

Press Release

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LCH.Clearnet successfully manages Lehman default

London, 23 September 2008

LCH.Clearnet, central counterparty to a significant proportion of Lehman trades, is pleased to announce that the default is being successfully managed; risk exposure has fallen by over 90% since the default and any remaining exposure is well within margin held. Furthermore, LCH.Clearnet is working closely with market participants to ensure the orderly transition and management of positions with minimum impact on the market.

- The vast majority of client requests to transfer derivative positions held in client and house accounts have been completed.
- The equity and energy portfolios of Lehman exchange traded derivative positions have been sold through a sealed bid process.
- The repo portfolio is now hedged and the remaining settlements are being worked through.
- The swap book is being managed according to the SwapClear default management process. The market risk exposure has been hedged on our behalf by six of the SwapClear members and the swap portfolio is due to be auctioned over the next two weeks.
- Equity positions have been closed out and are being settled as appropriate.
- Residual exchange traded derivative positions will be closed in the market or sold through sealed bids.

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LCH.Clearnet is consequently confident that it will not be necessary to use the default funds in the management of the Lehman default.

Roger Liddell, Chief Executive, LCH.Clearnet said: "This is the most complex and challenging default in our history. We have worked with market participants to ensure market orderliness. Our success in managing the

default demonstrates the robustness of our risk management procedures and the strength of our relationships with key market participants.”

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Editors Notes

LCH.Clearnet is the leading independent central counterparty (CCP) group in Europe serving major international exchanges and platforms, equity, exchange-traded derivatives, energy, interbank interest rate swaps markets and the majority of the Euro-denominated and sterling bond and repo markets.

