

14 July 2010

**LONDON STOCK EXCHANGE GROUP plc**  
**INTERIM MANAGEMENT STATEMENT**  
**FOR THE PERIOD TO 13 JULY 2010, INCLUDING REVENUES AND KPIs**  
**FOR THE THREE MONTHS ENDED 30 JUNE 2010**

***Headlines:***

Revenues and KPIs for three months ended 30 June 2010:

- Revenue of £158.2 million, up one per cent on Q1 last year (up two per cent at constant currency) and up three per cent on Q4; a resilient performance reflecting the diversified business streams
- Total income of £166.0 million, up two per cent on Q1 last year (up three per cent at constant currency) and up five per cent on Q4
- Capital Markets revenues overall down six per cent year on year (down four per cent at constant currency) at £74.2 million, mainly reflecting reduction in UK cash equities trading revenues following price changes in May and earlier tariff changes in September, partly offset by increased trading levels; in Italy trading volumes unchanged on last year; MTS contributed to 10 per cent revenue growth in fixed income trading, although down 6 per cent on prior quarter due to impact of euro debt crisis
- Share of trading of UK cash equities increased during the quarter: average share of total cash equities trading on the UK platform was 62.4 per cent in June, up from 60.0 per cent in April (up from 54.8 per cent to 57.4 per cent on just FTSE 100 trading); in addition Turquoise averaged 5.4 per cent in June, up from 4.3 per cent in April, as it became the largest European dark pool MTF
- Primary Market revenues up one per cent year on year as growth in annual fee income offset lower capital raising revenues
- Post Trade total income up two per cent over Q1 last year to £32.8 million (up five per cent at constant currency), principally reflecting net higher interest income on margin held in the clearing business
- Information Services revenues almost unchanged on corresponding period last year at £44.0 million (up one per cent at constant currency); the total number of professional users of LSE real time information unchanged since Q4 though down on Q1 last year, while revenues from other data products grew strongly

- Technology Services revenues increased organically by 17 per cent over Q1 last year, supplemented by a further contribution from MillenniumIT to a total of £12.7 million
- Currency effects: the three cent strengthening in the £:€ exchange rate in Q1 compared with same period last year resulted in a £2.3 million reduction in revenue

### **Current trading and Outlook**

Market conditions remained variable in the first quarter, with new issue activity down on higher levels last year in terms of money raised and strong trading activity from market volatility in May contrasting with relatively lower levels in the remainder of the period. Trading across the Group's platforms in early July shows similarly varied trading levels.

Looking ahead, we are planning on the basis of market conditions remaining mixed. Management actions continue to improve business efficiency and competitive position, with immediate focus on introduction of the new trading system and development of new services across the Group to grow the business.

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

“Reflecting the breadth of the Group's activities, performance has been resilient in what have been mixed market conditions, with revenues increasing over the prior quarter and also up on last year.

“We are encouraged by the recent improvement in share of trading in UK cash equities and the growth in trading on Turquoise, particularly through the dark pool service. Good progress is being made with plans for introduction of the new MillenniumIT trading system, which will roll out in the UK in the autumn, starting with Turquoise in early October. Development work continues on other projects to improve operational efficiency and grow the business.”

## Revenue

London Stock Exchange Group plc (the "Group") today reports revenues for the three months ended 30 June 2010 (Q1), with comparatives against performance for the same period last year and the immediate prior quarter (Q4). Growth rates are also expressed on a constant currency basis. All figures are unaudited.

	Three months ended			Variance at constant currency	%	30 June		Variance at constant currency	%
	30 June	31 March	Variance			2009	Variance		
	2010	2010				2009			
	£m	£m	%	£m	%	%			
<b>Revenue</b>									
Capital Markets	74.2	72.0	3%	5%	78.6	(6%)	(4%)		
Post Trade Services	26.9	24.7	9%	14%	27.2	(1%)	2%		
Information Services	44.0	40.7	8%	9%	44.1	0%	1%		
Technology Services	12.7	15.3	(17%)	(18%)	6.6	92%	92%		
Other	0.4	0.4			0.5				
<b>Total revenue</b>	<b>158.2</b>	<b>153.1</b>	<b>3%</b>	<b>5%</b>	<b>157.0</b>	<b>1%</b>	<b>2%</b>		
Net Interest income through CCP business	5.9	3.1	90%	103%	4.9	20%	23%		
Other income	1.9	1.9	0%	0%	1.3	46%	46%		
<b>Total income</b>	<b>166.0</b>	<b>158.1</b>	<b>5%</b>	<b>7%</b>	<b>163.2</b>	<b>2%</b>	<b>3%</b>		

## Capital Markets

	Three months ended			Variance at constant currency	%	30 June		Variance at constant currency	%
	30 June	31 March	Variance			2009	Variance		
	2010	2010				2009			
	£m	£m	%	£m	%	%			
<b>Revenue</b>									
<b>Primary Markets</b>									
Annual fees	9.3	9.0	3%	6%	8.9	4%	6%		
Admission fees	8.8	7.8	13%	16%	9.0	(2%)	(2%)		
	<b>18.1</b>	<b>16.8</b>	<b>8%</b>	<b>10%</b>	<b>17.9</b>	<b>1%</b>	<b>2%</b>		
<b>Secondary Markets</b>									
Cash equities UK	24.4	25.1	(3%)	(3%)	28.4	(14%)	(14%)		
Cash equities Italy	8.7	7.4	18%	21%	9.1	(4%)	(1%)		
Derivatives	4.9	4.3	14%	17%	5.5	(11%)	(9%)		
Fixed income	7.4	7.9	(6%)	(4%)	6.7	10%	12%		
	<b>45.4</b>	<b>44.7</b>	<b>2%</b>	<b>3%</b>	<b>49.7</b>	<b>(9%)</b>	<b>(8%)</b>		
Other	10.7	10.6	1%	5%	11.0	(3%)	0%		
<b>Total revenue</b>	<b>74.2</b>	<b>72.0</b>	<b>3%</b>	<b>5%</b>	<b>78.6</b>	<b>(6%)</b>	<b>(4%)</b>		

Performance in the Capital Markets segment remained mixed with year on year growth in fixed income trading offset by declines in cash equities and derivatives, while in the primary markets business there was growth overall as increases in annual fee revenue offset slightly lower admission fees.

£10.7 billion was raised in new and further issues on the Group's markets in the first quarter, up on Q4 though down from the very high levels at the same point last year driven by secondary issues. The number of new issues increased to 42, higher than both Q1 last year and Q4, up by 23 and 6 respectively, and was the busiest quarter for number of new issues since the quarter ended 30 June 2008. Revenue from annual fees increased over Q1 last year, reflecting the improved market capitalisations of companies on our markets, which form the basis of the majority of these fees.

In secondary markets, UK cash equity average daily value traded increased 12 per cent over both Q4 and Q1 last year, though revenues declined 3 per cent and 14 per cent respectively reflecting tariff adjustments in September last year and from May 2010. Share of trading in total cash equities trading on the UK platform increased in May and June, averaging 62.4 per cent in June, up from 60.0 per cent share in April (and up from 54.8 per cent to 57.4 per cent on just FTSE 100 trading). Share of trading on Turquoise also increased, averaging 5.4 per cent in June, up from 4.3 per cent in April, as it became the largest European dark pool MTF in June. In Italy, trading declined two per cent over Q1 last year at 290,000 trades per day, although increased 18 per cent over Q4.

Revenues from the Group's derivatives operations increased 14 per cent over Q4 as contracts traded on IDEM more than doubled in Q1, though revenues declined 11 per cent compared with Q1 last year, mainly reflecting the loss of Scandinavian derivatives trading on EDX at the end of 2009.

On the fixed income markets, revenue increased ten per cent over Q1 last year with good MTS performance as cash trading rose 27 per cent and money markets increased 86 per cent. Against Q4, revenues declined six per cent following turmoil in euro-zone Government bond markets.

## Post Trade

	Three months ended			Variance at constant currency	30 June		Variance at constant currency
	30 June	31 March	Variance		2009	Variance	
	2010	2010		2009			
	£m	£m	%	£m	%	%	%
<b>Revenue</b>							
Clearing	9.7	8.5	14%	8.9	9%	13%	
Settlement	5.0	5.3	(6%)	6.0	(17%)	(15%)	
Custody & other	12.2	10.9	12%	12.3	(1%)	1%	
<b>Total revenue</b>	<b>26.9</b>	<b>24.7</b>	<b>9%</b>	<b>27.2</b>	<b>(1%)</b>	<b>2%</b>	
Net interest income through CCP business	5.9	3.1	90%	4.9	20%	23%	
<b>Total income</b>	<b>32.8</b>	<b>27.8</b>	<b>18%</b>	<b>32.1</b>	<b>2%</b>	<b>5%</b>	

Clearing revenues increased over both Q1 last year and Q4 as the volume of both equity and derivative contracts cleared increased, with combined clearing transaction volumes up 16 per cent and 55 per cent over Q1 last year and Q4 respectively. The number of settlement instructions in Q1 reduced 27 per cent against Q1 last year and were down three per cent on Q4, resulting in revenue declining 17 and six per cent respectively.

Custody & other revenues for Q1 were down slightly (up one per cent in constant currency) over the same period last year, and up 12 per cent over Q4, with benefit from a small rise in the value of assets under custody at €2.98 trillion and seasonally stronger revenues in the company secretarial services business compared with the prior quarter.

### Information Services

	Three months ended			Variance at constant currency	30 June		Variance at constant currency
	30 June	31 March	Variance		2009	Variance	
	2010	2010			2009		
	£m	£m	%	£m	%	%	
<b>Revenue</b>							
Real time data	24.0	23.4	3%	4%	27.4	(12%)	(10%)
Other information services	20.0	17.3	16%	17%	16.7	20%	18%
<b>Total revenue</b>	<b>44.0</b>	<b>40.7</b>	<b>8%</b>	<b>9%</b>	<b>44.1</b>	<b>0%</b>	<b>1%</b>

At 93,000, the number of professional terminals taking London Stock Exchange data was 5,000 down at the same point last year, though unchanged over the past six months. The number of professional users of Borsa Italiana data also declined by 5,000 compared with the same time last year at 143,000, and down 2,000 compared to the position at the end of March 2010.

Non-real time data products continued to perform well overall, with a 20 per cent rise in revenue over Q1 last year, reflecting good performance on a number of lines including SEDOL and FTSE, together with modest first time revenue from Turquoise.

### Technology Services

Technology Services	Three months ended			Variance at constant currency	30 June		Variance at constant currency
	30 June	31 March	Variance		2009	Variance	
	2010	2010			2009		
	£m	£m	%	£m	%	%	
<b>Revenue</b>							
Technology	12.7	15.3	(17%)	(18%)	6.6	92%	92%

Technology Services comprises the Group's sales of technology services, including connections to our markets and trading platforms, co-location of client servers in our data centres and the supply of software and hardware systems to capital market clients worldwide by MillenniumIT.

Performance in Q1 reflects inclusion of MillenniumIT, acquired in October 2009, which contributed £5.0 million in the period. Excluding MillenniumIT, technology sales increased 17 per cent compared with Q1 last year.

### **Operational Efficiency and Cost Reduction**

The Group continues its focus on cost reduction and operational efficiency. As announced in May, 50 roles have been eliminated, partly through natural attrition, in addition to headcount reductions implemented last year.

Good progress is being made with the testing and development process for the migration to the MillenniumIT trading platform for cash equities trading. Dress rehearsals commence from mid September with roll out of the new system starting with Turquoise in early October, followed by migration of the UK trading platform in November 2010.

### **Financial Position**

The Group reduced its net debt in the quarter, reflecting normal underlying cash generation as well as strong seasonal inflow from annual charges for certain services invoiced at the start of the financial year. The Group also benefitted from the strengthening of the £:€ exchange rate on translation of euro denominated borrowings. There are no other material changes to the Group's financial position since financial year end, and no change in committed credit lines.

Further information is available from:

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### **Basis of Preparation**

Results for Borsa Italiana for the periods ended 30 June 2010 have been translated into Sterling using the average monthly exchange rate for the period of €1.17: £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 30 June 2010	Closing €:£ rate at 30 June 2010	Average €:£ rate 3 months ended 31 March 2010	Closing €:£ rate 3 months ended 31 March 2010	Average €:£ rate 3 months ended 30 June 2009	Closing €:£ rate at 30 June 2009
€1.17	€1.22	€1.13	€1.12	€1.14	€1.17

## Appendix

### Capital Markets - Primary Markets

	Three months ended				
	30 June	31 March	Variance	30 June	Variance
	2010	2010	%	2009	%
<b>New Issues</b>					
UK Main Market, PSM & SFM	24	16	50%	9	167%
UK AIM	18	16	13%	8	125%
Borsa Italiana	0	4	-100%	2	-100%
<b>Total</b>	<b>42</b>	<b>36</b>	<b>17%</b>	<b>19</b>	<b>121%</b>
<b>Company Numbers (as at period end)</b>					
UK Main Market, PSM & SFM	1,492	1,491	0%	1,513	-1%
UK AIM	1,235	1,258	-2%	1,413	-13%
Borsa Italiana	295	297	-1%	295	0%
<b>Total</b>	<b>3,022</b>	<b>3,046</b>	<b>-1%</b>	<b>3,221</b>	<b>-6%</b>
<b>Market capitalisation (as at period end)</b>					
UK Main Market (£bn)	1,609	1,828	-12%	1,334	21%
UK AIM (£bn)	59	62	-5%	48	23%
Borsa Italiana (€bn)	390	459	-15%	379	3%
Borsa Italiana (£bn)	319	410	-22%	325	-2%
<b>Total (£bn)</b>	<b>1,987</b>	<b>2,300</b>	<b>-14%</b>	<b>1,707</b>	<b>16%</b>
<b>Money raised (£bn)</b>					
UK New	2.8	1.9	47%	0.2	1300%
UK Further	7.7	2.3	235%	25.2	-69%
Borsa Italiana new and further	0.2	5.3	-96%	10.2	-98%
<b>Total (£bn)</b>	<b>10.7</b>	<b>9.5</b>	<b>13%</b>	<b>35.6</b>	<b>-70%</b>

## Capital Markets - Secondary Markets

	Three months ended				
	30 June	31 March	Variance	30 June	Variance
	2010	2010	%	2009	%
<b>Equity Volume Bargains (m)</b>					
UK	40.8	36.3	12%	42.4	-4%
Borsa Italiana	18.3	15.4	19%	18.3	0%
<b>Total</b>	<b>59.1</b>	<b>51.7</b>	<b>14%</b>	<b>60.7</b>	<b>-3%</b>
<b>Equity Value Traded</b>					
UK (£bn)	343	313	10%	304	13%
Borsa Italiana (€bn)	251	169	49%	190	32%
Borsa Italiana (£bn)	214	150	43%	167	28%
<b>Total (£bn)</b>	<b>557</b>	<b>463</b>	<b>20%</b>	<b>471</b>	<b>18%</b>
<b>Equity Average Daily Bargains ('000)</b>					
UK	669	576	16%	696	-4%
Borsa Italiana	290	246	18%	296	-2%
<b>Total</b>	<b>959</b>	<b>822</b>	<b>17%</b>	<b>992</b>	<b>-3%</b>
<b>Equity Average Daily Value Traded</b>					
UK (£bn)	5.6	5.0	12%	5.0	12%
Borsa Italiana (€bn)	4.0	2.7	48%	3.1	29%
Borsa Italiana (£bn)	3.4	2.4	42%	2.7	26%
<b>Total (£bn)</b>	<b>9.0</b>	<b>7.4</b>	<b>22%</b>	<b>7.7</b>	<b>17%</b>
<b>SETS Yield (basis points)</b>	0.71	0.79	-10%	0.93	-24%
<b>Equity Average Bargain Size</b>					
UK (£'000)	8.4	8.6	-3%	7.2	17%
Borsa Italiana (€000)	13.8	11.0	26%	10.4	33%
<b>Three months ended</b>					
	30 June	31 March	Variance	30 June	Variance
	2010	2010	%	2009	%
<b>Derivatives (contracts m)</b>					
EDX	9.3	9.6	-3%	14.5	-36%
IDEM	18.5	8.1	128%	13.7	35%
<b>Total</b>	<b>27.8</b>	<b>17.7</b>	<b>57%</b>	<b>28.2</b>	<b>-1%</b>
<b>Fixed Income</b>					
MTS cash and Bondvision (€bn)	606	706	-14%	478	27%
MTS money markets (€bn term adjusted)	15,345	13,720	12%	8,255	86%
MOT (€bn)	62	59	6%	63	-2%
MOT number of trades (m)	1.0	0.9	11%	0.9	11%



## Post Trade

	Three months ended				
	30 June	31 March	Variance	30 June	Variance
	2010	2010	%	2009	%
<b>CC&amp;G Clearing (m)</b>					
Equity clearing (trades)	19.3	16.4	18%	18.9	2%
Derivative clearing (contracts)	18.6	8.1	130%	13.7	36%
<b>Total Contracts</b>	<b>37.9</b>	<b>24.5</b>	<b>55%</b>	<b>32.6</b>	<b>16%</b>
Open interest (contracts as at period end)	6.8	4.1	66%	4.1	66%
<b>Monte Titoli</b>					
Pre Settlement instructions (trades m)	8.4	8.2	2%	10.6	-21%
Settlement instructions (trades m)	11.1	11.5	-3%	15.2	-27%
Custody assets under management (€tn)	2.98	2.87	4%	2.72	10%

## Information Services

	Three months ended				
	30 June	31 March	Variance	30 June	Variance
	2010	2010	%	2009	%
<b>UK Terminals</b>					
Professional - UK	38,000	38,000	0%	40,000	-5%
Professional - International	55,000	55,000	0%	58,000	-5%
<b>Total</b>	<b>93,000</b>	<b>93,000</b>	<b>0%</b>	<b>98,000</b>	<b>-5%</b>
<b>Borsa Italiana Professional Terminals</b>					
Proquote terminals	4,900	4,900	0%	4,900	0%
Proquote Italy terminals	34,000	34,000	0%	28,000	21%

## Revenues - Quarterly

£ millions	FY 2010				FY 2010	FY 2011
	Q1	Q2	Q3	Q4		Q1
Annual Fees	8.9	8.6	8.7	9.0	35.2	9.3
Admission Fees	9.0	7.7	9.5	7.8	34.0	8.8
Cash equities UK	28.4	25.3	23.0	25.1	101.8	24.4
Cash equities Italy	9.1	8.1	7.1	7.4	31.7	8.7
Derivatives	5.5	5.0	4.7	4.3	19.5	4.9
Fixed Income	6.7	7.1	7.6	7.9	29.3	7.4
Other	11.0	10.9	11.4	10.6	43.9	10.7
<b>Capital Markets</b>	<b>78.6</b>	<b>72.7</b>	<b>72.0</b>	<b>72.0</b>	<b>295.3</b>	<b>74.2</b>
Clearing	8.9	7.1	8.9	8.5	33.4	9.7
Settlement	6.0	4.8	5.0	5.3	21.1	5.0
Custody & other	12.3	10.5	11.8	10.9	45.5	12.2
<b>Post Trade</b>	<b>27.2</b>	<b>22.4</b>	<b>25.7</b>	<b>24.7</b>	<b>100.0</b>	<b>26.9</b>
Real time data	27.4	26.6	26.3	23.4	103.7	24.0
Other information	16.7	15.0	16.7	17.3	65.5	20.0
<b>Information Services</b>	<b>44.1</b>	<b>41.6</b>	<b>43.0</b>	<b>40.7</b>	<b>169.2</b>	<b>44.0</b>
<b>Technology Services</b>	<b>6.6</b>	<b>7.2</b>	<b>10.3</b>	<b>15.3</b>	<b>39.4</b>	<b>12.7</b>
<b>Other</b>	<b>0.5</b>	<b>0.3</b>	<b>0.5</b>	<b>0.4</b>	<b>1.7</b>	<b>0.4</b>
<b>Total Revenue</b>	<b>157.0</b>	<b>144.2</b>	<b>151.4</b>	<b>153.1</b>	<b>605.6</b>	<b>158.2</b>
Net Interest income through CCP business	4.9	4.8	3.4	3.1	16.2	5.9
Other income	1.3	1.8	1.5	1.9	6.5	1.9
<b>Total income</b>	<b>163.2</b>	<b>150.8</b>	<b>156.3</b>	<b>158.1</b>	<b>628.3</b>	<b>166.0</b>

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

Segmentation of revenues for Capital Markets / Other has been adjusted for FY 2010 with an increase of £8m to reflect management re-organisation and reporting of business lines. Technology revenues have reduced by the same amount.