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FOR IMMEDIATE RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

26 February 2017

RECOMMENDED ALL SHARE MERGER BETWEEN LONDON STOCK EXCHANGE GROUP PLC AND DEUTSCHE BÖRSE AG

Update on the European Commission Phase II proceedings

On 28 September 2016, the European Commission ("**Commission**") announced the commencement of Phase II proceedings in connection with its review of the proposed merger between London Stock Exchange Group plc ("**LSEG**") and Deutsche Börse AG ("**Deutsche Börse**") (the "**Merger**"). As announced on 7 February 2017, the Commission began a period of market testing based on LSEG's and Deutsche Börse's submitted commitments, comprising of the proposed sale of LCH SA to Euronext N.V..

On 16 February 2017, the Commission unexpectedly raised new concerns about the viability of the LCH SA remedy in relation to access to bond and repo trading feeds currently provided by MTS S.p.A ("**MTS**"). The merger parties presented an improved and clear-cut structural remedy to complement the divestment of LCH SA, which addressed the Commission's specific concerns. This improved remedy was, in the parties' view, effective and capable of ready implementation, but it was rejected by the Commission. Instead, the Commission required that the parties commit to the divestment of LSEG's majority stake in MTS to secure merger clearance. Notwithstanding that LSEG regards the required MTS remedy as disproportionate, LSEG tested thoroughly the feasibility and implications of this remedy. Following further detailed discussions, the Commission requested that the parties formally submit a remedy proposal for the divestment of LSEG's majority stake in MTS by 12pm (CET) on Monday, 27 February 2017.

MTS is a leading regulated electronic trading platform for European wholesale Government Bonds and other fixed income securities. It is a systemically important regulated business in Italy due to its significant role in the trading of Italian Government bonds and other securities. Although MTS is not on its own a major contributor to LSEG Group revenues, LSEG's Italian businesses represent a significant proportion of LSEG Group revenues and profitability.

Any change of control of MTS would require, in particular, the approval of the Italian authorities and would trigger parallel regulatory approval processes in other jurisdictions including the UK, Belgium, France and the USA.

Following dialogue with Italian authorities about the Commission's required remedy and given prior discussions between the principals and Italian authorities regarding LSEG's Italian businesses in the context of the Merger, the LSEG Board believes that it is highly unlikely that a sale of MTS could be satisfactorily achieved, even if LSEG were to give the commitment. Moreover, the LSEG Board believes the offer of such a remedy would jeopardise LSEG's critically important relationships with these regulators and be detrimental to LSEG's ongoing businesses in Italy and the Combined Group, were the Merger to complete.

LSEG has always been committed to maintaining excellent relationships with all its stakeholders, including the regulators in its significant markets. Its business is built on trust and transparency with its regulators, and this has been fundamental to sustaining its successful growth over many years.

Taking all relevant factors into account, and acting in the best interests of shareholders, the LSEG Board today concluded that it could not commit to the divestment of MTS. LSEG will therefore not be submitting a remedy proposal with respect to MTS. Based on the Commission's current position, LSEG believes that the Commission is unlikely to provide clearance for the Merger.

Nevertheless, the LSEG Board remains convinced of the strategic benefits of the Merger and recognises the strong support from shareholders for the transaction. LSEG will continue to take steps to seek to implement the Merger. In addition to Commission clearance, the Merger is conditional on regulatory clearances from Italian regulators and all relevant regulators including the Bank of England, FCA, BaFin and the Hessian Exchange Supervisory Authority ("**HESA**"), as well as all other relevant regulators and authorities in all other countries in which LSEG operates. While discussions are being progressed with a number of these regulators, the regulatory process has not yet been concluded and formal engagement has not yet begun with HESA.

The LSEG Board is highly confident in the strength of LSEG's business, strategy and prospects on a stand alone basis, under its strong management team led by Chief Executive Xavier Rolet. LSEG will announce Preliminary Results for the year ended 31 December 2016 on 3 March 2017. LSEG expects to report strong progress across all business areas and has continued to invest to drive multiple growth opportunities. The group continues to deliver on its successful strategy based on customer partnership and the Open Access model and is strongly positioned to make further progress as a well diversified financial markets infrastructure business with a global footprint.

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Notes to Editors

For further information visit: www.lseg.com

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Forward looking statements

This announcement, oral statements made regarding the Merger, and other information published by LSEG contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of LSEG about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Merger on LSEG and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although LSEG believes that the expectations reflected in such forward-looking statements are reasonable, LSEG can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the LSEG Conditions and the DBAG Conditions (as defined in the Rule 2.7 announcement made on 16 March 2016), as well as additional factors, such as: future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as the Combined Group's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Combined Group will operate or in economic or technological trends or conditions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither LSEG, nor any of its associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the FCA), LSEG is not under any obligation, and LSEG expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Publication of this announcement

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available on the website of the London Stock Exchange at www.londonstockexchange.com by no later than 12 noon (London time) on the business day following this announcement. The content of the websites referred to in this announcement are not incorporated into and do not form part of this announcement.