

Press Release

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LCH.Clearnet Freight cleared volumes soar to new records

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LCH.Clearnet is pleased to announce another record month for cleared volumes in its OTC Freight Forward Agreement (FFA) clearing service. Cleared volumes hit 84,000 lots in October, almost double the volumes seen in September, itself a record month, and open interest now exceeds 100,000 lots.

The appetite for clearing in the FFA market has risen sharply over the last few months, spurred on by increased volatility and prices across the board hitting all time highs. With more and more customers signing up to the LCH.Clearnet service, clearing volumes now account for up to 40% of total traded dry FFA volumes. LCH.Clearnet handles 85-90% of these volumes. Over 600,000 lots have been cleared by LCH.Clearnet this year to date, with a notional value of over \$17.5bn

There are now over 20 Clearing Members in the LCH.Clearnet OTC Freight clearing service, themselves extending the service to over 100 market participants. Nine FFABA brokers, who register matched OTC trades for clearing through LCH.Clearnet, are also signed up to the service.

As the leading clearing house for dry FFA contracts, LCH.Clearnet expects to further boost its volumes early next year when it extends its clearing service to cover FFA options. The routes initially covered will be the three main dry timecharter routes: Panamax, Capesize and Supramax.

Mark Fitzpatrick, a Division Director within Macquarie Group Limited's Treasury and Commodities Group, expects this trend to continue. "We are seeing greater interest in clearing services by a diverse range of shipping counterparties. We believe this is due to the notional value of counterparty trades which have increased five fold over the past twelve months. This, when combined with the significant increase in volatility, indicates that this

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trend will continue and will ultimately provide further liquidity for cleared counterparties," he said.

Alberto Pravettoni, Managing Director – Commercial Services at LCH.Clearnet, adds: “These cleared volume levels are a strong indication of the increased importance of a central counterparty clearing service in this rapidly expanding market. We look forward to continuing to widen our range of cleared contracts over the coming months, and will continue to work closely with the market to tailor our clearing service to its broadening requirements.”

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About LCH.Clearnet

LCH.Clearnet is currently owned 67.6% by users, 17.8% by exchanges with the balance of 14.6% being held by Euroclear. Upon completion of the Euronext share buy-back programme by 2009, the Group will be owned 73.3% by users, 10.9% by exchanges and 15.8% by Euroclear.

LCH.Clearnet is committed to operating under strict principles of non-discrimination across its user base. LCH.Clearnet serves 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.

