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LCH.Clearnet and Nodal Exchange launch service for Nodal power contracts

LONDON and WASHINGTON, April 8, 2009

LCH.Clearnet Ltd (LCH.Clearnet) and Nodal Exchange today launched a ground-breaking new service to provide trading and clearing of cash settled financial nodal power contracts in North America. For the first time, industry participants will benefit from the ability to more precisely hedge their positions by trading the Locational Marginal Price (LMP) of power at granular nodes (locations within the organised power markets) while also allowing them to minimise their counterparty risk.

LCH.Clearnet will provide clearing services to all areas of the marketplace; both a nodal auction market and an over-the-counter (OTC) trade submission facility for negotiated transactions.

Nodal Exchange is the first independent electronic commodities exchange dedicated to offering locational forward trading products and services to participants in the organised North American power markets.

The new initiative will offer significant benefits to market participants, including:

Trade Optimisation - Value-at-Risk (VaR) margining methodology at LCH.Clearnet and a new auction engine at Nodal Exchange will combine to deliver trade optimisation.

Risk Management - Participants enjoy the ability to hedge their positions more precisely, while minimising their counterparty risk and reducing their margin/collateral requirements.

Transparency and Liquidity - Nodal Exchange auction and broker platforms will generate the transparency and transaction liquidity needed in the North American power markets.

Roger Liddell, Chief Executive, LCH.Clearnet said: “Once again we have delivered an innovative clearing solution to a new market. We are delighted to be working with Nodal Exchange on a unique approach that will bring efficiency and security to the expanding nodal marketplace in North America.”

“We are excited that trading has commenced and we very much look forward to growing the exchange,” said Paul Cusenza, Chief Executive Officer of Nodal Exchange. “We believe Nodal Exchange with LCH.Clearnet clearing fills an unmet market need. Participants should now be better able to meet their trading objectives and more effectively manage their basis and credit risk.”

The service will initially cover trading at nodes across four market locations – ISO-NE (ISO New England), NYISO (New York ISO), PJM (PJM Interconnection), and MISO (Midwest Independent Transmission System Operator) – and will expand to cover additional markets as they develop nodal price histories including CAISO (California ISO) and ERCOT (Electric Reliability Council of Texas).

Nodal Exchange conducts daily auctions offering 72 hubs and zones, and a once per week auction offering about 1,800 hubs, zones, and nodes. In addition, Nodal Exchange accepts for clearing bilateral over-the-counter (OTC) transactions submitted by participants and brokers. The first auction with the complete node set will be held on Wednesday, April 15.

About Nodal Exchange, LLC

Nodal Exchange is the first independent electronic commodities exchange dedicated to offering locational (nodal) forward trading products and services to participants in the organized North American electric power markets. Nodal Exchange builds on the success of the existing Regional Transmission Organization/Independent System Operator (RTO/ISO) day-ahead markets by offering cash-settled forward nodal/zonal auctions that enable Nodal Exchange participants to effectively manage basis and credit risk. The Nodal Exchange platform also accepts for clearing bilateral over-the-counter (OTC) transactions submitted by participants and brokers. Nodal Exchange is an independent, privately held company. For more information, visit www.nodalexchange.com.

About LCH.Clearnet

LCH.Clearnet is the leading independent central counterparty group (CCP) in Europe, serving major international exchanges and platforms, as well as a range of OTC markets. It clears a broad range of asset classes including: securities, exchange traded

derivatives, energy, freight, interbank interest rate swaps and euro and sterling denominated bonds and repos; and works closely with market participants and exchanges to identify and develop clearing services for new asset classes.

As a CCP, LCH.Clearnet sits in the middle of a trade, assuming the counterparty risk involved when two parties (or members) trade. When the trade is registered with LCH.Clearnet, it becomes the legal counterparty to the trade, ensuring the financial performance; if one of the parties fails, LCH.Clearnet steps in. By assuming the counterparty risk, LCH.Clearnet underpins many important financial markets, facilitating trading and increasing confidence within the market.

Initial and variation margin (or collateral) is collected from LCH.Clearnet members; should they fail, this margin is used to fulfill their obligations. The amount of margin is decided by LCH.Clearnet's highly experienced risk management teams, who assess a member's positions and market risk on a daily basis. Both the soundness of the risk management approach and the resilience of its systems have been proven in recent times.

LCH.Clearnet is regulated or overseen by the national securities regulator and/or central bank in each jurisdiction from which it operates.