

23 January 2003

LONDON STOCK EXCHANGE plc

TRADING STATEMENT FOR THE THREE MONTHS ENDED 31 DECEMBER 2002

Turnover for the three months ended 31 December 2002 ("Q3") increased to £59.4 million (2001: £55.6 million), representing 7 per cent growth over the same period last year.

For the nine months ended 31 December 2002, turnover increased 10 per cent to £178.9 million (2001: £162.4 million).

Issuer Services

Issuer Services' turnover in Q3 increased 38 per cent to £8.7 million (2001: £6.3 million), with weakness in the IPO market offset by selective tariff changes which took effect 1 April 2002.

There were 48 new issues (2001: 67) on the Exchange's markets during the quarter which in total raised £0.3 billion (2001: £0.6 billion) of new equity capital. As at 31 December, the number of companies on our markets was 2,824 (2001: 2,891).

For the nine months ended 31 December 2002, Issuer Services' turnover increased 39 per cent from £20.1 million to £27.9 million. During this period, the number of new issues on the Exchange's markets was 176 (2001: 237).

In difficult market conditions, in the first nine months of this financial year, the Exchange accounted for 75 per cent of the IPOs in Western Europe, demonstrating the continued relative attractiveness of the Exchange's markets (2001: 64 per cent). As at 31 December 2002, there were 704 companies on AIM, the Exchange's market for younger enterprises, compared with 641 at 31 March 2002.

Broker Services

Broker Services' turnover in Q3 increased 2 per cent to £21.6 million (2001: £21.2 million). The total number of equity bargains per day remained unchanged at 216,000 and totalled £1.0 trillion in value (2001: £1.2 trillion).

Trading volumes on SETS, the electronic order book, were strong, increasing to an average 109,000 bargains per day (2001: 79,000), a 38 per cent increase on the corresponding period last year. This increase was offset in part by a decline in the average number of off-book bargains to 48,000 bargains per day (2001: 59,000) and international bargains to 59,000 bargains per day (2001: 78,000).

Broker Services' turnover for the nine months ended 31 December 2002 increased 7 per cent to £65.3 million (2001: £61.1 million). During the period, the daily average number of equity bargains was 212,000 (2001: 199,000) and the daily average number of SETS bargains was 101,000 (2001: 68,000). The average value of a SETS bargain decreased 29 per cent to £27,000 (2001: £38,000).

Information Services

Information Services' turnover in Q3 increased 7 per cent to £26.0 million (2001: £24.3 million), supported by increased contribution from the Exchange's Regulatory News Service ("RNS") and FTSE joint venture.

During Q3, the number of terminals receiving Exchange data fell from 100,000 to 98,000 (31 December 2001: 107,000), of which approximately 91,000 terminals were attributable to professional users (30 September 2002: 94,000; 31 December 2001: 98,000). RNS contributed £1.7 million to Information Services' revenue, up from £0.6 million in the corresponding period last year.

For the nine months ended 31 December 2002, Information Services' turnover increased 7 per cent from £71.5 million to £76.7 million. During this period RNS, which commenced operation on a commercial basis on 15 April 2002, accounted for £5.1 million (2001: £1.6 million)

EDX London

On 9 December 2002, the London Stock Exchange and OM announced the creation of a new international equity derivatives business, EDX London. The Exchange will pay £18.2 million for 76 per cent ownership of the new joint venture. Based in London, EDX London will combine the strength of the London Stock Exchange's global equity market offering and expertise, with OM's flexible technology and experience in equity derivatives.

Subject to approval as a Recognised Investment Exchange by the Financial Services Authority, EDX London intends to begin trading in the second quarter of 2003.

Current Trading and Prospects

Since the half year, uncertain market conditions have continued. In particular, the IPO market remains weak, and the Information Services division continues to be impacted by the decline in terminal numbers.

Commenting on the Q3 results and prospects for the full year, Clara Furse, Chief Executive Officer said:

"Against a backdrop of tough market conditions the Exchange produced a creditable performance for the third quarter, due to the range and resilience of our business lines. We continue to expect a satisfactory result for the year."

Further information is available from:

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Nine months ended 31 December 2002

Turnover	Nine months ended 31 December		Year ended 31 March
	2002 £m	2001 £m	2002 £m
Issuer services	27.9	20.1	26.9
Broker services	65.3	61.1	81.2
Information services	76.7	71.5	94.9
Other income	9.0	9.7	12.6
Gross turnover	178.9	162.4	215.6
Less: share of joint venture's turnover	(8.5)	(6.5)	(9.0)
Net turnover	170.4	155.9	206.6

Three months ended 31 December 2002

Turnover	Three months ended			
	30 June 2002 £m	30 September 2002 £m	31 December 2002 £m	31 December 2001 £m
Issuer services	9.9	9.3	8.7	6.3
Broker services	20.8	22.9	21.6	21.2
Information services	24.7	26.0	26.0	24.3
Other income	3.1	2.8	3.1	3.8
Gross turnover	58.5	61.0	59.4	55.6
Less: share of joint venture's turnover	(2.7)	(2.9)	(2.9)	(2.3)
Net turnover	55.8	58.1	56.5	53.3