

18 July 2012

LONDON STOCK EXCHANGE GROUP plc

INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 17 JULY 2012, INCLUDING REVENUES AND KPIS FOR THE THREE MONTHS ENDED 30 JUNE 2012 (Q1)

- Good Group performance achieved against backdrop of testing markets - total income up 10 per cent on Q1 last year at £209.5 million
- Information Services revenues rose 68 per cent, reflecting the benefits of the FTSE acquisition; up 2 per cent on an organic constant currency basis, with increased revenue from other information products offsetting declines in real time data income
- Post Trade Services total income remained resilient (and on a constant currency basis increased 8 per cent), reflecting good growth in treasury management income offset by a reduction in clearing and settlement revenues following lower trading in the period
- Capital Markets revenues decreased 15 per cent following subdued primary market activity (compared with a strong equivalent quarter last year), together with a slowdown in secondary market trading as markets continued to be affected by macro economic uncertainties
- MillenniumIT successfully went live on three markets in three continents during the period: five different trading platforms, including cash equities, fixed income and structured products at Borsa Italiana, now hosted in Milan, successfully migrated to Millennium Exchange; Johannesburg Stock Exchange and the Mongolian Stock Exchange also went live on MillenniumIT
- Regulatory and anti-trust processes are continuing in respect of the shareholder approved acquisition of 60 per cent stake in LCH.Clearnet; the competition authorities in the UK, Spain and Portugal are reviewing the proposed transaction.

Commenting on performance in the past quarter, Xavier Rolet, Chief Executive, said:

“We have delivered a good overall performance, reflecting our broad suite of products and services and the increased diversification of the Group.

“In particular, we have seen a strong contribution from FTSE, which continues to demonstrate good growth. In addition, this has been a great quarter for MillenniumIT which successfully saw Borsa Italiana, Johannesburg Stock Exchange and the Mongolian Stock Exchange all go live on its ultra-low latency trading technology. MillenniumIT technology

has now been contracted by over thirty exchanges or other securities platform customers across Europe, Asia, Africa and the Americas.

“Our focus remains on developing partnerships with our customers, executing on our strategy and delivering on cost control and benefits from recent transactions.”

Financial Position

The amount the Group sets aside to meet regulatory, clearing and commercial requirements has increased as expected from £165 million to £200 million, reflecting an increase in the regulatory capital requirements of CC&G following previously disclosed discussions with Banca d'Italia. The additional amount will be met from the Group's existing cash resources. The Group also continues to review and contribute to a wide range of on-going EU and US draft regulatory proposals.

The Group reduced its net debt in the quarter with net cash generation resulting from normal seasonal inflows from charges for annual services invoiced at the start of the financial year. There are no other material changes to the Group's financial position since financial year end.

The average €:£ exchange rate weakened by 9 per cent in Q1 compared to the same period last year, from €1:13 to €1.23. Each €0.05 movement in the average €:£ rate would have changed the Group's operating profit by approximately £12 million in the last financial year.

Current Trading and Outlook

The Group has made a good start to the new financial year, although market conditions have remained weak and the summer period is expected to be quiet.

Notwithstanding continuing market and economic uncertainties, the Group remains well positioned and will continue to focus on delivering benefits from recent transactions and its more diversified range of products and services.

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Q1 Revenue Summary

Revenues for three months ended 30 June 2012, with comparatives against performance for the same period last year. Growth rates for Q1 performance are also expressed on a constant currency basis. All figures are unaudited.

	Three months ended 30 June		Variance %	Organic and constant currency variance ¹
	2012 £m	2011 £m		%
Revenue				
Capital Markets	67.5	79.7	(15%)	(12%)
Post Trade Services	22.8	26.0	(12%)	(5%)
Information Services	75.3	44.7	68%	2%
Technology Services	12.1	10.6	14%	21%
Other	1.3	1.4	(7%)	(7%)
Total revenue	179.0	162.4	10%	(5%)
Net treasury income through CCP business	28.5	25.8	10%	21%
Other income	2.0	2.0	0%	0%
Total income	209.5	190.2	10%	(1%)
Organic Excluding FTSE revenue and royalties and TRS				
Total revenue	145.2	159.2	(9%)	(5%)
Total income	175.7	187.0	(6%)	(1%)

¹Exchange rates for the relevant period are detailed at the end of this section

Adjustments to calculate organic growth:

- 1) Removal of FTSE revenue from current year and royalties from last year (Information)
- 2) Removal of TRS revenue from current year (Information)

More detailed revenues by segment are provided in tables below:

Capital Markets

	Three months ended 30 June		Variance %	Variance at constant currency %
	2012 £m	2011 £m		
Revenue				
Primary Markets				
Annual fees	9.8	9.9	(1%)	1%
Admission fees	7.9	12.2	(35%)	(34%)
	17.7	22.1	(20%)	(18%)
Secondary Markets				
Cash equities UK & Turquoise	21.1	24.3	(13%)	(13%)
Cash equities Italy	6.6	7.7	(14%)	(6%)
Derivatives	3.6	4.3	(16%)	(8%)
Fixed income	8.1	9.8	(17%)	(11%)
	39.4	46.1	(15%)	(11%)
Other	10.4	11.5	(10%)	(4%)
Total revenue	67.5	79.7	(15%)	(12%)

Post Trade Services

	Three months ended 30 June		Variance %	Variance at constant currency %
	2012 £m	2011 £m		
Revenue				
Clearing	9.0	9.9	(9%)	(1%)
Settlement	3.6	4.8	(25%)	(18%)
Custody & other	10.2	11.3	(10%)	(2%)
Total revenue	22.8	26.0	(12%)	(5%)
Net treasury income through CCP business	28.5	25.8	10%	21%
Total income	51.3	51.8	(1%)	8%

Information Services

	Three months ended 30 June			Organic and constant currency variance
	2012 £m	2011 £m	Variance %	%
Revenue				
Real time data	23.7	25.2	(6%)	(4%)
Other information services	18.6	16.3	14%	12%
FTSE royalties	-	3.2	-	-
FTSE revenue	33.0	-	-	-
Total revenue	75.3	44.7	68%	2%
Total revenue excluding FTSE revenue and royalties & TRS revenue	41.5	41.5	0%	2%

Note:

Adjustments to calculate organic growth:

- 1) Removal of FTSE revenue from current year and royalties from last year (Information)
- 2) Removal of TRS revenue from current year (Information)

Technology Services

	Three months ended 30 June			Variance at constant currency
	2012 £m	2011 £m	Variance %	%
Revenue				
MillenniumIT	4.9	3.2	53%	75%
Technology	7.2	7.4	(3%)	0%
Total revenue	12.1	10.6	14%	21%

Basis of Preparation

Results for Borsa Italiana for the periods ended 30 June 2012 have been translated into Sterling using the average monthly exchange rate for the period of €1.23: £1. Constant currency growth rates have been calculated by translating prior period results at the average exchange rate for the current period.

Average €:£ rate 3 months ended 30 June 2012	Closing €:£ rate at 30 June 2012	Average €:£ rate 3 months ended 30 June 2011	Closing €:£ rate at 30 June 2011
€1.23	€1.24	€1.13	€1.11

Appendix

Capital Markets - Primary Markets

	Three months ended		Variance %
	30 June		
	2012	2011	
New Issues			
UK Main Market, PSM & SFM	7	26	(73%)
UK AIM	20	24	(17%)
Borsa Italiana	2	4	(50%)
Total	29	54	(46%)
Company Numbers (as at period end)			
UK Main Market, PSM & SFM	1,416	1,466	(3%)
UK AIM	1,114	1,151	(3%)
Borsa Italiana	290	297	(2%)
Total	2,820	2,914	(3%)
Market Capitalisation (as at period end)			
UK Main Market (£bn)	1,855	2,006	(8%)
UK AIM (£bn)	61	76	(20%)
Borsa Italiana (€bn)	327	432	(24%)
Borsa Italiana (£bn)	264	390	(32%)
Total (£bn)	2,180	2,472	(12%)
Money Raised (£bn)			
UK New	0.6	10.6	(94%)
UK Further	1.7	2.0	(15%)
Borsa Italiana new and further	0.3	6.0	(95%)
Total (£bn)	2.6	18.6	(86%)

Capital Markets - Secondary Markets

	Three months ended		Variance %
	30 June		
	2012	2011	
Equity			
Totals for period			
UK value traded (£bn)	268	290	(8%)
Borsa Italiana (no of trades m)	15.3	15.6	(2%)
Turquoise (€bn)	110.2	105.3	5%
SETS Yield (basis points)	0.67	0.73	(8%)
Average daily			
UK value traded (£bn)	4.5	4.8	(6%)
Borsa Italiana (no of trades '000)	246	248	(1%)
Turquoise (€bn)	1.75	1.67	5%
Derivatives (contracts m)			
Turquoise	7.5	10.3	(27%)
IDEM	12.3	16.8	(27%)
Total	19.8	27.1	(27%)
Fixed Income			
MTS cash and Bondvision (€bn)	564	722	(22%)
MTS money markets (€bn term adjusted)	15,739	15,947	(1%)
MOT number of trades (m)	1.32	0.90	47%

Post Trade Services

	Three months ended		Variance %
	30 June		
	2012	2011	
CC&G Clearing (m)			
Equity clearing (trades)	16.0	16.5	(3%)
Derivative clearing (contracts)	12.3	16.8	(27%)
Total Contracts	28.3	33.3	(15%)
Open interest (contracts as at period end)	4.5	4.4	2%
Initial margin held (average €bn)	9.7	8.5	14%
Monte Titoli			
Pre Settlement instructions (trades m)	7.1	8.5	(16%)
Settlement instructions (trades m)	6.4	9.2	(30%)
Total Settlement	13.5	17.7	(24%)
Custody assets under management (average €tn)	3.17	3.08	3%

Information Services

	As at 30 June		Variance
	2012	2011	%
UK Terminals			
Professional - UK	36,000	38,500	(6%)
Professional - International	52,000	54,500	(5%)
Total	88,000	93,000	(5%)
Borsa Italiana Professional Terminals	143,000	132,000	8%

Total Income – Quarterly

£ millions	FY 2012				FY 2012	FY 2013
	Q1	Q2	Q3	Q4		Q1
Annual Fees	9.9	10.2	10.0	9.4	39.5	9.8
Admission Fees	12.2	8.2	7.1	9.5	37.0	7.9
Cash equities UK & Turquoise	24.3	27.8	21.1	22.2	95.4	21.1
Cash equities Italy	7.7	8.5	7.2	8.0	31.4	6.6
Derivatives	4.3	4.7	3.9	3.8	16.7	3.6
Fixed Income	9.8	9.0	8.0	8.9	35.7	8.1
Other	11.5	11.7	11.6	11.4	46.2	10.4
Capital Markets	79.7	80.1	68.9	73.2	301.9	67.5
Clearing	9.9	11.7	10.2	9.3	41.1	9.0
Settlement	4.8	5.0	4.3	4.8	18.9	3.6
Custody & other	11.3	9.7	10.0	10.6	41.6	10.2
Post Trade Services	26.0	26.4	24.5	24.7	101.6	22.8
Real time data	25.2	25.0	25.4	27.2	102.8	23.7
Other information	16.3	15.8	16.3	17.2	65.6	18.6
FTSE royalties	3.2	3.5	6.4	0.0	13.1	-
FTSE revenue			4.7	32.7	37.4	33.0
Information Services	44.7	44.3	52.8	77.0	218.9	75.3
MillenniumIT	3.2	6.4	5.5	7.2	22.2	4.9
Technology	7.4	7.8	7.6	7.6	30.4	7.2
Technology Services	10.6	14.2	13.1	14.8	52.6	12.1
Other	1.4	0.7	1.5	1.2	4.8	1.3
Total Revenue	162.4	165.7	160.8	190.9	679.8	179.0
Net treasury income through CCP business	25.8	28.5	33.5	39.1	126.9	28.5
Other income	2.0	2.1	2.0	2.0	8.1	2.0
Total income	190.2	196.3	196.3	232.0	814.8	209.5

Note: Minor rounding differences may mean quarterly and other segmental figures may differ slightly