

27 January 2005

LONDON STOCK EXCHANGE plc

TRADING STATEMENT FOR THE THREE MONTHS ENDED 31 DECEMBER 2004

This trading statement is not a profit forecast and should not be interpreted to mean that the earnings per share of London Stock Exchange plc for the current or future years will necessarily match or exceed the historical published earnings per share of the London Stock Exchange plc.

London Stock Exchange plc (“the Exchange”) today issued its routine quarterly trading statement for the three months ended 31 December 2004.

Gross turnover for the three months ended 31 December 2004 (“Q3”) was £66.3 million (2003: £63.3 million), representing 5 per cent growth over the same period last year.

For the nine months ended 31 December 2004, turnover increased 5 per cent to £192.1 million (2003: £182.9 million).

Issuer Services

In Q3, Issuer Services’ turnover decreased to £9.4 million (2003: £10.7 million), primarily reflecting tariff reductions implemented on 1 April 2004, offset in part by an increase in the number of new issues on the Exchange’s markets.

During the quarter there were 148 new issues on the Exchange’s markets (2003: 81) of which 30 were on the main market (2003: 17). As at 31 December 2004, the number of companies on our markets increased to 2,837 (2003: 2,692).

For the nine months ended 31 December 2004, Issuer Services’ turnover decreased 12 per cent to £25.7 million (2003: £29.1 million). At 362, the number of new issues was more than double the number in the corresponding period last year (2003: 175). Most of the growth was on AIM, the Exchange’s international market for smaller, growing companies, where the number of new issues increased from 140 to 302. As at 31 December 2004, there were 1,021 AIM companies compared with 754 at 31 December 2003.

Once again the appeal of the Exchange’s markets was demonstrated by the Exchange accounting for 79 per cent of the IPOs in Western Europe in the first nine months of this financial year (2003: 89 per cent).

Broker Services

Broker Services’ turnover in Q3 increased 10 per cent to £25.2 million (2003: £22.9 million). The average number of equity bargains per day increased to 281,000 and totalled £1.2 trillion in value during the period (2003: 226,000 and £1.0 trillion respectively).

During the quarter, trading volumes on SETS, the electronic order book, continued to grow, supported by the success of SETSmm, the trading service for mid-cap securities launched in November 2003. The average number of SETS bargains per day, including SETSmm (16,000 bargains per day), was 175,000, a 28 per cent increase (2003: 137,000). Also included in the SETS figure was trading on EUROSETS, the Exchange's Dutch Trading Service launched in May 2004, which maintained a small share of trading in Dutch securities during the quarter. Overall, trading on SETS contributed 66 per cent of Broker Services' revenue during the quarter.

In Q3, the average number of off-book bargains decreased to 47,000 per day (2003: 53,000) whilst the average number of international bargains rose to 59,000 per day (2003: 36,000).

Broker Services' turnover for the nine months ended 31 December 2004 increased 10 per cent to £73.5 million (2003: £66.6 million). During the period, the daily average number of equity bargains was 258,000 (2003: 221,000) and the daily average number of SETS bargains was 162,000 (2003: 129,000). The average value of a SETS bargain decreased 5 per cent to £21,000 (2003: £22,000).

Information Services

Information Services' turnover for the three months ended 31 December 2004 increased 13 per cent to £28.3 million (2003: £25.1 million), mainly reflecting the inclusion of new revenue from SEDOL, together with increased turnover from FTSE and Proquote and the uplift in terminal numbers.

The overall number of terminals taking real time Exchange data increased to 94,000, up 4,000 since both the half year end and compared with the same point last year (31 December 2003: 90,000). The number of terminals attributable to professional users rose to 82,000 (31 December 2003: 81,000), the first increase for over three years. Proquote continues to make progress with 2,500 screens (2003: 1,600 screens).

Turnover from the FTSE joint venture was £3.8 million, up from £3.4 million in the corresponding period last year and RNS, the Exchange's financial communications service, was in line with Q3 last year (£1.7 million).

SEDOL Masterfile, the Exchange's securities numbering service, provides unique identification for securities on a global basis. The service continued to make good progress since launch in March 2004, with approximately 950 company contracts for SEDOL licences signed to date.

For the nine months ended 31 December 2004, Information Services' turnover increased 9 per cent from £75.3 million to £82.1 million. During this period, RNS and FTSE accounted for £5.3 million (2003: £5.3 million) and £11.3 million (2003: £9.6million) of revenue respectively.

Derivatives Services

Derivatives Services, principally comprising the Exchange's equity derivatives business EDX London, contributed revenues of £1.5 million in Q3 (2003: £1.5million) and £5.1 million for the first nine months of the year (1 July to 31 December 2003: £3.2 million). During the quarter EDX traded 4.4 million contracts (2003: 3.3 million) and 13.6 million contracts were traded in the nine months ended 31 December 2004 (1 July to 31 December 2003: 7.1 million).

Current Trading and Prospects

The market trends seen in the first half of the financial year have continued in the second half: growth in new issue activity has remained positive, particularly on AIM, and trading volumes on SETS have continued to show strong growth. In addition, professional terminal numbers have increased since the half year end. Overall, we are confident of a good outcome for the full year. Looking beyond the current year, improving market trends will contribute to further good turnover growth.

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

“The Exchange demonstrated a continuation of good top line growth in the third quarter. The encouraging trends in our core businesses so far this financial year underpin our expectations of a pleasing performance for the year.”

Further information is available from:

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Nine months ended 31 December 2004

Turnover	Nine months ended 31 December		Year ended 31 March
	2004	2003	2004
	£m	£m	£m
Issuer Services	25.7	29.1	38.5
Broker Services	73.5	66.6	94.1
Information Services	82.1	75.3	101.0
Derivatives Services*	5.1	3.2	6.1
Other income	5.7	8.7	10.7
Gross turnover	192.1	182.9	250.4
Less: share of joint venture's turnover	(11.3)	(9.6)	(13.3)
Net turnover	180.8	173.3	237.1

* nine months ended 31 December 2003 contains EDX London revenues for 6 months only (1 July to 31 December 2003)

Three months ended 31 December 2004

Turnover	Three months ended			
	30 June 2004	30 September 2004	31 December 2004	31 December 2003
	£m	£m	£m	£m
Issuer Services	8.4	7.9	9.4	10.7
Broker Services	24.2	24.1	25.2	22.9
Information Services	26.7	27.1	28.3	25.1
Derivatives Services	2.0	1.6	1.5	1.5
Other income	2.4	1.4	1.9	3.1
Gross turnover	63.7	62.1	66.3	63.3
Less: share of joint venture's turnover	(3.6)	(3.9)	(3.8)	(3.4)
Net turnover	60.1	58.2	62.5	59.9