Agenda

- Strategy - overview and progress
- Developments by business segment
- Recent results overview
- Q&A
Delivering on our strategy

Getting in shape

- **Driving efficiency**
  - Control operational costs
  - Implement new technology
  - Adjust business model and pricing to align with customer needs

Leveraging our assets

- **Building scale**
  - Service to international customers
  - Scale drives efficiencies

- **Increasing scope**
  - Increase diversification of products / markets
  - Service customer needs across multiple asset classes

- **Extending reach**
  - Organic and inorganic extension of services as capital markets globalise
Delivering on our strategy

Getting in shape

- Continued focus on cost reduction -
  - FY 2011 operating expenses down 4% overall, down 8% on organic basis
  - FY 2010 down 8% on organic basis

- Technology systems replacement programme - starting with roll-out of low-cost, high performance Millennium Exchange

- Share of UK cash equities trading broadly stable over 15 months, helped by:
  - Tariffs to reward greater trading
  - Reduced costs of post trade
Strategy - Leveraging our assets

- Launch of Turquoise Derivatives through integration with EDX
  - Operating on SOLA technology
  - FTSE 100 Index Futures June 2011; FTSE 100 and single stock options to follow
  - On-going programme of product launches

- Launch new markets - Retail Bonds (ORB), MTS Credit and Gilts

- Expansion of Information Services portfolio e.g. UnaVista Confirmation and Swaps portals

- Co-location services - expanding data centre space for clients

- Roll out of new post trade assets - New MIC Interbank collateralised deposit market; clearing services for Turquoise Derivatives

- UK retail strategy using Italian market experience
Strategy - Developing opportunities

• Building scale and diversity through acquisition - Turquoise, MillenniumIT and FSA Transaction Reporting Service (to complete Oct 2011)

• Financial Technology opportunities across asset classes, including services to back offices through technology, post trade functions and information products (e.g. UnaVista)

• MillenniumIT benefiting from Group brand and financial backing

• Technology sales - Johannesburg SE, Oslo Bors and strategic partnership with Mongolia SE - good pipeline

• LSE selected to provide clearing technology services for a new, cross-market Central counterparty (CCP) mechanism for Central and Eastern European (CEE) capital markets.
## Strength in diversification

Attractive and established building blocks for growth

<table>
<thead>
<tr>
<th>Primary markets:</th>
<th>Expand our global franchise - #1 global listing venue for international companies</th>
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<tbody>
<tr>
<td>Equities:</td>
<td>Modernise cash equity franchise - revised tariffs, new technology, lower cost post trade and new services</td>
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<tr>
<td>Derivatives:</td>
<td>Integrate derivatives assets to build European and Emerging Market scale</td>
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<td>Fixed income:</td>
<td>Build upon assets to develop leading integrated Pan-European fixed income platform</td>
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<td>Turquoise:</td>
<td>Establish as the leading multi-asset pan-European crossing network (including dark pool trading)</td>
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<td>Commodities:</td>
<td>Harness growth potential by expanding into commodity derivatives</td>
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<td>Post-trade:</td>
<td>Build upon Italian assets to create efficient, interoperable pan-European post-trade provider; CC&amp;G already has a London ROCH licence</td>
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### Current strategic focus

<table>
<thead>
<tr>
<th>Building block</th>
<th>Description</th>
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<tr>
<td><strong>Main Market</strong></td>
<td>#1 market globally for international listings</td>
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<tr>
<td><strong>AIM</strong></td>
<td>#1 cash equity trading business in Europe</td>
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<td><strong>ETP+</strong></td>
<td>#1 ETF / ETC market in Europe by volume</td>
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<td><strong>MOT</strong></td>
<td>#1 electronic retail bond platform in Europe</td>
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<td><strong>Turquoise</strong></td>
<td>#1 European MTF dark pool for cash and derivatives</td>
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<td><strong>IDEX</strong></td>
<td>#3 derivatives exchange in Europe</td>
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<td><strong>MTS</strong></td>
<td>#1 electronic government fixed income trading market in Europe</td>
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<td><strong>CC&amp;G</strong></td>
<td>Italian Post-trade - clearing, settlement, custody</td>
</tr>
<tr>
<td><strong>X-TRM</strong></td>
<td></td>
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<td><strong>FTSE</strong></td>
<td>Global index provider; #1 provider of Chinese ETFs</td>
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<tr>
<td><strong>Millennium</strong></td>
<td>Core capital markets technology used both internally and by third parties, e.g. LME, ICAP, Tullet Prebon</td>
</tr>
<tr>
<td><strong>UnaVista</strong></td>
<td>Secure hosted platform for data validation, matching and reconciliation for over 7500 customers</td>
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<td><strong>RNS</strong></td>
<td>Regulatory and financial communications channel with the professional investor</td>
</tr>
<tr>
<td><strong>SEDOL</strong></td>
<td>Unique global securities identifiers (over 19m unique identifiers)</td>
</tr>
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</table>
Capital Markets - Pre-eminent international capital raising venue

- Good start to 2011 - Primary issuance increased
  - Pre-eminent venue - maintaining a competitive position versus other exchanges
  - Pipeline good - more international - though subject to market conditions in near term
Capital Markets - Share of trading

- UK and Italy share of trading 63.5% and 83.6% (Jan-Aug 2011, excluding Turquoise)
Capital Markets - Turquoise

- Turquoise growing; now 6% of European cash equities trading - no 2 MTF in Europe
- 28% share of European MTF dark segment; no 2 in Europe
- Launch of Turquoise Derivatives - June 2011
Capital Markets - Fixed Income

- MTS covers 15 European markets: strong growth seen over last year in France, Netherlands and Spain

- Gilts launched on the interdealer MTS Cash platform and the MTS BondVision multi-dealer-to-client platform

- MTS Credit to launch by end 2011; trading in more than 2,400 corporate bonds

- Continued high level sovereign debt issuance is positive in medium term
Post Trade: Strategy

- Provide capital markets with the most efficient post trade arrangements
- Build the scale of our offering throughout the post trade process
- Champion greater post trade efficiency and competition in Europe

Clearing
- Providing clearing services for Turquoise derivatives
- New MIC interbank collateralised deposit market
- CCP service for Italian retail bond market
- 22% increase in membership - 171 clients across 10 countries (73 outside Italy)

Settlement
- Multi-purpose routing engine (X-TRM) routes client trades to [14] clearing and CSD entities
- T2S - Monte Titoli the only confirmed major CSD participant in first wave of implementation (expected 2014)
- Aligned to interests of major clients that want simplification and harmonisation of European equity settlement process

Custody
- Develop and extend assets serviced
Post Trade Services

Growth in underlying volumes and good treasury management

**Total income**

<table>
<thead>
<tr>
<th>FY 2010</th>
<th>FY 2011</th>
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<tr>
<td>Clearing</td>
<td>£116m</td>
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<tr>
<td>Settlement</td>
<td>£16m</td>
</tr>
<tr>
<td>Custody &amp; other</td>
<td>£46m</td>
</tr>
<tr>
<td>Net treasury income through CCP business</td>
<td>£21m</td>
</tr>
<tr>
<td>Total</td>
<td>£33m</td>
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**Highlights**

- Clearing revenues higher on increased Italian derivatives and strong MTS fixed income volumes
- Settlement revenues lower following increased netting efficiency
- Custody Assets under management increased 5% to over €3.0 trillion
- Servizio Titoli disposal completed for €32m, revenue FY2011 £7.9m

Note: Minor rounding differences, figures may not cast down
Post Trade: Delivering on our strategy

Clearing

Net treasury income benefiting from:

• Management changes - greater use of broader range of banks
• Investment made in risk and treasury management
• Increased margin collected from higher volumes, new markets and increased direct participation from non-Italian banks
• Relative low liquidity in Italian inter-bank loan market
Information Services

- Real time data - terminals stable,
- New initiatives:
  - Non-displayed data fees implemented January 2011
  - Direct reporting service live 2011

- Other Information Services
  - **FTSE** - FY 2011 total revenues up 18%, FTSE/Xinhua index now 100% owned (renamed FTSE China) - largest Chinese ETF benchmark:
  - **UnaVista** - post trade solutions, strong growth, FSA TRS acquisition to close Oct 2011
  - **SEDOL** - global numbering system, FY 2011 revenues up 13%
  - **ProQuote** - RSP network, FY 2011 revenues up 5%
  - **RNS** - regulatory news service for company announcements
Technology Services

- Millennium Exchange successfully rolled out on Turquoise and LSE - and will be used by Johannesburg SE and Oslo Bors
- World leading consistent low latency performance
- IDEM roll out on SOLA and upgrade for Turquoise Derivatives
FY 2012 Q1
- Interim Management Statement 20 July 2011

- Strong increase in total income, up 14% on Q1 last year (up 12% at constant currency) to £190.2 million

- Primary markets revenues up 22%, with growth in number of new issues and money raised

- Share of cash equities trading was stable:
  - 64.6% in UK cash equities,
  - 85.3% in Italy;
  - Turquoise progressing well - the no.2 MTF for pan-European lit and dark trading

- Post Trade Services total income up 58%; revenues up 7% on like-for-like basis

- New initiatives:
  - Turquoise Derivatives launched - FTSE 100 Index Futures
  - MTS market for UK Government bonds and European corporate bonds
  - Contract for clearing technology services for Central and Eastern European Capital Markets (OeKB)
Diversified Group income
FY 2012 Q1: £190.2m

Total income £m

FY 2011 Q1
- Capital Markets: £76.5m
- Information: £42.0m
- Post Trade: £32.8m
- Other: £3.4m

FY 2012 Q1
- Capital Markets: £79.7m
- Information: £51.8m
- Post Trade: £51.8m
- Other: £10.6m

Total income £m up 14%

£190.2m

Total income %

FY 2012 Q1

- Capital Markets: 42%
- Post Trade: 27%
- Information: 23%
- Technology: 6%
- Other: 2%
Summary

Financial Performance

• Solid FY 2011 financial results - total income up 7%, 4% reduction in operating expense and AEPS up 23%

• Q1 FY 2012 income up 14% to £190m

• Benefits of diversified business delivering growth across number of business activities

Delivering on Strategy

• Getting in shape - key steps taken include:
  • Millennium Exchange roll out for Turquoise and SETS UK trading platform, SOLA for IDEM and Turquoise Derivatives
  • On-going focus on cost control, improving client service and increasing competitiveness

• Leveraging our assets and developing opportunities
  • Turquoise derivatives FTSE 100 Index Futures launched in June
  • Launch of new Information, Technology and Post Trade products

• Growth opportunities
  • Many organic / inorganic development opportunities - disciplined approach to deliver shareholder value
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