffman elects to terminate her employment with TMX Group no later than the first anniversary of closing of the Merger, she would be entitled to the same severance arrangements noted above except with respect to LTIP (no entitlement to cash payment referred to above).

- Should the Merger be successfully completed and Ms. Hoffman elects to terminate her employment with TMX Group during the “resignation window” (12 months plus 30-day period after closing of the Merger), she would be entitled to the above-described severance arrangements for a termination by TMX Group.
- All LTIP awards that are unvested at the time of termination are forfeited and 50% of the granted compensation value, excluding the TMX Group Special Retention RSUs, is paid out in cash (subject to applicable withholdings) in the event Ms. Hoffman chooses to terminate her employment during the resignation window.
- All of the above arrangements are forfeited if, prior to expiry of the resignation window, Ms. Hoffman is offered a new position in the Merged Group and she accepts such position.
- The granting of a forgivable loan to Ms. Hoffman in the amount of \$376,700. The loan is forgivable in full on the earliest of: (i) the date Ms. Hoffman is terminated (excluding a with cause termination or resignation); (ii) the eighteen month anniversary of the execution of the Merger Agreement; or (iii) the one year anniversary of the closing of the Merger. Should the Merger be successfully completed and Ms. Hoffman elects to terminate her employment with TMX Group after closing of the Merger, but prior to the one year anniversary of the closing, she will be required to repay a prorated portion of the loan to TMX Group.

Mr. Sinclair’s retention arrangement provides for the following:

- Should the Merger be successfully completed and Mr. Sinclair is subsequently terminated (other than with cause), he will be entitled to:
 - one year’s salary and bonus, payable over a 12-month cycle in periodic instalments;
 - continued benefit coverage (including perquisite allowance) for 12 months following actual termination date, with the exception of short-term and long-term disability benefits, which will cease upon the expiry of the statutory notice period; and
 - continued accrual of credited service under the TMX Group Pension Plan and the Supplementary Income Plan for Executive Employees of TMX Group for 12 months following actual termination date.
- Notwithstanding the foregoing, if Mr. Sinclair becomes employed by another employer within 12 months following termination, coverage under all pension and benefits programs maintained by TMX Group shall immediately cease. In such event, Mr. Sinclair would be entitled to a lump sum payment equal to the unpaid payments in respect of salary and bonus referred to above, less applicable withholdings.
- All Share Options and TMX Group RSUs that are unvested at the time of termination are forfeited and 100% of the granted compensation value, excluding the TMX Group Special Retention RSUs, is paid out in cash (subject to applicable withholdings) in event of termination of Mr. Sinclair (other than for cause).
- Should the Merger be successfully completed and Mr. Sinclair elects to terminate his employment with TMX Group no later than the first anniversary of closing of the

Merger, he would be entitled to the same severance arrangements noted above except with respect to LTIP (no entitlement to cash payment referred to above).

- Should the Merger be successfully completed and Mr. Sinclair elects to terminate his employment with TMX Group during the “resignation window” (12 months plus 30-day period after closing of the Merger), he would be entitled to the above-described severance arrangements for a termination by TMX Group.
- All LTIP awards that are unvested at the time of termination are forfeited and 100% of the granted compensation value, excluding the TMX Group Special Retention RSUs, is paid out in cash (subject to applicable withholdings) in the event Mr. Sinclair chooses to terminate his employment during the resignation window.
- The above arrangements are forfeited if, prior to expiry of the resignation window, Mr. Sinclair is offered a specified new position in the Merged Group and he accepts such position.

Directors’ and Officers’ Liability Insurance

Directors, officers, certain of our employees and persons appointed to act on our behalf (the “**Insured Group**”) are covered under Directors’ and Officers’ Liability Insurance policies. The policies include coverage for wrongful acts claimed against the Insured Group by reason of their serving in those capacities. The aggregate limit of liability applicable to the Insured Group under the insurance policies is \$50 million, including defence costs. If we have to indemnify the Insured Group, we have reimbursement coverage over a deductible of \$500,000 for each loss. The premium for the Directors’ and Officers’ liability insurance was \$250,975 for the May 1, 2010 to April 30, 2011 policy year.

For further information with respect to TMX Group’s Directors’ and officers’ liability insurance requirements upon completion of the Merger, see “Description of the Merger — Interests of Officers and Directors in the Merger”.

TMX Group’s by-laws also require us to indemnify our Directors and officers, and we have entered into indemnification agreements with our Directors, officers and certain employees which indemnify them from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain limitations.

Indebtedness of Directors and Officers

None of our Directors or officers were indebted to us as at December 31, 2010 or at any time during 2010.

Additional Items

Available Documentation

We are a reporting issuer under the securities acts of all of the provinces and territories of Canada and we are therefore required to file consolidated financial statements and information circulars with the various securities commissions. We have filed our annual information form with those securities commissions which, among other things, contained all of the disclosure

required by Form 52-110F1 under National Instrument 52-110 — *Audit Committees*. We provide additional financial information in our comparative financial statements for our most recently completed financial year and our management's discussion and analysis, contained in our 2010 Annual Report. The Circular, including this Annex M, annual information form, annual consolidated financial statements and the related annual management's discussion and analysis, our 2010 Annual Report and any interim financial statements, along with the related interim management's discussion and analysis filed after the filing of the most recent annual financial statements may be found on SEDAR at www.sedar.com and on our website at www.tmx.com. You may also obtain these documents by contacting our Investor Relations Department by e-mail at shareholder@tmx.com.

Finance and Audit Committee

The Finance and Audit Committee of the TMX Group Board is composed entirely of independent Directors who meet the independence and financial literacy requirements set out in National Instrument 52-110 — *Audit Committees*. The Finance and Audit Committee is composed of five Directors: J. Spencer Lanthier (Chair), Raymond Chan, Denyse Chicoyne, Harry A. Jaako and Kathleen M. O'Neill. The committee's complete Charter is available on our website at www.tmx.com.

The Finance and Audit Committee assists the TMX Group Board in fulfilling its responsibilities to oversee and supervise financial, audit and accounting matters. The committee supervises the adequacy of our internal controls and financial reporting practices and procedures and the quality and integrity of our audited and unaudited financial statements, including through discussions with our external auditor. The committee reviews our business plan and operating and capital budgets and management's reports on pension plan oversight. The committee is responsible for ensuring efficient and effective assessment of risk and its management throughout TMX Group.

Corporate Governance

Under National Instrument 58-101 — Disclosure of Corporate Governance Practices, we are required to disclose information relating to our corporate governance practices. Our disclosure is set out in Schedule B to this Annex M and an overview of our corporate governance practices is contained under the heading "Statement of Corporate Governance Practices" in our 2010 Annual Report.

The Charter of the TMX Group Board, which includes the principal responsibilities of the Chair of the TMX Group Board and the Chief Executive Officer is attached as Schedule E to this Annex M. The charter for each Committee of the TMX Group Board is available on our website at www.tmx.com under the Investor Relations tab. The Code of Conduct for Directors of TMX Group and the Code of Conduct for Employees of TMX Group are also available in the same location and on SEDAR at www.sedar.com.

Communication with the TMX Group Board

Shareholders who would like to communicate with the TMX Group Board should contact us using email at shareholder@tmx.com. Your communication will be provided to the TMX Group Board for its consideration and response, if required.

**SCHEDULE A
RECORD OF ATTENDANCE BY DIRECTORS IN 2010**

The TMX Group Board is expected to attend all regularly scheduled TMX Group Board and Committee meetings and, where practicable, all special meetings, and be, in all cases fully prepared for those meetings.

Attendance by TMX Group Board/Committee					
TMX Group Board/ Committee	Number of Regular Scheduled Meetings	Number of Special Meetings	Total Number of Regular and Special Meetings	Attendance at all Meetings	Attendance at Regularly Scheduled Meetings ⁽¹⁾
TMX Group Board	9	8	17	95%	99%
Finance and Audit Committee	5	4	9	100%	100%
Governance Committee	4	0	4	100%	100%
Human Resources Committee	5	1	6	97%	100%
Public Venture Market Committee	3	0	3	92%	92%

Attendance by Director									
Director	All Meetings						Regularly Scheduled Meetings		
	TMX Group Board	Finance & Audit Committee	Governance Committee	Human Resources Committee	Public Venture Market Committee	Total		Total	
Wayne Fox	17/17		4/4	6/6		27/27	100%	18/18	100%
Tullio Cedraschi	16/17		4/4	6/6		26/27	96%	18/18	100%
Raymond Chan	16/17	9/9		6/6		31/32	97%	19/19	100%
Denyse Chicoyne	17/17	9/9				26/26	100%	14/14	100%
John A. Hagg	16/17			6/6	3/3	25/26	96%	14/14	100%
Harry A. Jaako	15/17	9/9			3/3	27/29	93%	16/17	94%
Thomas A. Kloet	17/17					17/17	100%	9/9	100%
J. Spencer Lanthier	15/17	9/9	4/4			28/30	93%	18/18	100%
Jean Martel	16/17				2/3	18/20	90%	11/12	92%
John P. Mulvihill	16/17		4/4			20/21	95%	13/13	100%
Kathleen M. O'Neill	17/17	9/9	4/4			30/30	100%	18/18	100%
Gerri B. Sinclair	17/17			5/6	3/3	25/26	96%	17/17	100%
Jean Turmel	14/17		4/4			18/21	86%	13/13	100%
Laurent Verreault	17/17			6/6		23/23	100%	14/14	100%

(1) TMX Group Board and Committee meeting dates are scheduled more than a year in advance. The attendance record for "all meetings" includes special meetings of the TMX Group Board and each Committee while the attendance record for "regularly scheduled meetings" does not.

SCHEDULE B CORPORATE GOVERNANCE PRACTICES

We believe that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. Our 2010 Annual Report contains an overview of our corporate governance practices. Our corporate governance practices are aligned with National Instrument 58-101 — Disclosure of Corporate Governance Practices (the “National Instrument”) and National Policy 58-201 — Corporate Governance Guidelines. All information is as at May 9, 2011, unless otherwise indicated.

Board of Directors

1. (a) *Disclose the identity of directors who are independent.*

Of our nominees for the TMX Group Board, 11 out of 12 or approximately 92% are independent under the National Instrument, TMX Group’s recognition order issued by the Ontario Securities Commission (the “**Recognition Order**”) and under the TMX Group Board of Directors Independence Standards. In determining independence, we also consider those independence standards that apply to our subsidiaries, TSX Inc., TSX Venture Exchange Inc. and MX. Our independent nominees for election to the TMX Group Board are: Tullio Cedraschi, Raymond Chan, Denyse Chicoyne, Wayne C. Fox, John A. Hagg, Harry A. Jaako, J. Spencer Lanthier, Jean Martel, John P. Mulvihill, Kathleen M. O’Neill and Gerri B. Sinclair.

(b) *Disclose the identity of directors who are not independent, and describe the basis for that determination.*

A Director is not independent under the Recognition Order and the TMX Group Board of Directors Independence Standards if the Director has a material relationship with TMX Group. A “material relationship” is a relationship, which could, in the view of the TMX Group Board, be reasonably expected to interfere with the exercise of a Director’s independent judgment and includes indirect material relationships. A Director who is an employee, associate (within the meaning outlined in the applicable Board Independence Standards, or executive officer of a Participating Organization or Member of Toronto Stock Exchange or TSX Venture Exchange, or an Approved Participant or Foreign Approved Participant of MX (collectively, “POs”) is considered to have a material relationship with TMX Group. A PO is a broker dealer which is permitted access to the facilities of Toronto Stock Exchange, TSX Venture Exchange or MX for the purpose of trading securities including derivatives contracts on those exchanges. The TMX Group Board has determined that a non-independent Director under the Recognition Order and the TMX Group Board of Directors Independence Standards is to be considered a non-independent Director under the National Instrument. The Recognition Order requires that at least 50% of TMX Group’s Directors be independent. The TMX Group Board of Directors Independence Standards can be found on our website at www.tmx.com.

One nominee for election to the TMX Group Board, Mr. Kloet, is not an independent Director under the National Instrument and the Recognition Order. Mr. Kloet is the Chief Executive Officer of TMX Group.

The Governance Committee on at least an annual basis reviews the relationship of each Director with TMX Group to determine which Directors are independent under the National Instrument, the Recognition Order and the TMX Group Board of Directors Independence Standards. A review is also undertaken each time a Director is appointed between annual shareholders meetings. The Governance Committee advises the TMX Group Board of its findings, for consideration by the TMX Group Board.

To assist the Governance Committee and the TMX Group Board with their determinations, all Directors annually complete a detailed questionnaire about their business relationships and shareholdings, and advise us during the course of the year of any material changes to their responses.

- (c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

Of the nominees for the TMX Group Board, 11 out of 12 or approximately 92% are independent under the National Instrument, TMX Group's Recognition Order and the TMX Group Board of Directors Independence Standards.

- (d) *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

Certain of TMX Group's Directors are Directors of other reporting issuers. Please refer to the Directors' personal information beginning on page M-2 of this Annex M for directorships of other reporting issuers for each Director.

- (e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

At each TMX Group Board and Committee meeting, the independent Directors hold regularly scheduled meetings at which non-independent Directors and management are not present. During 2010, the TMX Group Board and its Committees held 39 meetings of solely independent Directors as follows:

TMX Group Board	17
Finance and Audit	9
Governance	4
Human Resources	6
Public Venture Market	3

- (f) *Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent, nor a lead director that is independent describe what the board does to provide leadership for its independent directors.*

Wayne C. Fox is the Chair of the TMX Group Board and an independent Director. The Chair of the TMX Group Board is selected by the TMX Group Board from the Directors elected by the shareholders. He provides leadership to the TMX Group Board in matters relating to the effective execution of all TMX Group Board responsibilities and works with the Chief Executive Officer to ensure that the organization fulfills its responsibilities to stakeholders including shareholders, employees, customers, regulatory agencies, governments and the public. His responsibilities are set out in the TMX Group Board's Charter which is attached hereto as Schedule E and can also be found on our website at www.tmx.com.

- (g) *Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.*

Please refer to Schedule A — Record of Attendance by Directors in 2010 on page M-66 of this Annex M.

2. *Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.*

The text of the TMX Group Board's Charter is attached hereto as Schedule E and can also be found on our website at www.tmx.com. The Charter is reviewed at least annually.

3. (a) *Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.*

The TMX Group Board has developed written position descriptions for the Chair of the TMX Group Board and the chair of each TMX Group Board committee. The descriptions are set out in their respective charters. The TMX Group Board Charter is attached hereto as Schedule E. The complete charters of the TMX Group Board, the Finance and Audit Committee, the Governance Committee, the Human Resources Committee, and the Public Venture Market Committee can be found on our website at www.tmx.com. All charters are reviewed at least annually.

- (b) *Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the board and Chief Executive Officer have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the Chief Executive Officer.*

The TMX Group Board's Charter sets out the role and responsibilities of the TMX Group Board, the Chair and the Chief Executive Officer. The TMX Group Board reviews such roles and responsibilities on an annual basis. The TMX Group Board Charter is attached hereto as Schedule E and can also be found on our website at www.tmx.com.

The Human Resources Committee conducts an annual review of the performance of the Chief Executive Officer, as measured against corporate and personal objectives established at the beginning of the year jointly by the Human Resources Committee and Chief Executive Officer and approved by the TMX Group Board. The results of this annual review are communicated to the TMX Group Board which then makes an evaluation of the overall performance of TMX Group and the Chief Executive Officer. The evaluation is used by the Human Resources Committee in making its recommendation to the TMX Group Board concerning the Chief Executive Officer's annual compensation.

Orientation and Continuing Education

4. (a) *Briefly describe what measures the board takes to orient new directors regarding:*
- (i) *the role of the board, its committees and its directors; and*
 - (ii) *the nature and operation of the issuer's business.*

The Governance Committee oversees and makes recommendations to the TMX Group Board regarding the orientation of new Directors. TMX Group maintains orientation and ongoing education programs for Directors, (including new Directors) and regularly reviews these programs. TMX Group provides new Directors with a Directors' Manual, which serves as a corporate reference, as well as with orientation materials describing its business, strategy, objectives and initiatives. This assists new Directors to understand the nature and operation of our businesses and the role of the TMX Group Board and its committees, as well as the contribution individual Directors are expected to make. New Directors also attend at our offices to meet with TMX Group's executive officers, including the Chief Executive Officer and Chief Financial Officer, to discuss the business functions, initiatives, values and strategies of TMX Group and the contribution individual Directors are expected to make. To assist a new Director the Governance Committee assigns a TMX Group Board member as a mentor to the new Director.

- (b) *Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary for them to meet their obligations as directors.*

Directors receive a comprehensive package of information prior to each TMX Group Board and committee meeting and prior to each strategic planning session. As well, each committee delivers a report to the full TMX Group Board on its work after each committee meeting. Also, the Chief Executive Officer and all other non-employee Directors are invited to attend all committee meetings regardless of whether they are sitting members of a committee. Presentations on different aspects of our business are regularly made to the TMX Group Board.

We also provide the TMX Group Board with a variety of materials and presentations on an ad hoc basis, to keep them informed about internal developments as well as developments in, or which affect, our industry, the environment in which we operate, continuous disclosure obligations, accounting issues and best practices in corporate governance. All of these materials and other corporate materials are also accessible by Directors on a permanent, secure extranet. In 2010, presentations were made to the TMX Group Board on clearing and the new International Financial Reporting Standards.

Directors, with the approval of the Chair, may seek additional professional development education at the expense of TMX Group. As well, all Directors are members, at our expense, of the Institute of Corporate Directors (“**ICD**”) where Directors have access to ICD events and publications which provide an additional source of relevant information.

Ethical Business Conduct

5. (a) *Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:*
- (i) *disclose how a person or company may obtain a copy of the code;*
 - (ii) *describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and*
 - (iii) *provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.*

The TMX Group Board has approved a Board Code of Conduct for the Directors and an Employee Code of Conduct for officers and employees of TMX Group and its subsidiaries, both of which provide guidance on ethical issues and establish mechanisms to report unethical conduct. The Codes of Conduct may be found on our website at www.tmx.com and may be found on SEDAR at www.sedar.com. The Finance and Audit Committee also reviews with management that appropriate procedures exist for the receipt, retention and treatment of complaints received by TMX Group regarding accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, or any violation of the Codes of Conduct, and for the protection from retaliation of those who report such complaints in good faith.

The Governance Committee monitors compliance by members of the TMX Group Board with the TMX Group Board Code of Conduct and authorizes any waiver granted in connection with the TMX Group Board Code, and oversees the appropriate disclosure of any such waiver. The Governance Committee also reviews the TMX Group Board Code of Conduct at least annually. The Governance Committee has not granted any waivers in connection with the TMX Group Board Code.

The Finance and Audit Committee ensures that adequate and effective systems are in place to enforce compliance with our Employee Code of Conduct. The Human Resources Committee reviews the Employee Code of Conduct at least annually.

Each year, every Director, officer and employee must sign an acknowledgement that he or she has read, understood and complied with the Code of Conduct applicable to him or her. Each employee is required to successfully complete a test on the Employee Code of Conduct before being permitted to sign the acknowledgement.

No material change reports have been filed by TMX Group since the beginning of the most recently completed financial year that pertain to any conduct of a Director or executive officer that constitutes a departure from either Code of Conduct.

- (b) *Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

Through the annual Director's Questionnaire, Directors are asked to identify if a conflict of interest currently exists or could potentially exist between him or her and TMX Group or any of its subsidiaries or affiliates. This response allows the TMX Group Board and management to identify conflict of interest situations in advance. The TMX Group Board takes appropriate measures to ensure the exercise of independent judgment in considering transactions and agreements in respect of which a Director or executive officer may have a material interest. Where appropriate, Directors remove themselves from portions of TMX Group Board or committee meetings in accordance with the TMX Group Board Code of Conduct and the *Business Corporations Act* (Ontario), or ad hoc special committees are constituted, in each case to allow independent discussion of matters in issue. The TMX Group Board Code of Conduct and corporate and securities legislation require disclosure of conflicts by individual Directors.

- (c) *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

Each Director is responsible for understanding the roles and responsibilities of the TMX Group Board as a whole and of a Director as set out in the TMX Group Board Charter and in the TMX Group Board's Code of Conduct.

The TMX Group Board satisfies itself, to the extent feasible, as to the integrity of the Chief Executive Officer, other executive officers and individual Directors and that the Chief Executive Officer, other executive officers and individual Directors create a culture of integrity throughout TMX Group. We are also required under our Recognition Order to take reasonable steps to ensure that each officer or Director of TMX Group is a fit and proper person and the past conduct of each officer or Director affords reasonable grounds for belief that the officer or Director will perform his or her duties with integrity. Each officer and Director of TMX Group is required to complete a personal information form and consent to searches being conducted in order that his or her personal information can be verified for TMX Group by third parties.

In this manner the TMX Group Board encourages and ensures that a culture of ethical business conduct is maintained.

Nomination of Directors

6. (a) *Describe the process by which the board identifies new candidates for board nomination.*

The TMX Group Board has constituted a Governance Committee that is responsible for governance issues, including making recommendations to the TMX Group Board with respect to nominees to the TMX Group Board.

On May 1, 2008 we completed our business combination with MX. As a condition to obtaining the necessary approval for the combination, we agreed in the Undertaking to the AMF that 25% of our Directors will be residents of Québec. The Directors who are residents of Quebec are Ms. Chicoyne, Messrs. Cedraschi and Martel.

The Governance Committee reviews on an ongoing basis the composition of the TMX Group Board, including the current strengths, skills and experiences on the TMX Group Board and our strategic direction. The Governance Committee identifies any gaps in the TMX Group Board's composition and seeks to fill those gaps. Qualities such as integrity, good character and high regard in his or her community or professional field will always be a basic criteria for TMX Group Board members. The Governance Committee will also consider independence, professional or board expertise, capital markets experience, public venture market experience, derivatives market experience, energy market experience, clearing experience, technology expertise and regulated company experience. As well, representation from geographic regions relevant to TMX Group's strategic priorities and Quebec residency requirements are taken into consideration. The objective is to ensure the TMX Group Board's composition provides the appropriate mix of skills and experience to guide the strategies and business operations of TMX Group. The Governance Committee generally retains outside consultants to assist in conducting searches for appropriate nominees. In addition, the Governance Committee maintains a list of potential Director candidates for its consideration which is reviewed annually.

Prospective nominees to the TMX Group Board are made aware of their duties, responsibilities and time commitment expectations as a Director.

The complete charter of the Governance Committee is set out on our website at www.tmx.com.

- (b) *Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

The Governance Committee acts as the nominating committee of the TMX Group Board, and is composed entirely of independent Directors.

- (c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

Our Governance Committee, which acts as our nominating committee, is responsible for providing the TMX Group Board with recommendations relating to corporate governance in general, including (i) all matters relating to the stewardship role of the TMX Group Board in respect of the management of TMX Group, (ii) TMX Group Board size and composition, including the nominee selection process and orientation of new Directors, (iii) TMX Group Board compensation, and (iv) such procedures as may be necessary to allow the TMX Group Board to function independently of management and non-independent Directors.

See the charter of the Governance Committee set out in our website at www.tmx.com for a complete description of the responsibilities, powers and operation of the Governance Committee.

Compensation

- 7.(a) *Describe the process by which the board determines the compensation for the issuer's directors and officers.*

The Governance Committee at least annually reviews and makes recommendations to the TMX Group Board for its consideration on compensation levels for the Directors. To assist in making such recommendations the Governance Committee relies on external consultants to provide relevant benchmarks.

Non-employee Directors must achieve ownership of \$250,000 of TMX Group Shares (including ownership of TMX Group DSUs issued under the TMX Group Non-Executive Directors DSU Plan) over a five year period. Until the mandated level of ownership is reached, Directors must take at least 50% of their TMX Group Board and Committee compensation in the form of TMX Group DSUs (although Directors are free to elect a higher level of TMX Group DSU participation).

The Human Resources Committee reviews and makes recommendations to the TMX Group Board regarding the annual compensation of our Chief Executive Officer and reviews and approves the annual compensation for our officers. In addition, the Human Resources Committee is responsible for overseeing the compensation policies and programs for our executive officers. The TMX Group Board has the final approval on the compensation philosophy, guidelines and plans for compensation of executive officers.

In determining compensation for our executive officers, the Human Resources Committee relies on external consultants to provide relevant benchmark information and to assist in the review and design of pay programs. Please refer to Compensation Discussion and Analysis starting on page M-21 of this Annex M.

- (b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Human Resources Committee acts as the compensation committee of the TMX Group Board, and is composed entirely of independent Directors.

- (c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

One of the principal responsibilities of the Human Resources Committee is to review and make recommendations to the TMX Group Board regarding the annual compensation of our Chief Executive Officer and to review and approve the annual compensation of our other executives. The Human Resources Committee is also responsible for overseeing the compensation policies and programs for executives and reviewing and recommending to the TMX Group Board for its approval any employee incentive or share plan. In addition, the Human Resources Committee reviews executive succession plans, including that of the Chief Executive Officer. The Human Resources Committee also reviews executive compensation disclosure before it is publicly disclosed.

The TMX Group Board has the final approval on the compensation philosophy, guidelines and plans for compensation of executive officers.

The complete charter of the Human Resources Committee is set out on our website at www.tmx.com.

- (d) *If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.*

The Human Resources Committee retained the services of Towers Watson to provide the Human Resources Committee with advice and information on executive compensation. Fees paid to Towers Watson were \$158,488 for executive compensation and \$17,165 for broader-based pay advice on regulatory and benefit matters.

Mercer Human Resource Consulting (“**Mercer**”) provides TMX Group with services related to our pension plans. Total fees paid to Mercer for consulting and administrative services related to pension were \$301,435.

The Governance Committee retained the services of Towers Watson to provide the Governance Committee with advice and information in determining TMX Group Board compensation. Fees paid to Towers Watson for TMX Group Board compensation were \$19,485.

Other Board Committees

8. *If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

TMX Group has in total four standing TMX Group Board committees: the Finance and Audit Committee, the Governance Committee, the Human Resources Committee, and the Public Venture Market Committee. The charters of each of these committees are available on our website at www.tmx.com.

The Public Venture Market Committee's function is to advise and make recommendations to the TMX Group Board with respect to all policy issues and matters that are likely to have a significant impact on the public venture capital market in Canada and the role of TMX Group and/or TSX Venture Exchange Inc. with respect to such markets.

Assessments

9. *Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.*

The Governance Committee is responsible for making an annual assessment of the overall performance of the TMX Group Board, its committees and all of the individual Directors. This evaluation is conducted internally by written self-assessment and peer questionnaires and through formal interviews of each Director (other than the Chair) by the Chair of the TMX Group Board and of the Chair by the chair of the Governance Committee. The Chair

will share peer feedback with each Director as appropriate. The Chair will discuss the results of the individual evaluations with the Chair of the Governance Committee and report summary findings to both the Governance Committee and to the full TMX Group Board. The results of the assessments are reviewed by the Governance Committee and changes, as required, are then implemented to improve TMX Group Board performance and effectiveness.

SCHEDULE C
TERMINATION PROVISIONS

The following table summarizes the termination provisions for each of our compensation programs.

Plan	Resignation	Without Just Cause	For Just Cause	Retirement	Death
Salary	Ceases on termination date	Treatment of salary is subject to applicable severance provisions	Ceases on termination date	Ceases on retirement date	Ceases on the date of death
STIP	Must be an employee on date of payment otherwise payment is forfeited	Treatment of STIP is subject to applicable severance provisions	Must be an employee on date of payment otherwise payment is forfeited	Pro-rated payment based on time worked during applicable year	Pro-rated payment based on time worked during applicable year
TMX Group RSUs ⁽¹⁾	All TMX Group RSUs are forfeited	Pro-rated payment based on time and performance vesting	All TMX Group RSUs are forfeited	Pro-rated payment based on time and performance vesting	Pro-rated payment based on time and performance vesting
Share Options Further to the termination provisions, no Share Option may be exercised after the Share Option's stated expiration date	Unvested Share Options are forfeited on termination date; 30 days to exercise Share Options that were vested as at the date of termination	Unvested Share Options are forfeited on termination date (does not include any notice period or severance); 90 days to exercise Share Options that were vested as at the date of termination	All unvested and vested Share Options are forfeited on termination date	Unvested Share Options are forfeited on retirement date (does not include any period of notice period or severance); 36 months to exercise Share Options that were vested as at the date of retirement	Unvested Share Options are forfeited on date of death; legal representative(s) has twelve (12) months to exercise Share Options that were vested as at the date of death
MX Replacement Options Further to the termination provisions, no MX Replacement Option may be exercised after the MX Replacement Option's stated expiration date	Unvested MX Replacement Options are forfeited on date employee provides notice of resignation; 30 days to exercise MX Replacement Options that were vested as at the date the employee provides notice of resignation	Unvested MX Replacement Options are forfeited on the date the employee is given notice of termination; 90 days to exercise MX Replacement Options that were vested as at the termination date	All unvested and vested MX Replacement Options are forfeited on the date the employee is given notice of termination	Unvested MX Replacement Options are forfeited on retirement date or date of leave of absence; twelve (12) months to exercise MX Replacement Options that were vested as at the date of retirement	The vesting date of any unexercised Replacement Option shall be accelerated to the date of death, including options with the performance criteria. Legal representative(s) has 180 days to exercise MX Replacement Options
TMX Group DSUs ⁽²⁾	If a Canadian employee retires or otherwise ceases to be an employee (other than for reason of death), the employee must file a notice of redemption on or before December 15 of the first calendar year which commences after the date of retirement or termination. If a U.S. employee retires or otherwise ceases to be an employee (other than for reason of death), the employee's TMX Group DSUs will be redeemed on the date the employee ceases to be an employee.			Within 90 days (in the case of a Canadian employee) or 30 days (in the case of a U.S. employee) of the employee's death, we must redeem all of the employee's TMX Group DSUs and make a lump sum cash payment to or for the benefit of the legal representative of the employee	

Plan	Resignation	Without Just Cause	For Just Cause	Retirement	Death
Benefits	Cease on termination date	Continue through severance period	Cease on termination date	Eligible for retiree benefits	Cease on date of death (if applicable, dependent survivor will maintain coverage for 2 years)
Perquisites	Cease on termination date	Continue through severance period	Cease on termination date	Cease on retirement date	Cease on date of death

- (1) Termination provisions do not apply to the TMX Group Special Retention RSUs. TMX Group Special Retention RSUs will be forfeited in all instances of resignation, termination for any reason, retirement or death prior to their vesting date of February 17, 2014.
- (2) Termination provisions apply to the special retention TMX Group DSUs only after they have vested. Special retention TMX Group DSUs will be forfeited in all instances of resignation, termination for any reason, retirement or death prior to their vesting date of February 17, 2014.

**SCHEDULE D
LIST OF COMPARATORS**

Industry Comparators

International Exchanges		
CBOE Holdings, Inc. CME Group Inc. Deutsche Börse AG IntercontinentalExchange, Inc.	The Nasdaq OMX Group, Inc. NYSE Euronext, Inc. Singapore Exchange Ltd.	
Canadian Financial Services		
Aon Reed Stenhouse Inc. ATB Financial Aviva Canada Inc. Fiera Capital Inc. Eight Canadian Chartered Banks The Great-West Life Assurance Company	IGM Financial Inc. Intact Financial Corporation Manulife Financial Corporation McLean Budden Limited OPSEU Pension Trust	
General Industry		
AGF Management Ltd. Advanced Micro Devices, Inc. Agrium Inc. Air Canada Atco Ltd. Barrick Gold Corporation BCE Inc. Bell Aliant Inc. Bombardier Inc. CAE Inc. Canadian National Railway Company Canadian Natural Resources Limited Canadian Oil Sands Limited Canadian Pacific Railway Limited Canadian Tire Corporation, Limited Capital Power Corporation Celestica Inc. CGI Group Inc. Cogeco Inc. Domtar Inc. Enbridge Inc. EnCana Corporation Finning International Inc.	Gaz Metropolitan Inc. Gerdau Ameristeel Corporation Husky Energy Inc. IAMGold Corporation Imperial Oil Limited Inter Pipeline Fund Kinross Gold Corporation Maple Leaf Foods Inc. McCain Foods Ltd. MDS Inc. Methanex Corporation Molson Coors Canada Inc. Manitoba Telecom Services Inc. NAL Resources Nexen Inc. Nortel Networks Corporation NOVA Chemicals Corporation Open Text Corporation Pengrowth Energy Trust PepsiCo, Inc. Petro-Canada Potash Corporation of Saskatchewan Power Corporation of Canada	Pratt & Whitney Canada Corp. Research In Motion Limited Sears Canada Inc. ShawCor Ltd. Shoppers Drug Mart Corporation SNC- Lavalin Group Inc. Sobeys Inc. Stantec Inc. Talisman Energy Inc. Teck Cominco Ltd. TELUS Corporation Tembec Inc. Terasen Gas Inc. TransAlta Corporation TransCanada Corporation Transcontinental Inc. UAP Inc. Uni-Select Inc. Vermilion Energy Trust Vidéotron Ltée WestJet Airlines Ltd. World Colour Press Inc.

SCHEDULE E
TMX GROUP INC.
(THE “CORPORATION”)
BOARD CHARTER

1. General

The primary responsibility of the Board of Directors of the Corporation (the “Board”) is to provide governance and stewardship to the Corporation.

The Board will appoint a competent executive management team to run the day-to-day operations of the Corporation and will oversee and supervise the management of the business of the Corporation by that team. The Board will oversee the Corporation’s systems of corporate governance and financial reporting and controls to ensure that the Corporation reports adequate and fair financial information to shareholders and engages in ethical and legal corporate conduct.

The Board will carry out its mandate directly and through the following committees of the Board (and such other committees as it appoints from time to time): the Finance and Audit Committee, the Human Resources Committee, the Governance Committee and the Public Venture Market Committee.

2. Appointment and Supervision of Management

The Board will:

- Appoint the Chief Executive Officer (“CEO”) and other senior officers comprising the executive officers, provide them with advice and counsel and monitor the performance of the CEO against a set of mutually agreed corporate objectives directed at maximizing shareholder value and approve CEO compensation.
- Establish a process to adequately provide for management succession.
- Establish boundaries between the Board and management responsibilities and establish limits of authority delegated to management.
- Satisfy itself, to the extent feasible, as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the Corporation.
- Review and consider for approval all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy.

3. Strategic Planning, Risk Management

The Board will:

- Maintain a strategic planning process and review and approve annually a corporate strategic plan and vision which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.
- Review and approve management’s strategic and operational plans to ensure they are consistent with the corporate vision.

- Monitor the Corporation's performance against both short-term and long-term strategic plans and annual performance objectives.
- Confirm that a management system is in place to identify the principal risks to the Corporation and its business and that appropriate procedures are in place to monitor and mitigate those risks.
- Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.
- Confirm that processes are in place to comply with the Corporation's by-laws, Codes of Conduct, all recognition orders and exemption orders issued in respect of the Corporation by applicable securities regulatory authorities, and all other significant policies and procedures.

4. Financial Reporting and Management

The Board will:

- Approve the Corporation's financial statements and review and oversee the Corporation's compliance with applicable audit, accounting and financial reporting requirements.
- Approve annual operating and capital budgets.
- Confirm the integrity of the Corporation's internal control and management information systems.
- Review operating and financial performance results relative to established strategy, budgets and objectives.
- Review and assess the adequacy of the Finance and Audit Committee Charter on an annual basis.

5. Shareholder Communication

The Board will:

- Confirm that management has established a system for effective corporate communications including processes for consistent, transparent, regular and timely public disclosure.
- Approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Corporation's business information.
- Report annually to shareholders on the Board's stewardship for the previous year.
- Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Corporation has a system in place to receive feedback from shareholders.

6. Corporate Governance

The Board will:

- Establish an appropriate system of corporate governance including practices to permit the Board to function independently of management and non-independent directors.

- Establish committees and approve their respective charters and the limits of authority delegated to each committee.
- As required, establish a CEO Search Committee, or instruct the Governance Committee or the Human Resources Committee, to recommend to the Board for approval a candidate for appointment as CEO.
- Determine Board member qualifications.
- Establish appropriate processes for the regular evaluation of the effectiveness of the Board, its chair, all the committees of the Board and their respective chairs, and all the members of the Board and its committees.
- Review on an annual basis whether any two or more Board members sit on the board of another corporation (other than any of the Corporation's subsidiaries) and whether the composition of the Board needs to be changed to eliminate these interlocks.
- Approve the nomination of directors.
- Review the adequacy and form of directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.
- Meet without management or non-independent directors present.
- Establish a minimum attendance expectation for Board members in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all directors should attend all meetings of the Board and each committee on which he or she sits, and review in advance all the applicable materials for such meetings.

7. Codes of Conduct

The Board will:

- Adopt a Board Code of Conduct and an Employee Code of Conduct (collectively, the "Codes of Conduct") and monitor compliance with those codes.
- Approve any waivers and ensure disclosure of any waivers of the Codes of Conduct in the Corporation's annual report or management information circular.

8. The Chair of the Board

The Chair of the Board is selected by the Board from the Directors elected by the shareholders. He/she provides leadership to the Board in matters relating to the effective execution of all Board responsibilities and works with the CEO to ensure that the organization fulfills its responsibilities to stakeholders including shareholders, employees, customers, governments and the public. The Chair of the Board will be a director other than the CEO.

The Chair of the Board will:

- Provide effective leadership so that the Board can function independently of management by ensuring that the Board meets regularly without management and non-independent directors, and that the Board may engage outside advisors as required subject to any approvals determined by the Board.
- Establish procedures to govern the Board's work including:
 - together with the corporate secretary, scheduling meetings of the Board and its committees;

- chairing all meetings of the Board;
- encouraging full participation, stimulating debate, facilitating consensus and ensuring clarity regarding decision-making;
- developing the agenda for Board meetings with input from other Board members and management;
- together with the corporate secretary, ensuring proper and timely information is delivered to the Board;
- ensuring that the Board has appropriate administrative support; and
- addressing complaints, questions and concerns regarding Board matters.
- Ensure the Board fully exercises its responsibilities and duties and complies with applicable governance and other policies.
- Meet or communicate regularly with the CEO regarding corporate governance matters, corporate performance and feedback from Board members.
- Act as a liaison between the Board and management.
- Serve as advisor to the CEO and other officers.
- Together with the Board's Governance Committee, establish appropriate committee structures, including the assignment of Board members and the appointment of committee chairs.
- Ensure that adequate orientation and ongoing training programs are in place for Board members.
- Together with the Board's Governance Committee, establish performance criteria for the Board and for individual Board members and co-ordinate the evaluation of performance and reporting against these criteria.
- Work with the Board or appropriate Board committee to establish performance criteria for the CEO and to facilitate the evaluation of the CEO's performance.
- Work with the Board's Human Resources Committee to establish and manage a succession program for the CEO's position.
- Oversee matters relating to shareholder relations and chair meetings of the shareholders.
- Work with the CEO to represent the Corporation to external stakeholders including shareholders, the investment community, governments and communities.

The Chair of the Board's performance will be measured against the following key metrics:

- The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.
- The extent to which the Corporation carries out its responsibilities to shareholders, employees, customers, governments, and the public.
- The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

9. The Chief Executive Officer

The CEO is accountable to the Board for achieving corporate goals and objectives within specified limitations and in accordance with the CEO's performance objectives determined annually by the Board.

The CEO will:

- Provide worldwide vision and leadership for the Corporation.
- Develop and recommend corporate strategies, and business and financial plans for the approval of the Board.
- Execute the corporate strategy to achieve profitable growth and maximize shareholder value for the Corporation's shareholders.
- Manage the business operations in accordance with the strategic direction approved by the Board and within operational policies as determined by the Board, including, as applicable:
 - Protecting the core business of the Corporation,
 - Extending the Corporation's pre-eminent position in the Canadian exchange space, and
 - Examining selective opportunities to expand outside Canada.
- Challenge management to set and achieve viable annual and long-term strategic and financial goals.
- Recommend appropriate rewards and incentives for management.
- Monitor the performance of management against a set of agreed corporate objectives directed at maximizing shareholder value within reasonable risk parameters.
- Develop and execute effective succession plans that help to minimize succession risk for the Corporation.
- Work with external stakeholders to enhance the competitiveness of Canadian capital markets.
- Report information from management to the Board in a manner and time so that the Board may effectively monitor and evaluate corporate (operational and financial) performance against stated objectives and within executive limitations.
- Report to the Board on relevant trends, anticipated media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board decision or approval has previously been made.
- Advise the Board if, in the CEO's opinion, the Board is not in compliance with its own policies, or legal and/or regulatory requirements.
- Provide the Board with all information and access that the Board may require in order to make fully-informed decisions.
- Report in a timely manner any actual or anticipated non-compliance with any Board approved policy or decision.

ANNEX N — BOFA MERRILL LYNCH FAIRNESS OPINION

February 8, 2011

The Board of Directors
TMX Group Inc.
The Exchange Tower
130 King Street West
Toronto, Ontario
M5X 1J2



Members of the Board of Directors:

We understand that TMX Group Inc. (“TMX”) proposes to enter into a merger agreement (the “Agreement”) with London Stock Exchange Group plc (“LSEG”) to combine by way of plan of arrangement (the “Arrangement”) under the *Business Corporations Act* (Ontario). Upon completion of the Arrangement, among other things, each common share of TMX (a “TMX Common Share”) will be exchanged for 2.9963 (the “Exchange Ratio”) (i) ordinary shares of LSEG (a “LSEG Ordinary Share”) or, at the election of a holder of TMX Common Shares that is neither a non-resident of Canada nor a tax exempt shareholder, (ii) exchangeable shares in the capital of a wholly-owned subsidiary of LSEG to be incorporated under the laws of the Province of Ontario prior to the effective time of the Arrangement (an “Exchangeable Share”), with each Exchangeable Share being exchangeable for one LSEG Ordinary Share and carrying the equivalent voting rights, dividend entitlement and other material attributes as one LSEG Ordinary Share. As provided in the Agreement, the aggregate number of Exchangeable Shares issuable pursuant to the Arrangement shall not exceed 49% of the aggregate of (a) the number of LSEG Ordinary Shares issuable pursuant to the Arrangement on the effective date of the Arrangement and (b) the number of LSEG Ordinary Shares issuable or deliverable upon exchange of Exchangeable Shares. The terms and conditions of the Arrangement are more fully set forth in the Agreement.

You have requested our opinion as to the fairness, from a financial point of view, to the holders of TMX Common Shares of the Exchange Ratio provided for in the Arrangement.

In connection with this opinion, we have, among other things:

1. reviewed certain publicly available business and financial information relating to TMX and LSEG;
2. reviewed certain internal financial and operating information with respect to the business, operations and prospects of TMX furnished to or discussed with us by the management of TMX, including certain financial forecasts relating to TMX prepared by the management of TMX (such forecasts, “TMX Forecasts”);
3. reviewed certain publicly available financial forecasts relating to TMX for the period ending December 31, 2012 as extended at the direction of and approved by management of TMX for the period ending December 31, 2015 (the “TMX Public-Extended Forecasts”);
4. reviewed certain internal financial and operating information with respect to the business, operations and prospects of LSEG furnished to or discussed with us by the management of LSEG,

Tel: 416.369.7400

Merrill Lynch Canada Inc.
181 Bay Street, Suite 400, Toronto, Ontario M5J 2V8
Canada

- including certain financial forecasts relating to LSEG prepared by the management of LSEG (such forecasts, “LSEG Forecasts”);
5. reviewed certain publicly available financial forecasts relating to LSEG for the period ending March 31, 2013 as extended at the direction of and approved by management of TMX for the period ending March 31, 2016 (the “LSEG Public-Extended Forecasts”);
 6. reviewed certain estimates as to the amount and timing of cost savings and revenue enhancements (collectively, the “Synergies”) anticipated by the managements of TMX and LSEG to result from the Arrangement;
 7. discussed the past and current business, operations, financial condition and prospects of TMX with members of senior managements of TMX and LSEG, and discussed the past and current business, operations, financial condition and prospects of LSEG with members of senior managements of TMX and LSEG;
 8. reviewed the potential pro forma financial impact of the Arrangement on the future financial performance of LSEG, including the potential effect on LSEG’s estimated earnings per share;
 9. reviewed the trading histories for TMX Common Shares and LSEG Ordinary Shares and a comparison of such trading histories with each other and with the trading histories of other companies we deemed relevant;
 10. reviewed a draft, dated February 8, 2011, of the Agreement (the “Draft Agreement”);
 11. reviewed a draft, dated January 29, 2011, of the proposed undertakings to be offered in accordance with the Investment Canada Act;
 12. reviewed a draft, dated February 7, 2011, of the proposed securities regulatory model to be entered into with the applicable securities authorities;
 13. reviewed the relative financial contributions of TMX and LSEG to the future financial performance of the combined company on a pro forma basis;
 14. reviewed a letter of representation as to certain factual matters and the completeness and accuracy of the information provided by senior officers of TMX;
 15. compared certain financial and stock market information of TMX and LSEG with similar information of other companies we deemed relevant;
 16. compared certain financial terms of the Arrangement to financial terms, to the extent publicly available, of other transactions we deemed relevant, including certain mergers of equals transactions; and
 17. performed such other analyses and studies and considered such other information and factors as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the managements of TMX and LSEG that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the TMX Forecasts and the Synergies, we have been advised by TMX, and have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of TMX as to the future financial performance of TMX and the other matters covered thereby. With respect to the TMX Public-Extended Forecasts, we have been advised by TMX and have assumed, at the direction of TMX, that the TMX Public-Extended Forecasts are a reasonable basis upon which to evaluate the future financial performance of TMX. With respect to the LSEG Forecasts and Synergies, we have been advised by LSEG, and have assumed, with the consent of TMX, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of LSEG as to the future financial performance of LSEG and the other matters covered thereby. With respect to the LSEG Public-Extended Forecasts, based on discussions with the management of LSEG and at the direction of TMX, we have assumed that the LSEG Public-Extended Forecasts are a reasonable basis upon which to evaluate the future financial performance of LSEG. However, as you are aware, there were certain discrepancies between the LSEG Forecasts and the LSEG Public-Extended Forecasts which the management of LSEG was not able to reconcile to the satisfaction of TMX. Accordingly, although we have received LSEG Forecasts prepared by the management of LSEG and TMX Forecasts prepared by the management of TMX, we have relied, at the direction of TMX, on the LSEG Public-Extended Forecasts and TMX Public-Extended Forecasts for purposes of our opinion. We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of TMX or LSEG, nor have we made any physical inspection of the properties or assets of TMX or LSEG. We have not evaluated the solvency or fair value of TMX or LSEG under any federal, provincial, state or other laws relating to bankruptcy, insolvency or similar matters. We have assumed, at the direction of TMX, that the Arrangement will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Arrangement, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on TMX, LSEG or the contemplated benefits of the Arrangement. In addition, we have assumed, at the direction of TMX, that each Exchangeable Share will be exchangeable for one LSEG Ordinary Share and will carry the equivalent voting rights, dividend entitlement and other material attributes as one LSEG Ordinary Share. We also have assumed, at the direction of TMX, that the final executed Agreement will not differ in any material respect from the Draft Agreement reviewed by us.

We express no view or opinion as to any terms or other aspects of the Arrangement (other than the Exchange Ratio to the extent expressly specified herein), including, without limitation, the form or structure of the Arrangement. As you are aware, we were not requested to, and we did not, solicit indications of interest or proposals from third parties regarding a possible acquisition of all or any part of TMX or any alternative transaction. Our opinion is limited to the fairness, from a financial point of view, of the Exchange Ratio to holders of TMX Common Shares and no opinion or view is expressed with respect to any consideration received in connection with the Arrangement by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any

compensation to any of the officers, directors or employees of any party to the Arrangement, or class of such persons, relative to the Exchange Ratio. Furthermore, no opinion or view is expressed as to the relative merits of the Arrangement in comparison to other strategies or transactions that might be available to TMX or in which TMX might engage or as to the underlying business decision of TMX to proceed with or effect the Arrangement. We also are not expressing any view or opinion with respect to, and have relied, with the consent of TMX, upon the assessments of the management of TMX regarding, legal, regulatory, accounting, tax or similar matters relating to the Transaction as to which we understand that TMX obtained such advice as TMX deemed necessary from qualified professionals. We are not expressing any opinion as to what the value of LSEG Ordinary Shares actually will be when issued or the prices at which TMX Common Shares or LSEG Ordinary Shares will trade at any time, including following announcement or consummation of the Arrangement. In addition, we express no opinion or recommendation as to how any shareholder should vote or act in connection with the Arrangement or any related matter.

We have acted as financial advisor to TMX in connection with the Arrangement and will receive a fee for our services, a portion of which is payable upon the rendering of this opinion and a significant portion of which is contingent upon consummation of the Arrangement. In addition, TMX has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of TMX, LSEG and certain of their respective affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to TMX and have received or in the future may receive compensation for the rendering of these services, including having acted or acting as a lender under, or otherwise having extended or extending credit under, certain credit facilities and other arrangements with TMX.

It is understood that this letter is for the benefit and use of the Board of Directors of TMX (in its capacity as such) in connection with and for purposes of its evaluation of the Arrangement and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of TMX.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. The issuance of this opinion was approved by our Americas Fairness Opinion Review Committee.

The Board of Directors
TMX Group Inc.
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Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Exchange Ratio provided for in the Arrangement is fair, from a financial point of view, to the holders of TMX Common Shares.

Very truly yours,

MERRILL LYNCH CANADA INC.

A handwritten signature in cursive script that reads "Merrill Lynch Canada Inc." The signature is written in a dark ink and is positioned below the printed name of the company.

ANNEX O — BMO FAIRNESS OPINION



Investment & Corporate Banking
5th Floor, 1 First Canadian Place
Toronto, Ontario M5X 1H3
Tel : (416) 359-4001

February 8, 2011

The Board of Directors
TMX Group Inc.
The Exchange Tower
130 King Street West
Toronto, ON M5X 1J2

To the Board of Directors:

BMO Nesbitt Burns Inc. (“BMO Capital Markets” or “we”) understands that TMX Group Inc. (the “Company” or “TMX Group”) and London Stock Exchange Group plc (“LSEG”) intend to combine in a “merger of equals” to be implemented by way of a plan of arrangement (the “Arrangement”) under the *Business Corporations Act* (Ontario). Upon completion of the Arrangement, among other things, each common share of TMX Group (a “TMX Group Common Share”) will be exchanged for 2.9963 (the “Exchange Ratio”) ordinary shares of LSEG (a “LSEG Ordinary Share”) or, at the election of a holder that is neither a non-resident of Canada nor a tax exempt shareholder, 2.9963 exchangeable shares in the capital of a wholly-owned subsidiary of LSEG to be incorporated under the laws of the Province of Ontario prior to the effective time of the Arrangement (an “Exchangeable Share”), with each Exchangeable Share being exchangeable for one LSEG Ordinary Share and carrying equivalent voting rights, dividend entitlement and other material attributes as one LSEG Ordinary Share. The aggregate number of Exchangeable Shares issuable pursuant to the Arrangement shall not exceed 49% of the aggregate of (a) the number of LSEG Ordinary Shares issuable pursuant to the Arrangement on the effective date of the Arrangement and (b) the number of LSEG Ordinary Shares issuable or deliverable upon the exchange of Exchangeable Shares.

The terms and conditions of the Arrangement will be fully described in the Company’s management information circular (the “Circular”), which will be mailed to holders of the TMX Group Common Share (the “Shareholders”) in connection with a special meeting of the Shareholders to be held to consider and, if deemed advisable, approve the Arrangement.

We have been retained to provide financial advice to the Company, including our opinion (this “Opinion”) to the Board of Directors as to the fairness, from a financial point of view, of the Exchange Ratio to the Shareholders.

Engagement of BMO Capital Markets

Pursuant to the terms of its letter agreement with the Company (the “Engagement Agreement”), BMO Capital Markets has agreed to provide the Company with various advisory services, including, among others, the provision of this Opinion.

BMO Capital Markets will receive certain fees for its services as financial advisor, including fees upon delivery of this Opinion and fees contingent upon completion of the Arrangement. In addition, BMO Capital Markets is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by the Company in the manner set forth in the indemnity that forms part of the Engagement Agreement.

BMO Capital Markets consents to the inclusion of this Opinion in its entirety and a summary thereof (in a form acceptable to BMO Capital Markets) in the Circular.

Credentials of BMO Capital Markets

BMO Capital Markets is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, investment research and investment management. BMO Capital Markets has been a financial advisor in a significant number of transactions throughout North America involving public and private companies in various industry sectors and has extensive experience in preparing fairness opinions. This Opinion represents the opinion of BMO Capital Markets, the form and content of which has been approved for release by a committee of its officers, each of whom is experienced in mergers and acquisitions, divestitures, valuations, fairness opinions and other capital market matters.

Relationships with Interested Parties

Neither BMO Capital Markets nor any of its affiliates is an issuer insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) or the rules promulgated thereunder) of the Company, LSEG or any of their respective affiliates (collectively, the "Interested Parties"). Neither BMO Capital Markets nor any of its affiliates is an advisor to any Interested Party with respect to the Arrangement other than to the Company pursuant to the Engagement Agreement.

Neither BMO Capital Markets nor any of its affiliates has provided any financial advisory or financing services to an Interested Party or otherwise had a material financial interest in any transaction involving an Interested Party, in each case within the past two years, other than: (i) acting as financial advisor to the Company pursuant to the Engagement Agreement; (ii) acting as lender to the Company and (iii) providing banking services in the normal course of business.

There are no understandings or agreements between BMO Capital Markets or any of its affiliates with any Interested Party with respect to future financial advisory or financing services. However, BMO Capital Markets or its affiliates may in the future, in the ordinary course of business, perform such services for any Interested Party.

BMO Capital Markets acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of any Interested Party, and from time to time, may have executed or may execute transactions on behalf of any Interested Party for which it received or may receive compensation. As an investment dealer, BMO Capital Markets conducts research on securities and may, in the

ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect an Interested Party or the Arrangement.

Scope of Review

In connection with rendering this Opinion, we have reviewed and relied upon or carried out, among other things, the following:

1. a draft of the merger agreement dated February 8, 2011 in respect of the Arrangement;
2. a draft of the undertakings offered by LSEG to obtain Investment Canada Act approval dated January 29, 2011;
3. a draft of the undertakings offered by LSEG to obtain securities regulatory approvals dated February 7, 2011;
4. the audited consolidated financial statements and management's discussion and analysis for the Company as at and for the years ended December 31, 2007, 2008 and 2009;
5. the unaudited consolidated financial statements and management's discussion and analysis for the Company as at and for the 9-month period ended September 31, 2010;
6. the annual reports of the Company for the years ended December 31, 2007, 2008 and 2009;
7. the annual information form of the Company for the year ended December 31, 2009;
8. the management information circular of the Company dated April 28, 2010;
9. certain non-public information in respect of the Company contained in the data room the Company set up in connection with the Arrangement;
10. certain non-public information in respect of LSEG contained in the data room LSEG set up in connection with the Arrangement;
11. internal management forecasts and projections prepared by or on behalf of management of the Company;
12. internal management forecasts and projections prepared by or on behalf of management of LSEG;
13. internal management synergy estimates prepared by or on behalf of management of the Company and Lion;
14. discussions with management of the Company, with the Company's legal counsel and communications advisor;
15. discussions with management of LSEG and with LSEG's legal counsel and communications advisor;
16. public information relating to the business, operations, financial condition and trading history of the Company, LSEG and other selected public issuers we considered relevant;
17. public information with respect to selected precedent transactions we considered relevant;
18. representations contained in a certificate dated the date hereof addressed to us from senior officers of the Company as described below; and
19. such other information, investigations, analyses and discussions as we considered necessary or appropriate in the circumstances.

BMO Capital Markets has not, to the best of its knowledge, been denied access by the Company to any information under its control requested by BMO Capital Markets.

Assumptions and Limitations

With your approval and agreement, we have relied upon, and have assumed, and have not independently verified, the truth, accuracy, completeness, reasonableness and fair presentation of all financial and other information, data, advice, opinions, representations and other material obtained by us from public sources or provided to us by the Company, LSEG or their respective representatives (collectively, the “Information”). This Opinion is conditional upon such truth, accuracy, completeness, reasonableness and fair presentation of the Information.

With respect to forecasts, projections, estimates and/or budgets provided to us and used in our analysis, we note that projecting future results is inherently subject to uncertainty. With your approval and agreement, we have assumed that such forecasts, projections, estimates and/or budgets were prepared using the assumptions identified therein, which, in the opinion of management of the Company or LSEG, as applicable, are, or were at the time and continue to be, reasonable in the circumstances.

Senior officers of the Company have represented to BMO Capital Markets in a certificate dated the date hereof that, among other things: (i) the Information provided by or on behalf of the Company or any of its subsidiaries, affiliates, associates, agents or representatives, either directly or indirectly, orally or in writing, to BMO Capital Markets was, at the date the Information was provided to BMO Capital Markets and is now, complete, true and correct in all material respects; and (ii) since the dates on which the Information was provided to BMO Capital Markets, except as disclosed in writing to BMO Capital Markets, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries and no change has occurred in the Information or any part thereof which would have or which could reasonably be expected to have an effect on this Opinion.

In preparing this opinion, we have made several assumptions, including that (i) the final executed form of the merger agreement does not differ in any material respect from the draft that we received on February 8, 2011, (ii) the Company and LSEG will comply with all of the material terms of the merger agreement, (iii) the Arrangement will be consummated in accordance with the terms and conditions of the merger agreement without any waiver or amendment of any material term or condition thereof and (iv) any governmental, regulatory or other consents and approvals necessary for the consummation of the Arrangement will be obtained without any adverse effect.

Based on the information that we have reviewed, the Arrangement is generally consistent with precedent transactions that have been characterized as “merger of equals” and we believe it is reasonable to review the Arrangement on that basis.

This Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Company, LSEG and their respective affiliates, as they were reflected in the Information reviewed by BMO Capital Markets. In its analyses and in preparing this opinion, BMO Capital Markets made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond its control or that of any party involved in the Arrangement.

This Opinion has been provided solely for the exclusive use of the Board of Directors in its consideration of the Arrangement and cannot be used or relied upon for any other purpose or by any other person. Except for the inclusion of this Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, this opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

This Opinion is provided as of the date hereof and BMO Capital Markets disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Opinion that may come or be brought to its attention after the date hereof. Without limiting the foregoing, if there is any material change in any fact or matter affecting this Opinion after the date hereof, BMO Capital Markets reserves the right to change, modify or withdraw this Opinion.

This Opinion does not constitute and should not be construed as a formal valuation or appraisal of the Company, LSEG or any of their respective securities or assets, advice as to the price at which any securities may trade or a recommendation to any person as to voting or any other action in respect of the Arrangement. BMO Capital Markets was not engaged to review any legal, regulatory, tax or accounting aspects of the Arrangement and this Opinion does not address any legal, regulatory, tax or accounting matters. In addition, this Opinion does not address the fairness of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of the Company, or class of such persons, relative to the consideration to be received by the Shareholders pursuant to the Arrangement.

Conclusion

Based upon and subject to the foregoing, BMO Capital Markets is of the opinion that, as of the date hereof, the Exchange Ratio is fair, from a financial point of view, to the Shareholders.

Yours truly,

BMO Nesbitt Burns Inc.

BMO Nesbitt Burns Inc.

ANNEX P — AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

(i) London Stock Exchange Group plc (“the Company”)

1. Membership

- 1.1 Members of the committee shall be appointed by the board. The committee shall be made up of at least 3 members.
- 1.2 All members of the committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience. The Chairman of the board shall not be a member of the committee.
- 1.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chairman of the board, chief executive, other directors and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.
- 1.4 The external auditors, head of internal audit, the risk management and business continuity manager, Chief Financial Officer and group financial controller will be invited to attend meetings of the committee on a regular basis.
- 1.5 The board shall appoint the committee Chairman who shall be an independent non-executive director. In the absence of the committee Chairman and/or an appointed Deputy, the remaining members present shall elect one of themselves to Chairman the meeting.

2. Secretary

- 2.1 The company secretary or their nominee shall act as the secretary of the committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2 members. The Committee may co-opt additional directors to join the Committee in the absence of a quorum from among its members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

4. Frequency of meetings

- 4.1 The committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5. Notice of meetings

- 5.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.

- 6.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7. Annual General Meeting

- 7.1 The Chairman of the committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the committee's activities.

8. Duties

8.1 Financial reporting

8.1.1 The committee shall monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, preliminary results' announcements and any other formal announcement relating to its financial performance (although the standard quarterly IMS will normally be reviewed just by the Board), reviewing significant financial reporting issues and judgements which they contain.

8.1.2 The committee shall review and challenge where necessary:

8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the company/group;

8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3 whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.2.4 the clarity of disclosure in the company's financial reports and the context in which statements are made; and

8.1.2.5 all material information presented with the financial statements, such as the business review and the corporate governance statement (insofar as it relates to the audit and risk management committee areas of responsibility).

8.2 Internal controls and risk management systems

The committee shall:

8.2.1 keep under review the effectiveness of the company's internal control systems and (including financial, operational and compliance controls and risk management systems);

8.2.2 consider reports from management and the internal auditors on their monitoring of the system of internal control and risk management;

8.2.3 make recommendations to the board regarding the effectiveness of the Group's internal control and risk management systems; and

8.2.4 review and recommend to the board the statements to be included in the annual report concerning internal controls and risk management prior to approval by the board; and

8.3 Treasury

The Committee shall:

- 8.3.1 approve the taking of any actions which fall outside the Group Treasury Policy;
- 8.3.2 consider material financing and treasury transactions reserved for the board ahead of review by the board; and
- 8.3.3 consider a report from the Group Treasurer on at least an annual basis.

8.4 Whistleblowing and fraud

The committee shall:

- 8.4.1 review the company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- 8.4.2 review the company's procedures for detecting fraud.

8.5 Internal audit

The committee shall:

- 8.5.1 monitor and review the effectiveness of the company's internal audit function in the context of the company's overall financial control and risk management system;
- 8.5.2 consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- 8.5.3 review and assess the annual internal audit plan;
- 8.5.4 review promptly all reports on the company from the internal auditors which are presented to the Committee;
- 8.5.5 review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
- 8.5.6 meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the board and to the committee; and
- 8.5.7 be consulted on the appointment or removal of the head of audit.

8.6 External Audit

The committee shall:

- 8.6.1 consider and make recommendations to the board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor taking account of, among other matters, the risk of the withdrawal of the auditor from the market. The committee shall oversee the selection process for new auditors and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required.
- 8.6.2 oversee the relationship with the external auditor including (but not limited to):
 - 8.6.2.1 approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 8.6.2.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 8.6.2.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - 8.6.2.4 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements;
 - 8.6.2.5 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures; and
 - 8.6.2.6 seeking to ensure co-ordination with the activities of the internal audit function.
- 8.6.3 meet regularly with the external auditor. The committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit.
- 8.6.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- 8.6.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 8.6.5.1 a discussion of any major issues which arose during the audit;
 - 8.6.5.2 any accounting and audit judgements; and
 - 8.6.5.3 levels of errors identified during the audit.

The committee shall also review the effectiveness of the audit:

- 8.6.6 review any representation letter(s) requested by the external auditor before they are signed by management;
 - 8.6.7 review the management letter and management's response to the auditor's findings and recommendations; and
 - 8.6.8 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.
- 8.7 Reporting responsibilities
- 8.7.1 The committee Chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
 - 8.7.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
 - 8.7.3 The committee shall compile a report to shareholders on its activities to be included in the company's annual report taking account of any relevant guidance.

8.8 Other matters

The committee shall:

- 8.8.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 8.8.2 give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as appropriate; and
- 8.8.3 oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort

9. Authority

The committee is authorized:

- 9.1 to seek any information it requires from any employee of the company in order to perform its duties;
- 9.2 to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 9.3 to call any employee to be questioned at a meeting of the committee as and when required.

TIME IS OF THE ESSENCE
RECORD YOUR VOTE IMMEDIATELY BY CHOOSING ONE OF THE METHODS BELOW

NON-REGISTERED HOLDERS (who hold their securities through a Broker, Bank, or other Nominee)

 **CANADIAN SHAREHOLDERS:**

- A. Internet** www.proxyvote.com and enter your 12-digit control number located on your voting instruction form;
- B. Fax** Fax your voting instruction form to (905) 507-7793 or (514) 281-8911 or toll free to **1-866-623-5305**; or
- C. Telephone** Call 1-800-474-7493 in order to ensure that your vote is received before the deadline.



U.S. SHAREHOLDERS:

- A. Internet** www.proxyvote.com and enter your 12-digit control number located on your voting instruction form; or
- B. Telephone** Call 1-800-454-8683 in order to ensure that your vote is received before the deadline.

* *Non-registered shareholders should carefully follow the instructions on their Voting Instruction Form as there may be a requirement for votes to be submitted at least 24 hours in advance of the proxy cut-off time.*

REGISTERED HOLDERS (who have a physical certificate in their name)

- A. Mail:** Complete, sign and date your proxy form and return it in the envelope we have provided or mail to CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, Canada, M1S 0A1;
- B. Fax:** Complete, sign and date your proxy form and send it by fax to CIBC Mellon Trust Company at 1-866-781-3111 (toll-free in Canada and the United States) or (416) 368-2502 (outside Canada and the United States);
- C. Internet:** Go to www.proxypush.ca/x and follow the instructions on screen. You will need your 12-digit control number located on the proxy form. The proxy form does not need to be returned; or
- D. By personal delivery:** Complete, date and sign the proxy form and deliver it to CIBC Mellon Trust Company at 320 Bay Street, Banking Hall, Toronto, Ontario M5H 4A6.

Shareholders may direct questions to our Proxy Solicitation Agent at:



North American Toll Free Number: 1-866-793-5697

Any questions and requests for assistance may be directed to TMX Group Inc.'s
Proxy Solicitation Agent



North American Toll Free Phone:

1-866-793-5697

Email: inquiries@phoenixadvisorypartners.com

Toll Free Facsimile: 1-877-907-3176

Local Number: 647-426-7310

Banks, Brokers and Collect Calls: 647-426-7311

The Depositary for the Merger is:

CIBC MELLON

CIBC MELLON TRUST COMPANY

For Delivery by Mail:

P.O. Box 1036, Adelaide Street Postal Station

Toronto, Ontario M5C 2K4

Attention: Corporate Restructures

For Delivery by Registered Mail, by Hand or by Courier:

199 Bay Street, Commerce Court West, Securities Level

Toronto, Ontario M5L 1G9

Attention: Corporate Restructures

Telephone: (416) 643-5500

Toll Free: 1 (800) 387-0825

E-mail: inquiries@cibcmellon.com