

CSDs: Euroclear Belgium (Belgium), CRESTCo (UK), CRESTCo Ireland (Ireland), DTC (USA),
Euroclear France (France), Euroclear Nederland (Netherlands), Global (Global)
SMI Markets: Belgium, France, Ireland, Netherlands, UK, USA, Global
CMIRR Markets: Belgium, France, Ireland, Netherlands, UK, USA

Date: 23
Oct 2008

Proposed Merger of DTCC and LCH.Clearnet

The Depository Trust & Clearing Corporation (DTCC) and LCH.Clearnet have signed non-binding heads of terms regarding the proposed merger of the two companies. As a result of the transaction, LCH.Clearnet shareholders would receive total consideration of up to EUR 739 million, the majority of which would be funded through LCH.Clearnet's revenue. Further, it is intended that DTCC's existing European subsidiary, EuroCCP, will join with the new LCH.Clearnet HoldCo entity to form a single European clearing business.

The merger proposal aims to create the world's leading clearing house, which would operate a user-owned, user-governed model, with LCH.Clearnet moving to an at-cost based structure comparable to DTCC's within three years.

DTCC and LCH.Clearnet shall continue negotiating on the basis of the non-binding heads of terms. The signing of the definitive documentation and details of terms of the transaction will be announced by 15 March 2009.

More details are available at: http://www.lchclearnet.com/media_centre/press_releases/2008-10-22.asp

CSD Risk Impact

Euroclear Belgium (Belgium)

This flash is for information only and has no material impact on any risk categories.

CRESTCo (UK)

This flash is for information only and has no material impact on any risk categories.

CRESTCo Ireland (Ireland)

This flash is for information only and has no material impact on any risk categories.

DTC (USA)

Impacted Risk Type: Financial Risk

Current Rating = AAA

Flash Impact = On Watch

The proposed merger is expected to result in significant synergies and improved efficiencies for the new entity, largely as a result of technology savings and economies of scale. Initial indications suggest that cost savings derived synergies would amount to approximately 7-8% of the combined group's operating costs. The financial risk impact is set 'On Watch' pending the finalisation of the merger.

Euroclear France (France)

This flash is for information only and has no material impact on any risk categories.

Euroclear Nederland (Netherlands)

This flash is for information only and has no material impact on any risk categories.

Global (Global)

This flash is for information only and has no material impact on any risk categories.

Market Information Impact

Belgium

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

France

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

Ireland

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

Netherlands

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

UK

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

USA

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

Global

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Belgium

Market Rating: A+

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA

Flash Impact = On Watch

The planned merger of DTCC and LCH.Clearnet may change the European clearing landscape as LCH.Clearnet HoldCo will be operating at an 'at-cost' basis which could drive down the price of clearing services and further enhance competition between CCPs in the region. It is also intended to include EuroCCP (DTCC's European clearing arm) under LCH.Clearnet HoldCo to form a single European clearing business.

The proposed merger is also expected to result in significant synergies and improved efficiencies for the new entity, largely as a result of technology savings and economies of scale. Initial indications suggest that cost savings derived synergies would amount to approximately 7-8% of the combined group's operating costs. The financial risk impact is set 'On Watch' pending the finalisation of the merger.

France

Market Rating: AA-

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA

Flash Impact = On Watch

The planned merger of DTCC and LCH.Clearnet may change the European clearing landscape as LCH.Clearnet HoldCo will be operating at an 'at-cost' basis which could drive down the price of clearing services and further enhance competition between CCPs in the region. It is also intended to include EuroCCP (DTCC's European clearing arm) under LCH.Clearnet HoldCo to form a single European clearing business.

The proposed merger is also expected to result in significant synergies and improved efficiencies for the new entity, largely as a result of technology savings and economies of scale. Initial indications suggest that cost savings derived synergies would amount to approximately 7-8% of the combined group's operating costs. The financial risk impact is set 'On Watch' pending the finalisation of the merger.

Ireland

Market Rating: AA-

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA

Flash Impact = On Watch

The planned merger of DTCC and LCH.Clearnet may change the European clearing landscape as LCH.Clearnet HoldCo will be operating at an 'at-cost' basis which could drive down the price of clearing services and further enhance competition between CCPs in the region. It is also intended to include EuroCCP (DTCC's European clearing arm) under LCH.Clearnet HoldCo to form a single European clearing business.

The proposed merger is also expected to result in significant synergies and improved efficiencies for the new entity, largely as a result of technology savings and economies of scale. Initial indications suggest that cost savings derived synergies would amount to approximately 7-8% of the combined group's operating costs. The financial risk impact is set 'On Watch' pending the finalisation of the merger.

Netherlands

Market Rating: AA-

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA

Flash Impact = On Watch

The planned merger of DTCC and LCH.Clearnet may change the European clearing landscape as LCH.Clearnet HoldCo will be operating at an 'at-cost' basis which could drive down the price of clearing services and further enhance competition between CCPs in the region. It is also intended to include EuroCCP (DTCC's European clearing arm) under LCH.Clearnet HoldCo to form a single European clearing business.

The proposed merger is also expected to result in significant synergies and improved efficiencies for the new entity, largely as a result of technology savings and economies of scale. Initial indications suggest that cost savings derived synergies would amount to approximately 7-8% of the combined group's operating costs. The financial risk impact is set 'On Watch' pending the finalisation of the merger.

UK

Market Rating: AA-

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA

Flash Impact = On Watch

The planned merger of DTCC and LCH.Clearnet may change the European clearing landscape as LCH.Clearnet HoldCo will be operating at an 'at-cost' basis which could drive down the price of clearing services and further enhance competition between CCPs in the region. It is also intended to include EuroCCP (DTCC's European clearing arm) under LCH.Clearnet HoldCo to form a single European clearing business.

The proposed merger is also expected to result in significant synergies and improved efficiencies for the new entity, largely as a result of technology savings and economies of scale. Initial indications suggest that cost savings derived synergies would amount to approximately 7-8% of the combined group's operating costs. The financial risk impact is set 'On Watch' pending the finalisation of the merger.

USA

Market Rating: AA-

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AAA

Flash Impact = On Watch

The proposed merger is expected to result in significant synergies and improved efficiencies for the new entity, largely as a result of technology savings and economies of scale. Initial indications suggest that cost savings derived synergies would amount to approximately 7-8% of the combined group's operating costs. The financial risk impact is set 'On Watch' pending the finalisation of the merger.

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