

27 January 2012

LONDON STOCK EXCHANGE GROUP plc

INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 26 JANUARY 2012, INCLUDING REVENUES AND KPIS FOR THE THREE MONTHS ENDED 31 DECEMBER 2011 (Q3)

- Continued strong operational and financial performance in Q3
- Total income up 17 per cent on Q3 last year at £196.3 million (up 13 per cent on organic constant currency basis); 9 months year-to-date up 19 per cent, to £582.8m (up 18 per cent on organic constant currency basis)
- Post Trade Services total income increased 50 per cent, driven by further sequential (over Q2) growth in treasury management income from clearing operations
- Capital Markets revenues decreased 4 per cent with growth in annual fee income, derivatives revenues and Italian cash equities trading offset by lower IPO activity and weaker fixed income and UK cash equities trading
- Information Services revenues rose 24 per cent in total, reflecting operational growth and the initial benefits of the FTSE acquisition which includes adjustment to royalties previously recognised 3 months in arrears; organic growth was good at 4 per cent, with increases in both real time data income and revenue from other information products
- Technology Services revenues up 15 per cent, mostly driven by growth from MillenniumIT
- Acquired the outstanding 50 per cent of FTSE, giving the Group full control of this strategically important, high growth global indices business – FTSE EBITDA for the year ended 31 December 2011 grew 34 per cent to £53.6 million
- Exclusive discussions with LCH.Clearnet and broader related stakeholder engagement continue

Commenting on performance in the past quarter, Xavier Rolet, Chief Executive, said:

“This has been another good quarter, with strong momentum and top line growth of 17 per cent. As well as a very positive organic performance, we successfully completed our acquisition of FTSE. The new opportunities that come with full control of this high quality, fast-growing international business are significant, and we look forward to developing these with our customers.

“Our diversification strategy continues to pay dividends and the breadth and balance of our offering gives our portfolio a good element of natural hedge, making us well-placed to drive the ongoing performance of the Group. We remain firmly committed to enhancing the Group’s competitiveness, focusing on our customers and to developing our wide range of products and services.”

Financial Position

During Q3 there was a net outflow of cash, including £428 million for the acquisition of the 50 per cent of FTSE International Limited that the Group did not own, £53 million (€62 million) for the purchase of a 13.6 per cent stake in CC&G from Unicredit S.p.A and £15 million for acquisition of the FSA’s transaction reporting service, TRS.

At the end of December 2011, Group net debt had increased to £582 million (or £747 million after setting aside the cash held for regulatory and operational support purposes). As reported at the time of the FTSE transaction, the pro forma leverage of the Group has increased to 1.6 times net debt:adjusted EBITDA, based on EBITDA to 30 September 2011 and on a pro forma basis to include 12 months FTSE EBITDA. We expect that our positive net cash generation will start to reduce our leverage.

To underpin the Group’s financial flexibility in connection with our ongoing discussions with LCH.Clearnet, a new £350 million committed revolving credit facility was signed on 15 December 2011. This facility expires if these discussions are terminated.

Although there was little change to the euro:sterling rate in Q3 compared with the equivalent period last year, the euro has weakened in recent weeks. To illustrate our exposure to movements in this exchange rate, a €0.05 decrease in the average euro:sterling rate would have resulted in a reduction to total income of c£4.3 million for Q3.

FTSE International Limited

Financial results (unaudited) for FTSE International Limited, for the 12 months ended 31 December 2011, confirm a continuation of strong growth. Revenue increased 21 per cent to £119.1 million and EBITDA grew 34 per cent to £53.6 million.

Current trading and Outlook

The Group is well positioned and continues to make progress in executing its stated strategy to ‘get in shape, leverage assets, and seek opportunities’. The Board expects continuing good overall Group performance during the final

quarter of the financial year, reflecting the resilience of the business and strength of the portfolio's offering.

However, the Group is not immune to the current weak market conditions. The fourth quarter has started with subdued secondary market trading, with average daily value traded in UK cash equities down 3 per cent on Q3 although volume traded in Italian cash equities is up 4 per cent on Q3. MTS fixed income trading and IDEM derivative volumes are down on average daily levels in the prior quarter. Information Services, Technology Services and Post Trade Services are all performing well, with net treasury income unaffected by slowing trading levels so far in January.

The Board remains committed to delivering growth through leveraging the many assets within the business, whilst maintaining focus on improving competitiveness, cost management and efficiency.

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Q3 Revenue Summary

Revenues for three months and nine months ended 31 December 2011, with comparatives against performance for the same period last year. Growth rates for both Q3 and year to date performance are also expressed on a constant currency basis. All figures are unaudited.

	Three months ended 31 December			Organic and constant currency	Nine months ended 31 December			Organic and constant currency
	2011 £m	2010 £m	Variance %	variance ¹ %	2011 £m	2010 £m	Variance %	variance ¹ %
Revenue								
Capital Markets	68.9	71.5	(4%)	(4%)	228.7	213.0	7%	6%
Post Trade Services	24.5	23.9	3%	11%	76.9	72.2	7%	13%
Information Services	52.8	42.5	24%	4%	141.9	126.6	12%	4%
Technology Services	13.1	11.4	15%	15%	37.8	35.9	5%	6%
Other	1.5	1.3	15%	15%	3.6	3.5	3%	0%
Total revenue	160.8	150.6	7%	2%	488.9	451.2	8%	7%
Net treasury income through CCP business	33.5	14.8	126%	126%	87.8	31.6	178%	171%
Other income	2.0	2.0	0%	0%	6.1	5.8	5%	5%
Total income	196.3	167.4	17%	13%	582.8	488.6	19%	18%
Share of profit of JVs and associates ²	3.5	0.9			5.9	2.5		
Organic Excluding FTSE additional royalty, revenue, TRS & Servizio Titoli								
Total revenue	152.0	148.7	2%	2%	480.1	445.2	8%	7%
Total income	187.5	165.5	13%	13%	574.0	482.6	19%	18%

¹Exchange rates for the relevant period are detailed at the end of this section

Adjustments to calculate organic growth:

- 1) Removal of Servizio Titoli revenue last year (Post Trade)
- 2) Removal of FTSE revenue and additional royalties from current year (Information)
- 3) Removal of TRS revenue from current year (Information)

²JV share of profits includes £2.3m to align the reporting of FTSE profit share previously accounted for 3 months in arrears

More detailed revenues by segment are provided in tables below:

Capital Markets

	Three months ended 31 December			Variance at constant currency	Nine months ended 31 December			Variance at constant currency
	2011 £m	2010 £m	Variance %		2011 £m	2010 £m	Variance %	
Revenue								
Primary Markets								
Annual fees	10.0	9.6	4%	4%	30.0	28.3	6%	5%
Admission fees	7.1	9.5	(25%)	(25%)	27.5	24.8	11%	11%
	17.1	19.1	(10%)	(10%)	57.5	53.1	8%	8%
Secondary Markets								
Cash equities UK & Turquoise	21.1	21.6	(2%)	(2%)	73.3	70.2	4%	4%
Cash equities Italy	7.2	6.8	6%	6%	23.4	21.5	9%	6%
Derivatives	3.9	3.8	3%	3%	12.8	12.2	5%	2%
Fixed income	8.0	8.3	(4%)	(4%)	26.7	22.9	17%	14%
	40.2	40.5	(1%)	(1%)	136.2	126.8	7%	6%
Other	11.6	11.9	(3%)	(2%)	35.0	33.1	6%	3%
Total revenue	68.9	71.5	(4%)	(4%)	228.7	213.0	7%	6%

Post Trade Services

	Three months ended 31 December			Variance at constant currency	Nine months ended 31 December			Variance at constant currency
	2011 £m	2010 £m	Variance %		2011 £m	2010 £m	Variance %	
Revenue								
Clearing	10.2	8.4	21%	21%	31.7	25.2	26%	22%
Settlement	4.3	4.5	(4%)	(4%)	14.1	13.4	5%	2%
Custody & other	10.0	11.0	(9%)	(9%)	31.1	33.6	(7%)	(9%)
Total revenue	24.5	23.9	3%	3%	76.9	72.2	7%	4%
Net treasury income through CCP business	33.5	14.8	126%	126%	87.8	31.6	178%	171%
Total income	58.0	38.7	50%	50%	164.7	103.8	59%	55%
Excluding Servizio Titoli (disposed with effect from 1 April 2011):								
Custody & other	10.0	9.1	10%	10%	31.1	27.6	13%	10%
Total revenue	24.5	22.0	11%	11%	76.9	66.2	16%	13%
Total income	58.0	36.8	58%	58%	164.7	97.8	68%	64%

Information Services

	Three months ended			Variance at constant currency	Nine months ended			Variance at constant currency
	31 December				31 December			
	2011	2010	Variance		2011	2010	Variance	
£m	£m	%	£m	£m	%	%		
Revenue								
Real time data	25.4	24.4	4%	4%	75.6	72.6	4%	3%
Other information services	16.3	15.2	7%	7%	48.6	45.8	6%	6%
FTSE royalties	6.4	2.9			13.0	8.2		
FTSE revenue	4.7	0.0			4.7	0.0		
Total revenue	52.8	42.5	24%	24%	141.9	126.6	12%	11%
Total revenue excluding FTSE additional royalties & revenue & TRS revenue	44.0	42.5	4%	4%	133.1	126.6	5%	4%

Note:

FTSE royalties includes £3.5m to align the reporting of FTSE royalties and profit share previously accounted for 3 months in arrear. FTSE revenue reflects completion of acquisition from 16th December 2011.

Technology Services

	Three months ended			Variance at constant currency	Nine months ended			Variance at constant currency
	31 December				31 December			
	2011	2010	Variance		2011	2010	Variance	
£m	£m	%	£m	£m	%	%		
Revenue								
MillenniumIT	5.5	4.1	34%	34%	15.0	13.1	15%	16%
Technology	7.6	7.3	4%	4%	22.8	22.8	0%	(0%)
Total revenue	13.1	11.4	15%	15%	37.8	35.9	5%	6%

Basis of Preparation

Results for Borsa Italiana for the periods ended 31 December 2011 have been translated into Sterling using the average monthly exchange rate for the period of €1.166: £1. Constant currency growth rates have been calculated by translating prior period results at the average exchange rate for the current period.

Average €:£ rate 3 months ended 31 December 2011	Closing €:£ rate at 31 December 2011	Average €:£ rate 9 months ended 31 December 2011	Average €:£ rate 3 months ended 31 December 2010	Closing €:£ rate at 31 December 2010	Average €:£ rate 9 months ended 31 December 2010
€1.166	€1.197	€1.146	€1.163	€1.162	€1.179

Appendix

Capital Markets - Primary Markets

	Three months ended			Nine months ended		
	31 December		Variance %	31 December		Variance %
	2011	2010		2011	2010	
New Issues						
UK Main Market, PSM & SFM	11	25	(56%)	50	60	(17%)
UK AIM	17	35	(51%)	75	86	(13%)
Borsa Italiana	2	3	(33%)	7	6	17%
Total	30	63	(52%)	132	152	(13%)
Company Numbers (as at period end)						
UK Main Market, PSM & SFM	1,451	1,475	(2%)			
UK AIM	1,143	1,195	(4%)			
Borsa Italiana	292	296	(1%)			
Total	2,886	2,966	(3%)			
Market Capitalisation (as at period end)						
UK Main Market (£bn)	1,824	1,952	(7%)			
UK AIM (£bn)	65	79	(18%)			
Borsa Italiana (€bn)	332	425	(22%)			
Borsa Italiana (£bn)	278	366	(24%)			
Total (£bn)	2,167	2,397	(10%)			
Money Raised (£bn)						
UK New	0.9	3.6	(75%)	12.3	8.7	41%
UK Further	1.0	7.0	(86%)	4.3	18.4	(77%)
Borsa Italiana new and further	0.7	2.0	(65%)	9.2	3.1	197%
Total (£bn)	2.6	12.6	(79%)	25.8	30.2	(15%)

Capital Markets - Secondary Markets

	Three months ended			Nine months ended		
	31 December		Variance	31 December		Variance
Equity	2011	2010	%	2011	2010	%
Totals for period						
UK value traded (£bn)	256.6	267.5	(4%)	882.3	880.9	0%
Borsa Italiana (no of trades)	15.1	14.6	3%	49.3	46.7	6%
Turquoise (€bn)	120.9	72.7	66%	397.2	241.2	65%
SETS Yield (basis points)	0.68	0.72	(6%)	0.70	0.71	(1%)
Average daily						
UK value traded (£bn)	4.2	4.2	0%	4.7	4.6	2%
Borsa Italiana (no of trades)	235.6	228.7	3%	256.5	242.1	6%
Turquoise (€bn)	1.9	1.1	73%	2.1	1.2	75%
Derivatives (contracts m)						
Turquoise	7.4	9.0	(18%)	29.1	26.2	11%
IDEM	9.2	9.5	(3%)	37.4	36.0	4%
Total	16.6	18.5	(10%)	66.5	62.2	7%

Fixed Income

MTS cash and Bondvision (€bn)	468	649	(28%)	1,785	1,896	(6%)
MTS money markets (€bn term adjusted)	11,545	15,827	(27%)	44,553	47,123	(5%)
MOT number of trades (m)	1.56	1.11	41%	3.68	2.95	25%

Post Trade Services

	Three months ended			Nine months ended		
	31 December		Variance	31 December		Variance
CC&G Clearing (m)	2011	2010	%	2011	2010	%
Equity clearing (trades)	15.9	15.2	5%	52.0	49.3	5%
Derivative clearing (contracts)	9.2	9.5	(3%)	37.4	36.0	4%
Total Contracts	25.1	24.7	2%	89.4	85.3	5%
Open interest (contracts as at period end)	4.0	3.0	33%			
Initial margin held (average €bn)	11.1	7.0	59%	9.5	6.7	42%
Monte Titoli						
Pre Settlement instructions (trades m)	8.0	7.5	7%	24.9	22.6	10%
Settlement instructions (trades m)	7.8	9.4	(17%)	25.2	29.3	(14%)
Total Settlement	15.8	16.9	(7%)	50.1	51.9	(3%)
Custody assets under management (average €tn)	3.03	3.00	1%	3.04	2.99	2%

Information Services

	Three months ended		Variance %
	31 December 2011	2010	
UK Terminals			
Professional - UK	38,500	38,000	1%
Professional - International	54,500	55,000	(1%)
Total	93,000	93,000	0%
Borsa Italiana Professional Terminals	135,000	140,000	(4%)

Total Income – Quarterly

£ millions	FY 2011				FY 2011	FY 2012		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Annual Fees	9.3	9.4	9.6	9.4	37.8	9.9	10.2	10.0
Admission Fees	8.8	6.5	9.5	8.3	33.0	12.2	8.2	7.1
Cash equities UK & Turquoise	26.7	21.9	21.6	26.2	96.4	24.3	27.8	21.1
Cash equities Italy	8.7	6.0	6.8	9.3	30.7	7.7	8.5	7.2
Derivatives	4.9	3.5	3.8	4.5	16.8	4.3	4.7	3.9
Fixed Income	7.4	7.2	8.3	9.5	32.4	9.8	9.0	8.0
Other	10.7	10.5	11.9	11.2	44.4	11.5	11.7	11.6
Capital Markets	76.5	65.0	71.5	78.4	291.5	79.7	80.1	68.9
Clearing	9.7	7.2	8.4	10.7	35.9	9.9	11.7	10.2
Settlement	5.0	3.9	4.5	4.8	18.2	4.8	5.0	4.3
Custody & other	12.2	10.3	11.0	11.6	45.2	11.3	9.7	10.0
Post Trade Services	26.9	21.4	23.9	27.1	99.3	26.0	26.4	24.5
Real time data	24.4	23.9	24.4	27.1	99.8	25.2	25.0	25.4
Other information	15.5	15.0	15.2	15.0	60.7	16.3	15.8	16.3
FTSE royalties	2.6	2.7	2.9	3.1	11.3	3.2	3.5	6.4
FTSE revenue								4.7
Information Services	42.5	41.6	42.5	45.2	171.8	44.7	44.3	52.8
MillenniumIT	5.0	4.0	4.1	5.0	18.2	3.2	6.4	5.5
Technology	7.6	7.9	7.3	7.7	30.4	7.4	7.8	7.6
Technology Services	12.6	11.9	11.4	12.7	48.6	10.6	14.2	13.1
Other	1.5	0.7	1.3	1.2	4.7	1.4	0.7	1.5
Total Revenue	159.6	140.6	150.6	164.6	615.9	162.4	165.7	160.8
Net treasury income through CCP business	5.9	10.8	14.8	19.8	51.3	25.8	28.5	33.5
Other income	1.9	1.9	2.0	1.9	7.7	2.0	2.1	2.0
Total income	167.8	153.4	167.4	186.3	674.9	190.2	196.3	196.3

Note: Minor rounding differences may mean quarterly and other segmental figures may differ slightly