9 July 2008

LONDON STOCK EXCHANGE GROUP plc
INTERIM MANAGEMENT STATEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2008

London Stock Exchange Group plc ("the Exchange") today issued its Interim Management Statement for the three months ended 30 June 2008 ("Q1"). Pro forma comparatives are provided as if Borsa Italiana had been acquired on 1 April 2007 ("pro forma basis"). All figures are unaudited.

Against the backdrop of significantly weaker markets, the Exchange delivered a good performance:

- Revenue for the first quarter up 8 per cent to £178 million (up 3 per cent in constant currency)

- The Primary market remained active despite slow market conditions, with a total of 73 equity new issues in the period, including 33 new issues on the Main Market (including PSM and SFM); and 3 new issues in Italy – in total £34 billion was raised on the Exchanges markets during the quarter

- Average daily order book cash equities trading for the combined UK and Italian markets grew 17 per cent to 936,000 trades, with trading on SETS up 34 per cent to 673,000 trades per day and equities order book trading on Borsa Italiana down 12 per cent to 263,000; the total value traded on the combined cash equities markets declined 8 per cent

- Total terminals taking real time London Stock Exchange data rose 19,000 since Q1 last year to 139,000 at end of June 2008, including a 13,000 rise in the number of professional terminals; and professional users of Borsa Italiana's DDM market data service increased by 6,000 to 161,000

- Post trade operations performed well, with good revenue growth in clearing and custody businesses

Commenting on financial performance and prospects, Clara Furse, Chief Executive, said:

"The Exchange has delivered a good performance, achieving growth despite weak market conditions in a changing regulatory landscape.

"The quality and diversity of our operations and unique international brand highlight the resilience of our business in what are highly uncertain market conditions. We will continue to innovate, as demonstrated by our recently announced Baikal MTF, a pan-European one-stop shop for intermediaries and investors. Integration synergies are well on track and we are developing all aspects of our business, services and technology to meet the challenges and realise the opportunities available to us in a changing global industry."

Financial Results

Three months ended 30 June 2008:

Revenue	Three months ended 30 June 2008 £m	30 June 2007* £m	Growth %	Growth at constant currency %
Issuer	27.5	27.4	0%	-3%
Trading	75.1	74.5	1%	-3%
Information	44.8	37.5	19%	16%
Post Trade	25.8	21.5	20%	7%
Other income	4.6	3.4	36%	30%
Total Revenue	**177.8**	**164.3**	**8%**	**3%**

* proforma comparative data for three months ended 30 June 2007 for the Exchange, Borsa Italiana and MBE Holding S.p.A.

Issuer Services

Issuer Services produced a very good performance in Q1, set against a backdrop of testing market conditions for new issuance and a record comparator in the first quarter of the last financial year. In Q1 there were a total of 73 new equity issues on the London and Milan markets (2007: 140).

On the London markets there were a total of 70 new issues (2007: 128), including 33 on the Main Market, PSM and SFM (2007: 44). International IPOs remained strong in Q1, with 14 from 13 countries including Russia, UAE, Egypt, Kuwait and Pakistan (2007: 29), once again outstripping the number on Deutsche Bourse, NYSE Euronext and Nasdaq OMX combined.

Total money raised during the period was very strong at £31 billion (2007: £17 billion), including a record £24 billion raised in May, the most money ever raised on the Exchange’s equity markets in a single month. The Specialist Fund Market, the new market for alternative investment vehicles, welcomed its first admission during the quarter.

In Italy, there were 3 new equity issues in the period (2007: 12), and ETFs and ETCs continued to see strong growth with a total 18 new funds listed (2007: 44). Across both London and Milan markets there are now 668 ETFs and ETCs listed (2007: 401). In Italy the number of new securitised derivatives listed decreased to 4,627 (2007: 4,714) and 35 new bonds were listed (2007: 34).

As at 30 June 2008, the total number of companies on our London markets was 3,251 (2007: 3,273), including 1,657 on AIM (2007: 1,656), and there were 306 companies on the Italian market (2007: 296).

Trading Services

In weak markets, Trading Services produced a resilient overall performance. The total value of cash equities traded during the period on the combined markets declined 8 per cent to £760 billion (2007: £827 billion), while the average number of cash equity trades per day increased 17 per cent to 936,000 (2007: 802,000).

In London, the average number of SETS bargains per day continued to grow, up 34 per cent to 673,000 (2007: 502,000). This performance reflects continuing growth in high frequency trading strategies by market users, facilitated by the low latency TradElect platform introduced last year. Average daily value traded on SETS declined 5 per cent to £8.0 billion (2007: £8.4 billion). For the quarter, the average value of a SETS bargain decreased 29 per cent to £11,900 (2007: £16,700) while the average yield per bargain reduced as a consequence to £0.76 for the quarter (2007: £1.09).

The volume of cash equities trading in Italy was down 10 per cent in Q1, with 16.8 million trades in the period (2007: 18.6 million), and average daily trades down 12 per cent at 263,000 (2007: 300,000). Value traded fell 31 per cent to €322 billion (2007: €468 billion), and on an average daily basis was down 33 per cent to €5.0 billion (2007: €7.5 billion).

In June, the London Stock Exchange and Lehman Brothers announced plans to create a pan-European MTF (multilateral trading facility) for the execution of non-display orders. The MTF, to be named Baikal, will provide market participants with access to securities across 14 European countries with smart order routing to liquidity in at least 22 trading venues. Baikal will be the first neutral, independent European MTF to aggregate market liquidity and combine an innovative dark pool with sophisticated algorithmic trading functionality and smart order routing.

Derivatives operations made good overall progress, with total combined contracts traded up 24 per cent at 26.0 million (2007: 21.0 million). This total comprised trading on EDX, which increased 63 per cent to 15.2 million (2007: 9.3 million), and contracts traded on IDEM, which declined 8 per cent to 10.8 million (2007: 11.8 million). Trading in Russian derivatives reached new records with ten times the level of trading in June 2008 compared with a year before.

On MTS, the leading market in Europe for electronic trading of bonds, nominal value traded was down 7 per cent year on year at €5.3 trillion (2007: €5.7 trillion). MTS repo trading was 2 per cent lower with nominal value traded of €4.9 trillion. On MOT, Borsa Italiana's Electronic Bond and Government Securities Market, value traded increased 11 per cent to €42 billion (2007: €38 billion).

Information Services

Information operations performed well during the quarter, reflecting growth in the number of terminals over last year as well contributions by other information products.

The overall number of terminals taking real time London Stock Exchange data increased to 139,000, up 1,000 since year end and up 19,000 since the same point last year (31 March 2008 138,000; 30 June 2007: 120,000). Included in this number were 112,000 terminals attributable to professional users, up 13,000 over the same time last year (31 March 2008 112,000: 30 June 2007: 99,000). Growth from overseas users once again outstripped UK users.

Performance Channels, the London Stock Exchange's new high speed delivery mechanism for Infolect data delivered over 100 megabyte lines, was launched in June with over 40 customers. This service ensures that even during the highest peaks in trading activity market data is delivered at industry leading speed, cutting the average round trip network latency within the City to below 1 millisecond.

In Italy there was good growth in the number of professional and private users of its DDM services (which provides real time market information) to 161,000 and 791,000 respectively (31 March 2008: 160,000 and 784,000; 30 June 2007: 155,000 and 715,000) and in the number of its Market Connect screens (which provide real time data and other financial contents through a suite of applications) to 21,000 (31 March 2008: 20,000; 30 June 2007: 14,000).

Post Trade Services

Post Trade operations, the Italian-based clearing, settlement and custody businesses, performed well.

Revenue increased from higher treasury margins although the volume of CC&G clearing contracts was down by 9 per cent with 27.9 million contacts cleared (17.1 million equity contracts (2007: 18.8 million) and 10.8 million derivative contracts (2007: 11.8 million)).

Monte Titoli registered a 3 per cent decrease in the average value of assets under custody, down from €2.84 trillion to €2.76 trillion. Settlement operations saw a reduction in settlement instructions, down from 14.4 million to 11.5 million, principally due to consolidation in the domestic Italian banking sector.

Financial Position

During the quarter the Exchange bought back and cancelled nearly 3.2 million shares in the market at a total cost of approximately £31 million. As at 30 June 2008 the number of ordinary shares in issue was 273,233,518. The Group's financial position remains strong with overall debt and gearing levels similar to those reported for the financial year ended 31 March 2008.

Current Trading and Prospects

In weak market conditions and a changing regulatory landscape, the Exchange has delivered a good performance in the first quarter of the year.

Although market conditions are likely to remain uncertain, the Group is well positioned as the Issuer market remains active for both IPO and further issues and demand for real time data is resilient. Cash equities and derivatives trading volumes in London have also continued to grow. The merger with Borsa Italiana and the delivery of integration synergies are well on track, and the continued development of the business ensures we are well placed to meet the challenges and realise the opportunities ahead.

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Basis of Preparation

On 1 October 2007, Borsa Italiana S.p.A ("BIt") was acquired by London Stock Exchange Group plc ("LSEG").

The unaudited proforma revenue has been prepared by the directors to illustrate the acquisition of BIt as if it had taken place on 1 April 2007 (the first day of the comparative period). In addition, the illustrative information includes the revenues of MBE Holding S.p.A. (the holding company for MTS), of which the remaining 51% was acquired 14 September 2007, had it been acquired on 1 April 2007 by BIt. The information has not been designed to and does not give a presentation of the consolidated revenue of LSEG that would have been reported had the business combination actually occurred on 1 April 2007 (for example, it does not include the impact of potential synergies). It has been prepared for illustrative purposes only through the aggregation of existing LSEG, existing BIt group and MBE Holding S.p.A. (including MTS).

The information has been prepared without making any adjustments to revenue for the impact of acquisition accounting in accordance with IFRS 3. Therefore, undue reliance should not be placed on this information.

Revenue for BIt for the three months ended 30 June 2008 has been translated into Sterling using the average monthly exchange rates prevalent during the period of €1.2617 to £1. Pro forma revenue for BIt for the three months ended 30 June 2007 has been translated at the average exchange rate for the year ended 31 March 2008 of €1.4196 : £1. Constant currency growth rates have been calculated by translating prior period revenues at the weighted average exchange rate for the three months ended 30 June 2008 of €1.2617 to £1.