LONDON STOCK EXCHANGE GROUP PLC

Annual General Meeting

Wednesday 20 July 2011

Chairman's statement by Chris Gibson-Smith

Introduction

Historians amongst you will know that today is the tenth anniversary of our listing on the public markets. It has been an event filled ten years. Today also marks the eighth anniversary of my appointment as Chairman. It's been an exciting decade and a successful one. Our share price today has nearly trebled, we have paid about 150p in ordinary dividends per share and returned nearly £1billion to shareholders by way of buy backs, special dividends and other returns.

Let me introduce my colleagues sharing the platform with me today. From your left to right we have:

- Janet Cohen, Non-Executive Director and Deputy Chair of Borsa Italiana
- Raffaele Jerusalmi, Chief Executive Officer of Borsa Italiana and Director of Capital Markets
- Massimo Tononi, who joined us in September and has been appointed as Chairman of Borsa Italiana
- Robert Webb, Chairman of the Remuneration Committee and Non-Executive Director
- Xavier Rolet, CEO
- Lisa Condron, Company Secretary
- Doug Webb, Chief Financial Officer
- Paul Heiden, Chairman of the Audit and Risk Committee and Non-Executive Director
- Gay Huey Evans, Non-Executive Director
- Andrea Munari, Non-Executive Director
- My apologies for Sergio Ermotti and Paolo Scaroni who are unable to be with us for business reasons of their own.

Angelo Tantazzi our former Deputy Chairman stepped down from the LSEG Board in September 2010. I would like to acknowledge Angelo's contribution to your Company and in particular his pivotal role in the merger with Borsa Italiana.

The last twelve months have seen a renewed focus on the future of exchanges such as the London Stock Exchange Group and their role in the global financial markets.

To be successful, exchanges must serve the needs of the economies they are part of and much of the change we have seen in the policy and regulatory worlds reflects that fact and the need to reduce the risks endemic to the financial system.

Also, as the global economy expands, exchanges are reshaping themselves to support the flow of capital towards the growth potential of the New Economies in Asia, Russia and South America.

We are actively supporting the development of regulatory regimes that emphasise efficiency, transparency and neutrality. Capital markets are not a panacea for the problems highlighted by the crisis, but they will be part of the package of solutions being developed to prevent future problems.

Two years ago, we began a strategy to respond to this changing economic and regulatory environment and we believe the full year financial results announced in May show convincing evidence that this strategy was the right one.

Many of our plans have borne fruit already, and we have many plans still under development

TMX

I would like to say a few words about our proposed merger with TMX, the Canadian stock exchange group with whom we had been negotiating a merger for much of this year.

We know from our successful merger with Borsa Italiana the contribution that TMX could have made to the Group and the benefits the merger would have brought to Canada.

So while our shareholders were overwhelmingly supportive of the merger, it was disappointing that TMX, while achieving a majority, were unable to secure the two thirds of the votes needed to confirm their shareholders support for the deal.

We were strongly committed to delivering the merger as part of our wider strategy.

But equally, it was not a deal we were willing to do at any cost, or at the expense of shareholder value and were thus not prepared to enter a bidding war for what was designed as a merger.

Nor was it one we were pursuing at the expense of our core business. In fact, we have maintained higher revenue growth than the New York Stock Exchange, NASDAQ or Deutsche Borse.

Although major M&A activity will always dominate the headlines, our approach to the opportunities in front of us is far broader. And throughout the negotiations, we improved the efficiency, diversity and financial power of the underlying business.

Much of the economic growth of the coming decades will be in the high growth, high potential new economies in Asia and elsewhere and partnerships such as the one we signed with Mongolia in April offer a perspective on London's future sources of strength.

Technology remains a central component of exchange capability and we are building on our purchase of MillenniumIT.

Millennium technology has made us the fastest exchange platform in the world, and we have begun the process of moving our markets onto the technology so that we, and our customers, will see the benefit.

In a wider sense, MillenniumIT is an example of the increasing diversification of your Company, and of the constantly improving service we are able to offer our customers.

Strategy

Our strategy remains to get in shape, make full use of our capabilities, and develop opportunities for future growth.

In UK cash equities, we have stabilised our market share, and we have done so by offering the service customers need at a competitive price.

In London, share of trading has steadied at an average 63 per cent of trading. In Italy, we have maintained an average of 84 per cent.

Equity trading is now only one pillar of our Group's ongoing activities, but it is encouraging to have achieved this stabilisation.

This performance is underpinned by our continuing attractiveness as a listings venue.

185 new companies came to our markets in the last financial year, and £40 billion was raised in capital to support growth

We are taking full advantage of the potential of this increasingly diverse Group.

Our Pan-European MTF joint venture Turquoise has performed strongly, increasing its market share by 80 per cent in the past year. It now holds a third of European dark pool trading.

And we recently launched Turquoise Derivatives, which builds on our co-ownership of FTSE to offer trading in FTSE 100 Futures. There will be new products and new services to come from this asset.

In Post Trade, we saw a 30 per cent increase in total income - a step change in performance.

It reflects a stronger number of Italian derivatives and fixed income trades.

But it also reflects smarter treasury management of cash margins by the management team.

Equally, Information Services saw a year of further change and growth, with new products and partnerships introduced. It accounted for a quarter of our revenues, further highlighting the diversification of your Company.

In fixed income, MTS saw total value traded rise 51 per cent as European governments issued a record amount of bonds. MTS now covers 15 market places and continues to expand both its geographical scope and product range.

In fixed income retail trading, MOT attracted 4 million trades, and our innovative London equivalent, ORB, now hosts 148 bonds and has seen nearly £1billion raised since launch including £140 million for our first corporate issue, by the housing association Places for People.

Finally, we are developing opportunities for growth in the scale and potential of your Company.

We constantly evaluate a range of potential opportunities, including joint ventures, partnerships and other combinations, and as the proposed TMX merger showed, we will pursue opportunities if we believe that they offer value for our shareholders.

Financials

Driven by this strategy, we have seen your Company's full year financial results improve against a background of more stable - though highly competitive – markets.

- Total income increased 7 per cent to £675 million
- Our underlying cost base before non-recurring items improved, falling 8 per cent on an organic basis
- Our adjusted operating profit rose 22 per cent to £341 million, and our profit before tax rose 65 per cent to £238 million
- As a result, our adjusted earnings per share has increased 23 per cent to 73.7p

These results reflect an improved market. But they also reflect the results of the actions we have taken to improve the competitiveness, diversification and innovativeness of your company.

The Board has proposed a final dividend of 18 pence, an increase of 12 per cent.

In total, this full year's dividend will increase 10 per cent to 26.8 pence per share.

The dividend will be paid on 22 August 2011.

Q1

This morning, we released revenues for the first quarter of FY2012. In summary:

- Total income saw a strong increase, up 14 per cent on Q1 last year to £190 million

- In Primary Markets, a 22 per cent growth in revenues reflects a 26 per cent increase in the number of new issues and a 65 per cent rise in money raised on our markets.

- In Secondary Markets, fixed income trading revenue increased 32 per cent.

- Post Trade Services total income increased 58 per cent, resulting from a more than four fold growth in net treasury income.

- Information Services revenues rose six per cent; and

- Technology Services revenues reduced 16 per cent, mainly arising from uneven phasing of MillenniumIT deliveries between periods.

These strong first quarter results confirm that we continue to make good progress, and I would like to conclude by emphasising that the strategy we have pursued is succeeding.

Conclusion

We have seen strong financial results, but more deeply, we have seen the Group emerge as a more diversified company.

We are better able to absorb cyclicality and drive growth across a wide number of markets and geographies.

We remain confident that our strategy is the right one, and I am pleased to be able present to you a company strongly positioned to meet both the considerable economic challenges facing markets and the opportunities to come.

Further information is available from:

London Stock Exchange Group plc	Paul Froud – Investor Relations	+44 (0) 20 7797 3322
	Tom Gilbert – Media Relations	+44 (0) 20 7797 1222