London Stock Exchange Group

Building best in class capabilities

Creating a global business

Developing opportunities

Annual Report 2013

Welcome to our annual report

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

The Group provides risk management and clearing services, as well as settlement and custody operations through its Italian post trade businesses.

The Group is a leading developer of high performance trading platforms and capital markets software and offers its customers around the world access to an extensive range of real-time and reference data products and market-leading post trade services. The Group is also home to a world leading index provider, FTSE, which creates and manages over 200,000 equity, bond and alternative asset class indices.

Headquartered in London, United Kingdom, with significant operations in Italy, and Sri Lanka, at year end the Group employed around 2,000 people.

Further information on London Stock Exchange Group can be found at:

www.lseg.com

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Registered in England and Wales
No. 5369106

OVERVIEW

An overview of our business, the markets and regulatory environment in which we operate, our vision and strategy and statements from our Chairman and our Chief Executive.

BUSINESS REVIEW

More detail on each of our divisions, our performance, our approach to our employees, other stakeholders and our wider community and the principal risks and uncertainties that could affect our business.

GOVERNANCE

An introduction to our Board of Directors, our approach to corporate governance and how we reward performance, along with other statutory and regulatory information.

GROUP FINANCIAL STATEMENTS

Detailed financial information setting out our performance for the year and financial position at year end, together with the report thereon by our independent auditors.

SHAREHOLDER INFORMATION

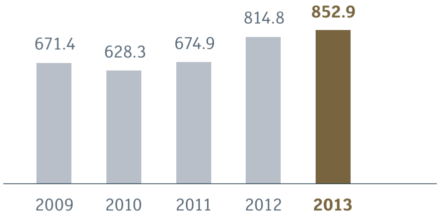
An explanation of how trading markets are structured, a glossary of terms used in this report and other information for shareholders.

HIGHLIGHTS

Financial highlights

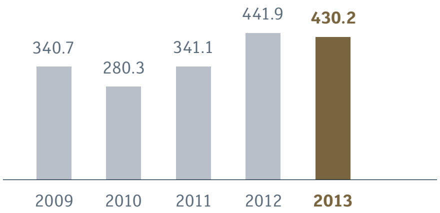
Adjusted Total Income (+5%)

£ million



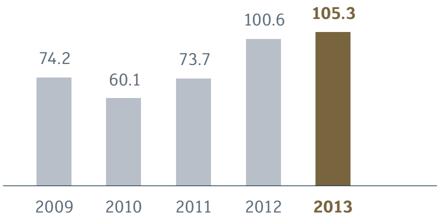
Adjusted Operating Profit* (-3%)

£ million



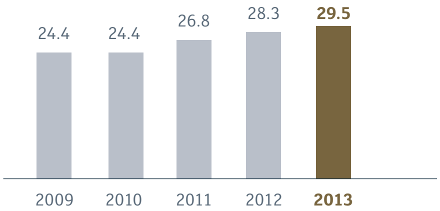
Adjusted Basic Earnings per share* (+5%)

pence



Dividends per share (+4%)

pence



Year ended 31 March	2013	2012	Variance %
Adjusted total income*	**£852.9m**	£814.8m	5
Adjusted operating profit*	**£430.2m**	£441.9m	(3)
Operating profit	**£348.4m**	£358.5m	(3)
Adjusted profit before tax*	**£380.7m**	£400.6m	(5)
Profit before tax	**£298.9m**	£639.7m	(53)
Adjusted basic earnings per share*	**105.3p**	100.6p	5
Basic earnings per share	**80.4p**	193.6p	(58)

*London Stock Exchange Group uses non-GAAP performance measures as key financial indicators as the Board believes these better reflect the underlying performance of the business. Adjusted operating profit, adjusted total income, adjusted profit before tax and adjusted basic earnings per share all exclude amortisation of purchased intangibles, goodwill impairment and non-recurring items.

OPERATIONAL HIGHLIGHTS

The Group made good progress in delivering on its strategy, leveraging its range of products and services and further diversifying its offering through new product development and strategic investments. A few examples of this successful execution are highlighted below:

Capital Markets

— New 'High Growth' market segment was announced to meet the needs of fast growing companies

— Elite, a programme to prepare SME companies for a future listing on Borsa Italiana's markets, reached 100 clients, providing a good potential pipeline of IPOs

— MTS launched a daily Repo Euro index series

— The Group signed an International Board agreement with Singapore Stock Exchange to enable the trading of both markets' largest stocks on each exchange

— Euro denominated FTSE 100 Mini-futures and AGREX durum wheat futures were launched in Italy.

Post Trade Services

— Completion of the acquisition of a majority stake in LCH.Clearnet in May 2013, providing the Group with an increased stake in critically important risk management and CCP services in the UK, Continental Europe and the US

— Monte Titoli was affirmed as a first wave participant in the ECB's TARGET2-Securities pan-European settlement project

— Monte Titoli also launched 'X-COM', a new service for tri-party collateral management.

Information Services

— In the US, Vanguard selected FTSE as emerging markets index benchmark provider, for US $170 billion of assets under management – the largest ever switch of an international index benchmark provider

— FTSE entered a JV to form FTSE TMX Debt Capital Markets – combining FTSE's UK gilt market products and TMX's Canadian fixed income services, making the new venture a major international fixed income index provider.

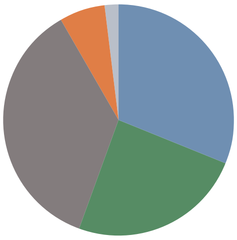
Technology Services

— The Group acquired a majority stake in GATElab, a provider of capital markets software – in conjunction with MillenniumIT, this enhances our trading and connectivity technology capabilities

— MillenniumIT's trading platform went live at Borsa Italiana as well as at Johannesburg Stock Exchange, the Mongolian Stock Exchange and Oslo Børs; Bursa Malaysia went live with MillenniumIT's Surveillance system software.

Group Adjusted Total Income by segment

£ million



Capital Markets	267.5
Post Trade Services	208.5
Information Services	306.3
Technology Services	56.1
Other	14.5

GROUP AT A GLANCE

London Stock Exchange Group is a leading diversified exchange business, incorporating Borsa Italiana, London Stock Exchange, FTSE International and MillenniumIT. The information below and on the next page provides an outline of our business model.

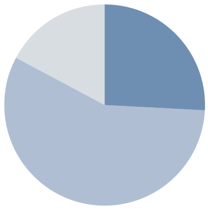
Capital Markets

At the heart of what we do are our multi-asset markets providing capital formation for companies trading in London and Italy – and increasingly throughout Europe.

31%

Group total income

Total income contribution



£267.5m
2012: £301.9m

Sub-segment	Main types of revenue
Primary	— Admission fees for initial listing or raising further capital — Annual fees for securities traded on our markets
Secondary	— Fees based on value traded (UK equities and Government bonds) or number of trades (Italian equities, retail bonds and derivatives)
Other	— Membership fees to access our trading markets

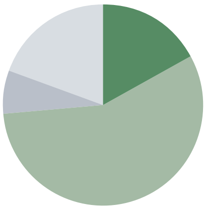
Post Trade Services

We offer open access and efficient clearing, settlement and custody services. Our post trade business supports cash equity, derivative, commodity and fixed income markets.

24%

Group total income

Total income contribution



£208.5m
2012: £228.5m

Sub-segment	Main types of revenue
Clearing	— Fees based on trades or contracts cleared, and Central Counterparty (CCP) services provided
Net treasury income	— Net interest on cash and securities held for margin and default funds
Settlement	— Revenue mostly from the settlement of equity and fixed income trades
Custody	— Fees are charged on the issuance of an equity or fixed income asset, when dividend and interest payments are made and on any corporate action

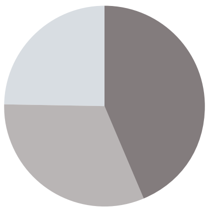
Information Services

We sell real time price information and a wide range of other information services from indices to post trade analytics.

36%

Group total income

Total income contribution



£306.3m
2012: £218.9m

Sub-segment	Main types of revenue
Data charges	— Fees primarily based on number of terminals taking our real time price and trading data
FTSE	— Subscription fees for data and analytic services — Licence fees for passive funds tracking indices
Other information	— Fees vary based on the nature of service provided, for example a licence fee is paid to gain access to the SEDOL securities numbering system

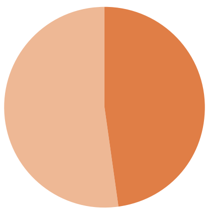
Technology Services

Our businesses and customers depend on our secure technology that performs to high levels of availability and throughput.

7%

Group total income

Total income contribution



£56.1m
2012: £52.6m

Sub-segment	Main types of revenue
MillenniumIT	— Sales of capital market solutions — Provision of enterprise sales and IT infrastructure services in Sri Lanka and to international capital markets customers
Technology	— Fees for network connections, server hosting and systems supplied by Group businesses

Note: Other income £14.5m, 2% Group total income. Group total income is shown on an adjusted basis

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Customer profile	Highlights	KPIs	
Companies from 70 countries around the world have come to our markets to raise money for growth, together with issuers of bonds, ETFs and other assets	121 new companies joined our markets in the year, including 36 international companies	Number of companies on our markets **2,746** 2012: 2,845	Capital raised by new and further issues **£18bn** 2012: £34bn
Banks and brokers worldwide, trading on the Group's equities, derivatives and fixed income trading platforms	Share of order book trading increased during the year to 65.3 per cent in UK equities and 85.3 per cent in Italian equities MTS Repo term adjusted fixed income volume traded up 14 per cent	Average number of equity order book trades per day in Italy **223,000** 2012: 260,000	Average equity value traded per day in London **£4.0bn** 2012: £4.7bn
Banks and brokers worldwide	Integration of London and Italian markets has facilitated cross-membership	Member firms connected to our markets **477** 2012: 509	
144 members, mainly banks and brokers, over 40 per cent of which are based outside Italy	CC&G commodity clearing includes electricity and durum wheat futures	Number of equity and derivative contracts cleared **94.7m** 2012: 117.0m	
Clearing members	Growth in collateral held linked to increased fixed income trading	Average initial margin held **€10.1bn** 2012: €9.4bn	
Wide range of Italian and international banks and brokers for both on market and OTC trades	Settlement rate of 99.4 per cent of trades European settlement standards exceeded	Settlement instructions handled **55.3m** 2012: 68.2m	
Issuers of equity and fixed income products (Italian and international)	Government and corporate bond issuance remained at high levels	Monte Titoli's custody assets under management **€3.23tr** 2012: €3.08tr	
Direct to banks and to service providers, such as Bloomberg and Thomson Reuters, that incorporate our data with other information and sell it on to users	Direct billing, enterprise licence and non-display tariff initiatives	Number of professional terminals taking group data (84,000 London data; 137,000 Italian data) **221,000** 2012: 229,000	
Asset managers, active and passive buy-side firms and exchanges	Vanguard switch $170bn assets to FTSE benchmarks JV to form new fixed income index business in Canada	ETF assets linked to FTSE **$143bn** 2012: $55bn	
Our customers vary based on the service provided, including fund managers, traders, retail brokers and market makers	UnaVista expansion continues. TRS customers integrated and technology upgraded	UnaVista number of transaction reports processed **879m** 2012: 552m	
London Stock Exchange Group divisions, other exchange groups and capital market clients, banks, IT and large Sri Lankan companies	MillenniumIT technology went live at three exchanges on three continents in one month: Borsa Italiana, Johannesburg SE and Mongolian SE	Latency on UK trading platform (January to March at average of 99th percentile) **106 microseconds** 2012: 128 microseconds	
Banks, trading firms and depositories in Europe, North America, Africa and Asia-Pacific region	Majority stake acquired in GATElab, a provider of capital markets software	Availability of UK equity market during the year **100% uptime** 2012: 100%	

WHAT WE DO – BUSINESS MODEL

We provide services to a broad set of customers on an international basis, across a diverse range of asset classes. Our business activities fall into three areas:

- Capital formation (Capital Markets)
- Risk management (Post Trade Services)
- Intellectual property (Information Services and Technology Services)

More information

- See the Segmental Review (pages 19-32) for an update on developments in each main business area, and for more information on KPIs see previous page
- Read the Financial Review (pages 34-39) for details of business performance over the past year
- See Market Structures (pages 110-111) for an overview of the services provided by exchanges, MTFs and clearing houses.

CAPITAL MARKETS

Our central economic function is to bring together companies and other issuers seeking capital with investors from around the world.

Primary market
Our primary markets in London and Italy provide companies and other issuers of equity and debt from around the globe with cost efficient access to some of the world's deepest and most liquid pools of capital.

Secondary market
Our systems provide fast and efficient trading, giving investors and institutions access to UK and Italian equities, pan-European equities (through Turquoise), international depositary receipts (on our International Order Book), European corporate and government bonds (fixed income) and equity and index derivatives (Italian, Norwegian, Russian and UK).

Equities
Our primary markets are home to a wide range of companies, from global and well known, to small and medium size enterprises. Our systems allow our members to electronically trade equities listed on our markets. The majority of trading takes place on our Main and AIM markets, both in London and Italy. Through Turquoise, traders can also access pan-European equities.

Fixed Income
The Group's MTS, MOT and ORB markets provide platforms for the trading of European Government and corporate bonds.

Derivatives
Our success in running primary markets has enabled us to develop derivative markets for the trading of emerging market equity derivatives, particularly Russian derivatives. IDEM is our derivatives market for Italian equities; Turquoise trades International Order Book derivatives and has also launched FTSE 100 Index Futures and Options.

TECHNOLOGY SERVICES

All of our businesses depend on technology that is secure, stable and performs to high levels of availability and throughput.

With continued demand for new functionality and highly automated trading, we are investing to increase the capabilities of our trading services. With MillenniumIT, we have an agile, efficient, in-house IT development capability to serve the Group's various businesses. MillenniumIT also sells and licenses the same exchange related technology and services to over 30 capital markets businesses across the globe.

POST TRADE SERVICES

The Group offers a full range of post trade services, providing risk management and efficiency for traders. Based in Italy, CC&G provides clearing services to a number of Group and other trading venues.

Monte Titoli, a central securities depositary, enables securities to be processed, settled and held in custody.

Following completion of the acquisition of a majority stake in LCH.Clearnet in May 2013, the Group now has majority ownership of clearing services in the UK, continental Europe and the US. This business will be reported as a separate segment in future.

INFORMATION SERVICES

Real time data
We supply real time prices and trading data, creating the transparency and liquidity that are essential for market users.

This data is of high value and is used and referenced by market participants and trading services. As well as providing feeds directly to clients, we also distribute through providers such as Bloomberg and Thomson Reuters. These providers incorporate our data with other information and sell it to trading firms, investors and institutions around the world.

Indices
Through FTSE, a global leader in the calculation and provision of indices, we assist asset owners and managers and other market users to benchmark investment performance.

Other information services
To facilitate efficient trading on our markets, we have developed a number of other reference, desktop and workflow products, which we provide to issuers, investors, traders, retail brokers and market makers. These services include:

- SEDOL – unique security identifier numbering system
- UnaVista – transaction matching and reconciliation service
- RNS – Regulatory News Service
- Proquote – market data system

MARKET POSITION AND OUTLOOK

The Group's three core business areas provide a wide range of services necessary to help support the effective functioning of global capital markets.

Capital Formation

- Access to primary sources of equity and debt finance for companies of all sizes from all over the world
- Secondary markets for price formation and trading.

Risk Management

- Post trade services to mitigate counterparty risk, maximise capital efficiencies for customers, support the safe transfer of securities and optimise cash flows for efficient collateral management.

Intellectual Property

- Market data and information to increase knowledge and transparency as well as accessibility through the calculation of indices
- Technology solutions to enable markets to operate reliably, responsively and efficiently.

The markets we operate in are impacted by a wide range of factors, including structural shifts in the global economy, the geopolitical landscape and ongoing regulatory changes. For an overview of market structures, see pages 110-111.

Economic conditions

The past year was again shaped by market uncertainty. In Europe, continued slow growth was fuelled by the sovereign debt crisis in the Eurozone and renewed fears of a financial crisis. In the United States, uncertainty was driven by the presidential and congressional elections, Washington's inability to reach consensus on the US fiscal cliff and the impending implementation of Dodd-Frank. Conversely, the outlook for most emerging economies remained relatively strong throughout the year, with swift structural reforms and growing domestic consumption. Downward revisions to the global economic outlook, coupled with continued fiscal tensions in developed countries, high volatility across all asset classes and lower trading volumes, resulted in a challenging environment for most global financial institutions.

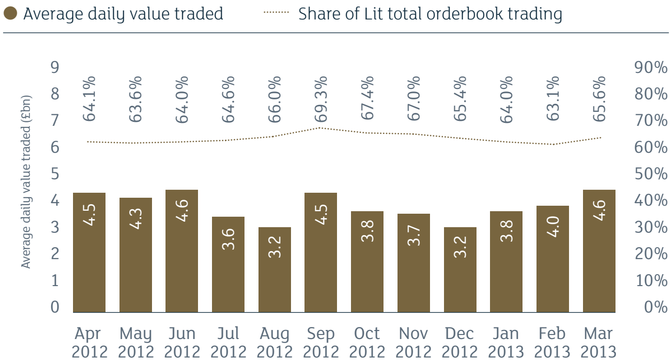
Also in the past year, more European countries have introduced austerity programmes to improve public sector finances. France and Italy have implemented transaction taxes on cash equity instruments as part of an ongoing process by a total of 11 EU countries that is expected to introduce a financial transaction tax framework through a mechanism of enhanced cooperation. Furthermore, parliamentary elections in Italy resulted in heightened political uncertainty, while the recent banking crisis in Cyprus has renewed fears of a full-blown European crisis, as well as questions around the European Central Bank's room to manoeuvre with regard to further stimulus. In spite of these factors, many European stock markets have rallied since January 2013, retail sales in Britain and Germany have risen above market expectations, and market reaction to the Cypriot events and subsequent bailout provide some basis for cautious optimism.

Against this backdrop, we strongly believe that the increased diversification and balanced income streams of the Group are critical elements in countering any macro economic headwinds. Our results, which include growth in our Information Services and Technology businesses, are evidence of the effectiveness of our approach during the past year. Furthermore, performance in our primary and secondary markets improved during the second half of the financial year and, although there are reasons to remain cautious, renewed IPO activity and increased investor confidence in our markets are signalling a potential improvement in market conditions. London's position as a financial hub means that the Group is strategically well placed to support capital formation and provide companies listed on our markets with diverse sources of equity capital, as well as benefiting investors looking to take full advantage of changes in market sentiment.

FTSE 100

FTSE MIB

London Stock Exchange order book value traded and share of trading of UK equities



Despite a difficult trading environment, our focus on client relationships and high performance trading technology has successfully delivered a higher share of equity trading compared with the previous year. Share of equity trading for UK cash equities and Italian order book trading averaged 65.3 per cent and 85.3 per cent respectively (excluding trading on Turquoise). On a pan-European basis, the share of trading for the Group's equity order books (including Turquoise) was 27.1 per cent, versus 25.5 per cent in 2012. During the same period, principal global indices continued to be highly volatile; the FTSE 100 finished the financial year up 11 per cent while the FTSE MIB declined by four per cent.

Regulatory changes also continue to shape the environment in which we operate. Further details are provided on the next page.

Outlook

For the year ahead, we believe that customer demand, regulatory changes and evolving market conditions will continue to shape our business and allow us to explore and create new opportunities. Our acquisition of a majority stake in LCH.Clearnet, which completed in early May 2013, is a vitally important development that will play a crucial role in helping us to further develop our clearing and risk management services across multiple asset classes and geographies, enhancing our horizontal, open access business model. This transformative transaction positions the enlarged Group well for a long term, leading role in global market infrastructure. It also reinforces the Group's diversification strategy, encompassing both product and geographic expansion, while allowing us to work more closely with our clients.

MARKET POSITION AND OUTLOOK

Regulation continues to shape the landscape

Financial markets continue to be at the centre of regulatory change. Many of the operations of the Group are subject to regulatory oversight and as the Group expands (for instance, by taking a majority stake in LCH.Clearnet), it will be subject to further financial market regulation in multiple jurisdictions.

Many aspects of capital markets are global in nature. Until the anticipated regulatory changes discussed below are fully implemented and their impact fully realised, it is difficult to predict whether the markets will continue this global trend or will retrench. However, the rapid pace of technological development, which supports globalisation in all sectors, and is key in financial services, shows little current sign of slowing.

The flow of regulatory initiatives and regulatory change has continued unabated. Despite the time that has elapsed since the real onset of the financial crisis in 2008, the continued difficult economic climate has meant that the direction of travel remains towards increasing regulation, for the time being at least.

Indeed, the application of regulation is being extended into areas of financial services and related activity that hitherto were not subject to regulation. For instance, as a result of the disclosures in summer 2012 around the manipulation of LIBOR, the activity of submission to, and administration of, specified indices (namely LIBOR) are, as from 1 April 2013, regulated activities in the UK and are most likely to be subject to similar measures under proposals due to be published by the European Commission by summer 2013. The European Commission and IOSCO are also continuing to work on possible measures related to what they term "shadow banking" or market based finance, which are likely to extend some measure of regulation to the activities of money market funds and stock lending.

G20 goals

Policymakers' high level goals remain: establishing harmonised regimes to minimise the scope for regulatory arbitrage; increasing the scope for regulatory intervention; and introducing further measures to ensure financial stability so as to minimise the risk of taxpayers being required to underwrite failed institutions and/or market infrastructure (all the more important given the G20 commitment in Pittsburgh in September 2009 to increase the level of trading that should be traded on venues and/or cleared in clearing houses).

In the US and EU, delivery of the Pittsburgh G20 commitments has been a priority. In the US, the key measure is the Dodd-Frank Act, a wide-ranging act that facilitates an extensive set of rule-making by supervisory bodies on regulatory structures, bringing OTC derivatives on to trading venues and into clearing, increased regulation on the establishment and operation of CCPs and tools for resolving failed investment firms and banks. These rules will also apply to LCH.Clearnet LLC, a DCO (derivatives clearing organisation) in the US.

In the EU, delivering the G20 agenda has resulted in a number of key measures being proposed by the European Commission, including: EMIR (trading and clearing of OTC derivatives, CCP regulation and introduction of Trade Repositories), CRD IV (capital requirements directive and remuneration policy), MiFID (trading obligation for some OTC derivatives) and CRAR (bringing Credit Rating Agencies within the scope of regulation).

A regulation has also been proposed in relation to Central Securities Depositories (CSDs), with measures to harmonise the authorisation and operation of central securities depositories and certain aspects of securities settlement in the EU, including settlement periods and settlement discipline. This will open the CSDs to competition across the EU, presenting both opportunities and risks to the Group. In addition, there have been measures on short selling (and settlement discipline) and reviews of regulations in the areas of market abuse, prospectuses and issuer transparency. In many cases, the primary or Level I measure has been agreed and the process of developing the Level II regulations is underway. The newly created ESAs (European Supervisory Authorities) play a key role in this process.

The other key EU initiative is T2S (TARGET2-Securities), a project of the ECB (European Central Bank) which aims to facilitate cheaper cross-border settlement across Europe; after earlier delays, the implementation date of phase 1 has been set for June 2015.

UK Regulatory Structure

In the UK, the Financial Services Act passed into law in December 2012 and the UK financial services industry has been operating since 1 April 2013 under a new regulatory structure. The FSA has been replaced by two new regulators and one existing body: (1) the PRA (Prudential Regulatory Authority) is part of the Bank of England and is responsible for micro prudential regulation, (2) the FCA (Financial Conduct Authority) is responsible for conduct, markets (including London Stock Exchange plc) and consumer protection and (3) the Bank of England is responsible for regulating UK CCPs (including LCH.Clearnet Limited) and payment systems. There is also a Financial Policy Committee (FPC) to advise on macro-systemic risk, which may lead to a more proactive approach to the regulation of financial stability for those entities regulated by PRA, FCA and the Bank of England.

Future measures

Apart from the regulations and measures to implement the existing legislation, the European Commission has brought forward proposals for an FTT (Financial Transactions Tax) under the 'enhanced co-operation procedure', as only 11 member States have currently indicated an interest in such a measure (France and Italy have already implemented their own versions of an FTT). It is also expected to propose: the regulation of submission to, and administration of "benchmarks" – key indices such as LIBOR; regulation on securities law, including securities holding accounts and stock lending (as part of the measures around so-called shadow banking), enhanced corporate governance and gender balance requirements; and arrangements for resolving failed non-bank market infrastructure (specifically CCPs, initially), all of which may affect Group operations to some extent.

In the Principal Risks and Uncertainties section (page 43), we set out the potential implications for the expanded Group of the key measures we have identified.

Overview of regulatory landscape

The broad scope of regulation, its developing reach and the expansion of the Group to include further clearing and other regulated businesses mean that regulation will inevitably have a growing impact on the Group and its activities. We set out below some of the key areas where there is likely to be some impact or opportunity:

LSEG Division & Business Area	Legislation/measure	Scope
CAPITAL MARKETS		
Primary markets	MiFID (Commission proposal under negotiation)	— SME (Small and Medium Sized Enterprises) Growth Market proposals – to support SME funding and markets
Secondary (trading) markets	FTT (non UK but in Italy, France) (Commission proposal under negotiation)	— To impose transaction tax on trades in equity and derivative markets
	MiFID (Commission proposal under negotiation)	— Requirements for trading venues to give access to competing providers in order to promote further competition and for non-exclusive licensing of benchmark indices — SME Growth Market — Increased pre and post trade transparency for all non-equity asset classes, including bonds and derivatives — Increased regulatory requirements for high frequency trading strategies and proprietary trading
	MAD/MAR (Commission proposal under negotiation)	— Index manipulation and non-listed issues within Market Abuse regime
POST TRADE		
CCPs	EMIR (Level II under implementation)	— Mandate CCP clearing for a wide range of eligible derivatives contracts — Mandate the reporting of derivative trades to Trade Repositories — Establish harmonised requirements for CCPs and Trade Repositories so that they can demonstrate safety, soundness and efficiency
	EC regime for resolution for banks and CCPs (awaiting Commission proposal)	— Commission likely to propose recovery and resolution measures in Q4 2013 for CCPs and CSDs — May provide regulators with expanded powers to intervene at an early stage, including the power to require an entity to implement measures under its recovery plan — Resolution authorities will also be provided with wide range of resolution tools
	UK Financial Services Act 2012 (implemented)	— Amends UK Banking Act to introduce recovery and resolution regime for UK CCPs
Settlement **Monte Titoli**	CSDR (Commission proposal under negotiation)	— The Commission has proposed measures to harmonise: – the authorisation and operation of central securities depositories – certain aspects of securities settlement in the EU, including settlement periods and settlement discipline
	T2S (ECB project)	— The implementation date for phase 1 of the European Central Bank's T2S project, aimed at facilitating cheaper cross-border settlement across Europe, has now been set for June 2015 — In November 2011, the ECB agreed the Framework Agreement, which sets out the contractual rights and obligations of the Eurosystem and each contracting CSD. Monte Titoli has already signed the Framework Agreement, reconfirming its positioning in the 'first wave' of the project
INFORMATION SERVICES		
FTSE	Index Regulation – EU & UK (awaiting Commission proposal, already in UK law)	— Regulation of specified indices
	MiFID (Commission proposal under negotiation)	— Access under MiFIR Art 30 – requires non-exclusive licensing of benchmark
Market data	MiFID (Commission proposal under negotiation)	— Post trade consolidated tape (CT) – likely introduction of requirements for harmonised post trade data and some sort of "consolidated tape" process

CHAIRMAN'S STATEMENT

"Our diversification strategy has radically transformed the Group and we have achieved much in a relatively short period of time. We are now a more international, diversified, multi-asset class, multi-market business."

Overview

Experience, stability and trust are cornerstones of our industry and London Stock Exchange Group has a long and distinguished history of operating systemically important financial infrastructure. Our role has been unequivocal and unwavering: it remains our belief that strong capital markets infrastructure is fundamental to any thriving and successful economy. Throughout our history, we have facilitated the raising and allocation of capital, and the promotion of efficient markets that support growth and economic prosperity. The impact of the financial crisis continues to be felt across the world, and with it there is a renewed focus on the need for systemically sound, strong financial infrastructure to support the global financial markets, business development and growth. Many of the changes we are seeing in global policy and regulation reflect this landscape, and the Group has never been more certain of the critical role it can play in these changing times.

Our diversification strategy has radically transformed the Group and we have achieved much in a relatively short period of time. We are now a more international, diversified, multi-asset class, multi-market business. The traditional notion of the Group as a domestic equities business is outmoded. Yet, our core function of matching buyers with sellers and providing access to funding remains: we have simply added to it.

Supporting the long term development of the whole funding ecosystem, particularly for SMEs, remains a passion for us. Only when small and medium sized, fast growing businesses can successfully and efficiently tap into the means by which to fuel their growth, will we see real economic prosperity. Equity capital is often the most suitable form of finance for these fast growing companies, be it seed capital, business angel investment, venture capital or the public markets. It is critical to get the whole funding chain working better. The Group put together a package of its own measures to support SMEs across Europe, and we very much welcome recent moves by the UK Government, in particular, to create an environment to support our best and brightest businesses, including policies to help facilitate increased investment in AIM-listed companies through the abolition of stamp duty on AIM shares. This will help mobilise a wider pool of capital dedicated to SMEs and we remain committed to working with policymakers and market participants to ensure the future of these innovative and high-growth companies.

Strategic delivery

In May 2013, we completed the acquisition of a majority stake in LCH.Clearnet, which received the overwhelming support of both sets of shareholders. The strategic rationale for the deal is very clear and delivers against many of our goals, and specifically to develop our post trade offering. The transaction is a crucial step in securing the enlarged Group's long term role in the operation of international capital markets and delivers opportunities for further international expansion, especially in the US and Asia.

The first full-year benefits of the FTSE transaction are reflected in our financial performance. This is an example of how the Group is expanding its global footprint.

Our wider role

The Group's scale and reach continue to grow, and with it we are acutely aware of the role we play in the communities in which we operate. The Group donated £1,193,000 in the past year, of which £716,000 was donated through the Group's charitable Foundation. The opportunity to create a lasting legacy through the work of the Foundation is reflected in a focus on youth development. In addition to the ongoing support of the Group's partner charities Friendship Works, In-Presa, UNICEF and Habitat for Humanity, London Stock Exchange recently joined Ladder for London's apprenticeship scheme and has welcomed its first intake of apprentices. This is in addition to the Group's successful graduate recruitment scheme. We summarise our Corporate Responsibility activities on page 33 and in a fuller corporate report which can be accessed from our website.

Financial performance and dividend

The transformation of the Group is reflected in our financial performance. Despite the prevailing challenges of current market conditions, we delivered a good financial performance. Another measure of the successful delivery of our strategy has been our sustained strong share price performance, both relative to our global peer group and to the FTSE 100 index.

The Group is therefore proposing a four per cent increase in the final dividend to 19.8 pence per share, resulting in a full year dividend of 29.5 pence per share, a four per cent rise. The final dividend will be paid to shareholders on the register as at 26 July 2013.

Board changes

Doug Webb stepped down as Chief Financial Officer after four busy years in the role. He played a significant part in the recent strategic diversification, strong financial performance and growth of the organisation, and the Board is grateful for his contribution over this time. David Warren joined the Group as CFO in July 2012, bringing a wealth of senior level experience both in finance and in running exchanges, including nine years as CFO at Nasdaq OMX.

We welcome Jacques Aigrain to the Board of Directors, following the completion of the acquisition of a majority stake in LCH.Clearnet. Jacques brings extensive experience, particularly in risk management, and I look forward to working with him more closely in the coming months.

During the period, a number of senior management changes and appointments were announced, details of which are included in the Chief Executive's statement.

Conclusion

This year marks the tenth anniversary of my chairmanship of the Group. It has been an exciting decade. I am incredibly proud of the business we are today and I believe that our core values have never been more relevant. We are an international company, diversified and ambitious. We remain firmly focused on executing our strategy, capitalising on the many opportunities that are available to us, particularly with regard to LCH.Clearnet, and on creating long term value. We are looking forward to another rewarding year ahead.

Chris Gibson-Smith
Chairman

CHIEF EXECUTIVE'S STATEMENT

"Today, the Group has a strong, complementary portfolio of global brands, services and products. Through our offering, we look to partner with our customers, helping drive their, and our, success across different markets, asset classes and geographies. Capital raising, risk management, intellectual property and technology provide some of the most exciting opportunities for us. It is these areas in particular that continue to be a core focus for us."

Overview

This has been another significant year of progress for the Group. We are fast becoming a truly international organisation, and this year we have continued to innovate and build our global reach, delivering against our diversification strategy and reporting a good financial performance.

Today, the Group has a strong, complementary portfolio of global brands, services and products. Through our offering, we look to partner with our customers, helping drive their, and our, success across different markets, asset classes and geographies. Capital raising, risk management, intellectual property and technology provide some of the most exciting opportunities for us. It is these areas in particular that continue to be a core focus for us.

Quality and excellence

As a Group, delivering quality and excellence is embedded in all that we do. MillenniumIT, our world-class proprietary technology business, is now providing market infrastructure technology to over 30 companies around the world. Its low cost, high speed, proven technology delivers best in class capital markets technology and, three years since joining the Group, MillenniumIT has more than fulfilled our expectations. The successful migrations of Borsa Italiana, Oslo Børs and Johannesburg Stock Exchange in 2012, have enabled us to fully decommission our legacy platform and are textbook examples of how this low cost, flexible, resilient technology is changing the industry. Locating our technology locally helps support both customers and regulators and we continue to build on our success, competing for and winning new business, including contracts with HKeX, LME and a new partnership with Bolsa de Valores de Lima. We also continued to develop our technology skill set through innovation and partnerships and we recently completed the acquisition of a majority stake in GATElab, a highly complementary technology business.

The Group's ability to attract companies, domestic and international, small and large, to list on its markets is reflected in a number of high profile offerings in the past year including Direct Line, Sberbank and esure in London and Brunello Cucinelli and Moleskine in Milan. The Group has been a long term advocate of the need for a fundamental rebalancing of our global economy, away from an excess of bank finance and debt, towards a more stable system where equity plays a greater role in funding growth. Earlier this year, London Stock Exchange announced plans to launch a new 'High Growth' segment on its Main Market to meet the needs of fast growing companies. Acting as a launch pad, this segment will help companies aspiring to seek a premium Main Market listing. The Group warmly welcomed the abolition of stamp duty in the UK on AIM shares in this year's budget, and continues to work with Government and other stakeholders in promoting and supporting policies that will help innovative, high growth, blue chip companies of tomorrow to thrive.

Private investor demand for access to fixed income has been reflected in the performance of the Group's retail bond platforms, MOT in Italy and ORB in the UK. MOT has over 1,100 listed bonds and regularly sees €1 billion of trading a day. A new professional segment on ExtraMOT, dedicated to the trading of debt instruments issued by both listed and unlisted Italian companies, has provided companies with a flexible and accessible source of finance without an overly extensive listing process.

Over £3 billion has been raised on ORB in the three years since it was launched and the new FTSE ORB Index, which is the first performance benchmark for retail bonds trading on ORB, signifies the increasing maturity of the market and growing secondary market liquidity.

Our fixed income platform, MTS, has responded to the regulatory drive to bring efficient, transparent access to European fixed income markets. MTS Credit, a pioneering new electronic platform for the trading of euro-denominated non-government bonds, has signed its first prime bank to the service. MTS also launched a new daily repo index, RepoFunds Rate.

In derivatives, our innovative new derivatives market for durum wheat, AGREX, commenced trading on our IDEM platform. The Group continues to develop its position as a leading marketplace for Russian index and equity derivatives.

The International Board, which we announced last year, has begun trading in collaboration with our first partner, Singapore Stock Exchange. The new trading initiative will extend trading hours for the most actively traded securities in both markets to around 15 hours each day, providing more opportunities for investment, trading and risk management for participants in London and Singapore. Over time we believe it could enable the development of 24-hour global trading in cash equities.

Partnership and innovation
The acquisitions we have made over the past four years have helped to transform the Group. Most notably, MillenniumIT, FTSE and more recently the purchase of a majority stake in LCH.Clearnet, completed in May 2013. Each of these offer long term diversification, heightened opportunities for collaboration and strong growth prospects.

We do not believe in a 'one size fits all model'. Rather, we believe that our offering needs to be tailored for different customers, markets and geographies. This is particularly true in technology where we locate our technology infrastructure close to our customers and regulators, delivering cost, oversight and commercial advantages to both. This approach differentiates the way we operate and has partnership and innovation at its core. We think this offers the optimum product and service for our customers, the optimum strategy for our business, and the optimum opportunity for us to deliver value for investors.

LCH.Clearnet brings to the Group greater breadth and depth of offering, new customers, new skills and expertise, but above all it champions a customer preferred model in multi-asset, multi-venue clearing and risk management services. The open access horizontal model is unique in our industry and promotes customer choice and collateral efficiency, partnership and collaboration. The model is structured in such a way as to give regulators and the market enhanced levels of comfort from the greater systemic resiliency that open access ultimately provides. Better, more efficient risk management is a key driver of change in our industry and we believe that LCH.Clearnet will be the first choice for a host of new and existing trading venues resulting from the implementation of Dodd-Frank in the US and EMIR in Europe: for the simple reason that most competitors operate closed, vertical silos.

I would like to warmly welcome Jacques Aigrain, Ian Axe, the LCH.Clearnet management team and staff across the world, to the Group. We very much look forward to working together.

We continue to see the benefits of the full inclusion of FTSE in the Group. FTSE's successful track record of winning new business by competing on product attractiveness, service and innovation was highlighted by Vanguard's selection of FTSE as the index benchmark provider for six of their international equity index funds. It marked the largest ever international index benchmark provider switch and underlines FTSE's continued growth as a global brand. FTSE further reinforced its global business development ambitions with a joint venture with TMX Datalinx, which will see it become the third largest fixed income ETF index provider globally, with over US$1 trillion in assets under management.

In a natural extension to its existing product offering, UnaVista has applied to become a Trade Repository. With the increased regulatory obligations coming into force, UnaVista will be able to provide customers with a simple, one-stop reporting solution for both EMIR and MiFID.

Management
We have further strengthened the Group's executive management team over the past year to reflect our increased diversification and international presence.

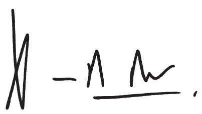
David Warren and Alexander Justham have both joined the Group, bringing a wealth of experience in financial markets to their respective roles as Group Chief Financial Officer and CEO of London Stock Exchange plc. Antoine Shagoury also took on the role of COO in addition to his role as CIO, and David Lester was appointed Group Director of Strategy. Mark Makepeace joined the Executive Committee as Group Director of Information Services.

The Group has also taken steps, reflecting the expanding and changing nature of the Group, to significantly strengthen its audit and risk management capabilities with the appointments of a new Chief Risk Officer, Diane Côté, and a Head of Internal Audit. Diane Côté and Ian Axe, CEO of LCH.Clearnet, join the Executive Committee following the year end.

Outlook and priorities
The Group has continued to make significant strides forward in the execution of its stated strategy. The initiatives we have undertaken over the past few years to become more efficient and to diversify our business have laid the strong foundations on which to build and drive the Group forward. Our industry remains subject to widespread structural change, but the strength and breadth of our business make us well positioned to benefit from these changes, as well as the opportunities presented by an improving economic environment. In the year ahead, we will remain firmly focused on achieving the expected benefits from recent transactions and investment in new products, as well as continuing to seek new growth opportunities.

Our active engagement with policymakers around the world promoting safe, transparent and successful competitive markets is demonstrating the vital role that strong capital market infrastructure plays. The Group's place in society has never been more relevant, from job creation by improving access to equity financing for SMEs, to the provision of critical risk management infrastructure through LCH.Clearnet. It is our belief that strong capital markets infrastructure is a bedrock of economic prosperity.

The transformational changes we have made to the Group would not have been possible without the enthusiasm and dedication of our staff across the globe and I thank them for their unrelenting commitment to the delivery of our vision. The coming year will see us consolidate on the progress we have made. As ever, there is always more to do, but we are optimistic about the year ahead and we will continue to focus on building best in class capabilities, extending our global footprint and to developing opportunities, now with LCH.Clearnet as part of the Group.



Xavier Rolet
Group Chief Executive

STRATEGY IN ACTION

As we continue to execute our successful expansion and diversification strategy, our focus remains consistent: increasing efficiencies, internationalisation and developing growth opportunities. In particular, we made good progress in the last year on integrating our strategic acquisitions, diversifying our service offering by product and asset class, and further developing our strategic customer relationships. Exceptional people, a commitment to innovation and partnership and high performing technology continue to underpin the delivery of our strategy.

ACTION

Successful integration of acquired businesses | Innovative products and services | Partnerships with clients

	ACTION
Building best in class capabilities	— Invest in skills and infrastructure — Implement high performance and cost-effective technology — Strict cost control — Strong risk management oversight — Excellent customer service
Creating a global business	— Extend sales and distribution capabilities in Asia and the US — Establish and develop partnerships in key geographies — Continue to build a position in attractive high growth emerging markets
Developing opportunities	— Invest in post trade and risk management services to deliver new and added value to customers — Diversify offering into new asset classes and client segments and create innovative solutions — Position for growth opportunities arising out of regulatory change

PROGRESS

We have built a strong and efficient business

— Three year, Group-wide technology upgrade completed putting cost-effective technology at the heart of the business

— Integration of acquired businesses is strengthening our skill set and our pool of management expertise

— Cost base held flat in 2013

Our footprint is global

— With LCH.Clearnet we now have around 2,800 employees based in 13 countries, delivering services worldwide

— Over 50 per cent of Group revenue was generated outside the UK

— Building profile in North America with FTSE's Vanguard index win and fixed income index JV

— MillenniumIT partnering with global clients: Mongolian SE, Johannesburg SE and Borsa de Valores de Lima

We are successfully diversifying to take advantage of growth opportunities

— Asset class diversification: FTSE TMX Global Debt Capital Markets JV, commodity derivatives listed on AGREX and IDEX (durum wheat and energy futures), FTSE Cürex currency indices

— Developing European SME franchise by improving access to capital for SMEs and investment opportunities for retail investors: AIM, AIM Italia, Elite, ORB, MOT

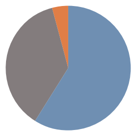
— Diversifying services offered in post trade with LCH.Clearnet, Monte Titoli and UnaVista

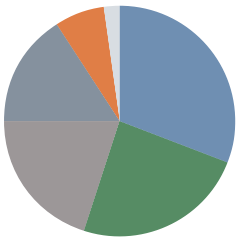
— Developing strong buy-side and asset owner relationships

Income by product / geography – diversification of income over last 10 years

2004: £237m[1] | 2013: £853m[2]

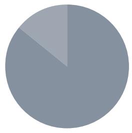
Product

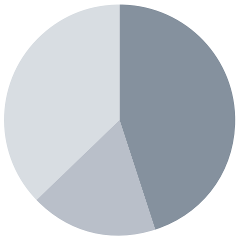




2004		2013	
Capital markets	59%	Capital markets	31%
Information services	37%	Post trade services	24%
Technology & other	4%	Information services (excl. FTSE)	20%
		FTSE	16%
		Technology services	7%
		Other	2%

Geography





2004		2013	
UK	86%	UK	45%
Other	14%	Italy	18%
		Other	37%

1 2004 figures prepared under UK GAAP
2 Adjusted total income

STRENGTHENED SENIOR MANAGEMENT

The business is managed on a day-to-day basis by an Executive Committee. The team meets regularly to review business and financial performance, develop Group strategy, review project development, set targets and agree actions.

The Executive team (listed below) was further strengthened during the year with David Warren joining as Chief Financial Officer and Alexander Justham becoming Chief Executive Officer, London Stock Exchange plc. These new appointments reflect the growing international profile of the Group and the increasing regulatory oversight of parts of our business; David brings experience from many years working in international capital markets and Alexander provides expertise in financial markets regulation.

Mark Makepeace also joined the Executive Committee, heading the Group's Information Services segment, which includes the FTSE Group.

For further information on Xavier Rolet, David Warren and Raffaele Jerusalmi, who are also members of the Board of Directors, see their biographies on page 48.

Xavier Rolet
Group Chief Executive

Alexander Justham
Chief Executive Officer, London Stock Exchange plc. Joined the Group in 2012 from the Financial Services Authority (FSA) where he was Director of Markets. Prior to the FSA he worked at JPMorgan for 17 years, where he held a number of roles, latterly as a Managing Director at JPMorganCazenove.

Tony Weeresinghe
Director of Global Development and CEO of MillenniumIT. Joined the Group in 2009. Prior to founding MillenniumIT in 1996 he was Head of the Open Systems Division of ComputerLand and Country Manager of Oracle in Sri Lanka.

Raffaele Jerusalmi
Chief Executive Officer of Borsa Italiana and Director of Capital Markets

David Lester
Group Director of Corporate Strategy. Joined the Group in 2001. He has over 23 years' experience in financial markets including with Thomson Financial, Accenture and KPMG.

Antoine Shagoury
Group Chief Operating Officer and Chief Information Officer. Joined in 2010 from the American Stock Exchange (now part of NYSE Euronext) where he was CIO. Prior to his role at the Amex/NYSE, Antoine held several executive technology positions over the preceding 10 years at Instinet, most recently as CTO of Instinet Services. He has over 20 years of technology and financial services experience.

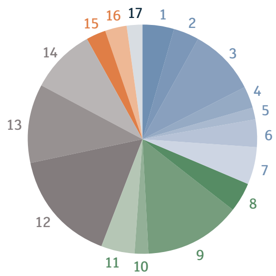
David Warren
Chief Financial Officer

Mark Makepeace
Group Director of Information Services and Chief Executive of FTSE Group. Founding Director of FTSE Group in 1995 and joined the Group in 2012. Mark has over 15 years' experience of developing successful joint ventures and has forged alliances with stock exchanges, academics and leading industry groups.

Post year end, Ian Axe, CEO of LCH.Clearnet, and Diane Côté, Chief Risk Officer, also joined the Executive Committee.

INTRODUCTION TO SEGMENTAL REVIEW

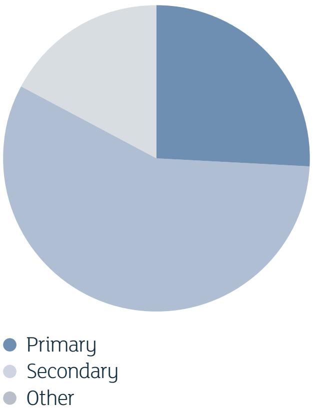
Adjusted total income
£ million



	Year ended 31 March 2013
Capital Markets	£m
1 Annual fees	38.5
2 Admission fees	32.3
3 Cash equities trading UK	79.9
4 Cash equities trading Italy	24.6
5 Derivatives trading	13.4
6 Fixed income trading	34.4
7 Other capital markets	44.4
	267.5
Post Trade Services	
8 Clearing	36.1
9 Net treasury income through CCP business	116.7
10 Settlement	15.5
11 Custody and other	40.2
	208.5
Information Services	
12 FTSE	134.1
13 Real time data	96.9
14 Other information	75.3
	306.3
Technology Services	
15 MillenniumIT	26.9
16 Technology	29.2
	56.1
Other	
17 Other revenues	14.5
	852.9

CAPITAL MARKETS

Revenues



£267.5m

2012: £301.9m

Introduction

London Stock Exchange Group provides unrivalled access to capital for a wide range of domestic and international businesses.

Our range of primary markets provides a choice for issuers and investors, enabling companies to raise capital efficiently depending on their individual financing needs, as well as increasing their visibility with a wide group of customers and investors. Our secondary markets create a deep pool of liquidity and allow active and efficient trading through our highly competitive trading platforms.

Capital Markets revenues decreased by 11 per cent to £267.5 million (2012: £301.9 million). Primary markets saw revenues decrease by seven per cent on lower IPO and further issues activity, and secondary market revenues declined by 15 per cent on lower cash equity and equity derivative trading volumes.

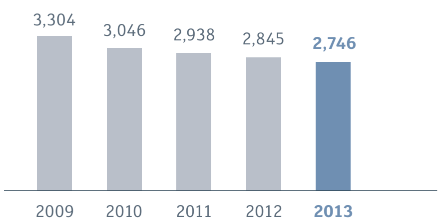
Primary Markets

During a year of challenging market conditions, we listed or admitted to trading 121 new companies on our markets (2012: 160). A number of notable high profile UK businesses were floated on our Main Market this year, including the insurers Direct Line, London's largest UK capital raising of 2012, and esure, both of which had a good level of retail as well as institutional investor support. Other issues included Crest Nicholson, a leading residential developer, and Countrywide, the residential estate agency and property services group. In Italy, seven companies listed, including Brunello Cucinelli.

Our markets also remain an attractive venue for international businesses with nine international companies joining our Main Market during the year. Sberbank, London's largest capital raising of the year, Megafon and KCell all raised significant amounts of capital, highlighting that London remains the

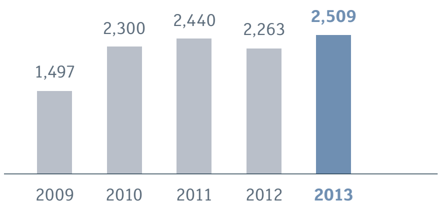
Year ended 31 March Revenue	2013 £m	2012 £m	Variance %	Variance at constant currency %
Primary Markets				
Annual fees	**38.5**	39.5	(3)	(1)
Admission fees	**32.3**	37.0	(13)	(12)
	70.8	76.5	(7)	(6)
Secondary Markets				
Cash equities: UK	**79.9**	95.4	(16)	(16)
Cash equities: Italy	**24.6**	31.4	(22)	(17)
Derivatives	**13.4**	16.7	(20)	(16)
Fixed income	**34.4**	35.7	(4)	1
	152.3	179.2	(15)	(13)
Other	**44.4**	46.2	(4)	–
Total revenue	**267.5**	301.9	(11)	(9)

Number of companies listed – Group

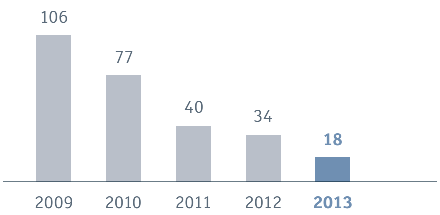


Market capitalisation – Group

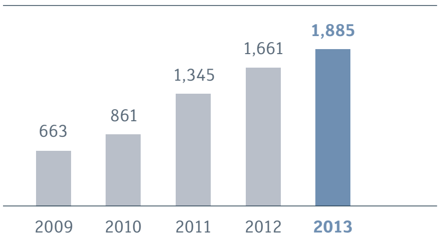
£ billion



Equity money raised – Group
£ billion



Exchange Traded Products – number listed – Group



international listing venue of choice for companies from around the globe. We continue to support the capital raising efforts of companies in the SME space with 74 companies admitted to AIM in the UK during the year (2012: 89). Among the notable listings were WANdisco, Blur Group, Clinigen and Retroscreen Virology, highlighting AIM's appeal to innovative companies. AIM also continued to attract international issuers with 26 such companies admitted during the year, many from Asia and Africa. To further support and meet the needs of fast growing companies, we announced our new High Growth segment, acting as a stepping stone for companies aspiring to a listing on the Premium Segment of the Main Market in the UK.

The total amount of capital raised across our equity markets, both through IPOs and additional financing, was £18.0 billion (2012: £33.8 billion). Difficult economic conditions continued to weigh on markets, but the higher number of listings in the second half of the year is a positive sign of improved market confidence and prospects for the IPO pipeline, which remains strong.

MOT, our Italian bond platform, continued to build on last year's successful 'BTP Italia' bond issues. The Italian Treasury again chose to use MOT's extensive electronic distribution network to access online traders with further issues. In October, the third issue of the BTP Italia bond was the largest ever bond issue in Europe with more than €18 billion raised in four days. This was followed by the fourth issue of the BTP Italia bond in April 2013, raising €17 billion in two days. The success of these bond issues is testament to the efficiency of MOT and the widespread distribution network of Borsa Italiana. ExtraMOT Pro, the new Professional Segment dedicated to listing of bonds, commercial paper and project bonds was launched in February. This new segment offers to corporates and, in particular to SMEs, a national flexible and cost-effective market in which to take advantage of the opportunities and tax benefits arising from the new regulatory framework.

In the UK, our Order book for Retail Bonds (ORB) continues to perform well, raising over £3.2 billion through 35 issues since its inception in 2010. Over the past year, there were 17 ORB issues, helping an increasingly diverse range of organisations raise over £1.7 billion by accessing the retail investor market. The success of the market is highlighted by some issuers returning to raise further capital, emphasising ORB's role as a regular source of funding for companies. Notable issues include EnQuest, the first oil producer to launch on ORB, and London Stock Exchange Group's own retail bond, raising £300 million in November.

We continue to help issuers gain access to a large and diverse range of institutional investors and private client brokers in order to boost their capital raising potential. In the past year, we have held 14 Capital Markets Days, both on a regional and sectoral basis. These included a Mongolian Investment Summit, a Lebanese Capital Market Day and our second FT/LSE African Investment Summit, highlighting the opportunities for investing in these regions and the capital raising potential of companies based in these countries. Additionally, we held "Raising capital in London" seminars in our domestic markets as well as in Vietnam, Malaysia, Kazakhstan and Taiwan, plus other events involving companies from China and Russia and from sectors including oil, gas, mining and cleantec.

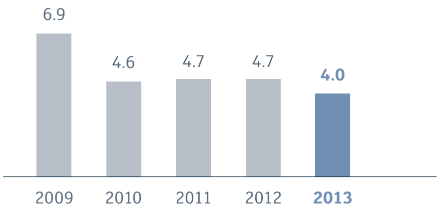
As part of the Mongolian Strategic Partnership agreement, the Mongolian Stock Exchange successfully migrated to the new MillenniumIT trading platform in July 2012. As well as significantly improving the market's technology, we helped in the education of market participants and worked with the Mongolian Government in its rewriting of the country's capital markets regulations and securities law.

We continued our drive to improve access to equity finance for SMEs and have engaged extensively with policymakers. We welcome the UK Government's decision to abolish stamp duty for companies quoted on growth markets, such as AIM, and HM Treasury's proposals to make companies admitted to growth markets eligible for stocks and shares ISAs. We believe these moves will help to boost investment in growth market shares, and reduce cost of capital for the UK's fast growing, job-creating businesses. Our AIM and AIM Italia markets, High Growth Segment and STAR segment we believe are of significant importance to economic growth in terms of providing funding opportunities, particularly at a time when bank credit remains restricted.

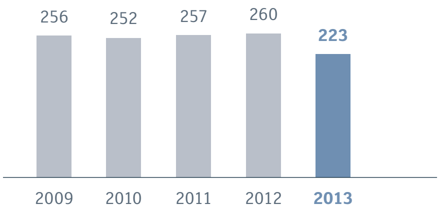
In Italy, our SME offering is further enhanced by our ELITE programme, which in April 2013 reached its goal of admitting 100 companies. The programme is aimed at providing support to fast growing Italian SMEs, allowing them to boost their appeal and visibility to potential investors. The STAR Conferences held in London and Milan were also highlights, providing listed and non-listed Italian companies with opportunities to increase their exposure among the investor community.

CAPITAL MARKETS

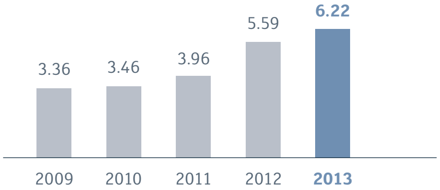
London Stock Exchange – average order-book daily value traded
£ billion



Borsa Italiana – average order-book daily number of trades
thousands



MOT trades
millions



Secondary Markets

Equity trading

UK cash equity trading experienced a weak environment in the first nine months of the year as markets traded in a narrow range. However, trading increased in the fourth quarter as confidence drove indices higher. Italian markets continued to be volatile reflecting general economic uncertainty. In the UK, the average daily value traded was down 15 per cent to £4.0 billion (2012: £4.7 billion); in Italy, the average daily number of trades was down 14 per cent to 223,000 (2012: 260,000).

Turquoise is our pan-European MTF cash equity platform, offering fast, competitive trading in European cash equities. The platform has shown good growth and, since we acquired a majority stake in 2010, Turquoise's share of European equity trading has risen from 3.0 per cent to an average of 5.6 per cent (2012: 5.4 per cent), ending the year at 8.1 per cent for March. Turquoise continues to build the infrastructure to offer a pan-European alternative platform including adding another clearing service to provide a choice of four CCPs for its participants. Amid lower trading values across Europe, trading on Turquoise was down 15 per cent to €432.9 billion (2012: €509.7 billion).

Our International Order Book enables investors to gain access to international issuers' securities via depository receipts from a wide range of developing nations, including those in Central and Eastern Europe, Asia and the Middle East. Reflecting widespread slowdown across many international markets, value traded declined by 32 per cent to US$202 billion (2012: US$296 billion).

During the year, we launched our International Board with Singapore Stock Exchange. The agreement allows the largest and most actively traded stocks on each exchange to be traded by their respective member firms.

Among other developments we also launched the Closing Price Crossing Session in the UK which provides a further opportunity to execute business at the day's closing price in an additional continuous trading session that lasts up to five minutes.

The London Investor Show was held in October 2012 and was sponsored by the Group for the second time, continuing our commitment to further the understanding of financial markets by retail investors. Additionally, we launched our Private Investor magazine which is downloaded by around 30,000 investors.

Listed products

Our ETF market won the title of 'Best European Exchange for Listing ETFs' at the ETF Express Awards 2013 and was recognised as the leading exchange in Europe for ETF trading by number of trades at the 9th Global ETF awards. In the fourth quarter, the Group's share of ETF trading in Europe stood at 35.4 per cent, an increase of 4.6 percentage points compared with the equivalent period last year, making us the leading venue for ETF trading in Europe by value traded. Total ETP value traded in the past year reached £102 billion (2012: £130 billion), the reduction reflecting the weak market conditions. The total number of ETPs listed on our markets increased by 13 per cent to 1,885 (2012: 1,661).

Derivatives

Global derivatives volumes declined in financial year 2013, largely as a result of lower volatility. Over the past year, the number of contracts traded on Turquoise Derivatives reduced by 41 per cent to 24 million (2012: 41 million).

IDEM, the Group's Italian derivatives market, continued to expand its product offering with the launch of Euro-denominated FTSE 100 mini-futures designed to appeal to private investors. AGREX, a new segment of the market dedicated to agricultural commodities derivatives, was also launched. The first products available for trading are durum wheat futures (primarily used to produce pasta and couscous), with the European Union being the largest durum wheat producer in the world. This launch complements IDEM Equities and IDEX, a platform for trading electricity futures. While the total number of contracts traded in IDEM decreased 23 per cent to 35.9 million (2012: 46.7 million), stronger trading was seen in FTSE MIB futures, which increased by 9 per cent.

Fixed income

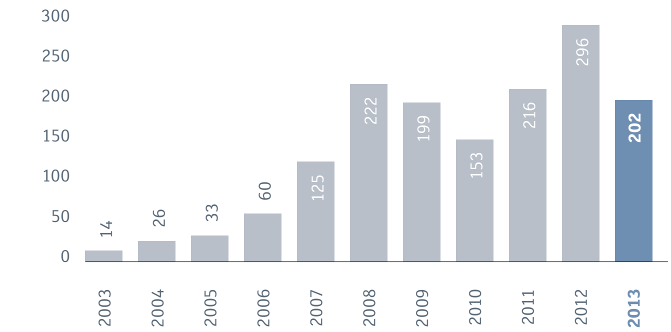
MTS is a leading regulated electronic trading platform for intermediaries trading European wholesale Government Bonds and other types of fixed income securities. This past year saw volumes increase by 14 per cent on MTS Repo to €69.1 trillion (2012: €60.7 trillion); volume traded on MTS Cash and BondVision was broadly stable at €2.4 trillion (2012: €2.4 trillion) with MTS cash volume declining six per cent, offset by a 17 per cent increase at MTS BondVision. Impending regulatory change means that increasing trading volumes are expected on electronic platforms as participants are increasingly focused on access to liquidity, better price discovery, more certainty, post trade transparency and full straight through processing. MTS continues to grow globally. In the US, it has been granted a broker/dealer licence, enabling MTS Markets International Inc to offer BondVision in the US for US treasuries and other US & European fixed income products. In April, MTS launched the RepoFunds Rate index with Brokertec, reinforcing the Group's approach to building quality product offerings through partnerships.

We currently have 176 bonds trading on ORB (2012: 152), including 111 corporate bonds, four supranational bonds and 61 gilts. The past 12 months have seen good growth in on-book trading, as the service starts to gain traction. We now have nine dedicated ORB market-makers providing continuous two-way tradable prices and 30 specialist retail brokers as ORB members.

Trading on MOT in Italy, the most liquid and heavily traded retail fixed income platform in Europe, beat the record volumes of 2012, with an 11 per cent increase in total trades to 6.22 million (2012: 5.59 million).

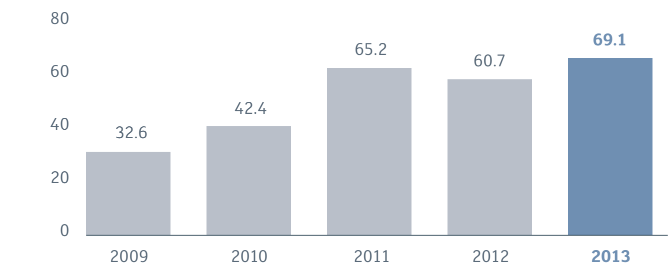
International Order Book

Value traded US$ billion



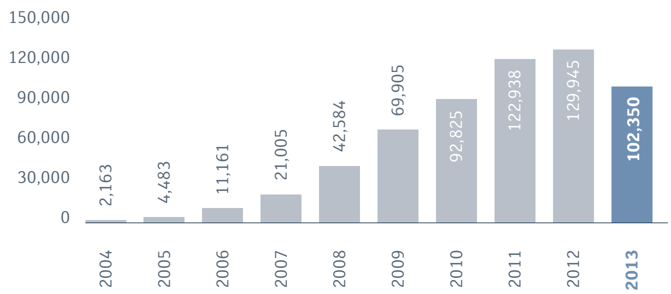
MTS Repo

Volume traded € trillion



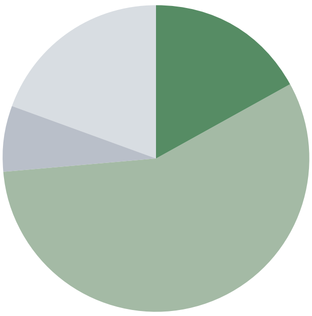
Exchange traded products

Value traded £ million



POST TRADE SERVICES

Income



£208.5m

2012: £228.5m

Year ended 31 March Revenue	2013 £m	2012 £m	Variance at %	Variance at constant currency %
Clearing	**36.1**	41.1	(12)	(7)
Settlement	**15.5**	18.9	(18)	(13)
Custody & other	**40.2**	41.6	(3)	2
Total revenue	**91.8**	101.6	(10)	(4)
Net treasury income through CCP business	**116.7**	126.9	(8)	(4)
Total income	**208.5**	228.5	(9)	(4)

Introduction

Post Trade Services are crucial to the securities trading industry. Our post trade businesses, Monte Titoli and CC&G, provide the markets with depository, custody, risk and collateral management, clearing and central counterparty services in order to mitigate risk and ensure the efficient running of capital markets.

The post trade regulatory landscape is undergoing significant changes, emphasising the importance of the role of Central Securities Depositaries (CSDs) and clearing houses in post-crisis financial markets. It also creates opportunities for growth in this area, as more reliance is placed on post trade infrastructure providers. Our continued strong service in volatile market conditions emphasises the high quality of our risk management and post trade processes.

Total income (including net treasury income) for the Post Trade Services division fell by nine per cent to £208.5 million (2012: £228.5 million).

CC&G

CC&G provides risk management, open access clearing and central counterparty (CCP) services for 14 markets, including services to non-Group markets, and has over 140 clearing members. CC&G eliminates counterparty risk, acting as buyer toward the seller and vice versa, becoming the guarantor of the final settlement of the contracts. CC&G provides services across a diverse range of asset classes including cash equities, derivatives, closed-end funds, fixed income, energy products, and most recently agricultural commodity derivatives.

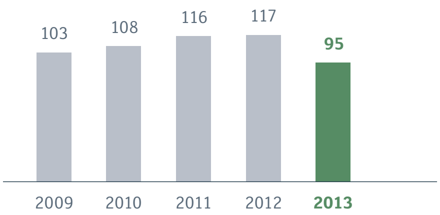
As a result of lower trading volumes in equities and derivatives, clearing revenues fell by 12 per cent to £36.1 million (2012: £41.1 million).

CC&G generates net treasury income by investing the cash margin it holds. Average daily initial margin rose by seven per cent to €10.1 billion for the period (2012: €9.4 billion). Net treasury income was down eight per cent to £116.7 million (2012: £126.9 million) as CC&G began investing its cash margin on a fully collateralised basis as part of the process to meet new regulatory technical standards for the impending European Market Infrastructure Regulation (EMIR). This requirement is expected to reduce CC&G's net treasury income from its elevated levels in the Group's financial year ended 31 March 2014.

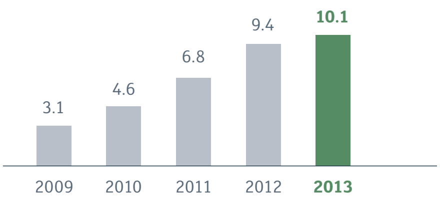
Given the importance of the role of CCPs in post-crisis financial markets, regulatory requirements of CCPs have come under scrutiny and increased minimum capital levels will be demanded when EMIR comes into effect. CC&G already meets these new regulatory capital levels through existing capital resources and current year profit generation, and is well positioned for when the proposed regulation comes into force.

CC&G extended its clearing service to AGREX, a new segment on IDEM and the only Italian derivatives market dedicated to agricultural commodities.

Contracts cleared
million



Initial margin held
Average € billion



Monte Titoli
Monte Titoli, our CSD, is a leading provider of efficient and secure pre-settlement, settlement, custody, asset servicing and collateral management services. It is the third largest CSD in Europe with over €3.2 trillion in assets under custody and is a top 10 ranked international depository by Thomas Murray, the specialist custody rating, risk management and research firm, with an AA rating.

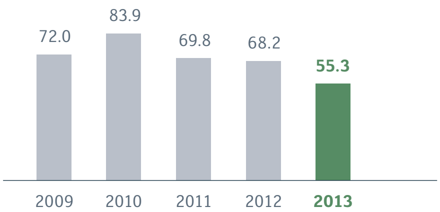
In the past year, Monte Titoli processed 55.3 million settlement instructions, down 19 per cent on the previous year reflecting lower trading levels in the Italian equity and fixed income markets (2012: 68.2 million). Monte Titoli continued to provide a low cost and efficient settlement system; with a settlement rate of 99.4 per cent of trades. Monte Titoli's settlement rate exceeds the European settlement standards.

In September 2012, Monte Titoli launched X-COM. This platform provides a new service for tri-party collateral management allowing customers to manage their investment strategies and financing more efficiently. It offers an efficient, reliable and cost-effective spectrum of services enabling Monte Titoli's clients to collateralise their exposure, regardless of security type, nationality or currency.

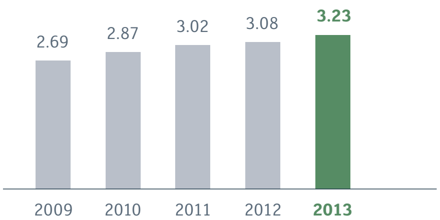
Monte Titoli has signed the TARGET2-Securities Framework Agreement and will participate in the first wave of T2S, scheduled to go-live in 2015. T2S will be the new centralised settlement platform for securities, developed and operated by the Eurosystem (the European Central Bank and the national central banks of the Eurozone), created to provide settlement services for any type of transaction in Central Bank money. Monte Titoli is the largest CSD entering in the first wave and will be able to offer major European players access to settle cross-border contracts as if they were domestic, eliminating problems such as delays and errors in the interaction of different settlement systems.

Monte Titoli has an extensive customer base of over 370 banks, brokers, CCPs, trading venues and more than 2,100 issuers and it provides asset servicing for a wide range of financial instruments. Assets held under custody at Monte Titoli increased by five per cent to €3.23 trillion (2012: €3.08 trillion).

Settlement instructions
million



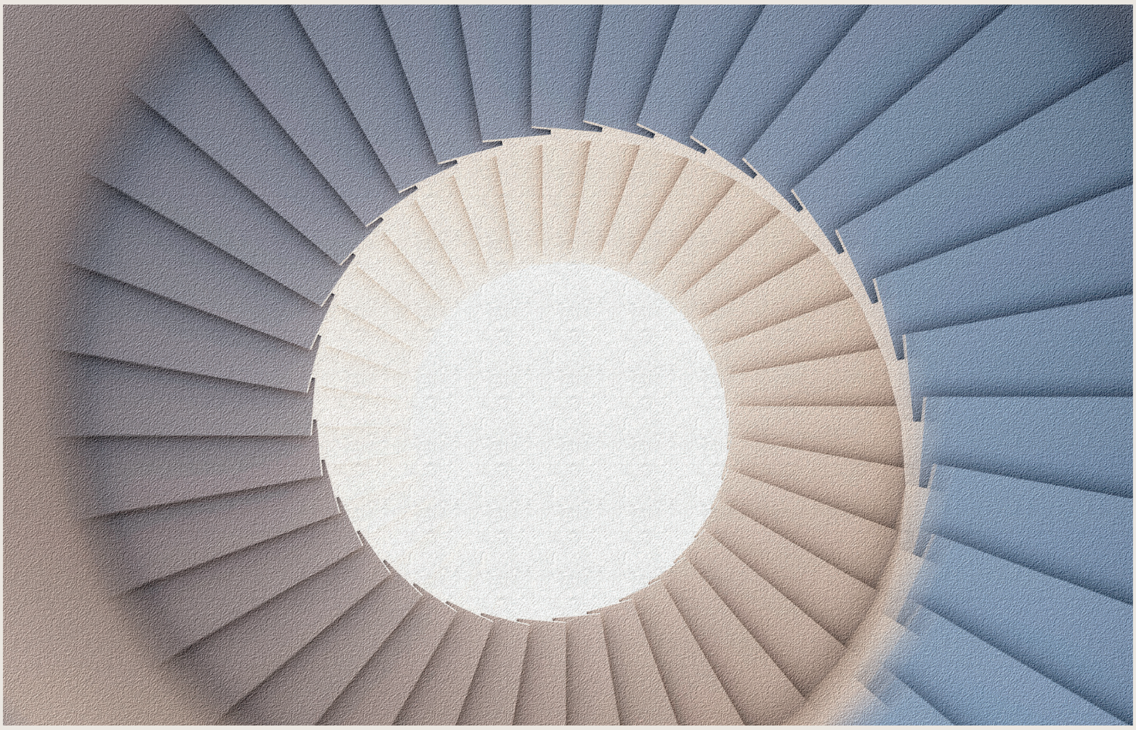
Average assets under custody
€ trillion



CASE STUDY

LCH.Clearnet

On 1 May 2013, the Group completed the acquisition of a majority stake in LCH.Clearnet. This transaction is hugely significant, increasing the Group's clearing and risk management capabilities and providing opportunities for growth. The financial performance of LCH.Clearnet will be included in the Group's financial reporting from the date of completion. By way of background to this important new part of the Group, an introduction to LCH.Clearnet is provided over this and the next page.



Introduction
LCH.Clearnet is a leading multinational clearing house, with clearing operations in the UK, the Eurozone, the US and an expanding presence in Asia. LCH.Clearnet provides services through which counterparty risk is mitigated across multiple asset classes for sell-side clearing members and buy-side clients in conjunction with trading venues globally.

As a central counterparty (CCP), LCH.Clearnet sits in the middle of a trade as the buyer to every seller and the seller to every buyer. If either party defaults on the trade, LCH.Clearnet owns the defaulter's risk and becomes accountable for its liabilities. During the life of a trade, or that of a portfolio of trades, LCH.Clearnet processes all cash flows and continuously marks the trade or book to market, calling variation and initial margin in relation to prevailing risk of the overall portfolio.

Fundamental to LCH.Clearnet's risk process is its collection of quality collateral from clearing members and clients as insurance to unwind the trades in the event of a default.

OTC derivatives
SwapClear is the world's leading interest rate swap clearing service, clearing more than half of all interest rate swaps and more than 90 per cent of cleared swap trades. The value of notional outstanding on SwapClear stood at $371 trillion as at the end of March 2013, a year on year increase of 29 per cent. Client clearing for asset managers, hedge funds, pension funds and banks is growing rapidly with $11.9 trillion notional cleared in calendar year 2012, already overtaken with over $15 trillion cleared in the first three months of 2013. Growth of SwapClear's US business will be aided in 2013 by LCH.Clearnet's acquisition of IDCG, renamed LCH.Clearnet LLC. SwapClear has 81 clearing members as at the end of April 2013.

ForexClear was launched in March 2012, clearing interbank foreign exchange (FX) non-deliverable forwards (NDF) in six currencies. It expanded to 11 currencies in June 2012. It is recognised as

$371tr
notional value of outstanding on SwapClear as at 31 March 2013

€143tr
nominal value cleared of fixed income in the 12 months to March 2013

the leading FX clearing offering with 14 clearing members and strong interest from potential clients. The world's first 24-hour OTC FX clearing service has seen volumes grow continuously with cleared notional value of $686 billion and 55,000 tickets since launch, to the end of March 2013.

CDSClear offers industry leading default management provisions and clears the broadest set of European credit indices. Its international service was launched in May 2012 which added 10 new sell-side participants to its existing domestic French service. It has cleared €140 billion notional value to end March 2013 with open interest standing at over €13 billion.

Fixed income
LCH.Clearnet's RepoClear, one of Europe's largest clearers of fixed income, plays an important role in the facilitation of interbank liquidity. The 12 months to March 2013 saw €143 trillion in nominal value cleared.

Commodities and listed derivatives
LCH.Clearnet provides clearing services for interest rate and equity derivatives as well as a range of commodities markets, including power and associated energy markets, base and precious metals and agricultural products. It also provides clearing for OTC forward freight agreements for the most actively traded routes.

Cash equities
LCH.Clearnet provides clearing services for a number of European listed cash equity markets and multilateral trading facilities. It has been at the forefront of industry initiatives to introduce competition and provide cost efficiencies for users of the European cash equities markets through the implementation of interoperable arrangements with other CCPs.

Net investment income
Net investment income is the result of revenue earned on assets posted to the clearing house, less interest paid to the members on their initial margin and default fund contributions. The primary role of the investment function is the protection of client assets. Prudent investment and robust liquidity risk management remain at the core of LCH.Clearnet's investment strategy with risk parameters set by independent risk committees.

Looking ahead
The Dodd-Frank Act in the US and EMIR in Europe will have a significant impact on the role of CCPs. Although yet to be finalised, one particular implication of the regulations is that more OTC derivatives are likely to be required to be centrally cleared, leading to higher clearing volumes for CCPs. In particular, the increased volume of cleared OTC interest rate swaps could be significant due to the vast scale of this market. LCH.Clearnet's SwapClear business is well placed to capitalise on this regulatory change as the market leader in clearing interest rate swaps.

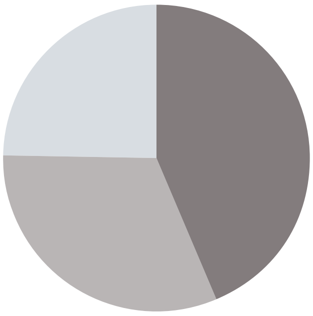
LCH.Clearnet's open access, horizontal clearing model brings with it the prospect of higher clearing volumes, as the nature of the model makes it possible that the number of trading venues that clear through LCH.Clearnet will increase in the future. An example of this potential for expansion is the agreement for LCH.Clearnet to provide clearing services for Nasdaq's new European NLX platform.

As the CCP with the largest global reach, LCH.Clearnet is also well positioned to further expand geographically and thus attract more clearing members and increase clearing revenues in the future.

Business profile	Main types of income
OTC – SwapClear: World's leading interest rate swap clearing service	— Annual clearing member fee or an alternative per trade tariff — Client clearing up-front booking fees and mainenance fees, per trade
OTC – ForexClear: World's first global FX clearing service covering non-deliverable forwards in 11 currency pairs	— Annual clearing member fees — Client clearing fees based on notional cleared each month, once client service launches in Q3 2013
OTC – CDSClear: Clears the broadest set of European credit indices	— Annual clearing member fees or fees based on gross notional cleared — Client clearing being prepared for launch in 2013
Fixed income – RepoClear: Market leading service clearing cash bond and repo trades across a number of European markets	— Clearing member fees per repo based on nominal value and term — Clearing member fees per cash trade based on nominal value
Commodities: Clears a range of commodities markets, including metal, power and associated energy markets and freight	— Clearing member fees per lot — Exercise and assignment fees per lot
Listed derivatives: Clearing services for interest rate and equity derivatives	— Clearing fees per contract cleared — Exercise and assignment fees per lot
Cash equities: Leading European central counterparty for equities and equity equivalents such as ETFs	— Clearing fees based on the number of trades cleared

INFORMATION SERVICES

Revenues



- FTSE
- Data charges
- Other information

£306.3m

2012: £218.9m

Year ended 31 March

Revenue	2013 £m	2012 £m	Variance %	Organic and constant currency variance[1] %
FTSE revenue	**134.1**	37.4	259	11
FTSE royalties	**–**	13.1	(100)	–
Real time data	**96.9**	102.8	(6)	(4)
Other information services	**75.3**	65.6	15	13
Total revenue	**306.3**	218.9	40	4

1 Organic growth includes FTSE and TRS on a like-for-like basis with prior year.

Introduction

Our Information Services division meets the needs of financial market participants for fast, reliable and accurate information, as well as offering a wide range of other services such as post trade analytics and global benchmarking index solutions in the form of FTSE.

This year, we have focused on integrating FTSE into our business, as well as expanding the product offerings and quality of our existing information services.

In the past year, the Information Services division increased revenue by 40 per cent to £306.3 million (2012: £218.9 million). The strong performance largely reflects the full inclusion of FTSE revenues. Real time data revenue declined six per cent to £96.9 million (2012: £102.8 million), but our other Information Services products performed well, with revenues up by 15 per cent in difficult market conditions to £75.3 million (2012: £65.6 million).

FTSE

FTSE is a leading worldwide provider of information solutions, helping users benchmark the performance of their investments and make informed investment decisions. It is a high growth, high quality global index business with over 200,000 indices calculated across 80 countries and is the number three provider of indices worldwide by revenue. Customers are typically both active and passive asset managers, consultants, asset owners, sell-side firms and various other users ranging from data vendors to service providers.

The FTSE index business has performed well this past year despite difficult market conditions, with revenues up nine per cent to £134.1 million (2012: pro forma £123.6 million). Subscription revenue increased by 13 per cent to £86.1 million with high renewal rates of 94 per cent, and licensing fees increased two per cent to £48.0 million. Since acquiring the remaining 50 per cent of FTSE that we did not own in December 2011, we have made good progress towards integrating FTSE into the Group and we are on track to achieve the targeted cost savings.

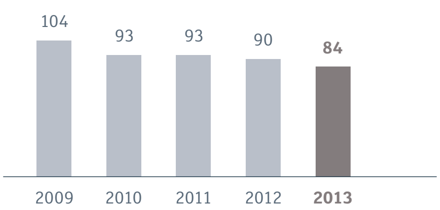
In June 2012, FTSE partnered with Cürex Group to launch the FTSE Cürex FX Index Series, an innovative range of real time independent time-stamped valuation metrics to support the creation of currency investment products, hedging tools and overlay strategies. The indices are calculated in real time and are available 24 hours a day, five days a week and provide benchmarks for 199 currency pairs and eight benchmark currency baskets.

FTSE has also entered into an agreement with the Shenzhen Securities Information Co. Ltd, a subsidiary of the Shenzhen Stock Exchange, to undertake new index-related research and to create specialised A Share indices, with a focus on alternative weighting methodologies and environmental, social and governance (ESG) benchmarks.

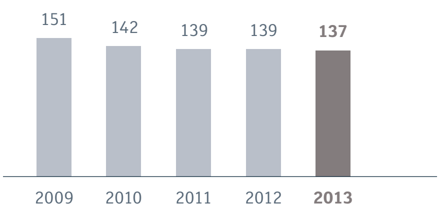
In October 2012, Vanguard selected FTSE as the index benchmark provider for six international equity index funds with aggregate assets of US$170 billion. This represents the largest ever international index provider switch and raises FTSE's profile in the US, as well as further establishing the business as a truly global equity index provider. In November 2012, Lyxor, the third largest ETF provider in Europe by assets under management, chose FTSE as the index provider for its Global Real Estate ETFs.

In April 2013, FTSE and TMX Datalinx announced that they had completed a transaction to combine their fixed income businesses in a new joint venture to become FTSE TMX Global Debt Capital Markets. This new business becomes the third largest fixed income ETF index provider globally. FTSE owns a 75 per cent majority stake in the joint venture, with TMX Group holding a 25 per cent stake. This transaction increases FTSE's profile in

London Stock Exchange professional terminals
thousands



Borsa Italiana professional terminals
thousands



North America and also strengthens its position in fixed income, the fastest growing asset class in the ETF and mutual fund segments.

FTSE continues to expand its global presence not only in North America, but also in Asia, building partnerships with exchanges including Singapore, Malaysia and Taiwan. The world's largest China ETFs are also linked to FTSE's indices in New York, London and Hong Kong with potentially significant growth opportunities in this area as China raises the investment quotas for foreign institutional investors.

Real Time Data
Our Real Time Data service provides the primary reference data for UK and Italian equities, delivered by our advanced market data platform. This data is used by traders, brokers and fund managers around the globe.

The number of professional users accessing real time data across our direct network, or through 200 network service providers and market data vendor partners, decreased by seven per cent to 84,000 for London Stock Exchange (2012: 90,000) and by one per cent to 137,000 for Borsa Italiana (2012: 139,000). These falls were largely the result of headcount reductions and general cost cutting in the sector. The performance of our non-display data business has been strong and has helped to offset the declines in terminal usage.

Other Information Services
Our other Information Services offerings include a range of reference data, processing, data management, connectivity and software products to meet client needs for enhanced and secure information services.

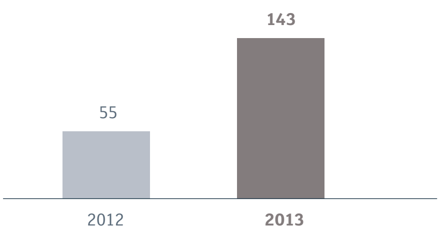
UnaVista is the Group's secure hosted platform for all matching, validation and reconciliation needs. It offers services for regulatory reporting, trade confirmations, reconciliations and reference data. Demand for UnaVista's product offering remains strong and we now have over 9,000 users and a community of over 500 clients that access a range of flexible, asset-class neutral business solutions designed to improve the efficiency of their operational risk and regulation while maintaining a complete audit trail for the trade. UnaVista opened its Asian office, based in Hong Kong, in 2010 and has expanded its global presence into the Americas with its New York office. UnaVista provides a number of regulatory services to the market including pan-European MiFID Transaction Reporting and solutions for Dodd-Frank, short-selling and EMIR. UnaVista also provides a trade confirmation matching service for both equity and equity swaps, helping brokers, investment managers, prime brokers and others communicate and match post trade data reliably and simply.

SEDOL is our global, multi-asset class numbering system which has been upgraded on to the latest UnaVista technology platform, providing reference data and unique identification codes for global equity, derivatives and fixed income securities. The SEDOL Masterfile Service database provides clients with access to reference data on over 10 million live and almost 30 million historical instruments, from over 400 trading venues across more than 120 countries.

Proquote is our cost-effective, global market data provider and offers a wide range of trading services through its trading platform and electronic execution gateway. In the past year, Proquote's new trading platform was successfully launched and we now have 32 RSPs trading with over 100 brokers with retail flow consideration of around £3 billion a month. Proquote has also launched international RSP trading to a number of venues as well as connectivity for Unit Trust trading with Calastone and CoFunds. Proquote has a partnership programme with other companies including Factset, SunGard and Digital Look, offering solutions for risk, surveillance and best execution. Proquote continues to offer market data through its Proquote Connect product set.

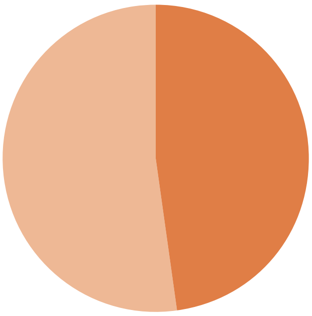
RNS remains a leading high quality service for UK real time regulatory news announcements. RNS helps companies and their intermediaries to fulfil their UK and other global regulatory disclosure obligations in the most efficient and trusted way, providing regulatory filing and press release options for 27 stock exchanges and regulatory bodies across 23 countries. Over 250,000 announcements were processed by RNS during the year, covering the majority of all price sensitive UK company announcements.

ETF assets under management benchmarked to FTSE indices
US$ billion



TECHNOLOGY SERVICES

Revenues



● MillenniumIT
● Technology

£56.1m

2012: £52.6m

Year ended 31 March

Revenue	2013 £m	2012 £m	Variance %	Organic and constant currency variance[1] %
MillenniumIT	**26.9**	22.2	21	34
Technology	**29.2**	30.4	(4)	(4)
Total revenue	**56.1**	52.6	7	11

1 Organic growth exludes GATElab.

Introduction

The Group's Technology Services provides high speed trading platforms, real time market data and infrastructure products and services to our own markets and a wide range of customers including banks, specialist trading firms and other exchanges.

The Technology Services division delivered a good performance with revenues up seven per cent to £56.1 million (2012: £52.6 million).

Exchange technology

We have now migrated our Italian cash market and MOT fixed income market on to the Millennium Exchange trading platform and relocated the matching engine and co-location services to Milan. This migration has helped reduce our cost base for these markets and increased opportunities for customers to benefit from enhanced functionality and further expansion of our co-location services.

Oslo Børs and Johannesburg Stock Exchange (JSE) both migrated on to Millennium Exchange during the year, with Oslo Børs' platform hosted in London and JSE's in South Africa. Both exchanges will benefit from Millennium Exchange's ultra low latency and flexible systems.

The result of these migrations has enabled us to retire the legacy TradElect system and increase available resource in our data centre.

Our UK cash equity and Turquoise platforms continue to exhibit excellent technical performance attributable to our Millennium Exchange technology. Our Turquoise markets have an average latency of 99 microseconds (FY 2012 Q4: 102 microseconds), remaining one of the fastest operating trading platforms in the world. On the UK cash equities platform, average latency is 106 microseconds (FY 2012 Q4: 128 microseconds), slightly higher than Turquoise due to the more diverse range of customers that it serves and the advanced functionality that it offers.

In Post Trade Services, in preparation for the migration to TARGET2-Securities, we have begun adapting our IT systems and processes to interoperate with the T2S platform before testing in 2014.

In December 2012, we launched the first phase of our Group Ticker Plant. This high speed technology platform provides a single, normalised real time market data protocol for broadcast of market data from across the Group, regardless of asset class, trading platform or geography. The launch represents a significant step in our technology strategy. It will allow customers to connect to our markets or data products including indices via a single interface.

We continue to expand our co-location services with customers leveraging the full benefits of using the Millennium platform. This service enables trading clients to place their servers in our data centre and thus reduce network latency, leading to high performance trading access. We have continued investing in our strategically important primary data centre by releasing additional data centre capacity to support business growth, with the ability to accommodate larger server footprints and a more diversified client base. We are integrating FTSE into the Group's Technology Services. Operational staff will form a single team and work has commenced on migrating FTSE data servers into the Group's data centre.

OeKB, the Austrian capital market infrastructure provider, selected the Group as technology partner to deliver a state-of-the-art, real time solution for clearing cash market trades. This platform, our first commercial CCP offering, was successfully launched for Central Counterparty Austria (CCP.A) in April 2013 and enables CCP.A to provide best practice international clearing and risk management services, while minimising costs.

In February 2013, we announced the acquisition of a 67 per cent stake in GATElab, an Italian and UK based technology company supplying advanced trading and post trade technology globally. GATElab complements our current technology offerings through the development of multi-asset, cross-market suites of components that fulfil the needs of buy-side, sell-side and hedge fund partners.

MillenniumIT

MillenniumIT offers a leading, innovative capital markets technology service. MillenniumIT's systems are live in over 30 capital markets businesses around the world, ranging from major international markets (including our own) to emerging and frontier markets. MillenniumIT has been part of the Group since 2009.

MillenniumIT's suite of capital market products include: Millennium Exchange, our flagship multi-asset trading platform; Millennium SOR, our smart order router, providing cost-effective, smart access to all markets; Millennium Surveillance, real time, scalable smart market monitoring and supervision; Millennium MarketData, providing high speed access to a world of market data; and Millennium NewClear, bringing the Millennium advantage to multi-asset clearing and settlement. MillenniumIT also provides enterprise systems integration and infrastructure services to customers in Sri Lanka and elsewhere.

In 2013, MillenniumIT increased revenue by 21 per cent to £26.9 million (2012: £22.2 million).

TECHNOLOGY SERVICES

Technology sales and implementation

The past year has seen many successes for MillenniumIT. During the summer, in one month, MillenniumIT technology went live at three exchanges on three continents:

- In Europe: Borsa Italiana cash equity and MOT fixed income markets migrated to Millennium Exchange (and switched from London to Milan)
- In Africa: the Johannesburg Stock Exchange migrated to Millennium Exchange and Surveillance
- In Asia: the Mongolian Stock Exchange went live with three MillenniumIT platforms for trading, surveillance and CSD.

Other migrations included: Oslo Børs on to Millennium Exchange; Bursa Malaysia implemented MillenniumIT's surveillance system; the Group Ticker Plant (phase one) was launched on MillenniumIT's Market Data platform; and CCP.A in Austria went live with Millennium NewClear.

MillenniumIT continues to service our existing clients and has also won a number of new contracts in the past year:

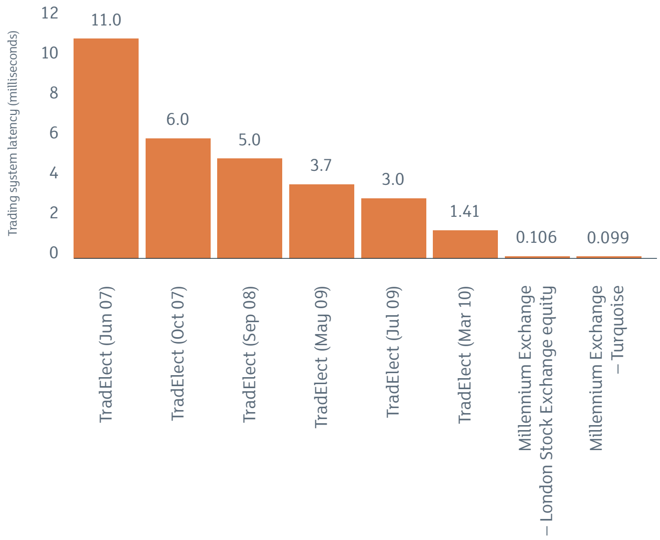
- The Millennium Smart Order Router product as the Orion Central Gateway platform for Hong Kong Exchanges and Clearing Limited, to simplify its market access infrastructure
- Compliance Monitoring System (CMS) for the London Metal Exchange
- Oslo Børs contract extended to cover acquisition of Burgundy, the Nordic MTF
- Millennium CSD technology for the Colombo Stock Exchange
- Smart Order Router technology for TMX to aid compliance with Canadian best execution regulation.

Exchange partnerships

In 2012, the Mongolian Stock Exchange (MSE) completed the migration on to MillenniumIT's trading, surveillance and settlement systems, as part of a project to modernise the country's capital markets infrastructure. The Group not only helped with the technology aspects of the modernisation, but has also worked with the MSE to introduce new rules aligned to international standards and move the market from a pre-funded to a T+3 settlement cycle. The Group has also delivered a wide-ranging education programme for Mongolian market participants. During the year, Mongolia was included in FTSE's Frontier market Watch List.

In January 2013, we entered into a technology partnership with Bolsa de Valores de Lima, the Peruvian Stock Exchange. MillenniumIT will provide state-of-the-art trading and Smart Order Routing technology to Peru's markets via its ultra low latency, highly scalable trading platform. This strategic alliance will allow Bolsa de Valores de Lima to keep up with the growing Peruvian economy, one of Latin America's fastest growing economies, by creating a robust and vibrant capital market infrastructure.

UK equity trading platforms
milliseconds



OUR WIDER RESPONSIBILITY

The Group has significant corporate responsibilities. We play a vital economic role by enabling companies to access funds for growth, while looking to run our own business responsibly.

Below, we summarise our approach and outline some of our key achievements during the year. We have also produced a detailed corporate responsibility (CR) report, which can be downloaded at **www.lseg.com/corporate-responsibility/corporate-responsibility.htm**

Our economic role

The Group's business directly promotes economic activity. Our capital markets enable companies to access funds to grow, creating jobs and encouraging innovation. Our robust technology provides the infrastructure that enables capital to flow, our information services help investors and companies create value by making sustainable decisions and our post trade services help manage systemic risks in financial markets.

Through FTSE we provide the market with a wide variety of data and tools for institutional investors, including those such as the FTSE4Good Index Series, which support the integration of environmental, social and governance (ESG) considerations into the investment process and stewardship activities. FTSE sits at an important juncture in the investment chain and is using its influence to support investor corporate communication and interaction on ESG issues, for example through the dedicated ESG Service Unit, set up in 2012.

The Group has an important public policy role, for example by making the case for measures that increase investment in growing businesses. This helps ensure that companies can access the widest set of investors and raise capital at an attractive cost. It also provides investors with the broadest range of investment opportunities.

We also promote responsible corporate behaviour. During the year, we took part in domestic and EU consultations and we ran corporate governance initiatives in the UK and Italy, for example by producing a guide to corporate governance for issuers.

Running a responsible business

CR helps us to be a better business and to create value for our investors and other stakeholders. Our approach identifies four key areas – community, people, ethics and governance, and environment – which are most likely to shape our development and where we can most successfully contribute.

Community

We aim to make a positive contribution to the communities in which we operate. In total (including the distribution of fine income), the Group donated £1,193,000 (2012: £963,000) to charity in the past financial year, of which £716,000 was donated through the Group's charitable Foundation.

London Stock Exchange Group Foundation is our channel for charitable giving and a focal point for staff engagement. During the year, the Foundation focused on projects that help young and disadvantaged people reach their potential by developing life skills and business enterprise. It approved donations to 27 charities, in addition to long term support for our partner charities Friendship Works, Habitat for Humanity Sri Lanka and In-Presa.

People

To remain competitive, we need to attract and develop a diverse skills base that can thrive in uncertain markets and identify and deliver growth. This year, we have invested in developing a new behavioural framework, which focuses on behaviours that are key to our long term success.

We also invested in potential through our third graduate in-take, joined Ladder for London's apprenticeship scheme and continued to develop our staff through appraisals and training.

Ethics and governance

Transparency and trust remain vital for inspiring confidence in our markets and for our business success. We have a number of policies and guidance for our staff to ensure appropriate conduct in all that we do. During the year, we reviewed and updated our Code of Conduct, which sets out the behaviours we expect from our directors and staff.

The Board increased its focus on risk and we introduced a new enterprise risk management framework, which will enable us to better monitor, assess and manage our risk profile. The Board views this as particularly important following the LCH.Clearnet transaction and the consequent increase in business dedicated to post trade services and risk management. See pages 50-59 for more detail regarding the Board's approach to Corporate Governance.

Environment

Our direct environmental impacts arise from the energy we use in our offices and data centres, from travel and from waste. This was the base year for our data collection and reporting processes for our Group environmental data, including carbon emissions. Sustainability software was deployed to calculate our emissions and enable improvement targets to be set for the coming year. We continue to make good progress, as shown by our Carbon Disclosure Project score rising from 23 per cent to 66 per cent. We also significantly increased recycling rates from 61 per cent to 84 per cent.

Looking ahead

As our business grows, we continue to review our approach to sustainability. As part of this, we aim to develop a long term CR strategy in the coming year. In the short term, we have set objectives to enhance both our economic role and our performance.

We will continue to support the growth of the Cleantech sector on our markets, promote responsible investment with retail investors and work on integrating LCH.Clearnet into our sustainability approach. Additionally, with the likely introduction of carbon reporting requirements by the UK Government, we will work with London listed clients to help them to prepare for these new regulations in a manner that will be most meaningful for investors. With regard to the four pillars of our CR approach, our objectives include setting and publishing environmental targets on our website during FY 2014 and aligning the Foundation's approach more directly to our overall CR strategy.

Comic Relief opened the London market as part of the Group's annual Charity Trading Day, March 2013

FINANCIAL REVIEW

Highlights

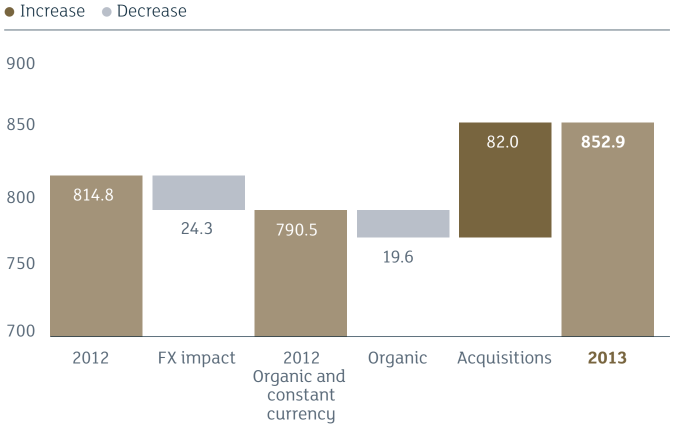
- Total revenue up seven per cent at £726.4 million (2012: £679.8 million) and adjusted total income up five per cent at £852.9 million (2012: £814.8 million); on an organic constant currency basis, both were down three per cent
- Operating profit before amortisation of purchased intangibles and non-recurring items down three per cent at £430.2 million (2012: £441.9 million)
- Operating profit decreased three per cent to £348.4 million (2012: £358.5 million)
- Adjusted basic earnings per share grew five per cent to 105.3 pence (2012: 100.6 pence), including the benefit of the one-time prior years' tax adjustment, while basic earnings per share fell 58 per cent to 80.4 pence (2012: 193.6 pence)
- Cash generated from operations increased five per cent to £487.5 million (2012: £462.4 million)
- Year end operating net debt to adjusted EBITDA at 1.2 times (2012: 1.4 times[1]), rising to 2.1 times on an illustrative pro forma basis taking into account the LCH.Clearnet and FTSE TMX Debt Capital Markets transactions.

David Warren
Chief Financial Officer

Year ended 31 March Revenue	2013 £m	2012 £m	Variance %	Variance at organic and constant currency %
Capital Markets	**267.5**	301.9	(11)	(9)
Post Trade Markets	**91.8**	101.6	(10)	(4)
Information Services	**306.3**	218.9	40	4
Technology Services	**56.1**	52.6	7	11
Other	**4.7**	4.8	(2)	(2)
Total revenue	**726.4**	679.8	7	(3)
Net treasury income through CCP business	**116.7**	126.9	(8)	(4)
Other income	**9.8**	8.1	21	23
Adjusted total income	**852.9**	814.8	5	(3)
Operating profit before amortisation of purchase intangibles and non-recurring items	**430.2**	441.9	(3)	(6)
Operating profit	**348.4**	358.5	(3)	5
Adjusted basic earnings per share	**105.3p**	100.6p	5	
Basic earnings per share	**80.4p**	193.6p	(58)	

Organic growth is calculated in respect of businesses owned for at least 12 months and so excludes GATElab and presents TRS and FTSE on a like for like basis for the periods consolidated in the prior year.

Adjusted total income £ million



1 On a pro forma basis as if the Group had owned 100 per cent of FTSE for the entire year ended 31 March 2012.

Capital Markets

Year ended 31 March Revenue	2013 £m	2012 £m	Variance %	Variance at constant currency %
Primary Markets				
Annual Fees	**38.5**	39.5	(3)	(1)
Admission Fees	**32.3**	37.0	(13)	(12)
Total Primary Markets	**70.8**	76.5	(7)	(6)
Secondary Markets				
Cash equities: UK	**79.9**	95.4	(16)	(16)
Cash equities: Italy	**24.6**	31.4	(22)	(17)
Derivatives	**13.4**	16.7	(20)	(16)
Fixed income	**34.4**	35.7	(4)	1
Total Secondary Markets	**152.3**	179.2	(15)	(13)
Other	**44.4**	46.2	(4)	–
Total revenue	**267.5**	301.9	(11)	(9)

The Capital Markets division faced significant headwinds through the year, resulting in suppressed markets and weaker investor confidence. Despite this, we remained well positioned to benefit from rebounding confidence towards the end of the year, with Q4 revenues up eight per cent on quarter three revenues.

A decline in annual fees was due to suppressed market capitalisations in both the UK and Italy, as well as a reduced number of companies across all the main markets, partly offset by pricing changes in the UK.

Total money raised on our markets in the year was £18.0 billion (2012: £33.8 billion) reflecting the continued dampened confidence for new IPOs, and more significantly a decline in the value of further issues. Admissions to our primary markets continued to be affected by economic uncertainty with the number of new issues on the UK Main Market down 34 per cent to 40 and on AIM down 17 per cent to 74. Despite the lower volume of new issues and the reduction in further issues, admission fees declined by only 13 per cent, as the average value of new issues in 2013 was higher – particularly in the UK markets which were up three per cent.

On our cash equities market in the UK, the average orderbook daily value traded was £4.0 billion (2012: £4.7 billion). We have held our average yield on the SETS order book at 0.68 basis points (2012: 0.69 basis points), with the share of value traded improved at 65.3 per cent through the year (2012 average: 62.0 per cent). In Italy, order book volume decreased 13 per cent to 223,000 per day (2012: 260,000). Revenue from Turquoise equities, our pan-European equities platform, also decreased due to lower value traded, caused by an overall contraction in the market. The annual average share of European equity trading improved for the second successive year to 5.6 per cent and, by the end of the year, had increased to eight per cent, the highest in three years.

Derivatives revenue decreased, as both IDEM volumes shrank and Turquoise was affected particularly by a decrease in Russian contract volumes. In Fixed Income, MOT volumes grew 11 per cent, while in MTS, good performance in our MTS Repo (volumes up 14 per cent) and BondVision (value traded up 17 per cent) markets was partially offset by a decline in volumes in cash markets. Other capital markets revenues of £44.4 million primarily comprise fees for membership of and connectivity to our markets.

Post Trade Services

Year ended 31 March Revenue	2013 £m	2012 £m	Variance %	Variance at constant currency %
Clearing	**36.1**	41.1	(12)	(7)
Settlement	**15.5**	18.9	(18)	(13)
Custody & other	**40.2**	41.6	(3)	2
Total revenue	**91.8**	101.6	(10)	(4)
Net treasury income through CCP business	**116.7**	126.9	(8)	(4)
Total income	**208.5**	228.5	(9)	(4)

Post Trade Services has seen small declines across all revenue and income lines, with a year on year decrease in income of nine per cent to £208.5 million. The European Market Infrastructure Regulation (EMIR) will come into effect during our financial year 2014, and we remain well placed to be compliant by this time.

Clearing volumes in cash equities and derivatives were down in line with lower trading in Capital Markets, which primarily led to the overall decrease in clearing revenues, offset by growth in fixed income.

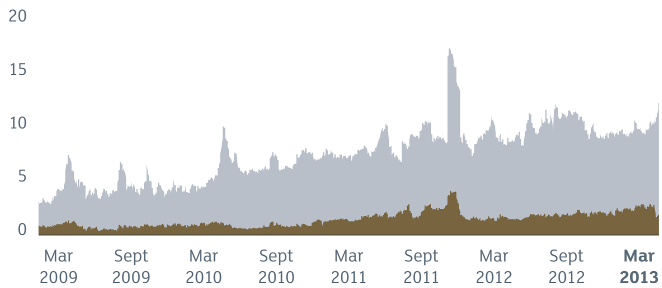
Settlement contract volumes were negatively impacted by larger clients implementing internal netting processes, as well as increased netting by central counterparties, which along with lower trading volumes led to an overall decline in revenues of 18 per cent.

The average value of assets under custody grew by five per cent leading to an increase in year on year revenues from Custody and other on a constant currency basis. The main increase in assets under custody came in Government Bonds as structural reforms in Europe led to higher issues and increase in market values in the security type.

FINANCIAL REVIEW

CC&G Initial Margin € billion

● Covered by Securities ● Covered by Cash

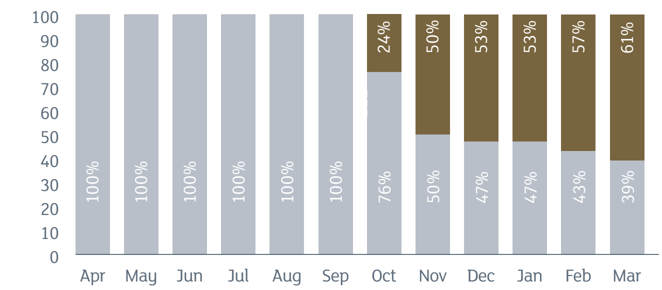


Net treasury income benefited from continued growth in fixed income volume through the CCP, which led to average initial margin held increasing seven per cent to €10.1 billion (2012: €9.4 billion), in line with growth trends over recent years, with the percentage of initial margin held in cash averaging 80 per cent (2012: 78 per cent). The continued volatility in Italian markets and low liquidity in the Italian interbank market, combined with the Group's active treasury management, largely maintained the returns made. The wider spreads in the second half of 2012 and the migration to secured investments in 2013 have seen a reduction in second half revenues of 32 per cent compared with prior year. EMIR will require CCPs to hold 95 per cent of margin in secured investments, which will lead to a decline in returns made during the coming financial year. We remain strongly focused and dedicated to working with regulators, and are on track to be compliant within the required timeframe.

Secured investments[2] %

● Secured Cash investments

● Unsecured Cash deposits



2 Excludes cash deposited with LCH.Clearnet SA through CC&G's interoperability arrangement.

Information Services

Year ended 31 March Revenue	2013 £m	2012 £m	Variance %	Variance at organic and constant currency %
FTSE revenues	**134.1**	37.4	259	11
FTSE royalties	**–**	13.1	(100)	–
Real time data	**96.9**	102.8	(6)	(4)
Other information services	**75.3**	65.6	15	13
Total revenue	**306.3**	218.9	40	4

The full year impact of the FTSE acquisition has led to a significant increase in revenues in the Information Services division. FTSE's own revenue has seen a year on year increase of nine per cent, primarily driven by an increase in subscription revenues from net new business and the migration of Vanguard ETFs to FTSE. We remain on track to achieve the three year target set for FTSE revenue synergies, with the SEDOL business benefiting in particular in 2013.

Real time data revenues were down six per cent year on year, as the UK continued to see professional terminal declines, down seven per cent in the year, while Italy saw a move to lower value terminals.

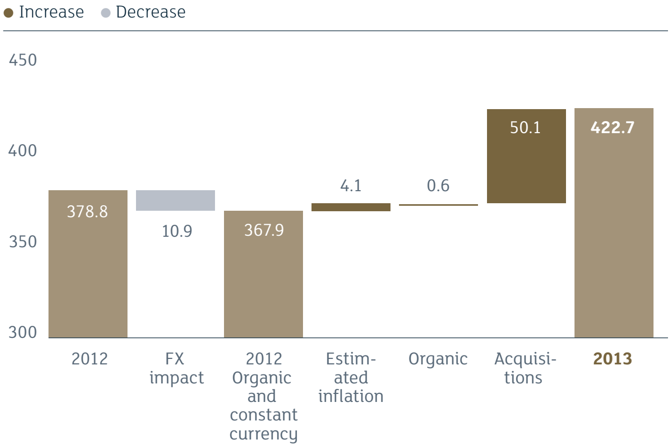
Other information services performed strongly, particularly in SEDOL and UnaVista, which also benefited from the full year impact of the purchase of TRS, the trade reporting mechanism to UK regulatory authorities.

Technology Services

Year ended 31 March Revenue	2013 £m	2012 £m	Variance %	Variance at organic and constant currency %
MillenniumIT	**26.9**	22.2	21	34
Technology	**29.2**	30.4	(4)	(4)
Total revenue	**56.1**	52.6	7	11

MillenniumIT continued to perform well in the year. As well as developing technology for the Group, MillenniumIT had key deliverables with Oslo Børs, London Metal Exchange and Bursa Malaysia, among others. MillenniumIT revenues also benefited further from higher revenues from its Enterprise Service Provision division.

Operating expenses £ million



The Group's Exchange Hosting service continued to perform well despite clients consolidating space, while the ASP business continued to deliver revenue growth through new clients and new product lines. 2013 key achievements included the UK equities market go-live with MillenniumIT Ticker Plant, the Group's new real time data services technology, and Oslo Equities markets successfully migrating to the Millennium Exchange platform. During the period, the Group also acquired a majority stake in GATElab, an Italy / UK based company supplying advanced technology for trading and post trade services around the world, further complementing existing technology capabilities and commitment to clients.

Operating expenses before amortisation of purchased intangibles and non-recurring items were flat year on year on an organic and constant currency basis, taking into account estimated inflation. The acquisition of GATElab in December and the acquisitions of FTSE and TRS in the prior year led to a 14 per cent increase in year on year costs. We remain committed to maintaining high levels of cost control, including realising synergies as part of the FTSE acquisition, where again we are in line to achieve our three year target.

Non-recurring costs of £11.3 million were mainly professional fees incurred in relation to the LCH.Clearnet transaction and FTSE integration costs, offset by non-recurring other income of £18.3 million received from TMX Group following the termination of the 2010 merger agreement.

Finance income and expense and taxation

Net finance costs increased by £6.9 million, mainly as a result of higher fixed interest accruals on the £300 million retail bond issued in November 2012.

The Group's effective tax rate on profit before amortisation of purchased intangibles and non-recurring items and excluding a one-time prior years' adjustment of £14.6 million was 29.0 per cent, in line with the prior year (2012: 29.2 per cent), as higher proportional profits in Italy, which attract higher tax rates, were offset by a reduction of UK tax rates.

Cash flow and balance sheet

The Group's business continued to be strongly cash generative during the year, with cash generated from operations up five per cent to £487.5 million. Total investment in the year, net of dividends received, was £59.4 million as the Group invested £14.3 million in the purchase of 2.3 per cent of LCH. Clearnet and the acquisition of GATElab along with £46.4 million on capital expenditure.

At 31 March 2013, the Group had net assets of £1,599.0 million (2012: £1,449.7 million). Intangible assets decreased by £68.1 million, mainly reflecting the amortisation of purchased intangible assets, partly offset by goodwill and purchased intangibles recognised from the purchase of GATElab. The central counterparty clearing business assets and liabilities within CC&G largely offset each other but are shown gross on the balance sheet as the amounts receivable and payable are with different counterparties. Increased repurchase agreement balances led to higher gross year end positions.

FINANCIAL REVIEW

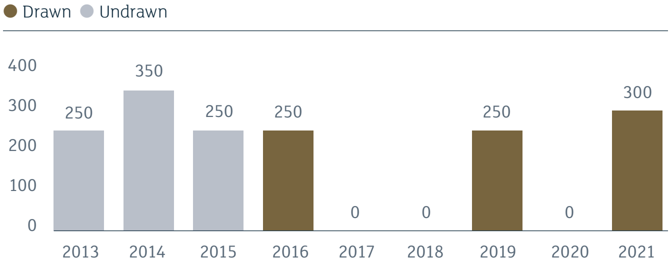
Net debt, facilities and credit rating

	2013 £m	2012 £m
Gross borrowings	**796.8**	757.1
Cash and cash equivalents	**(446.2)**	(216.0)
Net derivative financial assets	**(0.7)**	(3.1)
Net debt	**349.9**	538.0
Cash set aside	**200.0**	165.0
Operating net debt	**549.9**	703.0

At 31 March 2013, the Group had operating net debt of £549.9 million after setting aside £200 million to meet regulatory, clearing and commercial requirements. Following the changes to European regulations under EMIR, CC&G has satisfied its regulator, Bank of Italy, that it will meet the new requirements, with its financial position during the year underpinned by strong organic profits and cash generation.

The Group's gross borrowings increased by £39.7 million, following the issue of a £300 million bond to UK retail investors, which was completed on 2 November 2012. The pricing and size of this bond represented a milestone in the development of that market and played a useful part in supporting the growth during 2012 of the Group's Orderbook for Retail Bonds platform. The new borrowing extended the average maturity of the Group's drawn debt to over 6 years and the proceeds allowed the full repayment of drawn bank facilities. At 31 March 2013, the Group had drawn debt and committed credit lines totalling £1.65 billion, with £1.4 billion extending to December 2014 or beyond. With £850 million of undrawn bank lines available, together with a strong cash position, the Group had comfortable headroom ahead of the planned completion of the acquisition of a further 55.5 per cent of LCH. Clearnet Group, the associated subsequent funding of LCH.Clearnet Group's increased regulatory capital requirements and, separately, the investment in the FTSE TMX Debt Capital Markets joint venture.

Debt maturity profile £ million



The Group's interest cover (the coverage of net finance expense by earnings before interest, taxation, depreciation and amortisation, both before non-recurring items) reduced to 9.5 times (2012: 11.8 times) due to a reduction in EBITDA and the cost of the longer term retail bond increasing the Group's average cost of debt. However, the Group's cash generation remained strong, which resulted in a reduction in operating net debt to adjusted EBITDA to 1.2 times (2012: 1.4 times on a pro forma basis as if the Group had owned 100 per cent of FTSE for the whole year), despite the increase in cash set aside to meet regulatory, clearing and commercial requirements. On an illustrative pro forma basis taking into account the LCH.Clearnet transaction, the enlarged Group operating net debt to adjusted EBITDA would be 2.0 times, which is in line with the position announced on 7 March 2013. The FTSE TMX Debt Capital Markets joint venture completed after the year end and would increase this ratio to 2.1 times on an illustrative pro forma basis.

The Group's long term credit ratings remain at A- with Standard & Poor's and Baa2 with Moody's. Standard & Poor's concluded its watch review of the LCH.Clearnet transaction by affirming, on 3 May 2013, its A- rating and noting the positive impacts of recent investments made by the Group. However, Standard & Poor's has assigned a negative outlook reflecting, among other factors, the risk that the Group underperforms against Standard & Poor's leverage and debt servicing expectations in the year ended 31 March 2014. Moody's has affirmed its rating following completion of its own review with the movement of the outlook from negative to stable, given the removal of a number of uncertainties for the agency around the transaction and the positive impact from further diversification of the business the LCH.Clearnet Group acquisition will bring.

Foreign exchange

	2013 £m	2012 £m
Spot £/€ rate at 31 March	**1.18**	1.20
Average £/€ rate for the year	**1.23**	1.16

The Group's principal foreign exchange exposure arises as a result of translating the Group's euro earnings, assets and liabilities from our Italian business into sterling. A €5c movement in the average £/€ rate for the year would have changed the Group's operating profit for the year before amortisation of purchased intangibles and non-recurring items by approximately £9 million.

The acquisition of FTSE has increased our foreign exchange exposure to the US dollar in particular, though smaller exposures exist in Asia, Europe, Canada and the Middle East.

Earnings per share

The Group recorded an adjusted basic earnings per share, which excludes amortisation of purchased intangible assets and non-recurring items, of 105.3 pence, an increase of five per cent (2012: 100.6 pence), including 5.4 pence relating to the one-time prior years' tax adjustment. Basic earnings per share decreased by 58 per cent to 80.4 pence (2012: 193.6 pence), reflecting last year's non-recurring revaluation of our existing interest in FTSE following the acquisition of the outstanding 50 per cent not already owned in December 2011.

RISK MANAGEMENT OVERSIGHT

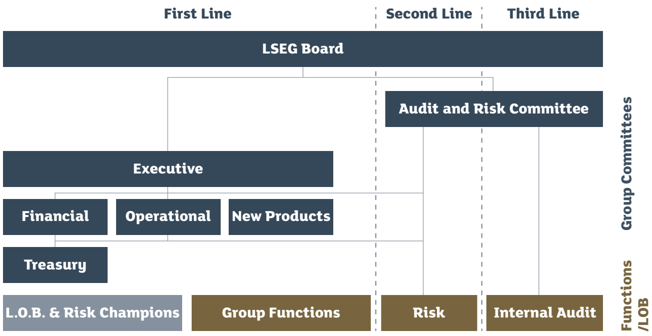
We are subject to a variety of risks which may have an impact on our ability to deliver on our strategy. As our Group has grown we have enhanced our risk management capabilities to ensure that we can maintain our trajectory, while protecting the value of our business and the integrity of our brand.

The Group Enterprise-wide Risk Management Framework

During FY 2013, the Group developed and has since implemented an Enterprise-wide Risk Management Framework (ERMF). This framework is designed to ensure that the risk assumed in executing our strategy is adequately managed across all levels of the business.

The ERMF will also enable the Board and Executive Management to maintain, and annually attest to, the effectiveness of the systems of internal control and risk management as set out in the UK Corporate Governance Code.

LSEG Governance structure:



The components of the ERMF are as follows:

- The Board is responsible for determining the Group Risk Appetite. This defines the nature and extent of the risks the Group is willing to take to achieve its strategic objectives
- The ERMF defines roles and responsibilities for risk management oversight and activities, including for the Board, the Executive Committee and sub-Committees thereof
- Three Executive Sub-Committees have recently been created covering financial, operational and new product (and market) risk to provide the appropriate level of risk oversight across the enlarged organisation
- The Group Risk and Audit functions have been separated and each has been significantly strengthened. The Group's risk control structure is based on the 'three lines of defence' model:

  The **First line** is responsible and accountable for identifying, assessing and managing risk

  The **Second line** is responsible for defining the risk management process and policy framework, and for providing challenge to the first line on risk management activities, assessing risks and reporting to the Group Board Committees on risk exposure

  The **Third line** of defence provides independent assurance over the effectiveness of the systems of controls and the ERMF
- Group-wide risk policies have recently been enhanced across the whole business. These policies define the level of risk we are willing to take in a number of risk appetite statements. They also set out the principles, minimum standards and risk management activities the Group requires its businesses and functions to follow to manage their business within the agreed risk appetite.

Strategic Risk Objectives

The Strategic Risk Objectives of the Group have been defined as follows:

- To identify and manage significant risks to the delivery of the Group's business strategy
- To identify and manage significant risks to the day to day operations of the Group
- To identify and manage significant risks to the reputation of the Group
- To have a clearly articulated Group risk appetite from which risk limits are derived
- To have the necessary resources and capabilities to monitor and manage all of the Group's significant risks
- To have clear roles and responsibilities in respect of risk management across the Group
- To have an efficient decision making process which takes into consideration a range of business conditions that could impact the risk profile of the Group
- To optimise cost of the Group's regulatory capital.

Risk assessment

The risk identification and assessment process allows for the monitoring of risk trends and management actions at all levels and also facilitates the decision making process. The Group regularly performs bottom-up and top-down risk assessments, with risks identified at business unit, divisional and Group levels. Divisional risk reports are reviewed by the Executive Committee (and sub-Committees) and the Audit and Risk Committee (ARC) each quarter. The Group Risk Report is reviewed by the Board at least every six months.

Each Group-level risk is owned by a member of the Executive Committee who is responsible for managing or mitigating the risk in order to remain within risk appetite. Executive Committee members present their division's risk management processes and latest risk reports to the Audit and Risk Committee once every six months on a rotational basis. The Board receives presentations on material risks and related mitigants as appropriate.

Significant new products, and proposed initiatives in new markets, are now reviewed by the New Product and Market Committee prior to approval by the Executive Committee.

The Report of the Audit and Risk Committee, on pages 57-59, provides details of the work carried out to assist the Board in fulfilling its oversight responsibilities for risk management and systems of internal control.

Risk categorisation

The Group is subject to a variety of risks and uncertainties which may impact its ability to execute its strategy and deliver its expected performance. Group-wide risks are classified into the following three categories:

- **Corporate risks:** Risks related to the strategy (including the implementation of strategic initiatives and external threats to the achievement of the strategy); also risks associated with reputation or brand values
- **Financial risks:** The risk of financial failure, reputational loss, loss of earnings and/or value as a result of investment activity, lack of liquidity, funding or capital, and/or the inappropriate recording, reporting and disclosure of financial taxation and regulatory information
- **Operational risks:** The risk of loss or other adverse consequences to the business, resulting from inadequate or failed internal processes, people and systems, or from external events.

PRINCIPAL RISKS AND UNCERTAINTIES

Overview of Principal Risks:

Corporate Risks	Financial Risks	Operational Risks
Global economy	Investment risk (Clearing)	Change management
New products and markets	Counterparty and market risk (Clearing)	Employees
Competition	Settlement and custodial risks	Security threats
Regulatory change and compliance	Capital management	Technology
Acquisition of a majority stake in LCH.Clearnet	Treasury	

Corporate Risks

Risks related to our strategy (including the implementation of strategic initiatives and external threats to the achievement of our strategy). Also risks associated with reputation or brand values.

Risk description	Mitigation
Global economy Within the Eurozone, the Group has significant operations in Italy, a country that has been severely affected by the financial crisis. As a result, the Group has a substantial proportion of its assets and liabilities denominated in euros and income arising from customers and products which are exposed to the Eurozone. Additionally, some of our technology operations are based in Sri Lanka. Low growth and high debt concerns characterised the whole FY 2013, which has affected the performance of both developed and emerging economies. The Eurozone crisis peaked last summer, prompting the intervention of the ECB president in August 2012. Since then, a series of actions by central authorities, such as the launch of the European Stability Mechanism (ESM) and the agreement over the banking surveillance system at European level, has stabilised the environment. There have been several credit downgrades of European countries; European countries remain exposed to adverse shocks and a weak banking sector.	The Group performs regular analyses to monitor the markets and the potential impacts on the business. Activities include tracking Key Risk Indicators, stress testing, currency hedging and frequent liaison with the Group's financial advisers. LSEG established a Eurozone working group that met regularly during the year and closely monitored and analysed multiple market scenarios and action plans in order to minimise the potential impacts stemming from a deterioration of the macro economic environment. The Eurozone crisis is now a standing item on the agenda of the newly formed Group Financial Risk Committee. To the extent possible by the Group, various mitigating actions were taken throughout the year. In Sri Lanka, the Group maintains regular contact with key governmental parties and has appropriate contingency plans in place to ensure key technology operations are not dependent on a single geography. Business Continuity Management (BCM) and crisis management procedures would be invoked to manage the response to an unexpected event.
For more information, see Market position and outlook, pages 8-11, and Financial risk management, pages 84-87.	
Competition We operate in a highly competitive industry. Continued consolidation has fuelled competition including between companies in different geographical areas. In our Capital Markets operations, there is a risk that competitors will improve their products, pricing and technology in a way that erodes our businesses. There is increasing competition for primary listings from other global exchanges and regional centres. The financial crisis, made more severe by the possibility of default of certain peripheral countries, has generated market instability which potentially could have a negative impact on market trends, new listings and new products. In Post Trade Services, the consolidation of clients has led to a concentration of revenues. Any future loss of liquidity or reduction in volumes on exchanges may impact clearing revenues. In Information Services, FTSE is currently the third largest index provider and consolidation within the industry is expected over the next three to five years. Client migration to competitors could lead to a loss of revenue. In Technology Services, there is intense competition across all activities and there are strong and established market players in some areas where we are establishing a presence.	Competitive markets are, by their very nature, dynamic, and the effects of competitor activity can never be fully mitigated. Senior management are actively engaged with clients and the Group undertakes constant market monitoring to mitigate risks. Commercial initiatives are aligned with our major clients and this is complemented with an ongoing focus on new technology deployment and cost reduction. We maintain a dedicated international marketing team focused on key target markets. The team promotes the benefits of listing on our markets to international issuers, the global advisory community and other stakeholders.

Risk description	Mitigation
Regulatory change The Group and its exchanges, CCPs and other regulated entities operate in industries that are highly, and increasingly, regulated by governmental, competition and regulatory bodies at European, federal, national and provincial levels. Delivery of the G20 agenda in the EU has resulted in a large number of measures which may impact our business directly or indirectly. The European Commission has also brought forward (or is likely to) proposals for a variety of regulations in the future, including a Financial Transactions Tax and arrangements for resolving failed non-bank market infrastructure. In the UK, the financial services industry has been operating under a new regulatory structure since 1 April 2013 where the FSA has been replaced by three separate regulatory bodies. Also in April, legislation came into force in the UK making “the administering of, and providing information to, specified benchmarks” a regulated activity; the only specified benchmark is LIBOR. However, it is possible that more indices could be subject to similar measures under proposals due to be published by the European Commission in Q2 2013.	Changes in the regulatory environment form a key input into our strategic planning, including the impact on our growth strategies, both organic and inorganic. We continually monitor regulatory developments and directly engage with regulatory and governmental authorities at a national, EU and international level. We continue to develop our relationships with the key political stakeholders, particularly at EU and UK level. Potential impacts from regulatory change are assessed and, depending on the impact, opportunities are developed and mitigating strategies and actions are planned. As the various regulatory initiatives progress, there will be greater certainty about their likely final form. The Group continues to consider that, balancing the potential negative and positive outcomes, the likelihood of major adverse regulatory developments is low. Indeed, further opportunities exist for the Group to deliver solutions to help the market address the changing regulatory environment.
Compliance There is a risk that one or more of the Group’s regulated entities may fail to comply with the laws and regulatory and competition conditions to which it is, or becomes, subject. In this event, the regulated entity in question may be subject to censures, fines and other regulatory or legal proceedings.	The Group continues to maintain governance controls to mitigate compliance risk. AIM has a strong governance framework including proactive market monitoring and support and education of NOMADs. Compliance policies are regularly reviewed to ensure that staff uphold our corporate standards.

For more information on regulatory changes see Market Position and Outlook on pages 8-11.

Acquisition of a majority stake in LCH.Clearnet The completion of the acquisition of a majority stake in LCH.Clearnet represents a significant increase in LSEG’s operations including a material increase in the Group’s balance sheet size (due to CCP assets and liabilities). As part of the alignment process, the enlarged Group is targeting specific cost savings and revenue increases. The acquisition of a majority stake will subject the Group to increased regulatory scrutiny and reporting complexity. A failure to successfully align the businesses of the enlarged Group may lead to: an increased cost base without a commensurate increase in revenue; a failure to capture future product and market opportunities; and risks in respect of capital requirements and regulatory relationships.	The acquisition of a majority stake in LCH.Clearnet included agreeing a governance framework with certain rights and controls for LSEG. The governance of the enlarged Group is aligned and strengthened with the additions of the CEO of LCH.Clearnet to the LSEG Executive Committee and the Chairman of LCH.Clearnet to the LSEG Board. LSEG has set up a programme management framework to deliver the transaction objectives, including the alignment of the governance and operations of LCH.Clearnet and LSEG. A Steering Committee has been created to provide strategic direction and to oversee progress against objectives. The new LSEG Enterprise-wide Risk Management Framework includes LCH.Clearnet, and was designed to ensure appropriate risk management across the whole of the enlarged Group.

For more details on LCH.Clearnet’s business activities, see pages 26-27. See also the Chairman’s statement on pages 12-13, and the Chief Executive’s statement on pages 14-15, for more information on the Group’s acquisition of a majority stake in LCH.Clearnet.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial Risks

The risk of financial failure, reputational loss, loss of earnings and/or capital as a result of investment activity, lack of liquidity, funding or capital, and/or the inappropriate recording, reporting and disclosure of financial taxation and regulatory information.

Risk description	Mitigation
Investment risk (clearing) The Group's clearing provider, CC&G, holds a significant amount of cash and securities deposited by clearing members as margin or default funds. To ensure optimum ongoing liquidity and immediate access to funds, CC&G deposits the cash received on both a secured basis (Government Bonds and central bank deposits) and on an unsecured basis (into the local bank market). With the latter, there is a risk of loss should a deposit-taking bank in which funds are deposited default. The European Market Infrastructure Regulation (EMIR) was adopted on 4 July 2012 and entered into force on 16 August 2012. On 15 March 2013 the regulatory technical standards entered into force and the transitional period will terminate on 15 September 2013. The final target, as specified in EMIR, is the investment of at least 95 per cent of the CCP collateral in secured instruments.	Under the ERMF, CCP investments must be made in compliance with the Group CCP Financial Risk Policy as well as policies issued under the governance of the CCP themselves. These policies stipulate a number of risk management standards including credit and concentration limits. In the course of 2012, CC&G started its alignment process to EMIR and will be fully compliant when the new technical standards take effect on 15 September 2013. As part of this process, CC&G has increasingly invested its resources in secured arrangements and decreased the exposure towards unsecured deposits with commercial banks. In addition, we maintain a close dialogue with the Bank of Italy, one of the regulators of CC&G and its deposit-taking counterparties. Committees overseeing CCP investment risk meet regularly. To date, CC&G has not experienced a capital loss as a result of the default of a member.
Counterparty credit and latent market risk (clearing) CC&G guarantees final settlement of trades and manages counterparty credit risk for a range of assets and instruments including cash equities, equity derivatives, energy products, agricultural products and corporate and Government bonds. As a consequence, the Group is exposed to counterparty credit risk and is also potentially exposed to market and liquidity risks if a member defaults. CC&G has an interoperability agreement with LCH.Clearnet SA for Italian Government bonds traded on wholesale markets. Under this arrangement, CC&G makes reciprocal deposits of margins with LCH.Clearnet SA to reflect the traded positions on Italian participants and is therefore exposed to counterparty credit risk on LCH.Clearnet SA.	The financial risks associated with clearing operations are mitigated by: — Strict CCP membership rules including supervisory capital, technical and organisational criteria — The maintenance of prudent levels of margin and default funds to cover exposures to participants. Each member pays 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. Clearing members also contribute to default funds managed by CC&G — CC&G maintains back-up credit facilities supporting daily liquidity. Committees overseeing counterparty credit and latent market risks meet on a regular basis. To date, CC&G has not experienced a capital loss as a result of the default of a member.
Settlement and custodial risks The Group offers post trade services and centralised administration of financial instruments through its CSD subsidiary, Monte Titoli. Monte Titoli offers pre-settlement, settlement and custody services. These activities carry counterparty risk (in particular asset commitment risk), operational risk and custody risk (including asset servicing risk). Monte Titoli does not provide intraday settlement financing to its members.	Asset commitment risk is mitigated through pre-positioning (availability of security) and pre-funding (availability of cash). Operational risk is minimised via highly automated processes reducing administrative activities and formalised procedures for all services. Monte Titoli mitigates IT risks by providing for redundancy of systems, daily back-up of data, fully updated remote recovery sites and agreed service levels with outsourcers. Liquidity for Monte Titoli's operations is provided by the Bank of Italy.

For more information on these risks see the Post Trade Services section of the Business Review pages 24-25), and Note 2 to the accounts, Financial Risk Management (pages 84-87). For information on LCH.Clearnet see section of the Business Review pages 26-27.

Risk description	Mitigation
Capital Risk The Group incorporates a number of regulated entities within its structure. Principal risks to managing this capital are: — Increases in the regulatory requirements of those companies and/or any extension to the Group as a whole) — A scarcity of debt or equity (whether specific to the Group or driven by general financial market conditions). The regulated entities in the Group ensure sufficient capital resources are maintained to meet regulatory requirements, particularly in Post Trade Services where capital requirements are increasing. Failure to do so could lead to loss of regulatory approvals.	The Group maintains an ongoing review of the capital positions of its regulated entities and operates within capital limits which are overseen by the Treasury Committee, the newly created Financial Risk Committee, the Executive Committee and the Board. The Group's Treasury Policy recognises the need to observe regulatory requirements in the management of the Group's resources. LSE plc has been subject to new regulations in terms of capital requirements. These new limits have been agreed with the regulator and are now effective. 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 makes regular assessments of debt and equity market conditions. To maintain sufficient financial strength to access new capital at reasonable cost, and meet its objective of maintaining an investment grade credit rating, the Group is mindful of potential impacts on its key metrics when considering changes to its capital structure.

For more information on financial risk see Note 2 to the accounts, Financial Risk Management (pages 84-87).

PRINCIPAL RISKS AND UNCERTAINTIES

Operational Risk

The risk of loss or other adverse consequences to the business, resulting from inadequate or failed internal processes, people and systems, or from external events.

Risk description	Mitigation
Technology The Group's businesses and major revenue streams are highly dependent on secure and stable technology performing to high levels of availability and throughput. Technology failures impact our clients and can potentially lead to a loss of trading volumes and adversely impact the Group's reputation and brand. The Group now increasingly provides its IT development and operations in-house, with particular reliance on MillenniumIT, following the successful migration of the Group's UK markets on to Millennium technology. While this gives the Group a greater degree of control in this area, there remains a risk of resource over-stretch to meet both the requirements of the Group and those of third parties. The Group 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 the Group systems are constantly reviewed and monitored to prevent problems arising where possible and to ensure a prompt response to any potential service interruption. The Group's Technology Services management team mitigates this risk by ensuring prioritisation of all developments and operations activities, and resource utilisation and allocation is kept under constant review. The MillenniumIT systems are designed to be fault tolerant and alternative standby computer facilities are maintained to minimise the risk of system disruptions. The Group actively manages relationships with key strategic IT suppliers to avoid any breakdown in service provision which could adversely affect the Group's businesses. Where possible, the Group has identified alternative suppliers that could be engaged in the event of a third party failing to deliver on its contractual commitments.
For more information see the Technology Services section of the Business Review, pages 30-31. For information on LCH.Clearnet see section of the Business Review pages 26-27.	
Change management The Group has a number of major, complex projects and strategic actions underway concurrently, including implementation of new technology systems, cost management initiatives, and strategic development of the Group's post trade and derivatives businesses. If not delivered to sufficiently high standards and within agreed timescales, these could have an adverse impact on the operation of core services and revenue growth, as well as damaging the Group's reputation. The volume of simultaneous change could also lead to a loss of client goodwill. Synergies and cost benefits may not be delivered to anticipated levels. With regards to M&A and integration activities, the additional projects and workstreams could have an adverse impact on the day to day performance, key strategic initiatives and could damage the Group's reputation.	The senior management team is focused on the implementation of the Group's strategy and the project pipeline in view of their importance to the Group's future success. Each major project, including those in respect of M&A and integration, is managed via a dedicated project workstream overseen by a member of the Executive Committee. Rigorous software design methodologies, testing regimes and test environments are employed to minimise implementation risk. Product development teams are being strengthened to ensure the Group can continue to deliver advanced trading and information technology to meet clients' needs.
For more information see Chairman's statement, pages 12-13, and Chief Executive's statement, pages 14-15.	

Risk description	Mitigation
Security threats The Group depends on having secure premises and uninterrupted operation of its IT systems and infrastructure. Potential security threats require continuous monitoring and assessment. Terrorist and cyber attacks and similar activities directed against our offices, operations, computer systems or networks could disrupt our markets, harm staff, tenants and visitors, and severely disrupt our business operations. Civil or political unrest could impact on companies within the Group. 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. Security risks have escalated in recent years due to the increasing sophistication of cyber crime.	The Group has well established and regularly tested business continuity and crisis management policies, procedures and guidelines in place. Security threats are taken very seriously and robust physical security arrangements are in place, including close liaison with Government agencies and police forces as required. Additionally, extensive IT security measures are in place to mitigate security risk. The Group's internet connections are pro-actively monitored at all times and, with the support of a third party, malicious traffic is blocked. There are also contingency procedures in place that can be invoked in the event of a threat against the Group's infrastructure. Furthermore, rigid security policies are enforced. The IT security team monitors intelligence and the Group is a member of the Centre for the Protection of National Infrastructure (CPNI).
Employees The calibre, quality and retention of employees is critical to the success of the Group. The loss of key members of staff could have an adverse impact on the Group's operations and ability to deliver its strategy. The Group'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 which the Group competes for the same key staff.	The Group operates a performance management and appraisal system, and Executive development opportunities are provided with the Nominations Committee responsible for considering succession plans for key senior positions. A performance related annual bonus and pay review process is in place for all employees. Regular benchmarking of reward and incentive systems is performed to ensure they are competitive. The Group also offers Long Term Incentive Plans for high performers and critical staff and turnover is monitored and reported to senior executives quarterly. A centralised training budget allows a coordinated approach to development across the Group. There are also plans to enhance talent management over the next 12 to 18 months, specifically enhancing Group succession planning and launching a new HR system.

For more information see Our wider responsibility, pages 36-37 and Remuneration Report, pages 54-63. For information on LCH.Clearnet see section of the Business Review pages 26-27.

BOARD OF DIRECTORS

UK Corporate Governance Code
London Stock Exchange Group is committed to high standards of corporate governance and business integrity in all its activities. The Company has complied with all provisions of the UK Corporate Governance Code 2010 (the Code) throughout the year ended 31 March 2013.

Board structure
The Board comprised:

- Non-Executive Chairman, who was independent on appointment
- Non-Executive Deputy Chairman, who is also the Senior Independent Director
- Seven other independent Non-Executive Directors
- Three Executive Directors.

Board and Committee

Meetings in	FY 2013	FY 2012
Board	**15**	21
Supporting committees		
– Audit and Risk	**5**	5
– Remuneration	**4**	3
– Nomination	**1**	1

Dr Chris Gibson-Smith
Chairman of the Company and the Nomination Committee (age 67)
Appointed to the Board in May 2003
Committee membership: Remuneration, Nomination (chair)
Skills and experience: Chris is currently Chairman of Partnership and was Chairman of The British Land Company plc from 2007 until 2012. He was also previously Non-Executive Director of Qatar Financial Centre Authority from 2006 to 2012, 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 London Business School, the Institute of Public Policy Research and the arts charity, Arts & Business.
Other current appointments: Chris is Chairman of Reform Research Trust.

Xavier Rolet
Chief Executive (age 53)
Appointed to the Board in March 2009 and appointed Chief Executive in May 2009
Committee membership: Group executive
Skills and experience: Xavier was a senior executive at Lehman Brothers from 2000 to 2008 and, latterly, Chief Executive Officer of Lehman in France. Prior to Lehman Brothers, he 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.
Other current appointments: Xavier is a member of the Columbia Business School Board of Overseers and an Honorary Fellow of the Chartered Institute for Securities and Investments, FSCI (Hon).

Raffaele Jerusalmi
Executive Director (age 52)
Appointed to the Board in June 2010
Committee membership: Group executive
Skills and experience: Raffaele is Chief Executive Officer of Borsa Italiana S.p.A. and Director of Capital Markets of London Stock Exchange Group plc. He is also Vice-Chairman of MTS and CC&G, a Board member of Monte Titoli and CEO of LSEGH Italia, all of which are Group companies. 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, he was a member of its 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.
Other current appointments: Raffaele is a venture partner of the Advisory Committee of Atlantic Capital Partners GmbH.

David Warren
Chief Financial Officer (age 59)
Appointed to the Board in July 2012
Committee membership: Group executive
Skills and experience: Prior to being appointed Chief Financial Officer of London Stock Exchange Group plc, David was previously CFO of NASDAQ OMX from 2001 to 2009 and Senior Advisor to the NASDAQ CEO from 2011 to 2012. He was Chief Financial Officer at Long Island Power Authority of New York from 1998 to 2001, Deputy Treasurer of the State of Connecticut from 1995 to 1998 and a Vice President at CS First Boston from 1988 to 1995.
Other current appointments: None.

Paolo Scaroni
Non-Executive Deputy Chairman and Senior Independent Director (age 66)
Appointed to the Board in October 2007

Committee membership: Remuneration, Nomination

Skills and experience: Paolo has been CEO of eni since May 2005 and was previously CEO of Pilkington plc from 1997 to 2002. He was a Director of BAE Systems plc from 2000 to 2004 and of Invensys plc from 2001 to 2002. He was also CEO of Enel from 2002 to 2005, Director from 2002 to 2005 and then Chairman of Alliance Unichem plc from 2005 to 2006.

Other current appointments: Paolo is currently Non-Executive Director of Assicurazioni Generali, Veolia Environnement, Fondazione Teatro alla Scala and a member of the Columbia Business School Board of Overseers.

Baroness (Janet) Cohen
Non-Executive Director (age 72)
Appointed to the Board in February 2001

Committee membership: Audit and Risk, Nomination

Skills and experience: Baroness Cohen, a Life Peer, is currently Vice-Chairman of Borsa Italiana S.p.A.. She was previously Non-Executive Director of BPP Holdings plc from 1994 to 2002 and Chairman from 2002 to 2006. She worked for Freshwater UK plc from 2007 to 2009, Trillium Partners Ltd from 2009 to 2010, Management Consulting Group plc from 2003 to 2011 and Proudfoot Trustees Limited from 2003 to 2011. She was also Advisory Director of HSBC Investment Bank from 2000 to 2001, a Non-Executive Director of Charterhouse Management Services Ltd from 1988 to 1999 and Charterhouse Financial Services Ltd from 1989 to 1993. She was also a Non-Executive Director of the Yorkshire Building Society from 1991 to 1995 and Vice-Chairman from 1995 to 1999. She served as Governor of the BBC from 1994 to 1999, and a Non-Executive Director of the Defence Logistics Organisation (MOD) from 1999 to 2005.

Other current appointments: Baroness Cohen is currently President BPP University College and Senior Advisor to BPP Holdings. She is Chairman of the Cambridge Arts Theatre Trust.

Sergio Ermotti
Non-Executive Director (age 53)
Appointed to the Board in October 2007

Committee membership: Remuneration

Skills and experience: Sergio is currently Chief Executive Officer of UBS Group and was previously Chairman and Chief Executive Officer of UBS Group Europe, Middle East and Africa from April 2011 until November 2011. He has been a member of the UBS Group Executive Board since April 2011. Between 2007 and 2010, he was Group Deputy Chief Executive Officer and Head of Corporate & Investment Banking and the Private Banking Strategic Business Area of UniCredit Group. From January 2006 to July 2007, he was Deputy General Manager and Head of Markets and Investment Banking at UniCredit Group. From 1987 until 2004, Sergio worked with Merrill Lynch & Co where he was latterly Senior Vice-President, Co-Head of Global Equity Markets and Member of the Operating Committee. From 2002 to 2003, he was a Director of Virt-X Limited.

Other current appointments: None.

Paul Heiden
Non-Executive Director and Chairman of the Audit and Risk Committee (age 56)
Appointed to the Board in June 2010

Committee membership: Audit and Risk (chair)

Skills and experience: Paul is currently Non-Executive Chairman of Intelligent Energy Holdings plc and was previously Chairman of Talaris Topco Limited from 2009 to 2012 and Chief Executive Officer of FKI plc from 2003 to 2008. Paul was an Executive Director of Rolls Royce plc from 1997 to 1999 and Group Finance Director from 1999 to 2003. He has also 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.

Other current appointments: Paul is Non-Executive Director of United Utilities Group plc and Meggitt plc.

Gay Huey Evans
Non-Executive Director, (aged 58)
Appointed to the Board in June 2010

Committee membership: Audit and Risk, Remuneration

Skills and experience: Gay is currently an Outside Director of ConocoPhillips and a Non-Executive Director of Aviva plc, Itaú, BBA International Limited, Clariden Leu (Europe) Ltd and the Financial Reporting Council. Previously, she was Vice-Chairman of the Board and Non-Executive Chairman of Europe for the International Swaps and Derivatives Association from 2011 to 2012. She was also 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 Director of Markets Division and Head of Capital Markets Sector at the UK Financial Services Authority from 1998 to 2005.

Other current appointments: Gay is a Trustee of Wigmore Hall and Wellbeing of Women.

Andrea Munari
Non-Executive Director (age 50)
Appointed to the Board in October 2007

Committee membership: Audit and Risk

Skills and experience: Andrea is currently General Manager of Banca IMI, the investment arm of Intesa Sanpaolo Group. He was previously General Manager of Morgan Stanley Fixed Income Division and, since 2006, CEO and General Manager 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.

Other current appointments: None.

Robert Webb QC
Non-Executive Director and Chairman of the Remuneration Committee (age 64)
Appointed to the Board in February 2001

Committee membership: Remuneration (chair), Nomination

Skills and experience: Robert is General Counsel and Head of Risk for Rolls Royce plc. Robert was previously Chairman of Autonomy Corporation plc from 2009 to 2011 and of BBC Worldwide from 2009 to 2012. He served as General Counsel of British Airways from September 1998 to April 2009 where he was responsible for law, Government affairs, safety, security and risk management. Robert was a Director of Argent Group plc from 2009 to 2012 and the Emerging Health Threats Forum from 2006 to 2012. He was also Chairman of Sciemus Ltd from 2010 to 2011 and Head of Chambers and a practising QC at 5 Bell Yard, London from 1988 to 1998.

Other current appointments: Non-Executive Director of the Holdingham Group Ltd. He is also a Bencher of the Inner Temple and a Trustee of Comic Relief and the Migratory Salmon Fund.

Massimo Tononi
Non-Executive Director, (age 48)
Appointed to the Board in September 2010

Committee membership: Audit and Risk

Skills and experience: Massimo is Chairman of Borsa Italiana S.p.A. and was previously Partner and Managing Director in the investment banking division of Goldman Sachs from 2008 to July 2010. While at Goldman Sachs, he played a senior role in the business development and execution of investment banking transactions throughout Europe. From 2006 to 2008, he was Treasury Undersecretary at the Italian Ministry of Economy & Finance in Rome.

Other current appointments: Massimo is currently a Non-Executive Director of Mittel S.p.A., Sorin S.p.A. and Chairman of Prysmian S.p.A.

CORPORATE GOVERNANCE

The Corporate Governance Report which follows is intended to give shareholders an understanding of the Group's corporate governance arrangements and how they operated during the year ended 31 March 2013, including how the Group complied with the principles of the Code.

Changes to the Board and succession planning

During the financial year ended 31 March 2013, the Company announced the appointment of David Warren, who joined the Board as Chief Financial Officer on 2 July 2012 following the departure from the Board of the former Chief Financial Officer, Doug Webb. Mr Warren was appointed following the engagement of external recruitment consultants. A shortlist of candidates met with the Chairman, Chief Executive and a selection of Non-Executive Directors.

I and the Board have continued to work to ensure that the balance of skills and experience on the Board remains appropriate. This has been a particular focus in light of the LCH.Clearnet transaction and the increase in the Group's post trade assets. Since the end of the year, and following the completion of the LCH.Clearnet transaction, I am pleased to welcome Jacques Aigrain, the Chairman of LCH.Clearnet, to the Board as a Non-Executive Director. Jacques will not only deepen the Board's collective understanding of financial markets, but also will add to the Board's expertise in the area of post trade. Confirmation of his appointment will be sought at this year's AGM.

The Board continues to believe that, particularly in the financial services sector, it and the Company benefit from having a number of members who have recent and relevant experience in capital markets.

Board focus

During the year ended 31 March 2013, much of the Board's time continued to be spent on concluding the transaction with LCH.Clearnet. Following the additional regulatory capital requirements for CCPs, such as LCH.Clearnet, introduced following recommendations from ESMA and EBA, your Board approved a revised offer to LCH.Clearnet Group Limited's shareholders to ensure that the transaction continued to deliver returns for LSEG shareholders. The Board has also maintained its focus on the capital structure of the Group's balance sheet, and the Company launched a Euro Medium Term Note Programme and its first retail bond on ORB in November 2012.

The Board as a whole, supported by the Audit and Risk Committee, has increased and deepened its focus on risk. As the Group diversifies and grows, we have reviewed the Group's risk framework and introduced a new Enterprise-wide Risk Management Framework. This will enable the Board and Management to better monitor, quantify and manage the Group's risk profile. The Board views this as being particularly important following the completion of the LCH.Clearnet transaction and the consequent increase in the proportion of the business devoted to post trade services and risk management.

During the year, the Board has also continued its programme of visiting its overseas businesses and meeting local management. The Board carried out a trip to New York (an office of one of the Group's information services businesses, FTSE) to hold one of its regular meetings and meet with customers and stakeholders.

Board effectiveness

This year, the Board carried out an internal review of its own effectiveness. The process and findings are described on page 53. Following this review, I am satisfied that the Board continues to perform well.

Diversity

The Board continues to focus on improving diversity, including gender diversity. The Board recognises the benefit throughout the Group in having access to the diversity of input from people with a wide range of backgrounds and nationalities. This is reflected at Board level by the diverse backgrounds and nationalities of Directors.

The Board has an on-going commitment to strengthening female representation at Board level, including requesting headhunters to ensure that a significant proportion of Board candidates are female.

Investor engagement

Shareholder engagement and support remains central to our planning and thinking. This was again particularly important in another year of corporate activity. We have a comprehensive investor relations programme, which is described in more detail in this Corporate Governance Report. The Board receives regular updates on shareholder feedback at each of its meetings so that it is aware of shareholders' views and concerns. Shareholders are also offered the opportunity to meet with the Senior Independent Director, the Chairman of the Remuneration Committee and me, as appropriate.

C. S. Gibson-Smith.

Chris Gibson-Smith
Chairman

Board Activities in FY2013

Key Areas of Focus

- Pursuing the Company's strategy. In particular, the Board spent much of its time considering the diversification of the Group through the LCH.Clearnet transaction
- The Board also took further steps to manage the Group's balance sheet through the launch of a Euro Medium Term Note Programme and its first retail bond on ORB
- Further improving the Group's ability to manage risk, including approving a new Enterprise-wide Risk Management Framework.

Corporate governance report

Complying with the provisions of the Code

The Group is committed to high standards of corporate governance and business integrity in all of its activities. In 2012, the Code was reviewed by the Financial Reporting Council and amendments were introduced that will apply to financial periods commencing on or after 1 October 2012 (the New Code). Throughout the year ended 31 March 2013, the Company has complied with all provisions of the Code, and in the coming financial year, the Board will ensure that the Company complies with all provisions of the New Code.

The Code sets out guidance in the form of main principles and more specific provisions for good governance in relation to board leadership, effectiveness, accountability, remuneration and relations with shareholders. The Code applies to all companies with a premium listing of equity shares in the UK and requires companies to disclose, in relation to the Code, how they have applied its main principles and whether they have complied with all relevant provisions throughout the year. Where the relevant provisions have not been complied with, companies must provide an explanation for their non-compliance. Further information on the UK Corporate Governance Code can be found on the Financial Reporting Council's website, at **www.frc.org.uk**. This Corporate Governance Report forms part of the Corporate Governance Statement on page 73 of the Directors' Report.

Board of Directors

Role of the Board

The Board is the principal decision-making forum for the Group and is responsible to shareholders for achieving the Group's strategic objectives and for delivering sustainable growth in shareholder value. Directors act in a way they consider will promote the long term success of the Company for the benefit of shareholders as a whole, with regard to the interests of the Group's employees, the impact of the business on the community and environment and the interests of stakeholders. The Board has adopted a formal schedule of matters specifically reserved to it including:

- establishing, reviewing and maintaining the corporate strategy
- the annual budget
- increases or significant variations in the terms of borrowing facilities
- committing to major capital expenditure or acquisitions; and
- dividend policy.

The Board also views the brands and reputations of its subsidiaries as important assets of the Group and accordingly protection of the brand and reputation of the Group and its subsidiaries, including ensuring that subsidiaries continue to meet local regulatory requirements, is also a key part of the Board's role.

The roles of Chairman and Chief Executive are distinct and separate with a clear division of responsibilities. The Chairman is responsible for the running and leadership of the Board and ensuring its effectiveness. The Chief Executive has delegated authority from, and is responsible to, the Board for managing the Company's business with the power for further delegation in respect of matters which are necessary for the effective running and management of the business. The current key responsibilities of both the Chairman and the Chief Executive are set out on page 52.

Matters considered by the Board in FY2013

Each meeting	Annually	Throughout the year
Reports from the Chief Executive on performance in each of the business areas, Regulation, Legal and HR	Health and safety 3 Year Business Plan	Detailed consideration and approval of transactions including: — the revised offer for a majority stake in LCH. Clearnet Group Limited, including considering the impact of European capital requirements and approval of the revised Class 1 circular and revised offer document — the launch of the Group's first retail bond on ORB — the joint venture between FTSE Group and TMX Group to combine their fixed income businesses, FTSE TMX Global Debt Capital Markets
Reports from the Chief Financial Officer on the financial performance and position of the Group, investor relations activity and Treasury matters	Off-site strategy day	Discussion of changes to the Group's risk profile and approval of a new Enterprise-wide Risk Management Framework and related policies
Updates from the Board committees	FSA's risk mitigation programme together with a presentation by the FSA (now FCA) Evaluation of Board Effectiveness	Discussion and approval of Group strategy
	Reports on progress of integration of FTSE into the Group	Review of quarterly financial forecasts and funding of acquisitions Executive and Non-Executive succession planning
	Review of independence of Directors pursuant to UK Corporate Governance Code	Presentations on the approach to risk management in current financial markets
	Budget	

CORPORATE GOVERNANCE

Key responsibilities

Group Chairman

- Acts as an independent Non-Executive Director and chairs the Board of the Company
- Forges an effective Board as to composition, skills and competencies
- Ensures, in collaboration with the Chief Executive, that the Board considers the strategic issues facing the Company in a timely manner and is presented with sound information and analysis appropriate to the decisions that it is asked to make
- Acts as a sounding board for the Chief Executive and provides general advice relating to the management and development of the Company's business; and
- Supports the commercial activities of the Company by, inter alia, maintaining contact with the Company's key stakeholders and maintaining dialogue with other industry participants.

Chief Executive

- Formulates the strategic direction of the Company and periodically agrees this with the Board
- Ensures proper financial and business control is exercised within the Company
- Chairs the Executive Committee
- Ensures there is a clear management structure with appropriately delegated responsibilities staffed by suitably experienced and qualified staff
- Ensures appropriate reporting and communication systems are established across the Company
- Ensures key performance objectives are set for all operational departments, action plans and budgetary controls are established and, where necessary, corrective action is taken to maximise the performance of the Company
- Ensures the Company's strategy and values are effectively understood and applied by management and staff; and
- Ensures an appropriate risk management framework is in operation.

Board and Committee meetings in FY2013

The Board held six scheduled meetings, nine additional meetings on short notice, a dedicated off-site strategy day and four additional meetings of a Board sub-committee (not represented in the table) to consider matters relating principally to the LCH.Clearnet transaction. On a number of occasions throughout the year, the Chairman met Non-Executive Directors without the presence of Executive Directors. The Chairman and Non-Executive Directors also meet without the Executive Directors at the start of each Board meeting to discuss the business of that meeting and other issues. Throughout the year, the Chairman also met with Non-Executive Directors individually to discuss business-related matters.

Board meeting attendance in the year ended 31 March 2013

	Scheduled	Ad hoc	Strategy	Total
Chris Gibson-Smith	6/6	9/9	1/1	16/16
Xavier Rolet	6/6	9/9	1/1	16/16
Raffaele Jerusalmi	6/6	9/9	1/1	16/16
David Warren[1]	5/6	9/9	1/1	15/16
Paolo Scaroni	6/6	8/9	0/1	14/16
Baroness (Janet) Cohen	6/6	6/9	1/1	13/16
Sergio Ermotti	6/6	5/9	1/1	12/16
Paul Heiden	6/6	6/9	1/1	13/16
Gay Huey Evans	6/6	8/9	1/1	15/16
Andrea Munari	6/6	7/9	1/1	14/16
Massimo Tononi	6/6	7/9	1/1	14/16
Robert Webb	5/6	6/9	1/1	12/16
Directors who left the Board in the year 31 March 2013				
Doug Webb[2]	1/6	–	–	–

1 David Warren was appointed 2 July 2012.

2 Doug Webb left the Board on 2 July 2012.

When arranging meetings on short notice, every attempt is made to accommodate Directors' diaries; however, inevitably, not all Directors are able to attend all such meetings. The majority of meetings where Directors have been unable to attend were the nine additional meetings called on short notice.

When Directors have not been able to attend meetings due to conflicts in their schedule, they received and reviewed papers to be considered at the relevant meeting. Where they had comments or concerns on the matters to be discussed, they provided these to the Chairman of the Board or Committee in advance of the meeting. The Chairman of the Board engages with Directors between Board meetings to discuss business and strategic issues.

Directors have the benefit of indemnity arrangements from the Company in respect of liabilities incurred as a result of their office and execution of their powers, duties and responsibilities. The Company maintained a Directors' and Officers' liability insurance policy throughout the year ended 31 March 2013. This policy covers the Directors for any such liabilities in respect of which they are not indemnified by the Company and, to extent to which it has indemnified the Directors, the Company. This insurance cover will be renewed. Neither the Company's indemnity nor insurance provides cover for a Director in the event that the Director is proved to have acted fraudulently or dishonestly.

Board balance and independence

There is a strong non-executive element on the Board and the Non-Executive Directors provide deep corporate experience and knowledge which they apply to their understanding of the Group and its strategy.

The Board considers that the Directors possess a strong range of business experience and that the Board has the right mix of skills and experience given the size and geography of the Group. The Board considers that the appropriate balance of skills and experience is best achieved by balancing continuity of experience and new joiners and also by drawing Directors from a wide range of backgrounds, including both the financial markets in which the Group operates, as well as broader business backgrounds.

It is likely that the Board will continue to include Directors with current or recent experience in financial markets. The Board believes it benefits from this expertise. The Board also believes that the Group benefits from having directors with a mixture of tenures.

The Board has concluded that all Non-Executive Directors are independent in character and judgement. In assessing each Director, the Board considered whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

The Code requires that a company should state its reasons if it determines that a director is independent in certain circumstances, including where a director is employed by a shareholder or customer of the Company and where a director has served for more than nine years.

Andrea Munari is employed by Intesa San Paolo, which is a customer of the Group. Whilst the Company values its relationship with Intesa as a customer, given the size of Intesa, it is believed that Intesa's relationship with the Company and its subsidiaries is not material to Intesa. The Board benefits greatly from Mr Munari's current experience in financial markets and the Audit and Risk Committee also benefits from Mr Munari's experience of risk in a financial services company.

Sergio Ermotti is CEO of UBS Group, which is a customer of the Group. Mr Ermotti brings vast expertise and experience of financial markets which greatly assists the Board. Given the size of UBS and the large number of markets in which it operates, its relationship with the Company is not material to UBS. Additionally, Mr Ermotti's portfolio of responsibilities as CEO is extensive and, as such, he is not engaged directly in UBS's customer relationship with the Company. The Board benefits from Mr Ermotti's current and deep experience in capital markets and from his wider business experience.

Janet Cohen and Robert Webb have both served on the Board since 2001. The Board considers that an individual's independence cannot be determined arbitrarily on the basis of a particular period of service. The Board also benefits from their experience and knowledge resulting from the length of their service as well as their wider business experience. In line with the Code, all Directors are subject to annual re-election.

Board effectiveness and leadership

This year the Board carried out an internal review of its own effectiveness. The evaluation process was conducted by the Group Company Secretary using a detailed questionnaire. The results of the review were used to highlight areas of strength and weakness, assist in consideration of the future development of the Board, its Committees and its individual directors and further improve their performance. The review also included a separate assessment of the Chairman's performance with feedback provided to the Chairman on an individual basis.

The results were discussed by the Board and actions agreed where appropriate. The evaluation concluded that the Board, its Committees and its individual directors were working effectively. The key area identified by the Board for further development was ensuring that the Board has the appropriate skill sets to govern a more diversified Group, which includes a greater number of post trade assets. This should be a focus of both succession planning and Board training.

Board development

Each new Director joining the Board is provided with an induction programme covering the key areas of business of the Group. Directors are provided with key documents including strategy documents, past Board papers, an overview of the business including the regulatory framework within which the Group operates and information on their responsibilities under the Listing Rules. Additionally, Directors meet with executives from throughout the Group to better understand each of the business areas together with the Group's governance and financial and legal framework. Directors have access to independent professional advice if they judge it necessary to fulfil their responsibilities as directors.

Directors are encouraged to continually update their skills and knowledge of the business, and briefings are given at Board meetings on particular parts of the business.

As the Board increases in size and the Group expands into an increasing number of jurisdictions, the Board has also developed the practice of undertaking formal visits to its overseas businesses so that the Directors can experience first-hand key aspects of the Group's operations.

Conflicts of interest

The articles of association allow the Board to authorise conflicts of interest that may arise and to impose such limits or conditions as it thinks fit. The Company has established procedures whereby actual and potential conflicts of interest are regularly reviewed, appropriate authorisation is sought prior to the appointment of any new Director and new conflicts are dealt with then. The decision to authorise a conflict of interest can only be made by non-conflicted Directors and, in making such decision, the Directors must act in a way they consider, in good faith, would be most likely to promote the Company's success. The Board believes that, during the year ended 31 March 2013, this procedure operated effectively.

Board Committees

The Company ensures that all Committees are provided with sufficient resources to undertake their duties. All Committees have written terms of reference which are available from the corporate responsibility section on the Company's website at **www.lseg.com** or on request from the Group Company Secretary.

Remuneration Committee

Details of the Committee's remit and activities are set out in a separate Remuneration Report on pages 60-71.

Audit and Risk Committee

Details of the Committee's remit and activities are set out in a separate Audit and Risk Committee Report on pages 57-59.

CORPORATE GOVERNANCE

Nomination Committee Report

The Nomination Committee members as at 31 March 2013 were: Chris Gibson-Smith (Chairman), Janet Cohen, Robert Webb and Paolo Scaroni. The Committee's role is to review the size and structure of the Board, succession planning and to make recommendations to the Board on potential candidates for the Board. The Committee normally invites the Chief Executive to attend. The Committee has written terms of reference which are available from the Group Company Secretary or at the corporate governance section of the Company's website **www.lseg.com**

The full Board considered the appointment of a new CFO. The Committee interviewed candidates for the position of CFO and gave feedback to the Chairman.

The Committee and the Board have sought to ensure that appointments are of the best candidates to promote the success of the Company and that appointments are based on merit, with due regard for the benefits of diversity on the Board, including gender (whilst also meeting the requirements of the Equality Act). Subject to these requirements, the Board has an ongoing commitment to further strengthening female representation on the Board. At Board level, this has included requesting headhunters to ensure that as far as practicable, a significant proportion of the long list of candidates are female.

The Committee formally met once in the year. It considered Board and senior management succession planning. Nomination Committee members also held a number of informal discussions during the year.

Nomination Committee meeting attendance in the year ended 31 March 2013

	Total
Chris Gibson-Smith	1/1
Baroness (Janet) Cohen	1/1
Paolo Scaroni	1/1
Robert Webb	1/1

Risk Management and Internal Control

The Board has overall responsibility for the risk management framework and to ensure that management maintains an adequate system of internal control appropriate for the Group's business and the risks to which it is exposed. The Audit and Risk Committee assists the Board in discharging this responsibility by reviewing and assessing the Group's system of internal controls and risk management process. Executive management are responsible for designing, operating and monitoring the system of internal controls. The system of internal controls is designed to manage the business within the Board's risk appetite rather than eliminate the risk of failure to achieve the Group's objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss, fraud or breaches of laws and regulations.

The Group operates a 3 lines of defence model for its system of internal control. In this model, management (first line of defence) is accountable for managing risks. Risk Management and Compliance constitute the second line of defence and define the risk management framework to keep the business activities within the Group's risk appetite. Finally, the internal audit function provides the independent assurance on controls, risk and governance as the third line of defence. The system of internal controls is amended as appropriate in response to changes in the Group's business and associated risks. The key elements of the Group's systems of internal controls are described below.

Organisational structure

The day-to-day running of the Group is managed by an Executive Committee which is chaired by the Group Chief Executive Officer. Each Executive Committee member is responsible for one of the Group's operating divisions or a major area of strategic importance. The Executive Committee meets regularly to review business and financial performance, risk exposure and approve key decisions. The Executive Committee is supported by a Leadership Team, comprising approximately 70 Senior Managers from across the business units. Lines of responsibility have been clearly defined and an appropriate framework of delegated authorities is in place. The Group has successfully increased its size and level of diversification through organic and inorganic strategic initiatives. As a result, the Group started a project during FY13 to upgrade its existing risk management framework to ensure it is fit for purpose for its new size and current ambitions. This included, after the year end, creating three new risk sub-committees of the Executive Committee to support it in monitoring and managing Group-wide risks: New Products (and Market), Operational and Financial Risk Committees.

Risk management framework

The risk management process is governed by a Board-approved Enterprise-wide Risk Management Framework, which was reviewed and upgraded during the year. Executive management are accountable for risk identification, analysis, evaluation, mitigation, monitoring and reporting in their area within the framework established by the Board. A combined bottom up and top down risk management approach is adopted, with risks identified at a business unit, divisional and Group level. Divisional risk registers are reviewed by the Executive Committee and reported to the Audit and Risk Committee every quarter. The Group risk register is reviewed by the Board at least every six months following an updated assessment of the risk management process by the Audit and Risk Committee.

Each Group risk is owned by a member of the Executive Committee who is responsible for managing or mitigating the risk to a level within the Group's risk appetite. Executive Committee members present their division's risk management processes and latest risk registers to the Audit and Risk Committee every six months on a rotational basis. On a semi-annual basis a divisional internal control and risk management self-certification process is also performed. Each business unit is required to confirm that they are in compliance with the Group's policies and governance procedures. Any exceptions are reported to the Audit and Risk Committee. Internal audit provides regular reports to the Audit and Risk Committee on the adequacy and effectiveness of the Group's system of internal controls and the Group's risk framework.

An overview of the principal risks and uncertainties for the Group is provided on pages 42-47.

Policies and procedures

A framework of Group policies and procedures has been established for all aspects of the Group's activities, supplemented by additional local policies where appropriate. The policies are reviewed and updated on an on-going basis to reflect changes in the Group's risk profile and appetite. Key policies are emphasised in the employee induction process and regularly reinforced.

Financial controls

Comprehensive financial reporting and review procedures are in place, with financial and key performance indicators reviewed against operational budgets on a monthly basis at a group, divisional and business unit level. The CFO monthly management report used by the Executive Committee is shared with the Group Board and any key issues are reviewed at each Board meeting. Investment opportunities are evaluated following a clearly defined investment appraisal process. The Group has, since the end of the year, created a Financial Risk Committee and New Products (and Market) Committee. The role of these committees is to oversee financial risk management across the Group and to oversee projects to expand in to new markets or introduce new products.

Treasury risk management

Group treasury risk management is overseen by the Treasury Committee which is chaired by the Chief Financial Officer. The Committee operates within Board approved policies and meets regularly to review the management of the Group's own capital, credit, market and liquidity risks. Counterparty, investment and liquidity risks related to the CCP operations of CC&G are separately overseen by the CC&G Board Risk Committee and by the Group Executive Committee. Further details on financial risk management are provided in note 2 to the accounts.

Operational Risk

The Group manages and monitors operational risks through the setting of risk appetite, clear definition of roles and responsibilities, policies and procedures, and through reporting of exposures. The Group has in place committees, including the Business Continuity Committee and Technology project committees to support the operational risk management process. The Group has since the end of the financial year also created an Operational Risk Committee. The Committee is responsible for monitoring the Group's risk exposure, including controls that could have an impact on financial reporting, and ensuring risks remain within appetite.

Regulatory monitoring

Regulatory and compliance risks in the markets in which the Group operates are monitored by compliance functions. These regulatory teams work closely with the FCA (formerly the FSA) in the UK and CONSOB and Banca d'Italia in Italy and other regulators in countries where we operate. The compliance functions are managed independently from the customer facing business units and report on a regular basis to local and Group Boards.

Internal audit

The Internal Audit function provides reliable, objective and reasonable assurance to Management, Audit and Risk Committee members and Board members of the Group on the adequacy and effectiveness of the system of internal controls, the governance model and the risk management framework in place to manage risks within the Group's risk appetite and achieve the Group's business objectives. As a third line of defence, the function has no operational responsibilities over the entities/processes that it reviews.

The independence of the internal audit function is achieved through the following means:

- The Group Head of Audit reports to the Chairman of the Audit and Risk Committee of the Board and to the CFO for administrative matters and has direct access to the Chairman of the Board
- The Audit and Risk Committee must be consulted on the appointment or the dismissal of the Group Head of Audit; and
- The Committee approves the annual budget for internal audit.

Conclusion

The Board confirms that, through the Audit and Risk Committee, it has reviewed the operation and effectiveness of the Group's system of internal controls throughout the year and up to the date of approval of this Annual Report. No significant failings or weaknesses were identified during this review. The Board is satisfied that the risk management process and system of internal controls accords with the revised Turnbull guidance (2005).

CORPORATE GOVERNANCE

Relations with shareholders

The Company runs a comprehensive Investor Relations (IR) programme, ensuring that existing and potential shareholders, plus sell-side analysts that produce investment research relating to the Group, have access to the Company and public information to appropriately understand the strategy, activities, performance and prospects of the Company. The IR programme typically consists of meetings, calls, presentations and information releases on a regular basis throughout the year, based around the Group's financial reporting calendar and following major corporate events and news flow.

The IR function, reporting to the CFO, is responsible for planning and executing the IR programme and for day-to-day contact with the market. The CEO and CFO engage in regular contact with shareholders, through meetings and presentations, to discuss strategy, performance and other matters. The Chairman, Senior Independent Director and Chairman of the Remuneration Committee are also available to meet major investors, particularly to discuss corporate governance and remuneration, as required. Over the past year, senior management and the IR team held 286 meetings and calls with shareholders and potential investors in the UK, Europe, the Middle East, Asia/Pacific and North America.

The Board receives a report on IR matters at each of its scheduled meetings, including market expectations of financial performance, share register composition and feedback from major investors. Analyst research notes are circulated to the Board following publication. The Group's corporate brokers and a specialist IR advisory firm provide the Board with advice on shareholder relations and share register analysis. The AGM provides the opportunity for shareholders to meet Directors and to put questions to the Board, including the Chairmen of the Audit and Risk, Remuneration and Nomination Committees. The procedures for the AGM are compliant with the UK Corporate Governance Code. Voting at the AGM is by way of a poll to ensure all shareholders' views are taken into account.

The Investor Relations section of the Company's website **www.lseg.com**, is the primary source of regularly updated information about the Group. Annual and interim reports and accounts, interim management statements, news releases, presentations and other documents are all available on the website together with a list of analysts producing research on the company and a summary of analysts' forecasts of performance. Presentations of preliminary and interim results are accessible by all shareholders via webcasts in real time and also via replay for a period after the event.

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is intended to give an understanding of the role of the Audit and Risk Committee in assisting the Board to fulfil its oversight responsibilities for risk management, the systems of internal control and the integrity of the Group's financial statements.

During the year the Committee oversaw further strengthening of the Group's internal controls and risk management system. This included the introduction of a new Enterprise-wide Risk Management Framework (ERMF) (described on pages 40-41).

In addition to the Committee's regular responsibilities, the Committee also reviewed the financial disclosures in relation to the circular in respect of the Company's revised offer for a majority shareholding in LCH.Clearnet Group Limited and the Prospectus in respect of the Company's Euro Medium Term Note Programme (EMTN Programme).

Priorities in the forthcoming year will include the Group's on-going efforts to further enhance and embed its ERMF and ensure appropriate application throughout the Group.

During the year, separate heads of internal audit and risk were appointed. These appointments will further assist the Committee in its oversight of risk and audit and strengthen the three lines of defence model.

Paul Heiden
Chairman of the Audit and Risk Committee

Audit and Risk Committee meeting attendance in the year ended 31 March 2013

	Scheduled	Ad hoc	Total
Paul Heiden	4/4	1/1	5/5
Baroness (Janet) Cohen	4/4	1/1	5/5
Gay Huey Evans	3/4	1/1	4/5
Andrea Munari	4/4	1/1	5/5
Massimo Tononi	4/4	1/1	5/5

Composition and responsibilities

The Committee is chaired by Paul Heiden who provides recent and relevant financial experience through his chartered accountant qualification and career in a variety of senior finance roles. In addition, the Board is satisfied that each member of the Committee has the skills and experience necessary to enable the Committee to discharge its responsibilities effectively. The names, skill and experience of the members of the Audit and Risk Committee are provided on pages 48-49.

Further details of who normally attends meetings and the Committee's terms of reference, which are approved by the Board and reviewed on an on-going basis, are available from the Group Company Secretary or at the corporate governance section of the Company's website at www.lseg.com

REPORT OF THE AUDIT AND RISK COMMITTEE

The Committee may obtain, at the Group's expense, legal and other independent professional advice on any matter within its terms of reference. No such advice was sought by the Committee during the year. The Chairman reports to the subsequent meeting of the Board on the Committee's work.

Activities

The Committee maintains a formal agenda which ensures that all matters for which the Committee is responsible are considered at the appropriate meeting. During the year the Committee discharged its responsibilities as set out in its terms of reference by reviewing the following:

- the Group's annual and half-yearly reporting including significant financial reporting judgements made by management. The Committee paid particular attention to the revaluation of FTSE's goodwill and valuation of the intangible assets inherent in the businesses. As in prior years, it has also reviewed and challenged the process and key assumptions in the evaluation of goodwill for impairment including, the discount rates used, management's expectations of future performance and the adequacy of the sensitivities applied. For further details on the impairment testing see note 13 to the accounts
- reviewed the analysis of items between recurring and non-recurring
- the due diligence processes and financial information contained in the shareholder documentation together with the processes for producing the relevant working capital in respect of the revised offer to acquire a majority shareholding of LCH.Clearnet Group Limited
- the financing considerations of the LCH.Clearnet Group Limited acquisition, including the capital raise requirement of the transaction
- the process that the Board has conducted to conclude that the financial statements should be prepared on a going concern basis
- compliance with the Group risk management procedures as described in the section on internal controls on pages 54-55
- divisional risk registers within FTSE, Monte Titoli and Group Technology
- the approach to risk in the Group's tax strategy
- the Group's on-going strengthening of its business continuity arrangements
- the internal audit annual plan and key findings from reviews and actions taken in response by management
- the effectiveness of Internal Audit's activities
- the appointment of the new Head of Audit
- the external auditors' report and findings from the half-year review and year end audit
- the Group's arrangements for dealing in confidence with employee whistle-blowing complaints; and
- review and approval of the new Enterprise-wide Risk Management Framework.

Risk Management

During the year, the risk function launched a programme to review and enhance the Group Enterprise-wide Risk Management Framework, including risk appetite, policies and risk management governance. The Committee has been actively monitoring the development and the roll-out of the risk management enhancement programme.

As part of its mandate the Committee reviews, at least on a quarterly basis, the risk profile of the Group and comments on the adequacy of the processes in place to identify and report on key risks. The Committee also requires management to present, on a rotational basis, key risks that could impact the achievement of their business objectives and related mitigating controls.

The risk management function is headed by the CRO who oversees all aspects of risk management in the Group. She reports to the Chief Executive Officer and, for independence purposes, to the Chairman of the Audit and Risk Committee. The Committee must be consulted on the appointment or the dismissal of the CRO.

External audit

The Audit and Risk Committee undertakes an annual evaluation of the independence and objectivity, qualifications, expertise and resources of the external auditor. The assessment also includes the effectiveness of the audit process.

PricewaterhouseCoopers LLP have been the Group's auditor for many years. Under Italian law, the auditor of regulated entities is appointed for nine years and therefore, following our merger in 2008, PricewaterhouseCoopers was appointed as auditor of Borsa Italiana until the year ended 31 March 2016 replacing Deloitte. Borsa Italiana can replace PricewaterhouseCoopers for just cause at any time during the appointment, although along with PricewaterhouseCoopers, would have to explain the reasons to CONSOB, the Italian regulatory body. The auditor must be replaced at the end of the nine year tenure and cannot be re-appointed within three years.

The external auditor's independence and objectivity is maintained via a variety of safeguards:

- On a periodic basis the external auditor is required to provide written confirmation of all relationships with the Group and the actions it takes to comply with professional and regulatory requirements designed to ensure its independence
- As required by its own rules and relevant professional standards PricewaterhouseCoopers rotates the lead engagement partner at least every five years. The current audit partner has been in place for four years
- There are restrictions on the employment of former employees of the external auditor. Under the Group policy any partners or directors involved in the audit of the Group would not be employed by the Group until at least two years have lapsed from the end of their involvement; and
- The Committee has adopted a policy on the provision of non-audit services by the external auditor and monitors compliance with it semi-annually. Copies are available from the Group Company Secretary or at the corporate governance section of the Company's website at **www.lseg.com**

A breakdown of audit and non-audit service fees paid and payable to the external auditor for the year ended 31 March 2013 is provided below and in note 30 to the accounts:

	2013 £m	2012 £m
Audit services:		
Audit of parent company and consolidated accounts	**0.2**	0.2
Audit of subsidiary companies	**1.0**	0.9
Audit related assurence services	**0.4**	0.3
Other non-audit services:		
– Taxation	**0.2**	0.1
– Corporate finance	**0.6**	2.8
– Other assurance services	**0.1**	–
Total expenses	**2.5**	4.3

In the year ended 31 March 2013, the substantial majority of other non-audit services related to services provided by PricewaterhouseCoopers LLP in relation to the revised offer for the acquisition of a majority shareholding in LCH.Clearnet Group Limited and the launch of the EMTN Programme and, the Group's first retail bond on ORB. These services included financial due diligence work and reporting accountant activities in connection with the relevant circulars to shareholders and prospectus to bond investors.

The Audit and Risk Committee reviewed each of these individual appointments on their merits, prior to PricewaterhouseCoopers being engaged. The process involved considering management's assessment of:

- which accounting firms had the appropriate experience and expertise to undertake the work
- whether there were any conflicts of interest for PricewaterhouseCoopers LLP
- whether the conflicts of interest that existed for other potential firms, who were either advising other parties to the transactions or were auditors of the other company, could be appropriately managed; and
- the quantum of non-audit fees in the context of the overall audit fee and relative significance to PricewaterhouseCoopers in the context of its total client fees.

In each case the Audit and Risk Committee concluded, based on the balance of risks, that the appointment of PricewaterhouseCoopers LLP represented the most effective, secure and efficient way of obtaining the necessary advice and services, given its knowledge of our business and the Group's structure and accounting and tax affairs together with its wider knowledge of our industry sector, particularly as other smaller firms lacked sufficient relevant industry experience. To mitigate the residual risk, PricewaterhouseCoopers maintained separate teams, distinct from the audit team, on the corporate finance transactional work.

The Company has also engaged other accounting firms on transactional work during the year, selecting the appropriate firms based on the criteria above, and the fees for these assignment are included alongside PricewaterhouseCoopers' and other advisers' costs within the transaction costs disclosed in note 7 to the accounts.

The Committee is satisfied that the framework outlined above ensures that PricewaterhouseCoopers maintains the required level of independence and objectivity, that its external audit process remains effective and the fee payable in respect of audit services is appropriate to ensure that an adequate audit can be performed. Accordingly, the Group does not consider it necessary to tender for the provision of audit services at this time. There are no contractual obligations that restrict the Group's choice of external auditor except as highlighted above in relation to Borsa Italiana. On the recommendation of the Committee, the Board will propose PricewaterhouseCoopers for re-election as auditor, at the Company's Annual General Meeting (AGM) on 18 July 2013.

REMUNERATION REPORT

This Remuneration Report has been prepared by the Remuneration Committee and approved by the Board. It sets out the remuneration policies operated by the Group in respect of the Directors, along with disclosures on Directors' remuneration including those required by The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The Committee notes the introduction of revised remuneration report regulations from the Department for Business, Innovation and Skills (BIS). Although this disclosure regime is not yet effective for the Group, the Committee has nevertheless started to adopt some of the requirements early as a matter of best practice.

Details of Directors' remuneration and benefits for the year ended 31 March 2013 are set out in the tables within this report. The tables on pages 69-71 have been subject to independent audit.

Remuneration Committee
All members of the Committee are considered to be independent. Details of the Committee's remit and activities are set out in this Remuneration Report. The Committee has written terms of reference which are available from the Group Company Secretary or at the corporate governance section of the Company's website at www.lseg.com

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 31 March 2013.

The Group has continued to deliver strong financial performance and has made significant progress in delivering our diversification strategy.

As in previous years, the Committee reviewed executive remuneration arrangements to ensure that they remain aligned with the business strategy, shareholders' interests and the Group's financial performance. The Committee concluded that the current framework continued to be effective in achieving these aims and that our incentive design should be retained for FY14. As such, we have made no significant changes to our executive remuneration policies during the year.

Executive directors' remuneration for FY13 and FY14
The following table outlines the key elements of executive director remuneration for FY13 and FY14. Key points include:

- Salary increases. David Warren (CFO) was appointed during the year and received no increase. Xavier Rolet (CEO) and Raffaele Jerusalmi (CEO Borsa Italiana and Director Capital Markets) received increases of 4.4 per cent and 2.4 per cent respectively, with effect from 1 April 2013, to take their salaries from £675,000 to £705,000 and from €425,000 to €435,000 respectively
- No increase in maximum bonus and long term incentive opportunities. The maximum bonus opportunity remains at 225 per cent for the Chief Executive and 200 per cent of salary for other executive directors. The maximum long term incentive opportunity also remains at 200 per cent of salary, albeit that some executive directors received awards below this amount (as will be the case again in FY14)
- LTIP targets unchanged for FY14. Performance will continue to be measured against Total Shareholder Return (TSR) and adjusted Earnings per Share (EPS). The absolute TSR and EPS growth targets used for awards in the year ended 31 March 2013 will again be used for awards for the year ending 31 March 2014
- FY13 bonus. Amounts awarded to executive directors have been from between 62 per cent to 89 per cent of the maximum bonus opportunity. This is reflective of excellent financial performance in difficult markets and strong progress against strategic objectives.

Currently our Executive Director pay packages have a number of best practice features, including potential deferral into shares, shareholding guidelines and appropriate consideration of risk in determining performance-related pay. The Committee will continue to monitor developments and incorporate further best practice features as appropriate.

Summary of key executive remuneration decisions

Role		**Chief Executive**	**Chief Financial Officer**	**Executive Director, CEO of Borsa Italiana & Director of Capital Markets**
Name		Xavier Rolet	David Warren	Raffaele Jerusalmi
Previous salary (FY13)		£675,000	£425,000 (Appointed during FY13)	€425,000
Annual salary with effect from 1 April 2013 (FY14)		£705,000 (+4.4%)	£425,000	€435,000 (+2.4%)
Max. bonus opportunity for FY14		225% of salary	200% of salary	200% of salary
FY14 LTIP award (subject to performance)		200% of salary (£1.41m)	176% of salary (£750k)	193% of salary (£710k)
FY13 bonus	**% of salary**	200% of salary	124% of annual salary (165% of $^{9}/_{12}$ of salary)	159% of salary
	% of max.	89% of maximum	62% of maximum	79% of maximum
	amount	**£1,350,000**	**£525,000**	**€675,000**

Review of remuneration framework in FY14
The Committee will undertake a comprehensive review of the Group's remuneration framework during FY14, including the Group's LTIP which is due for renewal in July 2014. As part of the review, the Committee will continue to consider corporate governance and best practice developments in the wider market as well as in the financial services sector, actively seek the views of shareholders and other representative bodies and propose a remuneration framework to reflect the changing dynamics of the Group.

Concluding remarks
The Committee is interested in shareholders' views and voting on the Remuneration Report. We hope to receive your support at the forthcoming AGM.

Robert Webb
Chairman of the Remuneration Committee

REMUNERATION REPORT

Executive remuneration summary
A summary of the key elements of remuneration for Executive Directors is shown in the table below.

Element	Purpose	Commentary
Salary	Reflect responsibilities of the role	Reviewed annually against the market. Base salaries are referenced at or below the median of the FTSE 31-100.
Annual bonus	Reward annual financial, corporate and individual performance	Maximum of 225 per cent of salary for Chief Executive and 200 per cent of salary for other Executive Directors. Half based on adjusted operating profit and half based on achievement of strategic objectives. Voluntary deferral of up to 50 per cent of salary funded from bonus payment. The pre-tax value of the amount deferred will be provisionally matched on a 2:1 basis in LTIP performance shares (see below).
LTIP	Incentivise performance over the longer term	Ordinary maximum of 200 per cent of salary for Chief Executive and up to 200 per cent of salary for other Executive Directors. Vesting dependent half on absolute TSR and half on adjusted EPS, with 30 per cent vesting at threshold performance, 100 per cent vesting at maximum performance and straight-line pro-rating between points. Threshold performance: eight per cent per annum TSR growth and six per cent per annum EPS growth. No vesting below this performance for relevant TSR or EPS element. Maximum performance: 16 per cent per annum TSR growth and above, and 12 per cent per annum EPS growth and above. These performance levels would result in full vesting for the relevant performance element.
Benefits	Provide market competitive benefits	Flexible benefits plan, in which individuals have an annual allowance which they can spend as benefits or receive as a cash allowance. Xavier Rolet and David Warren each receive an annual allowance of £20,000. David Warren is also entitled to an accommodation allowance to cover the cost of renting accommodation in the UK during the first four years of his appointment and an annual flight allowance. Raffaele Jerusalmi has a benefits plan that is market competitive for Italy.
Pensions	Provide market competitive pension benefits	Annual pension allowance, invested in the company defined contribution plan or taken as a cash allowance. Xavier Rolet and David Warren each receive an annual pension allowance of 25 per cent of salary. Raffaele Jerusalmi accrues post-employment benefits under the Italian Trattamento di Fine Rapporto arrangements.
Share ownership guidelines	Align with shareholders' interests	Executive Directors are expected to build up and then maintain holdings of at least 1x salary.
Service contracts	Employment terms in line with best practice	Notice periods do not exceed 12 months. Policy of appropriate mitigation of termination payments and no liquidated damages clauses.

Further details are provided in the remainder of this Remuneration Report.

Remuneration Committee

The Remuneration Committee is appointed by the Board and comprises only independent Non-Executive Directors. The Committee's remit includes the remuneration of the Chairman of the Group, Executive Directors and the Executive Committee (please see page 18 for details of the Group's Executive Committee), including the awards made under the performance-related incentive schemes.

During the year ended 31 March 2013, the Committee met on four occasions.

Remuneration Committee composition and meeting attendance in the year ended 31 March 2013

	Total
Robert Webb (Chairman)	4/4
Chris Gibson-Smith	4/4
Gay Huey Evans	4/4
Paolo Scaroni	3/4
Sergio Ermotti	2/4

Deloitte LLP are the appointed advisers to the Committee and provide independent advice on executive remuneration issues. Deloitte LLP also advised the Company in relation to tax, audit and risk, assurance, consulting and transaction support services in FY13. The Committee is satisfied that the advice provided by Deloitte LLP is independent.

To assist the Committee, the results of market surveys are made available and, where appropriate, the Committee invites the views of the Chief Executive, Chief Financial Officer and Head of Human Resources. None of these individuals or the Chairman participated in any discussion relating to their own remuneration.

The Remuneration Committee continues to be mindful of recommendations from key stakeholders, including institutional investor bodies, and the Committee consults with major shareholders on any key decisions taken.

Remuneration policy

The Group is committed to the primary objective of maximising shareholder value over time. Each year the remuneration framework and the packages of the Executive Directors and members of the Executive Committee are reviewed by the Remuneration Committee to ensure that they continue to achieve this objective.

The Group must attract and retain a high calibre senior management team to ensure it is in a position to deliver its business plans and maximise returns for shareholders. The Group is committed to paying for performance, rewarding the senior management team only when its goals are achieved.

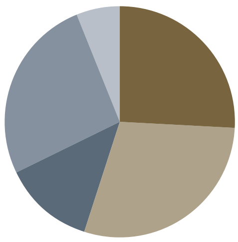
The Remuneration Committee has taken the following areas into account in establishing the Group remuneration policy:

- a commitment to maximising shareholder value
- the regular recruitment of senior management roles from the international financial sector which requires remuneration packages with a high variable pay component
- the higher profile of the Group compared with many other quoted companies with similar market capitalisations
- the Group's intent to comply with best practice as expressed by institutional shareholders and their representative bodies; and
- the continued expansion of the Group beyond the UK.

The chart below shows the average proportions of total target remuneration for the Chief Executive represented by the different elements of compensation (salary, target bonus, expected value of long term incentives, pension and benefits) for the year to 31 March 2013.

Total Target Remuneration %

Year end 31 March 2013



Salary	26
Target Bonus	29
LTIP – Matching Shares	13
LTIP – Performance Shares	26
Pension and Benefits	6

The Committee recognises that its remuneration structure is perhaps more geared than those of some FTSE 100 companies, because the Group has a higher annual bonus potential (albeit one that is significantly less than at many City financial institutions) balanced by below-median base salaries.

As in previous years, the Committee reviewed executive remuneration against FTSE 31-100 ranked companies. Overall the Committee wishes to position total target remuneration at or around the median of the FTSE 31-100 as the Committee considers it appropriate to reward superior performance with upper quartile compensation levels.

Regard is given to pay and conditions elsewhere in the Group when determining the remuneration policy for the Executive Directors. The same remuneration policy and incentive structure is applied to senior executives immediately below the Board, and all employees participate in the annual bonus pool and benefit arrangements that are competitive in their country location. The Committee reviews and comments on the salary, bonus and LTIP awards of the senior executives immediately below Board-level and approves the design and distribution profile of incentive awards available to all employees, including share-based plans.

The policy for the individual components of Executive Directors' remuneration is set out in more detail in the following sections.

REMUNERATION REPORT

Base salary

Reflecting the Committee's desire to place greater emphasis on variable pay than in most FTSE 31-100 companies, base salaries are to be set at or below the median of the pay comparator group. Salaries are typically reviewed with effect from 1 April each year. Base salaries effective from 1 April 2013 are set out in the table below:

Base salary with effect from:	1 April 2012	1 April 2013
Xavier Rolet	£675,000	£705,000 (+4.4%)
David Warren	–	£425,000
Raffaele Jerusalmi	€425,000	€435,000 (+2.4%)

The salary for David Warren was set at £425,000 with effect from his appointment on 2 July 2012 and was not eligible for an increase for the coming year.

Annual bonus

Executive Directors are eligible to receive an annual cash bonus based on meeting or exceeding bonus targets that are set at the beginning of the year.

The Remuneration Committee continues to believe that it is appropriate to use a balance between annual financial targets, corporate objectives and individual performance objectives. For the year ended 31 March 2013, the Committee determined that the sole annual financial target should again be adjusted operating profit. The Committee considers adjusted operating profit to be of particular significance for the Group and believes it should continue to be the main financial measure for annual bonus plan purposes.

For the year ended 31 March 2013, the maximum bonus opportunities were 225 per cent of salary for the Chief Executive Officer and 200 per cent of salary for other Executive Directors. For the forthcoming year, it is intended that the same maximum opportunities will apply.

For the year ended 31 March 2013, the Remuneration Committee continued to consider that a mix of 50 per cent adjusted operating profit and 50 per cent strategic performance objectives was most appropriate for determining the bonus pool.

The Committee assessed performance for the year ending 31 March 2013 and noted the following in their deliberations:

— The Group has had a strategically exceptional year, coupled with an operational performance which was best in the sector. This is against a challenging global context characterised by lack of growth in developed markets, continuing reduction in banks' available capital and continuing regulatory reform and pressures

— In this uncertain context, there are a number of key highlights:

  – Broadly flat profit performance when our peers were down around 20 per cent was considered to be a leading performance

  – FTSE has performed well and is now embedded as a core part of the Group, with good organic growth delivered, cost synergies on track and significant new business won in the US

  – Key technology upgrades for the Group was a unique achievement, combined with MillenniumIT's increase in third party sales

  – The LCH acquisition, resulting in a significant expansion of both our European and US presence and our post trade capability, has taken effort and skill; and

  – Ongoing growth of the share price and increase in shareholder returns reflecting our progress in developing the business.

These achievements are all the direct result of an excellent executive team and a well conceived strategy being well implemented. The capability of the organisation has been further upgraded through recruitment, reorganisation, product innovation and tight cost control on margins.

Based on the above context and an assessment of individual performance, the Remuneration Committee awarded annual bonuses to each of the Executive Directors as follows:

Long Term Incentive Plan

The LTIP has two elements: a conditional award of Performance Shares and an award of Matching Shares linked to investment by the senior management of all or some of their annual bonus (or such other income as the Remuneration Committee may permit) in the Company's shares.

Role		Chief Executive	Chief Financial Officer	Executive Director, CEO of Borsa Italiana & Director of Capital Markets
FY13 bonus	% of salary	200% of salary	124% of annual salary (165% of 9/12 of salary)	159% of salary
	% of max.	89% of maximum	62% of maximum	79% of maximum
	amount	**£1,350,000**	**£525,000**	**€675,000**

The Matching Shares element of the LTIP only applies to the Executive Directors and selected other senior management. This senior management group is also eligible for the Performance Shares element of the LTIP along with a wider group of executives.

The LTIP arrangements for awards granted in the year ended 31 March 2013 are illustrated below.

Bonus deferred
Executives may invest all or part of their pre-tax bonus, up to 50 per cent of base salary, into London Stock Exchange Group Shares

Performance Shares
With a face value of up to 200 per cent of base salary may be granted (300 per cent on recruitment)

Matching Shares
The deferred bonus is matched with a performance-related Matching Share award. Maximum match of 2:1 on a pre-tax basis

Vesting conditional 50 per cent on TSR performance and 50 per cent on EPS performance over a single three-year period

For the year ended 31 March 2013, awards of Performance Shares were made with a value of 200 per cent of salary for Xavier Rolet, 200 per cent of salary David Warren, and 169 per cent of salary for Raffaele Jerusalmi. Xavier Rolet also received an award of Matching Shares equivalent to 100 per cent of salary following his investment in London Stock Exchange Group shares.

Vesting of Performance Shares and Matching Shares

The policy for share awards is that the proportion of Performance Shares and Matching Shares which vest is determined 50 per cent by the Company's Total Shareholder Return (TSR) performance and 50 per cent by the Company's adjusted Earnings Per Share (EPS) performance over a single three-year period ("the performance period"). For TSR the performance period starts on the date of grant and for EPS on the first day of the financial year in which the award is granted. For TSR, performance is calculated using a two month average share price at the start and at the end of the performance period to ensure 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. The Committee considers the use of both of these measures will best align the interests of the Executive Directors with those of shareholders. Both TSR and EPS measures are independently verified by Deloitte LLP.

The following tables set out the performance conditions which applied to awards made in the year ending 31 March 2013, and the conditions attached to subsisting awards in the three previous years.

It is intended that the targets for awards in the years ended 31 March 2011, 31 March 2012 and 31 March 2013 (shown in the table below) will apply for awards made in the year to 31 March 2014:

EPS element (50%) – average EPS growth over 3 years	TSR element (50%) – absolute TSR growth over 3 years	Proportion of relevant element which vests
Less than 6% p.a.	Less than 8% p.a.	0%
6% p.a.	8% p.a.	30%
Straight-line pro-rating applies between these points		
12% p.a. or more	16% p.a. or more	100%

The comparator group and vesting schedule for awards made in the year to 31 March 2010 are set out below:

EPS element (50%) – aggregate EPS over 3 years	TSR element (50%) – comparative TSR versus FTSE 31-100 excl. inv. trusts	Proportion of relevant element which vests
Less than 5% p.a.	Less than median	0%
5% p.a.	Median	30%
Straight-line pro-rating applies between these points		
9% p.a. or above	Upper quintile	100%

The table below sets out the vesting of the awards made in July 2009 (which vested in July 2012):

EPS element (50%) – aggregate EPS over 3 years	TSR element (50%) – comparative TSR versus FTSE 31-100 excl. inv. trusts	Total vesting
100% achievement	35% achievement	68% achievement

Xavier Rolet appointment award – granted in March 2009 (vested in May 2012)

An initial award of Performance Shares was made to Xavier Rolet on joining the Company in March 2009 equivalent to 200 per cent of salary to create an immediate alignment with shareholders. This was granted under a special arrangement under terms substantially similar to those of the LTIP, with the performance period beginning on 1 April 2009. This award vested on the date of the preliminary results announcement for the year ended 31 March 2012, being 18 May 2012.

EPS and TSR performance were both based on performance during the three financial years ending 31 March 2012. For EPS, there was 30 per cent vesting for EPS growth of RPI +5 per cent per annum and 100 per cent vesting for EPS growth of RPI +9 per cent per annum. For TSR, there was 30 per cent vesting for median and 100 per cent for upper quintile performance. The EPS element resulted in 51 per cent vesting and the TSR element achieved 77 per cent vesting. Therefore, in aggregate, the overall vesting of this award was 64 per cent.

Benefits

Staff employed by London Stock Exchange plc participate in a flexible benefits plan under which they receive an allowance which they can use to purchase additional benefits or receive as a cash supplement. This allowance is not used to calculate bonus payments or pension contributions.

Xavier Rolet and David Warren each receive a flexible benefit allowance of £20,000 per annum. These values have not been increased since last year. Both of them also receive benefits in kind which principally include private health care and life assurance arrangements. Raffaele Jerusalmi receives benefits in kind, principally health care, life assurance and disability insurance.

REMUNERATION REPORT

As an expatriate from the US to UK, David Warren is also entitled to receive the following net amounts:

- One-off relocation allowance of £30,000 to cover the cost of relocating his personal effects from the US to the UK and other related expenses including immigration and visa costs. Each year he is also entitled to tax preparation and filing assistance in the US and the UK. The Group will meet the costs of repatriating Mr Warren's effects back to the US if it terminates his employment other than in circumstances such as serious misconduct which would justify summary termination
- An allowance to cover the cost of renting accommodation in the UK during the first four years of his appointment (£60,000 per annum for each of the first two years and £30,000 per annum for each of the third and fourth years). If Mr Warren purchases a property within the first two years of appointment, he may use the balance of the allowance payable for that period to cover associated costs such as stamp duty or legal costs
- A flight allowance to cover the cost of up to six return business class flights a year for Mr Warren and his family to travel between London and New York, up to an annual cost of £30,000.

Pensions
The London Stock Exchange plc final salary pension scheme was closed to new entrants in 1999 and was closed to future accruals from 1 April 2012. The current Executive Directors do not participate in this final salary pension scheme.

Pension provision takes the form of a non-consolidated allowance.

In the year ended 31 March 2013, Xavier Rolet and David Warren each received an allowance equivalent to 25 per cent of base salary. Xavier Rolet and David Warren receive the whole of their pension allowance as a cash supplement. Only base salary is used to calculate pension entitlement and no other pension supplements apply.

Raffaele Jerusalmi accrues post-employment benefits under the Trattamento di Fine Rapporto arrangements applicable under Italian law as set out below.

Share ownership guidelines
To be considered for future awards under the LTIP, Executive Directors and other senior executives are expected to build up over three years from their first award, and then continue to hold, shares with an aggregate value at the time of acquisition at least equal to their annual base salary.

Full details of the interests in shares of the Executive Directors are shown on pages 70-71.

Other share plans
All UK employees, including Executive Directors, are eligible to participate in the HM Revenue & Customs approved Save As You Earn Scheme (SAYE). Under the rules of the SAYE, participants can save up to £250 each month for a period of three or five years. At the end of the saving period, savings plus interest may be used to acquire shares by exercising the related option.

The options may be granted at an exercise price which represents a discount of up to 20 per cent to market value at the date of grant. No performance conditions are attached to SAYE options.

There is also an International Sharesave Plan (ISP), which is designed to provide share options to Group employees who are not based in the UK on similar terms to the options that are available to UK employees through the SAYE. To date, employees in Hong Kong, Italy, Sri Lanka and US have participated in the ISP.

In 2009 an HM Revenue & Customs Approved Share Option Plan (ASOP) was adopted by the Company and awards were made to a limited number of employees under this ASOP. Directors are not eligible to participate in the ASOP.

Service contracts
The Company has adopted the following policy on Directors' service contracts:

Notice periods and termination arrangements
The Company's current policy is that Directors' service agreements should not contain a liquidated damages clause which would apply in the event of the service agreement being terminated and that appropriate mitigation should be applied to any payment made on termination. Notice periods are no longer than 12 months. The Remuneration Committee considers that this is consistent with current best practice.

Xavier Rolet entered into a service agreement with the Company on 16 March 2009. David Warren entered into a service agreement with the Company on 11 June 2012 and was appointed with effect from 2 July 2012. Raffaele Jerusalmi has been employed by Borsa Italiana under a fixed term employment contract which was executed on 1 October 2001 and subsequently amended to an open-ended employment contract on 1 May 2004. On 3 May 2011, effective from 4 May 2011, Raffaele Jerusalmi entered into a service agreement with Borsa Italiana relating to his position as general manager of that company and as the Group's Head of Capital Markets and a service agreement with LSEG Holdings (Italy) Limited (Italian Branch) relating to his position as Institore of that company. On 1 April 2013, this service agreement transferred to LSEGH Italia S.p.A. Raffaele Jerusalmi is treated as having continuous employment with both companies from 1 October 2001. The terms of his employment with each company are substantially the same.

Xavier Rolet's service agreement can be terminated by either party giving not less than 12 months' notice. Alternatively, the Company may terminate the contract by making a payment in lieu of notice of a sum equal to 12 months' salary and benefits paid in a lump sum or, at the Remuneration Committee's discretion, on a monthly basis. If the payment is made in instalments, the instalments will be reduced by any earnings from new employment taken up within 12 months after leaving employment.

David Warren's service agreement may be terminated by either party giving at least 12 months' notice. Alternatively, the Company may terminate the contract by payment in lieu of notice of a sum equal to 12 months' salary and pension allowance, flexible benefits and insurance benefits (but excluding bonus and share incentives). Any payment in lieu of notice will be paid in 12 monthly instalments from the date of termination. Instalments will be reduced by one-twelfth of the annual earnings from new employment taken up within 12 months after leaving employment.

Raffaele Jerusalmi's contracts expressly state that no collective bargaining agreements apply to his employment and accordingly, the terms applying to the termination of his employment under both contracts are governed by Italian law. If Raffaele Jerusalmi is dismissed, the 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 over. If Raffaele Jerusalmi resigns, he is required to give three months' notice. On termination of either employment for any reason, Raffaele Jerusalmi is entitled to severance payments 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

per cent of all sums paid to Raffaele Jerusalmi during his employment; (ii) pro-rated supplementary monthly payments (the annual salary is normally paid in 12 instalments plus two supplementary monthly payments, pursuant to the fixed term employment contract dated 1 October 2001; and (iii) a 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 in addition to the payments at (i), (ii), (iii) above and is equal to the overall salary due to Raffaele Jerusalmi 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 and benefits in kind.

Termination arrangements for Doug Webb

— Doug Webb stood down from the London Stock Exchange Group plc Board on 2 July 2012 and then ceased employment on 31 July 2012, allowing for an orderly handover to David Warren. The following termination arrangements applied for Mr Webb, which the Committee believe are reasonable and appropriate in light of the Group's contractual arrangements with him: Termination payment. Cash payments totalling a maximum of £433,000, representing salary, pension and benefits for a period of 12 months. It was negotiated with Mr Webb that these amounts should be subject to appropriate mitigation (so later payments would be appropriately reduced if Mr Webb commenced alternative employment; were to be appointed as a non-executive director; or provided services pursuant to a consultancy agreement in the 12 months following his departure). The payment was phased as follows: £216,500 on termination; £108,250 six months after termination, subject to mitigation, which was paid on 31 January 2013; and £108,250 nine months after termination, subject to mitigation, which was paid on 30 April 2013

— Annual bonus. Mr Webb's bonus was determined to be £156,000 for the period of 1 April 2012 to 31 July 2012 determined as a pro-rata proportion of the bonus for FY13. This was assessed in accordance with the Remuneration Committee's usual practice and on the same basis as other executive directors. Payment will also be made at the usual time (i.e. in May 2013)

— LTIP awards. Mr Webb was treated as a "good leaver" under the LTIP pursuant to the exercise of the Remuneration Committee's discretion. In accordance with the rules, the Remuneration Committee determined that subsisting LTIP awards (performance shares and matching shares) made in 2010 and 2011 vested on termination, subject to the assessment of performance, but reduced on a time pro-rated basis for length of service and a further reduction of 10 per cent per annum to reflect the net present value of the early vesting of these awards. This resulted in 83,777 shares being released to Mr Webb

— Other. The following benefits also applied: medical insurance and life assurance cover to the earlier of 31 July 2013 and the date of which he finds alternative employment; 2012 bi-annual medical health check; and legal fees up to a maximum of £5,000 in connection with the termination of employment.

Outside appointments

Executive Directors are allowed to accept appointments as non-executive directors of other companies with the prior approval of the Chairman. Approval will only be given where the appointment does not represent a conflict of interest with the Company's activities and the wider exposure gained will be beneficial to the development of the individual. Executive Directors may retain fees to encourage them to seek out the development opportunities and valuable experience afforded by these appointments and in recognition of the personal responsibility executives assume in such roles.

Non-Executive Directors' remuneration

Non-Executive Directors' remuneration is determined by the Board and is neither performance-related nor pensionable. The Chairman's fee is determined by the Remuneration Committee. The fees for Non-Executive Directors are set at a level which is intended to recognise the significant responsibilities of Directors and to attract individuals with the necessary experience and ability to make an important contribution to the Company's affairs. Comparisons are made with fees paid at FTSE 31-100 companies.

From 1 April 2013, it was determined that the Chairman's and Non-Executive Directors' fee levels would be as follows:

Fees	With effect from 1 April 2012	With effect from 1 April 2013
Non-Executive Director base fee	£60,000	£60,000
Audit and Risk Committee and Remuneration Committee membership	£5,000	£10,000
Audit Committee Chairman	£20,000	£20,000
Remuneration Committee Chairman	£20,000	£20,000

It was felt appropriate to increase committee membership fees to reflect the acquisition of LCH Clearnet and the increasingly global and diversified breadth of the Group.

The fee for the Chairman remained unchanged at £370,000. The fee for the Deputy Chairman also remained unchanged at £120,000.

In addition to his fee as a Non-Executive Director of London Stock Exchange Group and member of the Audit and Risk Committee, Massimo Tononi receives a fee of €178,500 as Chairman of Borsa Italiana. During the year, the LSEG Board introduced changes to the Group structure to further minimise risk and to provide centralised services such as treasury management in Italy.

As part of this, a new company LSEGH Italia S.p.A. has been created, of which Massimo Tononi has been appointed Chairman. Given the increased responsibility of this role and remit, he has been granted an additional fee of €20,000. The total remuneration for his role as Chairman of Borsa Italiana and Chairman of LSEGH Italia S.p.A. is €198,500 from 1 April 2013, in addition to his fees as an LSEG Non-Executive Director.

In addition to their fees as Non-Executive Directors of London Stock Exchange Group, for those Non-Executive Directors that are also directors of London Stock Exchange plc, an additional fee of £5,000 has been introduced from 1 April 2013 to reflect the increasing regulatory change and complexity within this entity. Janet Cohen, Paul Heiden, Gay Huey Evans and Robert Webb are Directors of London Stock Exchange plc.

Other than chauffeur costs for the Chairman, Non-Executive Directors do not receive any benefits or entitlements other than fees and reasonable expenses, do not participate in any of the Company's incentive schemes and are not entitled to any payments on termination. The Board as a whole determines the fees of the Non-Executive Directors and the Remuneration Committee determines the fee of the Chairman. No contributions are made to the pension arrangements of Non-Executive Directors.

REMUNERATION REPORT

The original date of appointment as a Director of the Company is as follows:

Baroness Janet Cohen	01/02/2001
Robert Webb	01/02/2001
Chris Gibson-Smith	01/05/2003
Sergio Ermotti	01/10/2007
Andrea Munari	01/10/2007
Paolo Scaroni	01/10/2007
Paul Heiden	04/06/2010
Gay Huey Evans	04/06/2010
Massimo Tononi	27/09/2010

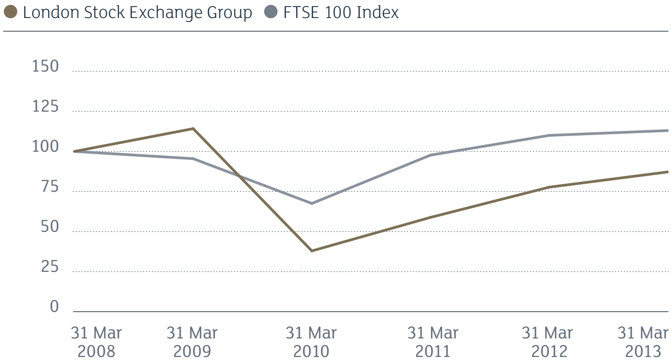
Baroness Cohen and Robert Webb have letters of appointment with the Company reflecting their responsibilities and commitments dated 1 February 2013 (with no notice period). Each of their appointments continues until 31 January 2016, provided each Non-Executive Director is re-elected by shareholders. Sergio Ermotti, Andrea Munari and Paolo Scaroni have letters of appointment (with no notice period) with the Company dated 1 October 2010. Each of their appointments continues until 30 September 2013, provided each Non-Executive Director is re-elected by shareholders. Paul Heiden and Gay Huey Evans have letters of appointment (with no notice period) with the Company dated 4 June 2010. Each of their appointments continues until 4 June 2013, provided each is re-elected by shareholders. Massimo Tononi has a letter of appointment (with no notice period) with the Company dated 27 September 2010. His appointment continues until September 2013, provided he is re-elected by shareholders. Massimo Tononi was also appointed as Chairman of Borsa Italiana on 28 June 2011. Chris Gibson-Smith has a letter of appointment dated 18 July 2012. His appointment is for three years until the end of the AGM in 2015 but can be terminated on six months' notice.

Total Shareholder Return (TSR) performance

The following line graphs show, for the financial year ended 31 March 2013 and for each of the previous five/three years, the TSR on a holding of the Company's ordinary shares of the same kind and number as those by reference to which the FTSE 100 is calculated.

The TSR graphs represent the value, at 31 March 2013, of £100 invested in London Stock Exchange Group plc on 31 March 2008, or 31 March 2010, compared with the value of £100 invested in the FTSE 100 Index over the same period.

TSR 5 year performance



TSR 3 year performance

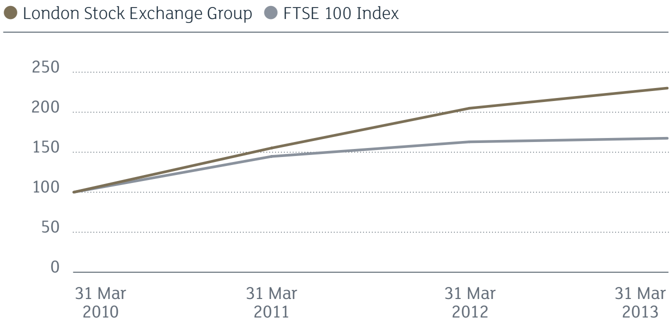


Table A – Directors' Remuneration – Auditable

	2013				2012				2013	2012
	Salary (Note i)	Performance bonus	Benefits (Note ii)	Total	Salary	Performance bonus	Benefits (Note ii)	Total	Pensions (Note iii)	Pensions (Note iii)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chairman										
C Gibson-Smith	**370**	**–**	**63**	**433**	370	–	44	414	**–**	–
Chief Executive										
X Rolet	**695**	**1,350**	**39**	**2,084**	695	1,519	14	2,228	**169**	169
Executive Directors										
D Webb (Note iv) (to 2 July 2012)	**88**	**117**	**1**	**206**	350	450	1	801	**21**	83
D Warren (from 2 July 2012)	**334**	**525**	**187**	**1046**	–	–	–	–	**80**	–
R Jerusalmi (Note v)	**360**	**572**	**24**	**956**	317	625	22	964	**–**	–
	1,847	**2,564**	**314**	**4,725**	1,732	2,594	81	4,407	**270**	252

Non-Executive Directors' Fees

	Fees	Benefits (Note ii)	Total	Fees	Benefits (Note ii)	Total	Pensions	Pensions
	£000	£000	£000	£000	£000	£000	£000	£000
Baroness Cohen (Note v)	**87**	**–**	**87**	87	–	87		
S Ermotti	**65**	**–**	**65**	65	–	65		
A Munari	**65**	**–**	**65**	65	–	65		
P Scaroni	**125**	**–**	**125**	159	–	159		
R Webb QC	**80**	**–**	**80**	80	–	80		
P Heiden	**80**	**–**	**80**	80	–	80		
G Huey Evans	**70**	**–**	**70**	70	–	70		
M Tononi (Note v)	**216**	**–**	**216**	174	–	174		
Total Non-Executive Directors' fees (Note vi)	**788**		**788**	780	–	780		
Total Directors' emoluments			**5,513**			5,187	270	252

Notes

i) **Salary**
Salary includes base salary, on which bonus allowance is based, and flexible benefit allowances paid in cash.

ii) **Benefits**
For Chris Gibson-Smith, benefits represent the gross value of chauffeur costs attributed to the Company.
For X Rolet, D Webb and D Warren, benefits represent the cash value of health and life insurance cover and taxable commuting expenses (if applicable).
In addition, the figure for D Warren also includes US-UK expatriate allowances on a grossed-up basis.
For R Jerusalmi, benefits represent the cash value of health, disability, life and accident insurance cover, luncheon vouchers and car and fuel benefit.

iii) **Pensions**
X Rolet, D Webb and D Warren received pension allowances as a cash supplement.
R Jerusalmi accrues defined benefit post-employment benefits under the Trattamento di Fine Rapporto arrangements.

iv) **D Webb**
D Webb resigned as an Executive Director on 2 July 2012. His last day of employment was 31 July 2012. In July 2012, he received an additional £29,167 in salary and £6,875 in pension allowances. His FY13 bonus was £156,000 in total (up to and including July 2012).

v) **Executive and Non-Executive Directors**
R Jerusalmi is paid in euros. Baroness Cohen and M Tononi are also paid in euros in relation to their respective roles as Vice Chairman and Chairman of Borsa Italiana S.p.A. for which Baroness Cohen receives an annual fee of €26,000 (£22,034) and M Tononi receives an annual fee of €178,500 (£151,271). In FY12, M Tononi received €133,875 (£111,563) as he assumed his position as Chairman of Borsa Italiana S.p.A. on 28 June 2011. P Scaroni was appointed as Deputy Chairman of the Company on 27 September 2010 – his fee payment in FY12 includes arrears of pay in relation to this appointment. Where remuneration is presented in sterling in the Remuneration Report, a euro:sterling conversion rate of 1.18 has been used for 2013 and 1.2 for 2012.

vi) **Non-Executive Directors' fees**
Fees paid directly to the employer company of two (2012: two) Non-Executive Directors were £130,000 (2012: £130,000).

vii) **Waiver of emoluments**
None of the Directors waived their emoluments during 2012 and 2013.

REMUNERATION REPORT

Table B – Directors' Share Interests – Auditable

Long Term Incentive Plan

The Long Term Incentive Plan has two elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive in the Company's shares.

The awards are dependent on TSR performance for 50 per cent of the award, with the other 50 per cent dependent on an adjusted basic EPS growth target. Details of performance conditions are set out on page 65.

		Number of shares										
Share awards	Notes	At start of year	Award during the year	Vested during year	Lapsed during year	At end of year	Price at award date	Price at exercise date	Value at exercising date	Date of award	Final vesting date	Exercise date
X Rolet	1	290,016	–	185,813	104,203	–	4.48	9.75	1,811,677	17/03/09	21/05/12	08/06/12
	2	147,928	–	100,295	47,633	–	6.76	10.01	1,003,752	16/07/09	16/07/12	24/07/12
		142,857	–	–	–	142,857	7.00	–	–	14/09/10	14/09/13	
		92,073	–	–	–	92,073	7.03	–	–	27/09/10	27/09/13	
		139,031	–	–	–	139,031	9.71	–	–	03/06/11	03/06/14	
		63,380	–	–	–	63,380	10.65	–	–	08/07/11	08/07/14	
			138,674	–	–	138,674	9.74	–	–	19/06/12	19/06/15	
			67,097	–	–	67,097	10.06	–	–	21/06/12	21/06/15	
		875,285	205,771	286,108	151,836	643,112			2,815,429			
D Warren			84,661	–	–	84,661	10.04	–	–	02/07/12	02/07/15	
			84,661	–	–	84,661			–			
R Jerusalmi	2	73,964	–	50,147	23,817	–	6.76	10.01	501,871	16/07/09	16/07/12	24/07/12
		71,428	–	–	–	71,428	7.00	–	–	14/09/10	14/09/13	
		51,493	–	–	–	51,493	9.71	–	–	03/06/11	03/06/14	
			61,633	–	–	61,633	9.74	–	–	19/06/12	19/06/15	
		196,885	61,633	50,147	23,817	184,554			501,871			
D Webb (former Director)	2	73,964	–	50,147	23,817	–	6.76	10.01	501,871	16/07/09	16/07/12	24/07/12
	3	48,349	–	31,878	16,471	–	6.83	9.78	311,767	28/07/09	28/07/12	31/07/12
	4	71,428	–	39,285	32,143	–	7.00	9.45	371,322	14/09/10	14/09/13	02/08/12
	4	46,974	–	25,835	21,139	–	7.03	9.45	244,192	27/09/10	27/09/13	02/08/12
	4	51,493	–	14,475	37,018	–	9.71	9.45	136,818	03/06/11	03/06/14	02/08/12
	4	30,983	–	4,182	26,801	–	10.65	9.45	39,528	08/07/11	08/07/14	02/08/12
		323,191	–	165,802	157,389	–			1,605,498			

1 CEO appointment award granted in March 2009 which vested in May 2012 achieved an overall vesting percentage of 64 per cent. This was based on 51 per cent achievement for the EPS element and 77 per cent for the TSR element.

2 Awards granted on 16 July 2009 which vested on 16 July 2012 achieved an overall vesting percentage of 68 per cent. This was based on 100 per cent achievement for the EPS element and 35 per cent for the TSR element.

3 Matching award granted on 28 July 2009 which vested on 28 July 2012 achieved an overall vesting percentage of 66 per cent. This was based on 100 per cent achievement for the EPS element and 32 per cent for the TSR element.

4 These awards were all pro-rated to 31 July 2012 and a NPV discount of 10 per cent was applied prior to accelerated vesting under 'good leaver' terms.

Directors' Interest in Shares

The Directors who held office on 31 March 2013 had the following other beneficial interests in the shares of the Company:

	Ordinary Shares 31 March 2013	Ordinary Shares 31 March 2012
C Gibson-Smith	**63,757**	63,757
X Rolet	**191,840**	38,000
D Warren	**–**	–
R Jerusalmi	**46,929**	40,100
Baroness Cohen	**6,616**	6,616
S Ermotti	**–**	–
A Munari	**–**	–
P Scaroni	**–**	–
R Webb	**1,200**	1,200
P Heiden	**3,000**	3,000
G Huey Evans	**–**	–
M Tononi	**–**	–

There have been no changes in Directors' own share interests in the Company between 31 March 2013 and 15 May 2013.

DIRECTORS' REPORT

The Directors of the Company are pleased to present their annual report to shareholders, together with the financial statements for the year ended 31 March 2013.

Business review

The information that fulfils the requirements of the Business Review can be found in this Directors' Report and in the following sections of the Annual Report which are incorporated into this Directors' Report by reference:

- Overview pages 2-18; and
- Business Review (including the Financial Review) pages 19-47.

Principal activities and results

The principal activities of the Company and its subsidiaries are the admission of securities to trading, the delivery and operation of trading systems, the clearing and settlement of trading in securities, the organisation and regulation of markets in securities, the provision of investment support tools (including benchmarking and index licensing products) and the provision of real time data and other information products, together with a wide range of technology services from trading platform solutions through to connectivity to our markets. The Group made a profit before taxation, before amortisation of purchased intangible assets and non-recurring items, of £380.7 million (2012: £400.6 million). After taking into account amortisation of purchased intangible assets and non-recurring items, the profit of the Group before taxation for the year ended 31 March 2013 was £298.9 million (2012: £639.7 million) and profit after taxation was £215.5 million (2012: £531.4 million).

Dividends

The Directors are recommending a final dividend for the year of 19.8 pence (2012: 19.0 pence) per share which is expected to be paid on 19 August 2013 to shareholders on the register on 26 July 2013. Together with the interim dividend of 9.7 pence (2012: 9.3 pence) per share paid in January 2013, this produces a total dividend for the year of 29.5 pence (2012: 28.3 pence) per share estimated to amount to £79.6 million (2012: £76.4 million).

Share capital

As at 31 March 2013 the Company had 271.1 million ordinary shares in issue with a nominal value of 6 $^{79}/_{86}$ pence each, representing 100 per cent of the total issued share capital. There were no changes to the Company's issued ordinary share capital during the year.

Share rights

The rights and obligations attached to the Company's ordinary shares are set out in the Company's articles of association, copies of which can be obtained from Companies House in the UK or by writing to the Group Company Secretary.

Holders of ordinary shares are entitled to attend, speak and vote at general meetings of the Company. Every shareholder who is present in person or by proxy shall have one vote on a show of hands and one vote for every ordinary share held on a poll. Proxy appointments and voting instructions must be received by the Company's Registrars not less than 48 hours before the time appointed for holding a general meeting or adjourned general meeting or as otherwise specified in the Company's articles of association.

No shareholder shall be entitled to vote at a general meeting, either in person or by proxy, in respect of any share held by him unless all monies presently payable by him in respect of that share have been paid. In addition, no shareholder shall be entitled to vote, either in person or by proxy, if he has been served with a notice under section 793 of the Companies Act 2006 (concerning interests in those shares) and has failed to supply the Company with the requisite information.

Other than restrictions considered to be standard for a UK listed company there are no limitations on the holding or transfers of ordinary shares in the Company, both of which are governed and regulated by the Company's articles of association and applicable legislation and regulation, and the Company is not aware of any agreements between holders of shares that may result in restrictions on the transfer of shares or on voting rights.

Corporate Governance Statement
The Company's Corporate Governance Report is set out on pages 50-71 and is, together with the information on share rights set out above, incorporated into this Corporate Governance Statement by reference.

Articles of Association
The Company's articles of association (adopted by special resolution passed on 14 July 2010) may only be amended by special resolution at a general meeting of the shareholders.

Substantial Shareholding
As at 15 May 2013 the Company had been notified of the following interests amounting to more than three per cent in the issued share capital of the Company in accordance with DTR 5 of the FCA Disclosure and Transparency Rules:

Borse Dubai Limited	21.0%
Qatar Investment Authority	15.4%
FIL Limited	5.2%

Directors
Details of the Directors are set out on pages 48-49 and are incorporated into this Directors' Report by reference.

The rules governing the appointment and replacement of Directors are set out in the Company's articles of association.

At each AGM, pursuant to the UK Governance Code, all of the Directors will retire and be proposed for re-election.

Powers of the Directors
Subject to the provisions of the Companies Act 2006, the Company's articles of association and any directions given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company, including without limitation the power to dispose of all or any part of the undertaking of the Company and to issue or buyback shares under the authorities described below. No alteration of the Company's articles of association and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given.

Issue of Shares
Subject to the provisions of the Companies Act 2006 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 the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

Authority to Allot Shares
The authority conferred on the Directors at last year's AGM to allot the unissued share capital of the Company up to a maximum nominal amount of £6,250,000 (representing approximately 33.3 per cent of the issued share capital of the Company as at the latest practicable date before publication of the Notice of the Company's last AGM) or, in connection with a pre-emptive offer to existing shareholders by way of a rights issue, up to a maximum nominal amount of £12,500,000 (representing approximately 66.6 per cent of the issued share capital of the Company as at the latest practicable date before publication of the Notice of the Company's last AGM), expires on the date of the forthcoming AGM. Although the latter authority was not utilised by the Company, shareholders will be asked to give a similar authority to allot shares at the forthcoming AGM.

Authority to Purchase Shares
The authority for the Company to purchase in the market up to 27,000,000 of its ordinary shares (representing approximately 10 per cent of the issued share capital of the Company as at the latest practicable date before publication of the Notice of the Company's last AGM) granted at the Company's last AGM, expires on the date of the forthcoming AGM. Although the latter authority was not utilised by the Company, shareholders will be asked to give a similar authority to purchase shares at the forthcoming AGM.

Directors' interests
Directors' interests in the shares of the Company as at 31 March 2013, according to the register maintained under the Companies Act 2006, are set out in the Directors' Remuneration Report on pages 60-71. No company in the Group was, during or at the end of the financial year, party to any contract of significance in which any Director was materially interested.

Employees
Information on the Company's employment policies is given on page 33 and information on the Group's share schemes is provided in the Directors' Remuneration Report on pages 60-71. The Company provides an induction programme for new employees, including training on health and safety, and a range of development programmes for all staff to develop their skills and knowledge. The Company encourages and assists the employment, training and retention of disabled people. Where changes to working practices or structure affect staff, they are consulted and given the appropriate support. All employees are provided with information on matters of concern to them in their work, through regular briefing meetings and internal publications.

Donations
Charitable Donations
During the year the Group gave £884,000 (2012: £663,000) to charitable organisations. In addition, £309,000 of fine income collected by the Group was donated to charity, giving rise to total donations of £1,193,000. In aggregate, £799,000 (2012: £800,000) of these donations were made to the London Stock Exchange Group Foundation, which in turn donated £716,000 to charities. Details of the Group's charitable giving is contained in the Corporate Responsibility Report on page 33.

Political Donations and Expenditure
The Group made no political donations and incurred no political expenditure during the year. It remains the Company's policy not to make political donations or to incur political expenditure, however the application of the relevant provisions of the Companies Act 2006 is potentially very broad in nature and, as last year, the Board is seeking shareholder authority to ensure that the Group does not inadvertently breach these provisions as a result of the breadth of its business activities, although the Board has no intention of using this authority. Accordingly, the Board is proposing that shareholders pass a resolution at the forthcoming AGM to authorise the Group to:

- make political donations to political parties and independent election candidates not exceeding £100,000 in total
- make political donations to political organisations other than political parties not exceeding £100,000 in total; and
- incur political expenditure not exceeding £100,000 in total

and in aggregate not exceeding £100,000, until the Company's AGM in 2014.

DIRECTORS' REPORT

Supplier payment policy
It is the Group's on-going policy to agree payment terms with suppliers when business transactions are negotiated and to make payments in accordance with those terms when goods and services have been satisfactorily supplied. London Stock Exchange plc is an approved member of The Prompt Payment Code, part of a structured initiative devised by the UK Government, with the Institute of Credit Management, to tackle the issue of late payment and help small businesses. The Prompt Payment Code can be viewed at: **www.promptpaymentcode.org.uk**. The creditor days at 31 March 2013 based on the aggregate of the amount which was owed to trade creditors and the aggregate of the amount in which the Group was invoiced by suppliers during the year was 27 days (2012: 28 days).

Significant agreements
The following are significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Facility Agreements
The Company (as borrower) has entered into:

- a revolving facility agreement with, among others, Lloyds TSB Bank plc, Bayerische Hypo- und Vereinsbank AG, London Branch, and Intesa Sanpaolo S.p.A., dated 24 July 2008, as amended by an amendment agreement dated 7 February 2012
- a revolving facility agreement with, among others, Barclays Capital, The Royal Bank of Scotland plc, HSBC Bank plc, The Bank of Tokyo-Mitsubishi UFJ Limited, Intesa Sanpaolo S.p.A., Lloyds TSB Bank plc and Unicredit Bank AG, London Branch, dated 17 November 2010, as amended by an amendment agreement dated 7 February 2012; and
- a revolving facility agreement with Lloyds TSB Bank plc, The Royal Bank of Scotland plc, Morgan Stanley Bank International Limited and The Bank of Tokyo-Mitsubishi UFJ Limited, dated 15 December 2011.

All the above agreements contain terms appropriate for an investment grade borrower including change of control provisions which, if triggered, allow the relevant facility agent upon instructions from the majority lenders to cancel the relevant facility and declare all outstanding loans under that agreement, together with accrued interest and all other amounts accrued, due and payable.

Notes
The Company has issued two sterling Notes to the wholesale fixed income market due 2016 and 2019. Both Notes contain a 'redemption upon change of control' provision which, if triggered by the combination of a change of control and, within 120 days thereafter, a credit rating downgrade to non-investment grade, allows Note holders to exercise their option to require the Issuer to redeem the Notes and pay any accrued and unpaid interest due.

Retail Bond Issue
The Company has issued during the year sterling denominated retail bonds, under its £1,000 million Euro Medium Term Note Programme, due 2 November 2021. The retail bonds contain change of control provisions which, if triggered, allow the holder of these bonds to have the option to require the Issuer to repay early or to purchase the bonds of that holder at their face value together with accrued interest.

Employee Share Plans
The rules of the Company's employee share plans set out the consequences of a change of control of the Company on employees' rights under the plans. Generally such rights will vest on a change of control and participants will become entitled to acquire shares in the Company (although in certain circumstances the Remuneration Committee has the discretion to defer vesting and to require rights to be exchanged for equivalent rights over the acquiring company's shares).

Employee benefit trust
As at 31 March 2013, the trustee of the London Stock Exchange Employee Benefit Trust, which is an independent trustee, held 1.1 million shares (2012: 1.2 million) under the terms of the trust for the benefit of employees and former employees of the Company and its subsidiaries. The trust is a discretionary trust and the shares are held to meet employees' entitlements under the Company's share plans. Employees have no voting rights in relation to the shares while they are held in trust. The trustee has full discretion to exercise the voting rights attaching to the shares or to abstain from voting. Shares acquired by employees through the Company's employee share plans rank equally with the ordinary shares in issue and have no special rights.

Contractual arrangements essential to the Company
Under the Companies Act 2006 we are required to provide information about persons with whom the Company has contractual or other arrangements which are essential to the business. The Group has contractual arrangements with its clearing services providers (including the LCH.Clearnet Group and SIX X-Clear) and with SIA for the provision of technology to Monte Titoli and MTS, which remain essential for the business. Various Group entities are regulated and the Group attaches the highest priority to complying with local regulatory requirements.

Financial risk management
The use of financial instruments by the Group and the Group's financial risk management have been specifically considered by the Directors, and relevant disclosures appear in Principal Risks and Uncertainties, on pages 42-47 of this Annual Report, and in the notes to the Financial Statements, on pages 84-87 of this Annual Report, and in each case are incorporated by reference into this Directors' Report.

Audit information
In accordance with Section 418(2) of the Companies Act 2006, the Directors confirm, in the case of each Director in office at the date the Directors' Report is approved, that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors
A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the AGM.

By Order of the Board

Lisa Condron
Group Company Secretary
15 May 2013

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, THE DIRECTORS' REMUNERATION REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Group and the Company.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Overview and Business Review sections of the Annual Report on pages 2-47. In particular, the current economic conditions continue to pose a number of risks and uncertainties for the Group and these are set out in Principal Risks and Uncertainties on pages 42-47.

The financial risk management objectives and policies of the Group and the exposure of the Group to capital risk, credit risk, market risk and liquidity risk are discussed on pages 84-87. The Group continues to meet Group and individual entity capital requirements and day-to-day liquidity needs through the Group's cash resources and available credit facilities. Committed term funding at 31 March 2013 increased to £1,650 million (2012: £1,350 million) £1,450 million of which is committed until December 2014 or beyond (2012: £1,350 million committed until July 2013 or beyond), described further in the Financial Review on pages 34-39.

The Directors have reviewed the Group's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Group has sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibility statement

Each of the Directors, whose names and functions are set out on pages 48-49 of this Annual Report, confirm that, to the best of their knowledge and belief:

- the Group financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole; and
- the Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

By Order of the Board

Lisa Condron
Group Company Secretary
15 May 2013

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 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Balance Sheets, the Cash Flow Statements, the Statements of Changes in Equity 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 as set out on page 75, 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 2013 and of the Group's profit and the Group's and the 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 set out on pages 50-56 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; 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 75, in relation to going concern
- the parts of the Corporate Governance Statement relating to the parent Company's compliance with the nine provisions of the UK Corporate Governance 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
15 May 2013

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013		2013			2012		
		Before acquisition amortisation and non-recurring items	Acquisition amortisation and non-recurring items	Total	Before acquisition amortisation and non-recurring items	Acquisition amortisation and non-recurring items	Total
Continuing operations	Notes	£m	£m	£m	£m	£m	£m
Revenue		**726.4**	**–**	**726.4**	679.8	–	679.8
Net treasury income through CCP business		**116.7**	**–**	**116.7**	126.9	–	126.9
Other income		**9.8**	**18.3**	**28.1**	8.1	–	8.1
Total income	4	**852.9**	**18.3**	**871.2**	814.8	–	814.8
Expenses							
Operating expenses	5	**(422.7)**	**(100.1)**	**(522.8)**	(378.8)	(81.0)	(459.8)
Share of profit after tax of joint ventures/associates		**–**	**–**	**–**	5.9	(2.4)	3.5
Operating profit/(loss)	7	**430.2**	**(81.8)**	**348.4**	441.9	(83.4)	358.5
(Loss)/profit on disposal/acquisition of shares in subsidiary and joint venture	7	**–**	**–**	**–**	(0.5)	324.3	323.8
Finance income		**14.5**	**–**	**14.5**	16.8	–	16.8
Finance expense		**(64.0)**	**–**	**(64.0)**	(57.6)	(1.8)	(59.4)
Net finance expense	8	**(49.5)**	**–**	**(49.5)**	(40.8)	(1.8)	(42.6)
Profit/(loss) before taxation		**380.7**	**(81.8)**	**298.9**	400.6	239.1	639.7
Taxation	9	**(95.7)**	**12.3**	**(83.4)**	(116.9)	8.6	(108.3)
Profit/(loss) for the financial year		**285.0**	**(69.5)**	**215.5**	283.7	247.7	531.4
Profit/(loss) attributable to non-controlling interests		**1.0**	**(2.5)**	**(1.5)**	12.4	(3.0)	9.4
Profit/(loss) attributable to equity holders		**284.0**	**(67.0)**	**217.0**	271.3	250.7	522.0
		285.0	**(69.5)**	**215.5**	283.7	247.7	531.4
Basic earnings per share	10			**80.4p**			193.6p
Diluted earnings per share	10			**79.0p**			190.9p
Adjusted basic earnings per share	10			**105.3p**			100.6p
Adjusted diluted earnings per share	10			**103.4p**			99.2p
Dividend per share in respect of the financial period:	11						
Dividend per share paid during the year				**28.7p**			27.3p
Dividend per share declared for the year				**29.5p**			28.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013	Notes	2013 £m	2012 £m
Profit for the financial year		**215.5**	531.4
Other comprehensive income/(loss):			
Defined benefit pension scheme actuarial loss	16	**(6.9)**	(47.6)
Cash flow hedge		**0.3**	–
Net investment hedge		**(1.9)**	15.6
Change in value of available for sale financial assets		**1.2**	–
Exchange gain/(loss) on translation of foreign operations		**19.2**	(75.7)
Tax related to items not recognised in income statement	9	**3.9**	12.7
		15.8	(95.0)
Total comprehensive income for the financial year		**231.3**	436.4
Attributable to non-controlling interests		**(0.6)**	9.5
Attributable to equity holders		**231.9**	426.9
		231.3	436.4

BALANCE SHEETS

31 March 2013		Group		Company	
		2013	2012	2013	2012
	Notes	£m	£m	£m	£m
Assets					
Non-current assets					
Property, plant and equipment	12	**80.1**	73.3	**–**	–
Intangible assets	13	**2,049.3**	2,117.4	**–**	–
Investments in associates		**0.6**	0.6	**–**	–
Investments in subsidiary undertakings	14	**–**	–	**3,779.1**	3,762.8
Deferred tax assets	15	**19.2**	16.8	**–**	–
Derivative financial instruments	18	**4.3**	5.2	**4.0**	5.2
Other non-current assets		**12.0**	0.7	**–**	–
		2,165.5	2,214.0	**3,783.1**	3,768.0
Current assets					
Inventories		**1.5**	2.0	**–**	–
Trade and other receivables	17	**185.7**	178.3	**579.4**	586.2
CCP financial assets		**137,620.2**	93,619.6	**–**	–
CCP cash and cash equivalents (restricted)		**8,476.2**	6,137.3	**–**	–
CCP clearing business assets	18	**146,096.4**	99,756.9	**–**	–
Current tax		**24.6**	41.8	**–**	10.6
Assets held at fair value	18	**6.1**	14.6	**–**	–
Cash and cash equivalents	19	**446.2**	216.0	**0.1**	0.2
		146,760.5	100,209.6	**579.5**	597.0
Assets held for sale		**–**	6.4	**–**	–
Total assets		**148,926.0**	102,430.0	**4,362.6**	4,365.0
Liabilities					
Current liabilities					
Trade and other payables	20	**230.0**	233.7	**160.9**	315.7
Derivative financial instruments	18	**0.1**	–	**–**	–
CCP clearing business liabilities	18	**146,088.1**	99,747.2	**–**	–
Current tax		**43.2**	72.5	**–**	–
Borrowings	21	**0.4**	10.5	**–**	–
Provisions	23	**1.1**	2.5	**–**	–
		146,362.9	100,066.4	**160.9**	315.7
Non-current liabilities					
Borrowings	21	**796.4**	746.6	**796.4**	746.6
Other non-current payables	20	**3.4**	3.8	**–**	–
Derivative financial instruments	18	**3.5**	2.1	**3.5**	2.1
Deferred tax liabilities	15	**109.0**	117.3	**–**	–
Retirement benefit obligation	16	**25.6**	16.5	**–**	–
Provisions	23	**26.2**	27.6	**–**	–
		964.1	913.9	**799.9**	748.7
Total liabilities		**147,327.0**	100,980.3	**960.8**	1,064.4
Net assets		**1,599.0**	1,449.7	**3,401.8**	3,300.6
Equity					
Capital and reserves attributable to the Company's equity holders					
Share capital	24	**18.8**	18.8	**18.8**	18.8
Retained (losses)/earnings		**(126.8)**	(262.9)	**1,564.5**	1,463.3
Other reserves		**1,638.5**	1,620.9	**1,818.5**	1,818.5
Total shareholder funds		**1,530.5**	1,376.8	**3,401.8**	3,300.6
Non-controlling interests		**68.5**	72.9	**–**	–
Total equity		**1,599.0**	1,449.7	**3,401.8**	3,300.6

The financial statements on pages 77-109 were approved by the Board on 15 May 2013 and signed on its behalf by:

Xavier Rolet
Chief Executive

David Warren
Chief Financial Officer

CASH FLOW STATEMENTS

Year ended 31 March 2013		Group		Company	
		2013	2012	2013	2012
	Notes	£m	£m	£m	£m
Cash flow from operating activities					
Cash generated from/(absorbed by) operations	25	**487.5**	462.4	**0.1**	(22.4)
Interest received		**2.4**	3.5	**47.1**	27.8
Interest paid		**(43.2)**	(44.0)	**(51.9)**	(59.8)
Corporation tax paid		**(64.9)**	(73.4)	**24.9**	(8.3)
Withholding tax paid		**(39.3)**	(45.5)	**–**	–
Net cash inflow/(outflow) from operating activities		**342.5**	303.0	**20.2**	(62.7)
Cash flow from investing activities					
Purchase of property, plant and equipment		**(18.2)**	(17.1)	**–**	–
Purchase of intangible assets		**(28.2)**	(16.3)	**–**	–
Proceeds from disposal of joint venture		**–**	1.3	**–**	–
Investment in other acquisition		**(11.2)**	(15.0)	**–**	–
Investment in subsidiaries		**(3.1)**	(481.1)	**–**	(11.7)
Net cash inflow from acquisitions		**1.1**	7.6	**–**	–
Dividends received		**0.2**	1.8	**160.7**	201.3
Proceeds from sale of subsidiary		**–**	28.4	**–**	–
Proceeds from investment by non-controlling interest in subsidiary		**–**	4.3	**–**	–
Net cash (outflow)/inflow from investing activities		**(59.4)**	(486.1)	**160.7**	189.6
Cash flow from financing activities					
Dividends paid to shareholders		**(77.4)**	(73.6)	**(77.4)**	(73.6)
Dividends paid to non-controlling interests		**(4.3)**	(12.8)	**–**	–
Loans (to)/from ESOP trust		**–**	–	**(13.9)**	2.3
Loans to subsidiary companies		**–**	–	**(139.4)**	(303.8)
Purchase of own shares by ESOP Trust		**(13.9)**	–	**–**	–
Proceeds from own shares on exercise of employee share options		**0.3**	2.3	**0.3**	–
Proceeds from borrowings		**297.6**	248.5	**297.6**	247.6
Repayments from borrowings		**(257.8)**	(24.2)	**(247.8)**	–
Net cash (outflow)/inflow from financing activities		**(55.5)**	140.2	**(180.6)**	(127.5)
Increase/(decrease) in cash and cash equivalents		**227.6**	(42.9)	**0.3**	(0.6)
Cash and cash equivalents at beginning of year		**216.0**	267.0	**0.2**	0.8
Exchange gains/(losses) on cash and cash equivalents		**2.6**	(8.1)	**(0.4)**	–
Cash and cash equivalents at end of year		**446.2**	216.0	**0.1**	0.2

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.

STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to equity holders					
	Ordinary share capital £m	Retained loss £m	Other reserves £m	Total attributable to equity holders £m	Non-controlling interests £m	Total equity £m
1 April 2011	**18.8**	**(662.9)**	**1,681.0**	**1,036.9**	**100.1**	**1,137.0**
Total comprehensive income for the financial year	–	487.0	(60.1)	426.9	9.5	436.4
Final dividend relating to the year ended 31 March 2011	–	(48.5)	–	(48.5)	–	(48.5)
Interim dividend relating to the year ended 31 March 2012	–	(25.1)	–	(25.1)	–	(25.1)
Dividend payments to non-controlling interests	–	–	–	–	(11.3)	(11.3)
Employee share scheme expenses	–	14.1	–	14.1	–	14.1
Purchase of non-controlling interest	–	(27.5)	–	(27.5)	(25.4)	(52.9)
31 March 2012	**18.8**	**(262.9)**	**1,620.9**	**1,376.8**	**72.9**	**1,449.7**
Total comprehensive income for the financial year	**–**	**214.3**	**17.6**	**231.9**	**(0.6)**	**231.3**
Final dividend relating to the year ended 31 March 2012	**–**	**(51.2)**	**–**	**(51.2)**	**–**	**(51.2)**
Interim dividend relating to the year ended 31 March 2013	**–**	**(26.2)**	**–**	**(26.2)**	**–**	**(26.2)**
Dividend payments to non-controlling interests	**–**	**–**	**–**	**–**	**(3.8)**	**(3.8)**
Employee share scheme expenses	**–**	**(0.8)**	**–**	**(0.8)**	**–**	**(0.8)**
31 March 2013	**18.8**	**(126.8)**	**1,638.5**	**1,530.5**	**68.5**	**1,599.0**

Other reserves comprise the following:

Capital redemption reserve of £514.2m (2012: £514.2m), a non-distributable reserve set up as a result of a court approved capital reduction.

Reverse acquisition reserve of £(512.5)m (2012: £(512.5)m), a non-distributable capital reserve arising on consolidation as a result of the capital reduction scheme.

Foreign exchange translation reserve of £353.3m (2012: £334.1m), reflecting the impact of foreign currency changes on the translation of foreign operations.

Merger reserve of £1,304.3m (2012: £1,304.3m), arising on consolidation when the Company issues shares as part of the consideration to acquire subsidiary undertakings.

Hedging reserve of £(20.8)m (2012: £(19.2)m), representing 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				
			Other reserves		
	Ordinary share capital £m	Retained earnings £m	Capital redemption reserve £m	Merger reserve £m	Total attributable to equity holders £m
1 April 2011	**18.8**	**1,364.1**	**514.2**	**1,304.3**	**3,201.4**
Total comprehensive income for the financial year	–	163.1	–	–	163.1
Final dividend relating to the year ended 31 March 2011	–	(48.5)	–	–	(48.5)
Interim dividend relating to the year ended 31 March 2012	–	(25.1)	–	–	(25.1)
Employee share scheme expenses	–	9.7	–	–	9.7
31 March 2012	**18.8**	**1,463.3**	**514.2**	**1,304.3**	**3,300.6**
Total comprehensive income for the financial year	**–**	**176.2**	**–**	**–**	**176.2**
Final dividend relating to the year ended 31 March 2012	**–**	**(51.2)**	**–**	**–**	**(51.2)**
Interim dividend relating to the year ended 31 March 2013	**–**	**(26.2)**	**–**	**–**	**(26.2)**
Employee share scheme expenses	**–**	**2.4**	**–**	**–**	**2.4**
31 March 2013	**18.8**	**1,564.5**	**514.2**	**1,304.3**	**3,401.8**

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 IFRS 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 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 intangible assets 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, recurring 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.

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. 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 associates are accounted for under the equity method. The Group's investments in associates are initially recognised at cost, and its share of profits or losses after tax from 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 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. Transactions with non-controlling interests are recognised in equity.

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.

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:

Amendments to IFRS 1, 'First time adoption' – exemption for severe hyperinflation and removal of fixed dates;
Amendment to IFRS 7, 'Financial instruments: Disclosures' – disclosures on transfers of financial assets; and IFRS various Annual improvements 2012.

The adoption of these standards did not have a material impact on these consolidated financial statements.

The following standards and interpretations were issued by the IASB and IFRIC since the last Annual Report, but have not been adopted either because they were not endorsed by the European Union (EU) at 31 March 2013 or they are not yet mandatory and the Group has not chosen to early adopt. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not expect any of these changes to have a material impact on the results or the net assets of the Group:

International accounting standards and interpretations	Effective date
Amendment to IAS 1, 'Presentation of financial statements' – presentation of items of other comprehensive income	1 July 2012
Amendment to IAS 12, 'Income taxes' – deferred to tax accounting for investment properties	1 January 2013
IAS 19 (revised) 'Employee benefits'	1 January 2013
Amendment to IFRS 7, 'Financial instruments: Disclosures'	1 January 2013
IFRS 10, 'Consolidated financial statements'	1 January 2013
IFRS 11, 'Joint arrangements'	1 January 2013
IFRS 12, 'Disclosure of interests in other entities'	1 January 2013
IFRS 13, 'Fair value measurement'	1 January 2013
IAS 32, 'Financial instruments: Presentation'	1 January 2014

Accounting policies

Income Statement

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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 amortisation of purchased intangible assets helps give an indication of the Group's underlying performance.

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 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 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.

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 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 arising 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 shareholders' 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 expense

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 immediately 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.

Balance Sheet

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.

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.

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. 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/liabilities 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) 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 risk associated with counterparties failing to honour 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 this income stream from revenues arising from the Group's other activities and provides 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 and IDEX derivatives markets 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 net 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 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 in relation to initial and variation margins, option premiums, securities as collateral 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.

NOTES TO THE FINANCIAL STATEMENTS

d) Financial assets and liabilities at fair value

These represent quoted equity and bond securities which CC&G has already withdrawn from the settlement system but has not yet delivered to the intermediaries who have bought them and securities traded but not yet settled as part of the CCP function. These are initially recognised 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 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 its Italian Companies 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.

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 will be subject to a financial re-organisation and/or default on or be delinquent on its payment obligations 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, term deposits and investments in money market funds that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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.

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.

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.

2. Financial risk management

The Group seeks to protect its financial performance from exposure to capital, credit, liquidity and market (including foreign exchange and fair value and cash flow interest rate) risks.

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 also locally, where operating units manage regulatory and operational risks. The Financial Risk Committee (FRC), a sub-Committee of the Executive Committee, chaired by the Chief Financial Officer, meets monthly to oversee the consolidated financial risks of the Group. In addition, the Treasury Committee, a sub-Committee of the FRC which is also chaired by the Chief Financial Officer, meets regularly to ensure that the operational management of foreign exchange, interest rates, credit risks and the investment of excess liquidity are performed in accordance with Group Board approved policies and procedures. See 'Principal Risk and Uncertainties, pages 42-47, for further detail on the Group's risk framework.

Capital risk

Risk description	Risk management approach
The Group incorporates a number of regulated entities within its structure. It considers that increases in the regulatory requirements of those companies (including any extension to the Group as a whole) and/or a scarcity of debt or equity (driven by its own performance or financial market conditions) are the principal risks to managing its capital. The Group is profitable and its capital base comprises equity capital and debt capital.	The Group focusses upon 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. 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. To maintain the financial strength to access new capital at reasonable cost and meet its objective of maintaining an investment grade credit rating, the Group monitors its leverage ratio which is operating net debt (ie excluding cash and cash equivalents set aside for regulatory and operational purposes) to adjusted EBITDA (Group consolidated earnings before net finance charges, taxation, impairment, depreciation and amortisation and non-recurring items) against a target range of 1-2 times. The Group is also mindful of potential impacts on the key metrics employed by the credit rating agencies (including gross debt to EBITDA and EBITDA coverage of interest expense) in considering increases to its borrowings. At 31 March 2013 net leverage was 1.2 times (2012: 1.4 times). Considering its recent investments, in particular the acquisition of a further 55.5 per cent of the shares of and subsequent subscription for additional capital in LCH.Clearnet Group, and the investment in the TMX Datalink JV, the Group's net leverage on a pro forma basis would have been a little above the top end of its target range at 2.1 times. Performance against the Group's bank facility ratio covenants (net leverage and debt service – ratio covenants that are unchanged during the financial year) remains very comfortable and does not inhibit the Group's operations or financing plans. As at 31 March 2013, £200 million of cash and cash equivalents was set aside to cover regulatory and operational requirements. This amount increased during the year primarily as a result of an agreement with the regulators of CC&G, Bank of Italy, to retain earnings and associated cash in that company to meet forthcoming regulatory requirements under EMIR. The level of cash set aside by the Group remains subject to on-going review with regulators in the UK and Italy including the potential to vary the amounts set aside, in particular, given the implications on cash holdings of the FCA's requirement that LSE plc recognises profit in its regulatory capital calculation only upon external audit sign off.

Credit risk

Risk description	Risk management approach
CC&G, in its role as central counterparty clearer to Italian financial market participants, guarantees final settlement of transactions acting as buyer towards each seller and as seller towards each buyer. It manages substantial credit risks as part of its operations. For more information see 'Principal Risk and Uncertainties', pages 42-47. Notwithstanding revised regulations in Europe that will require CCPs to invest 95 per cent of their cash collateral in secured instruments or structures, to maintain liquidity (and in addition to the potential to deposit cash securely with the central bank), CC&G will continue to invest the balance of up to five per cent of its margin and default fund cash unsecured, within the Italian financial market, with banks regulated by Bank of Italy. Whilst the five per cent threshold of un-secured investment will considerably reduce its credit risk, it will continue to face the risk of direct loss from a deterioration or failure of one or more of these unsecured deposit counterparties. Furthermore, to cover the risk of trades executed by its members on international markets, CC&G has an interoperability arrangement with LCH.Clearnet SA, based in Paris. CC&G will make reciprocal deposits of collateral to reflect the traded positions of Italian participants under this arrangement and therefore will be exposed to credit risk on LCH.Clearnet SA as a deposit counterparty. 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: — customer receivables — repayment of invested cash and cash equivalents — settlement of derivative financial instruments	**CC&G** 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. 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. CC&G liaises closely with the regulator of its counterparty banks, Bank of Italy, and to ensure liquidity, funds are generally placed as overnight deposits and in all cases can be accessed within 2 business days if required. During the year we have further extended the number of counterparties that take CC&G's deposits to diversify this risk including the introduction of Italian-based branches of major international banks. To mitigate the price risks associated with certain secured investments CC&G will, working with its regulator, consider increasing the levels of security it receives, linked to these investments. Associated liquidity risks are considered in the investment mix and discussed further in the section below. **Group** 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, 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 up to £50 million for 12 months with counterparties rated long term AAA (or equivalent) through to a maximum £10 million overnight with counterparties rated short term A-2 (or equivalent). Derivative transactions are undertaken with well-capitalised counterparties, authorised by policy, to limit the credit risk underlying these transactions. The Group maintains a heightened focus on sovereign risk in its counterparty selection.

NOTES TO THE FINANCIAL STATEMENTS

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 to meet the requirements of their regulators to ensure the smooth operation of their respective markets and to maintain operations in the event of a single or multiple market or member stress.	Group businesses are profitable, generate strong free cash flow and operations are not significantly impacted by seasonal variations. 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. Funds can generally be lent across the Group without limitation (other than by regulatory requirements in certain companies) and this is encouraged through the Group Treasury cash management policy and approach. Management monitors forecasts of the Group's cash flow and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions. 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. The financial strength of lenders to the Group is monitored regularly. During the year, a new, nine year, £300m bond was issued to UK retail market investors to underpin liquidity resources. The bond extended the Group's average drawn debt maturity profile to over six years and frees up its revolving credit facilities to support the proposed acquisition of LCH.Clearnet Group and to provide comfortable facility headroom over the medium term. At 31 March 2013, the Group's facilities were unutilised and totalled £850 million. CC&G maintains cash and cash equivalents and 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. Revised regulations will require CCPs to arrange appropriate levels of back up liquidity facilities (including enhanced liquidity support facilities at the central bank) that adequately support the dynamics of a largely secured cash investment requirement (see Credit Risk section above). In addition to CC&G's requirements, certain Group companies maintain operational support facilities from banks to manage intraday and overnight liquidity. 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.

At 31 March 2013	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Borrowings	**0.4**	**–**	**499.2**	**297.2**
Trade and other payables	**230.0**	**3.2**	**0.2**	**–**
CCP liabilities	**146,088.1**	**–**	**–**	**–**
Derivative financial instruments	**0.1**	**–**	**1.1**	**2.4**
	146,318.6	**3.2**	**500.5**	**299.6**

At 31 March 2012	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Borrowings	10.5	235.7	263.2	247.7
Trade and other payables	237.5	–	–	–
CCP liabilities	99,747.2	–	–	–
Derivative financial instruments	–	–	0.1	2.0
	99,995.2	235.7	263.3	249.7

Market risk – Foreign Exchange

Risk description	Risk management approach
The Group operates in the UK, Italy and Sri Lanka and, through its FTSE International Limited subsidiary, has growing businesses in the USA and Asia. With the exception of MillenniumIT, which invoices a material proportion of its revenues in US dollars, 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 foreign currency earnings, assets and liabilities into its reporting currency, sterling, and from occasional, large intercompany transactions. The Group faces less significant foreign exchange exposures from transaction risk on dividends that are remitted in currencies other than the currency of the recipient operation. However, the Group may be exposed from time to time by strategic investments in currencies other than sterling.	The Group seeks, where it can, to match the currency of its debt liabilities with its EBITDA generation in the same currency whilst endeavouring to balance the currency of its assets with the currency of its liabilities. The Group reinforces this methodology by regularly distributing its currency cash earnings in dividends and by absorbing currency earnings through interest payments on sterling debt, re-denominated through the use of cross-currency swaps or by drawing debt in the same currency, where this is practicable. A proportion of the Group's debt is effectively held in euro. At 31 March 2013, £255.5 million (2012: £250.2 million) of this was designated as a hedge of the net investment in the Italian Group and a profit of £5.7 million for the financial year (2012: loss of £27.8 million) on foreign currency borrowings was recognised in equity. The hedge was fully effective. 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 £1 million or equivalent per annum should be hedged. Hedge accounting is considered in each case to mitigate material levels of income statement volatility. The Group reviews sensitivities to movements in exchange rates which are appropriate to market conditions. As at 31 March 2013, 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 level to measure the risk to the Group. At 31 March 2013, 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 £0.4 million higher/£0.3 million lower (2012: £0.3 million higher/£0.3 million lower); however, equity would have been £5.7 million lower (2012: £14.4 million lower)/£7.0 million higher (2012: £8.6 million higher). This reflects foreign exchange gains/losses on translation of euro denominated trade receivables, financial assets at fair value through profit or loss and of euro denominated borrowings. If, on the other hand, the average £/€ rate for the year had moved €5c, this would have changed the Group's operating profit for the year before amortisation of purchased intangibles and non-recurring items by approximately £9.0 million.

Market risk – Cash Flow and Fair Value Interest Rate Risk

Risk description	Risk management approach
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.	To provide a degree of income statement stability, the Group seeks to maintain a proportion of its net debt at fixed rates of interest over the medium term. The Group has issued a significant amount of its debt at fixed rates of interest with the floating rate element being repaid as the Group generates cash. As at 31 March 2013, following the issue of the £300m fixed rate retail bond in November 2012 and strong cash generation during the year, fixed rate borrowings represent 227 per cent of net debt. During the year, the Group considered swapping a portion of its fixed rate debt into floating rates but did not execute any transactions due to a preference to increase floating rate borrowings naturally through imminent strategic investments (for example the proposed acquisition of LCH.Clearnet Group). This position was maintained based on a view that the risk of rates moving materially lower was limited and given the protection an over-fixed rate profile gives should rates increase. The interest rates objective will continue to be reviewed as the Group moves through its rates re-positioning following the completion of the above acquisition. 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 2 percentage point upward movement (and no downward movement) reflects a reasonable level of risk to current rates. At 31 March 2013, if interest rates on sterling-denominated and euro-denominated cash and borrowings had been 2 percentage points higher with all other variables held constant, post-tax profit for the year would actually have been £6.3 million higher (2012: £1.5 million lower) mainly as a result of higher interest income on floating rate cash and cash equivalents.

3. Significant judgements and estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The significant judgements and estimates for the year ended 31 March 2013 are as follows:

Goodwill – 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;

Purchased intangible assets – 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;

Defined benefit pension asset or liability – determined 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 16;

Property provision – determined taking into consideration future expected receipts from sub-letting and future property costs based on advice from independent property advisers; and

Corporation taxes – 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.

NOTES TO THE FINANCIAL STATEMENTS

4. Segmental Information

Segmental disclosures for the year ended 31 March 2013 are as follows:

	Capital Markets £m	Post Trade Services £m	Information Services £m	Technology Services £m	Other £m	Eliminations £m	Group £m
Revenue from external customers	267.5	91.8	306.3	56.1	4.7	–	726.4
Inter-segmental revenue	–		–	21.3	–	(21.3)	–
Revenue	267.5	91.8	306.3	77.4	4.7	(21.3)	726.4
Net treasury income through CCP business	–	116.7	–	–	–	–	116.7
Other Income	–	–	–	–	9.8	–	9.8
Other non-recurring income	–	–	–	–	18.3	–	18.3
Total income	267.5	208.5	306.3	77.4	32.8	(21.3)	871.2
Operating profit before amortisation of purchased intangible assets and non-recurring items	124.4	146.7	153.9	5.5	0.5	(0.8)	430.2
Amortisation of purchased intangible assets							(88.8)
Non-recurring items							7.0
Operating profit							348.4
Net finance expense							(49.5)
Profit before taxation							298.9
Other income statement items:							
Depreciation and software amortisation	(27.8)	(5.6)	(14.5)	(4.6)	(0.5)	12.6	(40.4)

Net treasury income through CCP business of £116.7m comprises gross interest income of £128.9m less gross interest expense of £12.2m. Interest from investment in securities amount to £12.5m.

Comparative segmental disclosures for the year ended 31 March 2012 are as follows:

	Capital Markets £m	Post Trade Services £m	Information Services £m	Technology Services £m	Other £m	Eliminations £m	Group £m
Revenue from external customers	301.9	101.6	218.9	52.6	4.8	–	679.8
Inter-segmental revenue	–	–	–	12.9	–	(12.9)	–
Revenue	301.9	101.6	218.9	65.5	4.8	(12.9)	679.8
Net treasury income through CCP business	–	126.9	–	–	–	–	126.9
Other Income	–	–	–	–	8.1	–	8.1
Total income	301.9	228.5	218.9	65.5	12.9	(12.9)	814.8
Operating profit before amortisation of purchased intangible assets and non-recurring items	138.9	169.0	125.0	1.8	0.1	7.1	441.9
Amortisation of purchased intangible assets							(54.9)
Non-recurring items							(28.5)
Operating profit							358.5
Profit on disposal/acquisition of shares in subsidiary and joint ventures							323.8
Net finance expense							(42.6)
Profit before taxation							639.7
Other income statement items:							
Depreciation and software amortisation	(24.7)	(5.0)	(8.7)	(1.6)	(0.4)	–	(40.4)
Share of (loss)/profit after tax of joint ventures/associates	(1.4)	–	7.3	–	–	–	5.9

Net treasury income through CCP business of £126.9m comprises gross interest income of £964.2m less gross interest expense of £837.3m. Included within both gross interest income and gross interest expense is £767.3m relating to repo transactions; net of repo transactions gross interest income was £196.9m and gross interest expense was £70.0m.

Geographical disclosure

	2013 £m	2012 £m
Revenue		
UK	**325.3**	338.2
Italy	**132.5**	166.9
Other	**268.6**	174.7
Total	**726.4**	679.8

Revenue is allocated based on the country in which the customer is located.

	2013 £m	2012 £m
Total assets		
UK	**1,300.1**	1,198.5
Italy	**147,596.9**	101,212.6
Other	**28.4**	18.5
Total	**148,925.4**	102,429.6
Associates – Italy	**0.6**	0.4
Total	**148,926.0**	102,430.0

5. Expenses by nature
Expenses comprise the following:

	2013 £m	2012 £m
Cost of sales	**60.0**	45.8
Employee costs	**167.3**	151.4
Depreciation and non-acquisition software amortisation	**40.4**	40.4
Amortisation of purchased intangibles assets and non-recurring costs	**100.1**	81.0
IT costs	**64.5**	67.7
Other costs	**90.5**	73.5
Total expenses	**522.8**	459.8

Foreign exchange gains or losses included in the income statement are immaterial.

6. Employee costs
Employee costs comprise the following:

	Notes	2013 £m	2012 £m
Salaries and other short term benefits		**128.1**	115.8
Social security costs		**19.2**	16.6
Pension costs	16	**7.5**	6.9
Share based compensation	28	**12.5**	12.1
Total		**167.3**	151.4

The number of employees in the Group was:

	2013		2012	
	Average	Year end	Average	Year end
UK	**753**	**752**	760	746
Italy	**428**	**461**	422	416
Sri Lanka	**654**	**668**	615	655
Other	**127**	**132**	119	120
	1,962	**2,013**	1,916	1,937

The Company has no employees.

Average is calculated from date of acquisition of the subsidiary company by the Group.

NOTES TO THE FINANCIAL STATEMENTS

7. Amortisation of purchased intangible assets and non-recurring items

	Notes	2013 £m	2012 £m
Amortisation of purchased intangible assets	13	**88.8**	54.9
Transaction (credits)/costs		**(10.7)**	23.4
Restructuring costs		**3.7**	–
Property costs		**–**	2.7
Revaluation on acquisition within joint ventures		**–**	2.4
Total affecting operating profit		**81.8**	83.4
Profit on acquisition/disposal of shares in subsidiary		**–**	(324.3)
Charge for new transaction related revolving credit facility		**–**	1.8
Total affecting profit before tax		**81.8**	(239.1)
Tax effect on items affecting profit before tax			
Deferred tax on amortisation of purchased intangible assets		**(9.1)**	(5.9)
Current tax on amortisation of purchased intangible assets		**(2.2)**	(0.7)
Tax effect on other items affecting profit before tax		**(1.0)**	(2.0)
Total tax effect on items affecting profit before tax		**(12.3)**	(8.6)
Total charge/(credit) to income statement		**69.5**	(247.7)

Transaction costs comprise charges incurred for ongoing services related to potential or completed acquisitions net of C$29m (£18.3m) received from TMX Group following the termination of the 2010 merger agreement. Restructuring costs primarily relate to the integration of the FTSE business.

8. Net finance expense

	Notes	2013 £m	2012 £m
Finance income			
Expected return on defined benefit pension scheme assets	16	**11.8**	13.1
Bank deposit and other interest income		**2.4**	3.6
Other finance income		**0.3**	0.1
		14.5	16.8
Finance expense			
Interest payable on bank and other borrowings		**(48.2)**	(40.6)
Defined benefit pension scheme interest cost	16	**(13.8)**	(13.8)
Other finance expenses		**(2.0)**	(3.2)
Non-recurring credit facility arrangement fees		**–**	(1.8)
		(64.0)	(59.4)
Net finance expense		**(49.5)**	(42.6)

9. Taxation

The standard UK corporation tax rate was 24 per cent (26 per cent for the year ended 31 March 2012).

Taxation charged to the income statement	Notes	2013 £m	2012 £m
Current tax:			
UK corporation tax for the year		**30.5**	28.6
Overseas tax for the year		**78.6**	89.1
Adjustments in respect of previous years		**(16.4)**	1.8
		92.7	119.5
Deferred tax:	15		
Deferred tax for the year		**0.3**	0.2
Adjustments in respect of previous years		**(0.5)**	(5.5)
Deferred tax liability on amortisation of purchased intangible assets		**(9.1)**	(5.9)
Taxation charge		**83.4**	108.3

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns agreed with relevant tax authorities.

Taxation on items not credited/(charged) to income statement	2013 £m	2012 £m
Current tax credit:		
Tax allowance on share options/awards in excess of expense recognised	**2.0**	0.3
Deferred tax (loss)/credit:		
Defined benefit pension scheme actuarial loss	**1.7**	12.5
Tax allowance on share options/awards in excess of expense recognised	**0.5**	0.5
Movement in value of available for sale financial assets	**(0.4)**	–
Adjustments relating to change in UK tax rate	**0.1**	(0.6)
	3.9	12.7

Factors affecting the tax charge for the year

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK as explained below:

	2013 £m	2012 £m
Profit before taxation	**298.9**	639.7
Profit multiplied by standard rate of corporation tax in the UK	**71.7**	166.3
Profit on disposal/acquisition of shares in subsidiary	**–**	(84.3)
(Income not taxable)/expenses not deductible	**(2.2)**	1.7
Share of joint venture and associates consolidated at profit after tax	**–**	(0.9)
Adjustment arising from change in UK tax rate	**0.7**	–
Overseas earnings taxed at higher rate	**17.7**	21.6
Adjustments in respect of previous years	**(16.8)**	(3.8)
Amortisation of purchased intangibles	**12.3**	7.7
Taxation charge	**83.4**	108.3

NOTES TO THE FINANCIAL STATEMENTS

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.

	2013	2012
Basic earnings per share	**80.4p**	193.6p
Diluted earnings per share	**79.0p**	190.9p
Adjusted basic earnings per share	**105.3p**	100.6p
Adjusted diluted earnings per share	**103.4p**	99.2p

	£m	£m
Profit for the financial year attributable to equity holders	**217.0**	522.0
Adjustments:		
Amortisation of purchased intangible assets	**88.8**	54.9
Transaction (credits)/costs	**(10.7)**	23.4
Restructuring costs	**3.7**	–
Property costs	**–**	2.7
Revaluation on acquisition within joint ventures	**–**	2.4
Profit on disposal/acquisition of shares in subsidiary	**–**	(324.3)
Charge for new revolving credit facility	**–**	1.8
Tax effect of amortisation and non-recurring items	**(12.3)**	(8.6)
Non-recurring items, amortisation and taxation attributable to non-controlling interests	**(2.5)**	(3.0)
Adjusted profit for the financial year attributable to equity holders	**284.0**	271.3
Weighted average number of shares – million	**269.8**	269.6
Effect of dilutive share options and awards – million	**4.8**	3.8
Diluted weighted average number of shares – million	**274.6**	273.4

The weighted average number of shares excludes those held in the ESOP.

11. Dividends

	2013	2012
	£m	£m
Final dividend for 2012 paid 20 August 2012: 19.0p per Ordinary share (2011: 18.0p)	**51.2**	48.5
Interim dividend for 2013 paid 7 January 2013 9.7p per Ordinary share (2012: 9.3p)	**26.2**	25.1
	77.4	73.6

The Board has proposed a final dividend in respect of the year ended 31 March 2013 of 19.8p, per share, which is estimated to amount to £53.4m, to be paid on 19 August 2013.

12. Property, plant and equipment

	Land & Buildings			
	Freehold £m	Leasehold £m	Plant and equipment £m	Total £m
Cost:				
1 April 2011	46.9	41.1	77.9	165.9
Additions	–	0.1	22.4	22.5
Foreign exchange	(0.3)	–	(2.7)	(3.0)
Acquisition of subsidiaries	–	2.0	3.8	5.8
Disposals	(0.3)	(3.2)	(4.5)	(8.0)
31 March 2012	46.3	40.0	96.9	183.2
Additions	**0.4**	**–**	**17.6**	**18.0**
Foreign exchange	**0.4**	**0.1**	**0.7**	**1.2**
Acquisition of subsidiaries	**–**	**–**	**0.1**	**0.1**
Reclassification from Held for Sale	**6.3**	**–**	**–**	**6.3**
Disposals	**–**	**(0.1)**	**(8.1)**	**(8.2)**
31 March 2013	**53.4**	**40.0**	**107.2**	**200.6**
Depreciation:				
1 April 2011	27.4	29.2	46.9	103.5
Charge for the year	1.3	3.1	11.5	15.9
Foreign exchange	(0.6)	–	(1.0)	(1.6)
Disposals	(0.3)	(3.2)	(4.4)	(7.9)
31 March 2012	27.8	29.1	53.0	109.9
Charge for the year	**0.3**	**2.1**	**15.2**	**17.6**
Foreign exchange	**–**	**0.1**	**0.3**	**0.4**
Disposals	**–**	**–**	**(7.4)**	**(7.4)**
31 March 2013	**28.1**	**31.3**	**61.1**	**120.5**
Net book values:				
31 March 2013	**25.3**	**8.7**	**46.1**	**80.1**
31 March 2012	18.5	10.9	43.9	73.3

The Company has no property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

13. Intangible assets

		Purchased intangible assets				
	Goodwill £m	Customer and supplier relationships £m	Brands £m	Software, licenses and intellectual property £m	Software £m	Total £m
Cost:						
1 April 2011	1,177.7	672.0	11.0	121.5	225.2	2,207.4
Additions	–	16.2	–	–	16.0	32.2
Acquisition of subsidiaries	75.6	309.5	226.5	228.3	5.1	845.0
Disposals	–	–	–	–	(24.8)	(24.8)
Foreign exchange	(64.4)	(38.2)	(0.7)	(7.4)	(2.5)	(113.2)
31 March 2012	1,188.9	959.5	236.8	342.4	219.0	2,946.6
Additions	**1.1**	**–**	**–**	**–**	**21.3**	**22.4**
Acquisition of subsidiaries	**4.1**	**–**	**–**	**–**	**0.5**	**4.6**
Disposals	**–**	**–**	**–**	**–**	**(84.4)**	**(84.4)**
Foreign exchange	**17.8**	**8.7**	**0.2**	**2.2**	**1.3**	**30.2**
31 March 2013	**1,211.9**	**968.2**	**237.0**	**344.6**	**157.7**	**2,919.4**
Amortisation and accumulated impairment:						
1 April 2011	461.4	106.6	3.9	66.2	174.9	813.0
Amortisation charge for the year	–	36.2	3.7	15.0	23.7	78.6
Disposals	–	–	–	–	(24.8)	(24.8)
Foreign exchange	(24.1)	(7.0)	(0.3)	(4.7)	(1.5)	(37.6)
31 March 2012	437.3	135.8	7.3	76.5	172.3	829.2
Amortisation charge for the year	**–**	**49.5**	**10.0**	**29.3**	**22.8**	**111.6**
Disposals	**–**	**–**	**–**	**–**	**(84.4)**	**(84.4)**
Foreign exchange	**8.3**	**2.9**	**0.1**	**1.7**	**0.7**	**13.7**
31 March 2013	**445.6**	**188.2**	**17.4**	**107.5**	**111.4**	**870.1**
Net book values:						
31 March 2013	**766.3**	**780.0**	**219.6**	**237.1**	**46.3**	**2,049.3**
31 March 2012	751.6	823.7	229.5	265.9	46.7	2,117.4

The fair values of the 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 arising on consolidation represents the growth potential and assembled workforces of the Italian Group, FTSE Group, MillenniumIT and Turquoise. The Company has no intangible assets.

The addition of £1.1m goodwill arose during the year as a result of the finalisation of the fair value of acquired assets for FTSE Group.

The acquisition of GATElab Srl during the year resulted in goodwill in the Group of £4.1m in the year. This value is preliminary and will be finalised during the following year.

Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to the 11 cash generating units (CGUs) shown in the table below.

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 2018. 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.

	Net book value of goodwill					
	31 March 2012 £m	Additions £m	Acquisitions of subsidiaries £m	Foreign exchange £m	31 March 2013 £m	Pre-tax discount rate used in value in use calculations £m
Italian group:						
Issuer	18.3	–	–	0.3	**18.6**	12.0%
Equities Trading	61.7	–	–	0.9	**62.6**	12.0%
Derivatives Trading	27.6	–	–	0.4	**28.0**	12.1%
Fixed Income Trading	69.7	–	–	1.0	**70.7**	12.2%
Information Services	114.4	–	–	1.5	**115.9**	12.2%
Technology Services	13.5	–	4.1	0.2	**17.8**	11.9%
Post Trade Services	362.0	–	–	5.0	**367.0**	12.3%
MillenniumIT:						
Software	0.7	–	–	0.1	**0.8**	20.3%
Enterprise Service Provider	0.7	–	–	0.1	**0.8**	15.8%
Turquoise	7.4	–	–	–	**7.4**	13.7%
FTSE Group	75.6	1.1	–	–	**76.7**	12.9%
	751.6	**1.1**	**4.1**	**9.5**	**766.3**	

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 2.1 per cent for each of the Italian CGUs, 7.0 and 14.5 per cent for MillenniumIT's Software and Enterprise Service Provider CGUs respectively, and 2.3 per cent for Turquoise and the FTSE Group) represent management's internal forecasts based on external estimates of GDP and inflation for the 14 year period 1 January 2004 to 31 December 2017, 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.

Based on the results of the impairment tests performed, management believes there is no impairment of the carrying value of the goodwill in any CGU. In addition, no impairment of the Company's investments in subsidiary undertakings referred to in note 14 was considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

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:

		Impact on value in use of:			
	Excess of value in use over carrying value	5% reduction in revenues	5% increase in costs	0.5% reduction in long term growth rate	0.5% increase in pre-tax discount rate
Cash generating unit	£m	£m	£m	£m	£m
Italian group:					
Issuer	47.4	10.9	5.0	6.1	5.7
Equities Trading	30.5	20.7	10.6	10.4	9.6
Derivatives Trading	65.9	9.5	3.7	6.0	5.5
Fixed Income Trading	30.5	35.4	21.9	14.2	13.1
Information Services	133.6	27.5	10.5	16.8	15.3
Technology Services	32.2	11.4	8.4	2.8	2.7
Post Trade Services	584.8	84.8	25.8	58.1	52.2

Management believes goodwill allocated to the FTSE Group, 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 2013. 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 subsidiary undertakings

	Shares	Loans	Total
Company	£m	£m	£m
1 April 2011	3,422.3	337.4	3,759.7
Subscription for further shares in London Stock Exchange Group Holdings (R) Ltd	11.7	–	11.7
Other movements during the year	–	(8.6)	(8.6)
31 March 2012	3,434.0	328.8	3,762.8
Other movements during the year	–	16.3	16.3
31 March 2013	**3,434.0**	**345.1**	**3,779.1**

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
Held indirectly by the Company:				
BIt Market Services S.p.A.	Retail information services & market technology	Italy	Italy	99.99
Borsa Italiana S.p.A.	Recognised investment exchange	Italy	Italy	99.99
Cassa di Compensazione e Garanzia S.p.A.	CCP for clearing	Italy	Italy	99.99
FTSE International Ltd	Market indices provider	UK	UK	100
Monte Titoli S.p.A.	Pre-settlement, settlement and centralised custody	Italy	Italy	98.80
MillenniumIT Software (Private) Ltd	IT solutions provider	Sri Lanka	Sri Lanka	100
Proquote Ltd	Market data provider	UK	UK	100
Societa per il Mercato dei Titoli di Stato S.p.A.	Wholesale fixed income bonds	Italy	Italy	60.37
Turquoise Global Holdings Ltd	Multi-lateral trading facility	UK	UK	51.36

On 14 December 2012, the Group acquired 67 per cent of the issued equity of GATElab Srl for a total consideration of €5.8m.

Under Regulation 7 of The Partnerships (Accounts) Regulations 2008, the Group elected not to prepare partnership accounts for its indirect partnership interest in London Stock Exchange Connectivity Solutions LP, as its results are contained in the consolidated group accounts.

A full list of subsidiaries will be annexed to the next annual return of London Stock Exchange Group plc.

15. Deferred tax

The movements in deferred tax assets and liabilities during the year are shown below.

Group	Accelerated tax depreciation £m	Acquisition deferred tax and amortisation £m	Provisions and other temporary differences £m	Total £m
1 April 2011	(1.7)	(79.3)	0.9	(80.1)
Tax credited to the income statement:	3.8	5.9	1.5	11.2
Tax credited/(charged) to other comprehensive income:				
– defined benefit pension scheme actuarial loss	–	–	12.2	12.2
– allowance on share options/awards	–	–	0.2	0.2
– foreign exchange	(0.1)	4.5	–	4.4
Balance sheet transfer of pre-acquisition balances	–	(48.4)	–	(48.4)
31 March 2012	2.0	(117.3)	14.8	(100.5)
Tax (charged)/credited to the income statement:	**(0.4)**	**9.1**	**0.6**	**9.3**
Tax credited/(charged) to other comprehensive income:				
– defined benefit pension scheme actuarial loss	**–**	**–**	**1.6**	**1.6**
– allowance on share options/awards	**–**	**–**	**0.6**	**0.6**
– movement in value of available for sale financial assets	**–**	**–**	**(0.4)**	**(0.4)**
– foreign exchange	**–**	**(0.4)**	**–**	**(0.4)**
31 March 2013	**1.6**	**(108.6)**	**17.2**	**(89.8)**

Assets at 31 March 2013	**1.6**	**–**	**17.6**	**19.2**
Liabilities at 31 March 2013	**–**	**(108.6)**	**(0.4)**	**(109.0)**
Net assets/(liabilities) at 31 March 2013	**1.6**	**(108.6)**	**17.2**	**(89.8)**
Assets at 31 March 2012	2.0	–	14.8	16.8
Liabilities at 31 March 2012	–	(117.3)	–	(117.3)
Net (liabilities)/assets at 31 March 2012	2.0	(117.3)	14.8	(100.5)

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 £57m (2012: £56m) within certain Group subsidiaries. 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.

16. Retirement benefit obligations

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, Legal & General Investment Management Limited, PIMCO Europe Limited and Aviva Investors during the year.

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.

The only scheme operated by FTSE International is a defined contribution scheme.

Defined benefit schemes

The UK defined benefit scheme was a non-contributory scheme and closed to new members in 1999. With effect from 31 March 2012, the scheme also closed to accrual of future benefits for active members and it has been agreed that the benefits for affected members will remain linked to their salary with the Group.

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.

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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 four to eight per cent of pensionable pay is provided and the Group will match employee contributions up to a maximum of six to ten per cent of pensionable pay.

Amounts recognised in the income statement are as follows:

		2013		2012	
		UK Pension	Other plans	UK Pension	Other plans
	Notes	£m	£m	£m	£m
Defined contribution schemes		**(3.4)**	**(2.2)**	(3.1)	(1.2)
Defined benefit scheme – current service cost		**–**	**(1.9)**	(0.6)	(2.0)
Total pension charge included in employee costs	6	**(3.4)**	**(4.1)**	(3.7)	(3.2)
Finance income and expense					
Interest expense		**(13.5)**	**(0.3)**	(13.5)	(0.3)
Expected return on assets		**11.8**	**–**	13.1	–
Net finance expense		**(1.7)**	**(0.3)**	(0.4)	(0.3)
Total recognised in the income statement		**(5.1)**	**(4.4)**	(4.1)	(3.5)

Defined benefit assets/(obligations) for UK pension scheme

	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Fair value of assets:					
Equities	**9.4**	39.0	39.3	37.2	25.1
Bonds	**110.8**	67.5	219.5	218.5	202.6
Property	**11.4**	24.4	23.3	13.3	7.1
Pensioner buy in policy	**142.1**	133.5	–	–	–
Total fair value of assets	**273.7**	264.4	282.1	269.0	234.8
Present value of funded obligations	**(291.4)**	(274.2)	(244.5)	(264.4)	(229.8)
(Deficit)/surplus	**(17.7)**	(9.8)	37.6	4.6	5.0

The main actuarial assumptions are set out below:

	2013		2012	
	UK pension	Italian plan	UK pension	Italian plan
Inflation rate – RPI	**3.4%**	**2.0%**	3.4%	2.0%
Inflation rate – CPI	**2.4%**	**–**	2.4%	–
Rate of increase in salaries	**3.4%**	**3.5%**	4.4%	3.5%
Rate of increase in pensions in payment	**3.6%**	**3.0%**	3.6%	3.0%
Discount rate	**4.5%**	**3.0%**	5.0%	4.0%
Expected return on assets				
– equities	**–**	**–**	7.3%	–
– bonds	**–**	**–**	3.8%	–
– property	**–**	**–**	6.5%	–
– pensioner buy in policy	**–**	**–**	5.0%	–
Life expectancy from age 60 (Years)				
– Non retired male member	**28.0**	**–**	27.9	–
– Non retired female member	**30.8**	**–**	30.7	–
– Retired male member	**26.5**	**–**	26.3	–
– Retired female member	**29.3**	**–**	29.2	–

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. 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 £4.2m
Rate of increase in pensions payment	Increase/decrease by 0.5%	Increase/decrease by £19.6m
Discount rate	Increase/decrease by 0.5%	Decrease/increase by £23.4m
Mortality rate	Increase by 1 year	Increase by £8.7m

Movement in defined benefit obligation during the year

	2013		2012	
	UK Pension £m	Other plans £m	UK Pension £m	Other plans £m
1 April	**274.2**	**6.7**	244.5	6.4
Current service cost	**–**	**1.9**	0.6	2.0
Interest expense	**13.5**	**0.3**	13.5	0.3
Benefits paid	**(9.0)**	**(1.4)**	(8.7)	(1.6)
Actuarial loss/(gain)	**12.7**	**0.1**	24.3	(0.1)
Foreign exchange	**–**	**0.3**	–	(0.3)
31 March	**291.4**	**7.9**	274.2	6.7

Movement in fair value of UK plan assets during the year

	2013 £m	2012 £m
1 April	**264.4**	282.1
Expected return on assets	**11.8**	13.1
Contributions received	**0.6**	1.3
Benefits paid	**(9.0)**	(8.7)
Actuarial gain/(loss)	**5.9**	(23.4)
31 March	**273.7**	264.4

The actual return on plan assets was £17.7m (2012 loss: £10.3 million).

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:

	2013		2012	
	UK Pension £m	Other plans £m	UK Pension £m	Other plans £m
Recognised up to 1 April	**(12.9)**	**(0.9)**	34.8	(1.0)
Net actuarial (loss)/gain recognised in the year	**(6.8)**	**(0.1)**	(47.7)	0.1
Cumulative amount recognised at 31 March	**(19.7)**	**(1.0)**	(12.9)	(0.9)

The last actuarial valuation of the defined benefit scheme was carried out at 31 March 2012 by an independent qualified actuary. The Group is currently in discussion on the contributions to the defined benefit scheme during the year to 31 March 2014. The next actuarial valuation as at 31 March 2015 may result in an adjustment to future contribution levels.

The Group estimates the present value of the duration of defined benefit obligations on average to fall due over 20 years.

History of experience gains and losses for the UK pension scheme	2013	2012	2011	2010	2009
Experience adjustments arising on scheme assets:					
Experience gain/(loss) (£m)	**5.9**	(23.4)	5.3	25.6	(11.2)
Percentage of scheme assets	**2.2%**	(8.9%)	1.9%	9.5%	(4.8%)
Experience adjustments arising on scheme liabilities:					
Experience gain/(loss) (£m)	**9.5**	(3.9)	1.5	7.5	1.3
Impact of changes in assumptions (£m)	**(22.2)**	(20.4)	25.3	(34.9)	(1.1)
Total (£m)	**(12.7)**	(24.3)	26.8	(27.4)	0.2
Percentage of scheme liabilities					
Experience gain/(loss)	**3.3%**	(1.4%)	0.6%	2.8%	0.6%
Impact of changes in assumptions	**(7.6%)**	(7.4%)	10.3%	(13.2%)	(0.5%)
Total	**(4.3%)**	(8.8%)	10.9%	(10.4%)	0.1%

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17. Trade and other receivables

	Group		Company	
	2013 £m	**2012** £m	**2013** £m	**2012** £m
Trade receivables	**121.2**	114.7	**–**	–
Less: provision for impairment of receivables	**(6.1)**	(7.8)	**–**	–
Trade receivables – net	**115.1**	106.9	**–**	–
Amounts due from Group undertakings	**–**	–	**579.4**	585.9
Other receivables	**5.9**	4.1	**–**	–
Prepayments and accrued income	**64.7**	67.3	**–**	0.3
	185.7	178.3	**579.4**	586.2

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 past due debtors for the Group is as follows:

	2013		2012	
	Impaired £m	Not impaired £m	Impaired £m	Not impaired £m
0 to 3 months past due	**0.1**	**40.9**	0.1	47.9
Greater than 3 months past due	**6.0**	**9.7**	7.7	12.4
	6.1	**50.6**	7.8	60.3

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	2013 £m	**2012** £m
Sterling	**98.3**	98.8
Euro	**58.4**	57.2
Other Currencies	**29.0**	22.3
	185.7	178.3

Movements on the Group provision for impairment of trade receivables are as follows:

	2013 £m	**2012** £m
1 April	**7.8**	7.3
Provision for receivables impairment	**1.4**	1.6
Receivables written off during the year as uncollectible	**(0.9)**	(0.6)
Provisions no longer required	**(2.2)**	(0.4)
Foreign exchange	**–**	(0.1)
31 March	**6.1**	7.8

The creation and release of the provision for impaired receivables have been included in operating expenses 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.

18. 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 2013	£m	£m	£m	£m	£m	£m	£m
Assets as per balance sheet							
Financial assets of the CCP clearing business							
– CCP trading assets	–	–	3,426.6	**3,426.6**	–	–	**–**
– Receivables for repurchase transactions	127,036.2	–	–	**127,036.2**	–	–	**–**
– Other receivables from clearing members	7,144.8	–	–	**7,144.8**	–	–	**–**
– Financial assets held at fair value	–	–	12.6	**12.6**	–	–	**–**
– Cash and cash equivalents of clearing members	2,681.1	5,795.1	–	**8,476.2**	–	–	**–**
Financial assets of the CCP clearing business	138,862.1	5,795.1	3,439.2	**146,096.4**	–	–	**–**
Assets held at fair value	–	–	6.1	**6.1**	–	–	**–**
Total financial assets for CCP clearing	142,657.2	–	3,445.3	**146,102.5**	–	–	**–**
Trade and other receivables	121.0	–	–	**121.0**	579.4	–	**579.4**
Cash and cash equivalents	446.2	–	–	**446.2**	0.1	–	**0.1**
Available for sale financial assets	–	11.9	–	**11.9**	–	–	**–**
Cross currency interest rate swaps	–	–	4.0	**4.0**	–	4.0	**4.0**
Forward foreign exchange contracts	–	–	0.3	**0.3**	–	–	**–**
Total	**137,429.3**	**5,807.0**	**3,449.6**	**146,685.9**	**579.5**	**4.0**	**583.5**

	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	–	3,426.6	**3,426.6**	–	–	**–**
– Liabilities under repurchase transactions	–	127,036.2	**127,036.2**	–	–	**–**
– Other payables to clearing members	–	15,610.4	**15,610.4**	–	–	**–**
– Financial liabilities held at fair value	–	14.9	**14.9**	–	–	**–**
Financial liabilities of the CCP clearing business	–	146,088.1	**146,088.1**	–	–	**–**
Trade and other payables	–	233.4	**233.4**	–	160.9	**160.9**
Provisions	–	27.3	**27.3**	–	–	**–**
Borrowings	–	796.8	**796.8**	–	796.4	**796.4**
Cross currency interest rate swaps	3.5	–	**3.5**	3.5	–	**3.5**
Forward foreign exchange contracts	–	0.1	**0.1**	–	–	**–**
Total	**3.5**	**147,145.7**	**147,149.2**	**3.5**	**957.3**	**960.8**

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 (amounting to 6 contracts of €50m each), effectively exchange some of the proceeds of the 2016 and the 2019 £250m bonds from sterling into euros to better match the currency of borrowings to the Group's currency of earnings, to reduce exposure to euro denominated net assets and to protect sterling cash flow. 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 and the cash flow components of the swaps exactly match the terms of the underlying bonds. For the year ended 31 March 2013, the Group recognised the £2.5m movement in mark to market value of these derivatives in reserves (2012: £15.6m).

Foreign exchange forward contracts were arranged during the year to hedge the fair value of USD denominated exposures. These hedges forward buy and sell USD payables and receivables, with the mark to market adjustments offsetting the hedged item revaluation in the income statement. This offers more predictable sterling cash flows to the Group at maturity. At 31 March 2013, USD9.9m of receivables and USD7.8m of payables were hedged forward into the next financial year. The market value of the hedges was £0.1m in aggregate.

The Group also entered into forward exchange contracts totalling CAD83.0m for highly probable forecast CAD outflows which were due to mature in the following financial year. These contracts qualify for treatment as an effective cash flow hedge with mark-to-market movements being recognised directly in equity. The market value of the CAD contracts totalled £0.3m.

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 nature and composition of the CCP clearing business assets and liabilities is explained in the accounting policies note on pages 83-84.

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As at 31 March 2013, there were no provisions for impairment in relation to any of the CCP financial assets (2012: nil) and none of these assets were past due (2012: nil).

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 2012	£m	£m	£m	£m	£m	£m	£m
Assets as per balance sheet							
Financial assets of the CCP clearing business							
– CCP trading assets	–	–	4,167.6	4,167.6	–	–	–
– Receivables for repurchase transactions	84,968.2	–	–	84,968.2	–	–	–
– Other receivables from clearing members	4,410.5	–	–	4,410.5	–	–	–
– Financial assets held at fair value	–	–	73.3	73.3	–	–	–
– Cash and cash equivalents of clearing members	6,137.3	–	–	6,137.3	–	–	–
Financial assets of the CCP clearing business	95,516.0	–	4,240.9	99,756.9	–	–	–
Assets held at fair value	–	–	14.6	14.6	–	–	–
Total financial assets for CCP clearing	95,516.0	–	4,255.5	99,771.5	–	–	–
Trade and other receivables	111.0	–	–	111.0	585.9	–	585.9
Cash and cash equivalents	216.0	–	–	216.0	0.2	–	0.2
Available for sale financial assets	–	0.4	–	0.4	–	–	–
Cross currency interest rate swaps	–	–	5.2	5.2	–	5.2	5.2
Total	95,843.0	0.4	4,260.7	100,104.1	586.1	5.2	591.3

	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	–	4,167.7	4,167.7	–	–	–
– Liabilities under repurchase transactions	–	84,968.2	84,968.2	–	–	–
– Other payables to clearing members	–	10,537.9	10,537.9	–	–	–
– Financial liabilities held at fair value	–	73.4	73.4	–	–	–
Financial liabilities of the CCP clearing business	–	99,747.2	99,747.2	–	–	–
Trade and other payables	–	237.5	237.5	–	315.7	315.7
Provisions	–	30.1	30.1	–	–	–
Borrowings	–	757.1	757.1	–	746.6	746.6
Cross currency interest rate swaps	2.1	–	2.1	2.1	–	2.1
Total	2.1	100,771.9	100,774.0	2.1	1,062.3	1,064.4

19. Cash and cash equivalents

	Group		Company	
	2013	**2012**	**2013**	**2012**
	£m	£m	£m	£m
Cash at bank	**217.0**	116.5	**0.1**	0.2
Short term deposits	**229.2**	99.5	**–**	–
	446.2	216.0	**0.1**	0.2

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 money market 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 18). Cash and cash equivalents includes amounts held by regulated entities for regulatory and operational purposes. At 31 March 2013, the Group set aside £200.0m (2012: £165.0m) for such purposes, with the amount subject to regular review with regulators in the UK and Italy.

20. Trade and other payables

		Group		Company	
		2013	2012	2013	2012
	Notes	£m	£m	£m	£m
Trade payables		**30.4**	31.7	**–**	–
Amounts owed to Group undertakings	29	**–**	–	**132.2**	283.8
Social security and other taxes		**12.5**	15.3	**–**	–
Other payables		**26.4**	29.7	**3.3**	3.5
Accruals and deferred income		**164.1**	160.8	**25.4**	28.4
		233.4	237.5	**160.9**	315.7
Current		**230.0**	233.7	**160.9**	315.7
Non-current		**3.4**	3.8	**–**	–
		233.4	237.5	**160.9**	315.7

21. Borrowings

	Group		Company	
	2013	2012	2013	2012
	£m	£m	£m	£m
Current				
Bank borrowings and trade finance loans	**0.4**	10.5	**–**	–
	0.4	10.5	**–**	–
Non-current				
Bonds	**796.5**	499.4	**796.5**	499.4
Bank borrowings	**–**	247.5	**–**	247.5
Deferred arrangement fees	**(0.1)**	(0.3)	**(0.1)**	(0.3)
	796.4	746.6	**796.4**	746.6

The Group has the following committed bank facilities and unsecured notes:

Type	Expiry Date	Notes/Facility £m	Carrying value at 31 March 2013 £m	Interest rate percentage at 31 March 2013 %
Drawn value of Facilities				
Multi-currency revolving credit facility	Jul 2013	250.0	**–**	LIBOR + 0.8
Multi-currency revolving credit facility	Dec 2014	350.0	**–**	LIBOR + 1.25
Multi-currency revolving credit facility	Nov 2015	250.0	**–**	LIBOR + 1.0
Total Bank Facilities		850.0	**–**	
Notes due July 2016	Jul 2016	250.0	**251.3**	6.125
Notes due October 2019	Oct 2019	250.0	**247.9**	9.125
Notes due November 2021	Nov 2021	300.0	**297.3**	4.75
Total Bonds		800.0	**796.5**	
Total Committed Facilities		1,650.0	**796.5**	

MillenniumIT and MillenniumIT Software have un-committed overdraft facility drawings of £0.4m (2012: £0.5m). The Group's three committed bank facility arrangements were undrawn at 31 March 2013.

CC&G has direct intra-day access to refinancing with the Bank of Italy to cover its operational liquidity requirements. In addition, uncommitted tri-party credit lines of €750 million are available from Bank of Italy with refinancing from major Italian banks in relation to support of the MTS markets. If these are drawn they are guaranteed by CCP assets comprising Italian Government Bonds. CC&G also has available to it €150m of committed facilities with banks, for short term CCP related activity purposes only.

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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 per annum 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 per annum throughout this period.

In November 2012, the Company issued a further £300m bond under its euro medium term notes programme (launched at the same time) which is unsecured and is due for repayment in November 2021. Interest is paid semi-annually in arrears in May and November each year. The issue price of the bond was £100 per £100 nominal. The coupon on the bond is fixed at 4.75 per cent per annum.

Fair values

The fair values of the Group's borrowings are as follows:

Group	Carrying value 2013 £m	Fair value 2013 £m	Carrying value 2012 £m	Fair value 2012 £m
Borrowings				
– within one year	**0.4**	**0.4**	10.5	10.5
– after more than one year	**796.4**	**942.4**	746.6	832.8
	796.8	**942.8**	757.1	843.3

The fair values of the Company's borrowings are as follows:

	Carrying value 2013 £m	Fair value 2013 £m	Carrying value 2012 £m	Fair value 2012 £m
Borrowings				
– after more than one year	**796.4**	**942.4**	746.6	832.8
	796.4	**942.4**	746.6	832.8

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:

	2013			2012		
Currency	Drawn £m	Swapped £m	Effective £m	Drawn £m	Swapped £m	Effective £m
Sterling	**796.4**	**(255.5)**	**540.9**	735.1	(250.2)	484.9
Euro	**–**	**255.5**	**255.5**	–	250.2	250.2
Sri Lankan Rupees	**0.4**	**–**	**0.4**	0.5	–	0.5
Hong Kong Dollars	**–**	**–**	**–**	21.5	–	21.5
Total	**796.8**	**–**	**796.8**	757.1	–	757.1

22. Analysis of net debt

	Group		Company	
	2013	2012	2013	2012
	£m	£m	£m	£m
Due within one year				
Cash and cash equivalents	**446.2**	216.0	**0.1**	0.2
Bank borrowings	**(0.4)**	(10.5)	**–**	–
Derivative financial liabilities	**(0.1)**	–	**–**	–
	445.7	205.5	**0.1**	0.2
Due after one year				
Deferred arrangement fees/(bank borrowings)	**0.1**	(247.2)	**0.1**	(247.2)
Bonds	**(796.5)**	(499.4)	**(796.4)**	(499.4)
Derivative financial assets	**4.3**	5.2	**4.0**	5.2
Derivative financial liabilities	**(3.5)**	(2.1)	**(3.5)**	(2.1)
Total net debt	**(349.9)**	(538.0)	**(795.7)**	(743.3)

Reconciliation of net cash flow to movement in net debt

	Group		Company	
	2013	2012	2013	2012
	£m	£m	£m	£m
Increase/(decrease) in cash in the year	**227.6**	(42.9)	**0.3**	(0.6)
Bond issue proceeds	**(297.6)**	–	**(297.6)**	–
Bank loan repayments less new drawings	**257.8**	(224.3)	**247.8**	(247.2)
Change in net debt resulting from cash flows	**187.8**	(267.2)	**(50.0)**	(247.8)
Foreign exchange movements	**2.6**	(7.7)	**(0.4)**	–
Movement on derivative financial assets and liabilities	**(2.4)**	15.6	**(2.6)**	15.6
Bond valuation adjustment	**0.1**	0.1	**0.1**	0.1
Acquired debt	**–**	(34.2)	**–**	–
Net debt at the start of the year	**(538.0)**	(244.6)	**(743.3)**	(511.2)
Net debt at the end of the year	**(349.9)**	(538.0)	**(795.7)**	(743.3)

23. Provisions

	Property
Group	£m
1 April 2011	31.5
Utilised during the year	(3.8)
Interest on discounted provision	1.4
Acquired during the year	1.0
31 March 2012	30.1
Utilised during the year	**(4.1)**
Interest on discounted provision	**1.3**
31 March 2013	**27.3**

Current	**1.1**
Non-current	**26.2**
31 March 2013	**27.3**

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 one and 15 years to expiry.

The Company has no provisions.

24. Ordinary share capital

	2013		2012	
Authorised	millions	£m	millions	£m
Ordinary shares of 6 $^{79}/_{86}$p	**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 page 72.

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25. Net cash flow generated from operations

	Group		Company	
	2013	2012	2013	2012
	£m	£m	£m	£m
Profit before taxation	**298.9**	639.7	**159.1**	136.8
Depreciation and amortisation	**129.2**	95.3	**–**	–
Property impairment	**–**	2.7	**–**	–
Gain on disposal of property, plant and equipment	**1.5**	–	**–**	–
Profit on acquisition/disposal of shares in subsidiary and joint venture	**–**	(323.8)	**–**	–
Net finance expense/(income)	**49.5**	42.6	**(148.9)**	(187.3)
Share of profit after tax of joint ventures	**–**	(3.5)	**–**	–
Decrease/(increase) in inventories	**0.5**	(0.9)	**–**	–
(Increase)/decrease in trade and other receivables	**(3.0)**	13.8	**3.2**	(1.0)
(Decrease)/increase in trade and other payables	**(9.6)**	2.9	**(10.2)**	2.1
Borrowing costs capitalised	**(0.5)**	–	**(0.6)**	–
Goodwill valuation amendment	**(1.2)**	–	**–**	–
(Increase)/decrease in CCP financial assets	**(43,590.5)**	7,702.5	**–**	–
Increase/(decrease) in CCP clearing business liabilities	**43,594.4**	(7,709.8)	**–**	–
Defined benefit pension obligation – contributions (in excess of)/lower than expenses charged	**(1.0)**	0.2	**–**	–
Provisions utilised during the year	**(6.1)**	(3.8)	**–**	–
Decrease/(increase) in assets held at fair value from operating activities	**8.0**	(6.7)	**–**	–
Share scheme expense	**13.1**	12.1	**–**	–
Foreign exchange gains/(losses) on operating activities	**4.3**	(0.9)	**(2.5)**	27.0
Cash generated from/(absorbed by) operations	**487.5**	462.4	**0.1**	(22.4)
Comprising:				
Ongoing operating activities	**480.5**	483.7	**0.1**	(4.2)
Non-recurring items	**7.0**	(21.3)	**–**	(18.2)
	487.5	462.4	**0.1**	(22.4)

26. Commitments and contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Group were £1.6m (2012: £5.6m) and £13.2m (2012: £13.5m) respectively. £11.5m of other contracted commitments represent professional and other fees relating to the proposed transaction with LCH.Clearnet, the majority of which were conditional on completion, on 1 May 2013.

27. 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:

	Property		Equipment	
	2013	2012	2013	2012
Leases expiring in:	£m	£m	£m	£m
Less than one year	**25.3**	24.9	**1.4**	3.1
More than one year and less than five years	**84.0**	80.3	**–**	1.6
More than five years	**82.7**	99.6	**–**	–
	192.0	204.8	**1.4**	4.7

Operating lease payments of £25.6m (2012: £21.5m) were charged to the income statement in the year in relation to property and £3.0m (2012: £3.4m) 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:

	Property	
	2013	2012
Leases expiring in:	£m	£m
Less than one year	**8.2**	4.6
More than one year and less than five years	**21.2**	17.0
More than five years	**10.9**	11.2
	40.3	32.8

The Company has no lease commitments.

28. 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 60-71.

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 1,128,556 (2012: 1,215,289) 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
1 April 2011	445,352	4.30	331,956	5.69	5,616,934	–
Granted	61,448	9.71	489,271	6.13	1,945,642	–
Exercised	(100,704)	3.77	(313,773)	5.69	(234,193)	–
Lapsed/Forfeited	(1,856)	3.45	(18,183)	5.69	(1,235,072)	–
31 March 2012	404,240	5.26	489,271	6.13	6,093,311	–
Granted	**55,440**	**9.85**	**220,046**	**8.20**	**2,814,239**	**–**
Exercised	**(67,570)**	**3.57**	**(3,844)**	**6.13**	**(1,386,330)**	**–**
Lapsed/Forfeited	**(8,995)**	**7.80**	**(20,403)**	**6.13**	**(1,028,747)**	**–**
31 March 2013	**383,115**	**6.16**	**685,070**	**6.79**	**6,492,473**	**–**
Exercisable at:						
31 March 2013	**183,631**	**1.69**	**–**	**–**	**121,483**	**–**
31 March 2012	198,718	1.74	–	–	–	–

The weighted average share price of London Stock Exchange Group plc shares during the year was £10.70 (2012: £8.94).

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

	2013		2012	
	Number outstanding	Weighted average remaining contractual life	Number outstanding	Weighted average remaining contractual life
Share options				
Between £3 and £4	**153,935**	**0.3**	250,686	1.8
Above £4	**229,180**	**4.7**	153,554	3.3
SAYE				
Above £6	**685,070**	**2.2**	489,271	2.8
LTIP				
Nil	**6,492,473**	**1.4**	6,093,311	1.3
Total	**7,560,658**	**1.6**	6,986,822	1.7

NOTES TO THE FINANCIAL STATEMENTS

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 Plan	
	Share Save Plan	Matching Shares	Performance Shares	Restricted Shares	Market Value Options
	10 Jan 2013	21 Jun 2012	19 Jun 2012	19 Jun 2012	19 Jun 2012
Grant date share price	£11.39	£10.00	£9.85	£9.85	£9.85
Exercise price	£8.20	n.a	n.a	n.a	£9.71
Volatility	31%	33%	33%	33%	33%
Expected life	3.14 years	3 years	3 years	3 years	4 years
Dividend yield	2.50%	2.80%	2.90%	2.90%	2.90%
Fair value	£3.48	–	–	–	–
Fair value TSR	–	£3.17	£3.12	£3.26	£1.54
Fair value EPS	–	£9.18	£9.02	£9.02	£2.06

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 into account of the TSR vesting condition. All other fair values of 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.

29. Transactions with Related Parties

Key management compensation

Compensation for Directors of the Company and key personnel who have authority for planning, directing and controlling the Group:

	2013 £m	2012 £m
Salaries and other short term benefits	**8.9**	9.0
Pensions	**0.5**	0.4
Share based payments	**4.6**	0.2
	14.0	9.6

Inter-company transactions with subsidiary undertakings

The Company has loan agreements with some subsidiary undertakings. Details as at 31 March 2013 are shown in the table below:

Loan counterparty	Amount in millions due (owed to)/from as at 31 March 2013	2012	Term	Interest rate as at 31 March 2013	Interest in millions (charge) /credit 2013	2012
London Stock Exchange plc	**£(88.7)m**	£(236.5)m	25 years from May 2006 with five equal annual repayments commencing in May 2027.	LIBOR plus 2% per annum	**£(6.8)m**	£(4.0)m
London Stock Exchange Employee Benefit Trust	**£14.2m**	£10.9m	Repayable on demand.	Non-interest bearing	**nil**	nil
London Stock Exchange Group Holdings (Italy) Limited – Italian Branch	**€450.0m**	€450.0m	Five years from March 2009, repayable in full on maturity in March 2014.	EURIBOR plus 4.0% per annum[1]	**€24.4m**	€27.5m
London Stock Exchange Group Holdings (Italy) Limited – Italian Branch	**€94.5m**	€122.0m	20 years from January 2008 with five equal repayments commencing in January 2024.	EURIBOR plus 1.2% per annum	**€2.6m**	€3.9m
London Stock Exchange Group Holdings Limited	**£463.6m**	£461.1m	Fifth anniversary of the initial utilisation date which was October 2009.	LIBOR plus 4.0% per annum	**£22.1m**	£6.7m
London Stock Exchange Group Holdings (R) Limited	**£(0.6)m**	£(0.6)m	Fifth anniversary of the initial utilisation date which was April 2011.	LIBOR plus 1.5% per annum	**nil**	nil
Cassa di Compensazione e Garanzia S.p.A.	**nil**	€(40.0)m	One year from initial utilisation date which was January 2012.	EURIBOR plus 1.2% per annum	**€(0.5)m**	€(0.1)m
Monte Titoli S.p.A.	**€(31.9)m**	€(18.2)m	One year from initial utilisation date which was January 2012, extended for further six months to July 2013.	EURIBOR plus 1.2% per annum	**€(0.4)m**	nil
Societa Mercato Titoli di Stato S.p.A.	**€(22.2)m**	€(5.7)m	One year from initial utilisation date which was January 2012, extended for further six months to July 2013.	EURIBOR plus 1.2% per annum	**€(0.2)m**	nil
London Stock Exchange (C) Limited	**€13.8m**	nil	Fifth anniversary of the initial utilisation date which was April 2012.	EURIBOR plus 1.5% per annum	**€(0.3)m**	nil

1 The interest margin was reduced to 3.5 per cent per annum on 22 March 2013.

During the year the Company charged in respect of employee share schemes £8.0m (2012: £8.8m) to London Stock Exchange plc, £2.8m (2012: £2.8m) to London Stock Exchange Group Holdings (Italy) Ltd, £0.7m (2012: £0.5m) to Millennium Information and £1.2m (2012: nil) to FTSE Group. The Company received dividends of £112.4m (2012: £121.8m) and €60.0m (2012: €90.0m) respectively from its subsidiaries London Stock Exchange plc and London Stock Exchange Group Holdings (Italy) Limited.

30. Other Statutory Information

Auditors' remuneration payable to PricewaterhouseCoopers LLP (PwC) and its associates comprise the following:

	2013 £m	2012 £m
Audit of parent and consolidated financial statements	**0.2**	0.2
Audit of subsidiary companies	**1.0**	0.9
Audit related assurance services	**0.4**	0.3
Other non-audit services:		
– Taxation	**0.2**	0.1
– Corporate finance	**0.6**	2.8
– Other assurance services	**0.1**	–
Total expenses	**2.5**	4.3

Further details of the services provided by PwC are given in the Report of the Audit and Risk Committee on pages 58-59.

Directors' emoluments comprise the following:

	2013 £m	2012 £m
Salary and fees	**2.6**	2.5
Performance bonus	**2.6**	2.6
Gains made on share awards	**4.9**	0.2
Benefits	**0.3**	0.1
	10.4	5.4
Contributions to defined contribution schemes	**0.3**	0.3
	10.7	5.7

During the year no Directors (2012: two) had retirement benefits accruing under defined contribution schemes and one Director (2012: none) had retirement benefits accruing under a defined benefit scheme.

Further details of Directors' emoluments are included in the Remuneration Report on pages 60-71.

31. Post balance sheet events

On 5 April 2013, FTSE Group and TMX Group Limited announced the completion of the transaction to combine their fixed income businesses in a new joint venture, FTSE TMX Global Debt Capital Markets. A cash consideration of CAD112.2m was paid to TMX for a 75 per cent holding in the joint venture with TMX holding the remaining interest.

On 1 May 2013, the Group completed the majority acquisition of LCH.Clearnet Group Limited. The Group acquired 55.5 per cent of the share capital which in addition to the 2.3 per cent already held gives the Group a total holding of 57.8 per cent. The consideration paid was €328m with up to a further €23m payable as deferred consideration. In addition to the acquisition the Group will participate in a capital raise, in proportion to its shareholding, resulting in a further €185m investment.

MARKET STRUCTURES

To understand all the services offered by a diversified exchange business, it is important to be aware of both the process of trading financial instruments and the various trading platforms available within the EU. With an effective date of introduction of November 2007, the EU's Markets in Financial Instruments Directive sought to increase competition and consumer protection in investment services. Information provided here focuses on two main areas:

The process of trading

	PROCESS	EXPLANATION	THE GROUP'S INVOLVEMENT
	Electronic trading	Computerised systems for matching buy and sell orders of financial instruments, such as equities, bonds and derivatives.	— Equities – London and Italian trading platforms and Turquoise pan-European trading — ETFs, ETCs – London and Italian trading platforms — Bonds – MTS, MOT and ORB — Derivatives – Turquoise, IDEM, IDEX and AGREX
	Clearing	After a trade has been matched by a trading system, it is usually cleared. At this stage, a central counterparty (CCP) may stand between the buyer and seller. In simultaneously buying from the seller, and selling to the buyer, the CCP reduces the counterparty risk to both parties. This is because if one party defaults, the CCP will still ensure that the trade is completed with the other party.	CC&G acts as a CCP for Italian cash equities, derivatives and fixed income. CC&G also provides non-guaranteed clearing processing functions for London Stock Exchange equities and Turquoise derivatives. Following completion of the acquisition of a majority stake in LCH.Clearnet in May 2013, the Group now has ownership of clearing services in the UK, France and the US.
Post Trade	**Settlement**	Settlement is the process of delivering title to the financial instrument to the buyer against payment to the seller. For equities, this normally takes place three days after the trade. Netted settlement reduces a large number of positions to a single position/payment. Settlement operates both for transactions through a trading system and those completed over the counter (OTC).	Monte Titoli operates the X-TRM and EXPRESS II systems, which cover Italian pre-settlement and settlement, creating netted settlement instructions, making the actual payments and delivering securities.
	Custody	A custodian or Central Securities Depositary undertakes the safekeeping and administration of securities on behalf of issuers and investors.	Monte Titoli provides Italian custody services for financial instruments such as equities and bonds, whether dematerialised or in paper form. De-materialised securities are those that can be held without the need for paper certificates.

Trading under MiFID

	EXPLANATION	ATTRIBUTES	THE GROUP'S INVOLVEMENT
Exchange model for trading	— Traded through trading platforms run by an operator of a Regulated Market.	— Regulated — Order driven — Neutral — Transparent — Liquid — Widest stock coverage — Widest client base	— Trading platforms offered by the London Stock Exchange and Borsa Italiana, including securities listed and/or admitted to trading on the Group's primary markets
	— On exchange business done off order book and reported to a Regulated Market.	— Telephone trading	— On exchange trade reporting and publication
MTF	MiFID allowed for the setting up of Multilateral Trading Facilities, new pan-European trading ventures thereby promoting venue choice. Trading is mainly of securities listed on the primary market of a regulated exchange.	— Regulated — Order driven — Neutral — Transparent — Can include dark pool trading (see below)	— MTF services provided through Turquoise and Euro MTS
OTC	Over-the-counter/bilateral market conducted through electronic systems or by telephone. Electronically connected market consisting of dealers who are in constant contact, thereby facilitating trading directly between two parties.	— Regulated participants — Large or block trades — Way to trade less liquid stocks	— OTC trade reporting and publication services

What is dark pool trading?

Private trading networks (within Europe these are MTFs) developed to enable the internal matching of orders between buyers and sellers without being visible until the trade is complete, thereby creating a regulated environment in which to execute larger trades. Turquoise, the Group's pan-European MTF, provides a dark pool service, as well as 'Lit' trading whereby traders can see potential buy and sell orders in advance. Brokers also operate OTC dark pools.

GLOSSARY

AGREX
The Group's Italian agricultural commodities derivatives segment of IDEM

AIM
The Group's market for smaller and growing companies established in London and now extended to AIM Italia – MAC

BIt
Borsa Italiana S.p.A., the Group's Italian exchange business

CAGR
Compound annual growth rate

CCP
Central Counterparty – stands between two parties to a trade to eliminate counterparty risk by ensuring that settlement takes place

CC&G
Cassa di Compensazione e Garanzia S.p.A., the Group's Italian subsidiary which manages the Italian CCP for equity, derivative, commodity and fixed income trades

Central Securities Depository (CSD)
An entity that enables securities to be processed, settled and held in custody

Company or LSEG
London Stock Exchange Group plc

CONSOB
Commissione Nazionale per le Società e la Borsa, Italy's official body for regulating and supervising companies and trading infrastructure providers

CREST
The system for the paperless settlement of trades in securities and the holding of uncertified securities in the UK operated by Euroclear UK & Ireland Limited and regulated by the Bank of England

CPI
Consumer Price Index which measures changes in the price of consumer goods and services purchased by households

Dark Pool
Electronic trading networks developed by regulated venues such as Regulated Markets, MTFs and by OTC broker dealers to enable the matching of orders between buyers and sellers without pre-trade transparency until the trade is complete, using exemptions permitted under current MiFID and thereby creating a secure environment in which to execute larger trades

Depositary Receipts/Global Depositary Receipts (GDR)
Tradeable certificates representing ownership of a number of underlying shares, mainly for companies in developing or emerging markets

Derivatives
Tradeable financial instruments whose value is determined by the value of other underlying financial instruments

EBITDA
Earnings before interest, tax, depreciation and amortisation

European Market Infrastructure Regulation (EMIR)
European legislation on regulation of clearing of derivatives, and the operation and governance of CCPs and trade repositories

ESOP
Employee Share Option Plan

ETC
Exchange Traded Commodity – securities that provide exposure to a range of commodities and commodity indices

ETF
Exchange Traded Fund – low cost and flexible investments that track indices and sectors

ETP
Exchange traded products including ETFs and ETCs

FCA
Financial Conduct Authority, the current regulator of conduct of providers of financial services in the UK and trading venues such as Recognised Investment Exchanges (RIEs) and MTFs

FSA
Financial Services Authority, the former regulator in the UK, replaced by FCA and PRA

FTSE Group or FTSE
FTSE International Limited and its subsidiaries, the Group subsidiary that is a leading global provider of index and analytics solutions

FTSE 100 Index
The index developed by FTSE and London Stock Exchange for leading UK quoted companies

FTSE MIB Index
The index developed by FTSE and Borsa Italiana for leading Italian quoted companies

Group
The Company and its group undertakings

Group undertakings
Group undertakings shall be construed in accordance with s1161 of the Companies Act 2006 and, in relation to the Company, includes London Stock Exchange plc, Borsa Italiana S.p.A. and FTSE International Limited, together with respective direct and indirect subsidiaries

IDEM
The Group's Italian Derivatives Market, trading contracts based on equities and related indices

IDEX
The Group's Italian energy derivatives segment, trading contracts based on commodities and related indices

IOB
International Order Book – the Group's electronic trading service for international securities

IPO
Initial Public Offering – the process whereby companies join our markets and raise capital for the first time

Latency
A measure of time delay experienced in a system, measured in milliseconds (1/1,000th of a second) or microseconds (1/1,000,000th of a second)

LCH.Clearnet or LCH.Clearnet Group
LCH.Clearnet Group Limited and its subsidiaries, the Group's 57.8 per cent owned global clearing and risk management business

Main Market
The market for companies which have been admitted to trading on the London Stock Exchange's principal market; and in Italy, the market for companies listed on Borsa Italiana's principal MTA market

MIC
The interbank collaterised deposit market in Italy managed by CC&G

MiFID or Markets in Financial Instruments Directive
EU Directive introduced in November 2007 to harmonise cross-border trading of equities, providing greater choice of trading venues and currently under review leading to MiFID II and MiFIR (a directive and regulation)

Millennium Exchange
MillenniumIT's multi-asset trading platform, deployed for the UK, Italian and Turquoise equities markets

Millennium NewClear
MillenniumIT's post trade technology, providing trade routing and central counterparty (CCP) services across a wide range of products and markets

MillenniumIT
Millennium Information Technologies Limited, the Group's subsidiary that is the developer of flexible, low cost, high performance trading platforms and financial markets software serving both the Group's own businesses and third parties

Monte Titoli
Monte Titoli S.p.A., the Group's Italian Central Securities Depository and settlement company

MOT
Mercato Obbligazionario Telematico is the Group's Italian retail bond trading platform

MTA
Mercato Telematico Azionario is the Group's Italian electronic market on which shares, convertible bonds, warrants and option rights are traded

MTS
Società per il Mercato dei Titoli di Stato S.p.A., the Group's 60 per cent subsidiary which owns and operates an electronic trading platform for European fixed income securities

Multilateral Trading Facility (MTF)
Alternative electronic trading systems as categorised under MiFID

NOMAD
Nomad or Nominated Adviser is the primary regulator of an AIM company

ORB
The Group's Order Book for Retail Bonds

OTC
Over-the-counter transactions executed away from an exchange or MTF

Proquote
The Group's financial market software and data services provider

Regulated Market
A multilateral system which brings together multiple third party buying and selling in financial instruments in accordance with rules, authorised under provisions of MiFID

Repo
Repurchase Agreement – the process of borrowing money by combining the sale and subsequent repurchase of an asset

Retail Service Providers (RSP)
Broker network providing electronic pricing and execution services for retail investors

RNS
Regulatory News Service, the Group's Primary Information Provider, for dissemination of regulatory and non-regulatory news to the market

RPI
The Retail Price Index which measures inflation in the UK economy

SEDOL Masterfile (SMF)
The Group's securities identification service

SETS
The electronic order book operated by the London Stock Exchange for the most liquid securities

SOLA®
Derivatives trading platform used by Turquoise Derivatives and IDEM, supplied to the Group by TMX Group

Specialist Fund Market (SFM)
The Group's regulated market for highly specialised investment entities that wish to target institutional, professional and highly knowledgeable investors

TARGET2-Securities (T2S)
Initiative led by the European Central Bank to provide a platform for settlement of bonds and equities traded in the Eurozone, expected to be launched in 2015

Transaction Reporting Service (TRS)
Approved Reporting Mechanism, part of the UnaVista range of services

Turquoise
Turquoise Global Holdings Limited and its subsidiaries, the Group's 51 per cent owned pan-European MTF trading subsidiary, a venture between the Group and 12 global investment bank clients

UnaVista
The Group's web-based matching, reconciliation and data integration engine that provides matching of post trade data in a simple, automated process

X-TRM
The Group's post trade router, to manage the trade flows between two competing CCPs and onward to settlement

FINANCIAL CALENDAR

(Provisional)

AGM	18 July 2013
Q1 Interim Management Statement (revenues only)	18 July 2013
Ex-dividend date for final dividend	24 July 2013
Final dividend record date	26 July 2013
Final dividend payment	19 August 2013
Half year end	30 September 2013
Interim Results	November 2013
Q3 Interim Management Statement (revenues only)	January 2014
Financial year end	31 March 2014
Preliminary Results	May 2014

The financial calendar is updated on a regular basis throughout the year.

Please refer to our website **www.lseg.com/investor-relations/investor-relations.htm** and click on the shareholders services section for up-to-date details.

The Group's AGM for the year ended 31 March 2013 will be held on 18 July 2013 at Plaisterers' Hall, One London Wall, London EC2Y 5JU, starting at 11:00am.

INVESTOR RELATIONS

Shareholder services

Equiniti registrars shareview service

Shareholders who hold London Stock Exchange Group shares in certificated form or within Equiniti Investment Account or ISA can access Shareview. Shareview is a free service provided by our registrars, Equiniti. It may be accessed through the internet at **www.shareview.co.uk**

By creating a Shareview portfolio, you will gain online access to information about your London Stock Exchange Group shares and other investments including:

- Direct access to information held for you on the share register including share movements
- A daily indicative valuation of all investments held in your portfolio
- A range of information and practical help for shareholders.

To register at Shareview you will need your shareholder reference (which can be found on your share certificate) and you will be asked to select your own personal identification number. A user ID will then be posted to you.

If you have any problems in registering your portfolio for the Shareview service, contact Equiniti on 0871 384 2544. Calls to this number are charged at eight pence per minute from a BT landline. Other telephone providers' costs may vary. For calls from outside the UK, contact Equiniti on +44 121 415 7047. Please note that you should only use electronic addresses included in this Annual Report for the purposes expressly stated.

Group's share price service

To obtain share price information for London Stock Exchange Group plc, see our website at: **www.lseg.com**

By clicking on the Investor Relations tab, you will find the Company's share price, historical closing prices and volumes and an interactive share price graph.

Alerting service

To receive email alerts when financial reports, news releases and webcasts are posted on our Investor Relations website, register at: **www.lseg.com** and follow the link in the section on financial performance – reports and key documents.

Substantial Shareholders

As at 14 May 2013, the Company had been notified of the following interests amounting to more than three per cent in the issued share capital of the Company in accordance with DTR 5 of the FSA's Disclosure and Transparency Rules:

Borse Dubai Limited	21.0%
Qatar Investment Authority	15.4%
FIL Limited	5.2%

INVESTOR RELATIONS CONTACTS

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London Stock Exchange Group plc
10 Paternoster Square
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For enquiries relating to shareholdings in London Stock Exchange Group plc:

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Visit the investor relations section of our website for up-to-date information including the latest share price, announcements, financial reports and details of analysts and consensus forecasts www.lseg.com/investor-relations/investor-relations.htm

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