

LONDON STOCK EXCHANGE GROUP PLC

Annual General Meeting

Wednesday 26 April 2017

Chairman's statement by Donald Brydon

We have navigated successfully a very busy year at a time of extraordinary change in the global economy and political landscape.

As well as the work on the possible transaction with Deutsche Boerse, our flagship ELITE programme for high growth unlisted SMEs now supports more than 500 companies across 26 countries.

AIM cemented its position as the only globally successful market for high growth companies having enabled companies to raise over £100bn in growth capital since it began.

In fixed income, we now have the most comprehensive masala bonds offering of any major international exchange. We were also chosen as the venue for the listing of the first Chinese sovereign RMB bond to be issued outside of mainland China.

In Risk and Balance sheet management, we saw the continued growth of our OTC clearing markets at LCH. For example in 2016, SwapClear saw a 25% increase in clearing volumes, clearing a total of US\$666 trillion and compressing a record \$384 trillion notional risk for its members and clients. Other OTC services such as CDSClear and ForexClear continued to grow.

LCH is also bringing its expertise of managing risk in cleared markets to the non-cleared derivatives market with the launch of LCH SwapAgent, a new independent calculation agent to improve the standardisation and streamlining of bilateral OTC markets.

In Intellectual Property, FTSE Russell has built on its strong track record in the ESG space, in the last year. It launched an innovative new data model that tracks companies generating green revenues and the underlying data model and new Smart Sustainability Index were selected for the new Future World Fund.

We also acquired US-based Mergent Inc – a leading provider of business and financial information on public and private companies for over 100 years. The acquisition will broaden our data services, research and analytics services and support growth.

Technology Services revenues also increased by 10% and MillenniumIT continues to expand with projects in Singapore and Morocco.

We continue to pursue our strategy, building our businesses along our these three pillars of Capital Formation, Intellectual Property and Post Trade Risk & Balance Sheet Management, all underpinned by our world class Technology business.

The Group is strong – both financially and operationally. We operate a full range of Open Access market infrastructure services, at scale, around the world including in the UK, Europe, Asia and the United States. In this regard, we are very well placed to adapt to industry and regulatory dynamics, especially the opportunities offered by MiFiD II, will continue to invest and are fully able to compete globally.

In 2016 total continuing income rose to £1.6bn, up 17% and adjusted operating profit also increased 17% to £686m. We are proposing a final dividend of 31.2 p - a 20% year on year increase in total dividend. In addition we have also announced plans to initiate an on-market share buyback of £200m million.

Today we have also announced our Q1 results, showing a strong start to the year. In summary, total income from continuing operations rose by 19% to £459 million, reflecting good growth across all our core business areas. In particular, we saw strong results in OTC clearing at LCH and in our Information Services business, with FTSE Russell delivering another good performance. Overall, the Group's financial position remains strong and we are well positioned to develop further.

Further information is available from:

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