London Stock Exchange Group plc
10 Paternoster Square
London EC4M 7LS
www.londonstockexchangegroup.com

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LONDON STOCK EXCHANGE GROUP AND GLOBAL INVESTMENT BANKS TO PARTNER IN PAN-EUROPEAN TRADING VENTURE

Acquisition of Turquoise and merger with Baikal

London Stock Exchange Group plc (LSEG) and Turquoise Trading Limited (Turquoise) today announced their agreement to create a new pan-European trading venture through a merger of the businesses of Turquoise and Baikal Global Limited (Baikal).

The new venture, an FSA regulated Multilateral Trading Facility (MTF), will expand LSEG services across Europe in both lit and dark trading, and liquidity aggregation, with the express objective of driving European trading volume growth and promoting venue choice. It will benefit from synergies with LSEG infrastructure and the planned migration to MillenniumIT trading technology.

Continuing to trade under the Turquoise name, the merged entity will be 60 per cent owned by LSEG and 40 per cent owned by the existing Turquoise shareholders, who are global investment banking clients of LSEG. LSEG intends to broaden equity participation in the new venture by selling up to a further nine per cent of the issued share capital to other interested parties. LSEG will retain a majority shareholding in the new venture.

As a neutral venue, Turquoise will be open to all market participants active in Europe and will be designed to inspire the confidence of the region's regulators. Exchange operated, the new venture will build upon Turquoise's existing pan-European lit order book and successful dark pool, as well as drawing upon Baikal's innovative product pipeline.

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Commenting on the agreement, Xavier Rolet, CEO of LSEG and Chairman-designate of the new venture, said:

"We are very pleased to be joining forces with a number of our major clients in a partnership which we believe will offer an attractive range of innovative and competitively priced products and services across Europe.

"The European marketplace for trading securities has scope to become more efficient and to grow significantly in the coming years. Turquoise's existing pan-European footprint is a strong proposition and together with the introduction of new trading technology and a neutral structure, we believe it is now well positioned to be an agent of change and to capture a healthy slice of the market's growth potential."

Eli Lederman, CEO of Turquoise, added:

"Our partnership with London Stock Exchange Group is an important transaction for the next stage of Turquoise's development. In our first 18 months of operation we have achieved a pan-European footprint in both lit and dark trading. With the support of London Stock Exchange Group we will be able to simplify our operational structure, attract a wider network and expand the platform's product base."

Phil Hylander, Head of Principal Strategic Investments at Goldman Sachs, said:

"The renewal of a partnership with the London Stock Exchange is a major step forward in the evolution of pan-European market structure. It is of fundamental importance that ventures such as Turquoise, which are critical for competition, are allowed to survive and flourish.

"The injection of technology, brand, and experience that Turquoise will get from the London Stock Exchange, increases the likelihood of real, lasting competition in a marketplace characterised by established local players. In addition, it provides a platform for innovation outside of the traditional cash equity markets."

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Stephen McGoldrick, Director, Market Infrastructure at Deutsche Bank, said:

"This is an important step in the evolution of the European equities market and the ongoing drive towards lowering the cost of trading, which has been Turquoise's goal since inception. We are pleased to be involved."

Simon Hogan, Morgan Stanley's Chief Operating Officer for Sales and Trading in Europe, said:

"Combining the operational expertise and MillenniumIT platform of the LSEG with the market structure insights of a number of the largest European trading participants creates a dynamic and powerful partnership with every chance of success in the European equity market and other asset classes."

LSEG will fully fund the cash needs of the new venture within an agreed framework for the first 24 months from completion and intends to bring the business to sustainable profitability   For the year ended 31 December 2008, Turquoise's losses before tax were £15.7 million and its gross assets at 31 December 2008 were £11.0 million. LSEG will incur exceptional costs of up to £20 million in the current financial year, comprising the write off of legacy technology costs, and provisions for restructuring and integration costs, including contract exit costs. Significant cost savings are expected to be achieved by merging Baikal and Turquoise. The transaction is expected to be dilutive in terms of adjusted earnings per share in FY 2011 while the Turquoise and Baikal businesses are combined and developed, and positive from FY 2012.

The transaction will be effected through the acquisition by a newly-incorporated subsidiary of LSEG of the existing Turquoise shareholders' interest in Turquoise. In consideration for the transaction, the existing Turquoise shareholders will receive 40 per cent of the issued share capital in the new company which will also become the holding company of Baikal. The transaction is expected to complete mid-February 2010, subject to satisfaction of all conditions to the agreement (including the receipt of all necessary regulatory clearances).

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Turquoise will continue to be regulated by the FSA as an MTF under MiFID.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

Patrick Humphris	LSEG Press Office	+44 (0)20 7797 1222
Patrick Donovan Grant Ringshaw Lucie Holloway	Citigate Dewe Rogerson	+44 (0)20 7638 9571
Paul Froud	LSEG Investor Relations	+44 (0)20 7797 3322

Notes to editors:

About Turquoise:

Turquoise is owned by a consortium comprising the following shareholders: Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, BofA Merrill Lynch, Morgan Stanley, UBS, BNP Paribas and Société Générale.

About London Stock Exchange Group:

London Stock Exchange Group is Europe's leading diversified exchange business, incorporating Borsa Italiana and London Stock Exchange. With over 500 member firms and more than 3,000 companies quoted across its markets, the Group operates the largest and most liquid equity marketplace in Europe.

The Group offers trading in a wide range of instruments, holding the number one position in trading exchange traded products (ETFs and ETCs) and through its interest in MTS, is the leading platform for the trading of fixed income products. Through MOT it offers a comprehensive range of European corporate and government bond trading services. Its Italian Derivatives Exchange Market (IDEM) sees over €2.5 billion worth of trading every day, and through EDX London the Group provides a facility for the trading of Scandinavian and Russian equity derivatives.

London Stock Exchange Group also offers post-trade services such as netting, clearing and settlement on an efficient and competitive basis. These include services from Monte Titoli, the Central Securities Depository for all Italian financial instruments, and Cassa di Compensazione & Garanzia (CC&G), which in July 2009 was granted Recognised Overseas Clearing House (ROCH) status by the FSA to operate in the UK.

London Stock Exchange itself is the world's most international exchange with over 600 overseas companies from more than 70 countries quoted on its markets. These figures include international companies on AIM, the London Stock Exchange's growth market, which has grown to become the world's most successful market for small and medium sized enterprises with 1,385 companies at the end of July 2009.