

20 July 2011

LONDON STOCK EXCHANGE GROUP plc

INTERIM MANAGEMENT STATEMENT FOR THE PERIOD TO 20 JULY 2011, INCLUDING REVENUES AND KPIs FOR THE THREE MONTHS ENDED 30 JUNE 2011

Highlights:

- Strong increase in total income, up 14 per cent on Q1 last year (up 12 per cent at constant currency) to £190.2 million
- Primary markets revenues up 22 per cent
- Share of cash equities trading stable: at 64.6 per cent in UK cash equities, 85.3 per cent in Italy; Turquoise progressing well - in recent weeks has been the no.2 MTF for pan-European lit and dark trading
- Post Trade Services total income up 58 per cent

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

“With an increase in total income of 14 per cent and growth in many business areas, these strong first quarter results confirm that we continue to make good progress. Notable good performances included primary markets, fixed income trading, Information Services and net treasury income within the Post Trade operations which again produced a very strong performance.

“We remain focused on developing the business, including initiatives in derivatives, fixed income and technology sales. Other projects are in development and we will continue to assess a range of options to deliver further growth and shareholder value.”

Divisional performance

- In primary markets, 22 per cent growth in revenues reflecting a 26 per cent increase in number of new issues to 54 and a 65 per cent increase in total money raised, with notable new issues including Glencore (London’s largest ever international IPO), DP World, Bumi and, in Italy, Salvatore Ferragamo
- In secondary markets, fixed income trading revenue increased 32 per cent with growth in MTS cash and money (repo) markets, offset by a decline of 9 and 11 per cent respectively in revenue from both UK and Italian cash equities trading, reflecting weaker trading levels in markets as a whole; derivatives revenues reduced 12 per cent with a nine per cent decline in volumes on IDEM compared to a record Q1 last year

- Post Trade Services total income increased 58 per cent, resulting from a more than four fold growth in net treasury income from clearing operations as demand for the short term cash deposits remained strong
- Information Services revenues rose six per cent; the total number of professional users of real time information remained unchanged in the UK and declined by 8,000 year on year in Italy, although income from real time data increased with changes to non-display charging; revenues from other information products increased 11 per cent reflecting growth across a range of products, including SEDOL, UnaVista and FTSE
- Technology Services revenues reduced 16 per cent, mainly resulting from uneven phasing of MillenniumIT deliveries between periods – we expect MillenniumIT will deliver growth in full year revenues

Operational and other Developments:

- Trading of FTSE 100 Index Futures on Turquoise Derivatives successfully commenced in June
- Launch of a new Sponsored Access service that offers latency efficient connectivity for non-members of the London Stock Exchange and Turquoise operated order books, providing a wider range of investors and the development of more liquid and diversified order books
- MTS launched an electronic market for UK government bonds; and Places for People Capital Markets PLC raised £140 million through a retail bond issue on the UK ORB market
- Group selected to provide clearing technology services for a new, cross-market central counterparty mechanism for central and eastern European capital markets
- The Group reduced its net debt in the quarter with cash received from the sale of Servizio Titoli (€32.4m) and strong net cash generation reflecting seasonal inflows from charges for annual services invoiced at the start of the financial year. There are no other material changes to the Group's financial position since financial year end, and no change in committed credit lines. Net costs taken in the current financial year associated with the proposed merger with TMX Group, which was terminated on 29 June, are expected to be immaterial following receipt of C\$10 million expense fees from TMX Group.

Current trading and Outlook

The new financial year has started well, with good year on year growth and overall improvement sequentially quarter on quarter. As usual, the summer period is expected to be quieter than Q1, particularly in primary markets though we believe the new issues pipeline further out in the year remains encouraging, subject to market conditions. Net treasury income has remained very strong and is expected to be above last year, driven in part by the current favourable credit spread in the money market.

Further information is available from:

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Q1 Revenue Summary

Revenues for three months ended 30 June 2011, with comparatives against performance for the same period last year. Growth rates and year to date performance are also expressed on a constant currency basis. All figures are unaudited.

	Three months ended 30 June			Variance	Variance at constant currency
	2011 £m	2010 £m	Variance %	%	
Revenue					
Capital Markets	79.7	76.5	4%	3%	
Post Trade Services	26.0	26.9	(3%)	(6%)	
Information Services	44.7	42.0	6%	4%	
Technology Services	10.6	12.6	(16%)	(15%)	
Other	1.4	1.5	(7%)	(7%)	
Total revenue	162.4	159.5	2%	0%	
Net treasury income through CCP business	25.8	5.9	337%	316%	
Other income	2.0	1.9	5%	5%	
Total income	190.2	167.3	14%	12%	

Note:

- 1) Post Trade Services last year includes revenue from Servizio Titoli (£2.6m in Q1 2010), which was sold with effect from the start of the current financial year – on a like-for-like basis (excluding Servizio Titoli), total revenue increased 4%
- 2) 2010 comparatives have been adjusted throughout the IMS to reflect reporting of revenue from Turquoise in Capital Markets from April 2011 (was previously reported in Information Services)

More detailed revenues by segment are provided in tables below:

Capital Markets

	Three months ended 30 June			Variance	Variance at constant currency
	2011 £m	2010 £m	Variance %	%	
Revenue					
Primary Markets					
Annual fees	9.9	9.3	6%	5%	
Admission fees	12.2	8.8	39%	39%	
	22.1	18.1	22%	21%	
Secondary Markets					
Cash equities UK & Turquoise equities	24.3	26.7	(9%)	(9%)	
Cash equities Italy	7.7	8.7	(11%)	(14%)	
Derivatives	4.3	4.9	(12%)	(16%)	
Fixed income	9.8	7.4	32%	29%	
	46.1	47.7	(3%)	(5%)	
Other	11.5	10.7	7%	5%	
Total revenue	79.7	76.5	4%	3%	

Post Trade Services

	Three months ended			Variance	at constant currency
	30 June		%		
	2011	2010			
	£m	£m		%	
Revenue					
Clearing	9.9	9.7	2%	(1%)	
Settlement	4.8	5.0	(4%)	(6%)	
Custody & other	11.3	12.2	(7%)	(10%)	
Total revenue	26.0	26.9	(3%)	(6%)	
Net treasury income through CCP business	25.8	5.9	337%	316%	
Total income	51.8	32.8	58%	53%	

Note: Post Trade Services last year includes revenue from Servizio Titoli (£2.6m in Q1 2010), which was sold with effect from the start of the current financial year (previously included in "Custody & Other" line) – on a like-for-like basis revenue increased 7%

Information Services

	Three months ended			Variance	at constant currency
	30 June		%		
	2011	2010			
	£m	£m		%	
Revenue					
Real time data	25.2	24.4	3%	2%	
Other information services	19.5	17.6	11%	7%	
Total revenue	44.7	42.0	6%	4%	

Technology Services

	Three months ended			Variance	at constant currency
	30 June		%		
	2011	2010			
	£m	£m		%	
Revenue					
MillenniumIT	3.2	5.0	(36%)	(32%)	
Technology	7.4	7.6	(3%)	(4%)	
Total revenue	10.6	12.6	(16%)	(15%)	

Basis of Preparation

Results for Borsa Italiana for the periods ended 30 June 2011 have been translated into Sterling using the average monthly exchange rate for the period of €1.13: £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 2011	Closing €£ rate at 30 June 2011	Average €£ rate 3 months ended 31 March 2011	Closing €£ rate at 31 March 2011	Average €£ rate 3 months ended 30 June 2010	Closing €£ rate at 30 June 2010
€1.13	€1.11	€1.17	€1.13	€1.17	€1.22

Appendix

Capital Markets - Primary Markets

	Three months ended		Variance %
	2011	30 June 2010	
New Issues			
UK Main Market, PSM & SFM	26	23	13%
UK AIM	24	20	20%
Borsa Italiana	4	0	-
Total	54	43	26%
Company Numbers (as at period end)			
UK Main Market, PSM & SFM	1,466	1,492	(2%)
UK AIM	1,151	1,235	(7%)
Borsa Italiana	297	295	1%
Total	2,914	3,022	(4%)
Market Capitalisation (as at period end)			
UK Main Market (£bn)	2,006	1,609	25%
UK AIM (£bn)	76	59	29%
Borsa Italiana (€bn)	432	390	11%
Borsa Italiana (£bn)	390	319	22%
Total (£bn)	2,472	1,987	24%
Money Raised (£bn)			
UK New	9.7	2.8	246%
UK Further	2.0	7.7	(74%)
Borsa Italiana new and further	6.0	0.2	2900%
Total (£bn)	17.7	10.7	65%

Capital Markets - Secondary Markets

	Three months ended		Variance %
	2011	30 June 2010	
Equity Volume Bargains (m)			
UK	39.0	40.9	(5%)
Borsa Italiana	15.6	18.3	(15%)
Total	54.6	59.2	(8%)
Equity Value Traded			
UK (£bn)	290	343	(15%)
Borsa Italiana (€bn)	193	251	(23%)
Borsa Italiana (£bn)	170	214	(21%)
Total (£bn)	460	557	(17%)
Equity Average Daily Bargains ('000)			
UK	650	669	(3%)
Borsa Italiana	248	290	(14%)
Total	898	959	(6%)
Equity Average Daily Value Traded			
UK (£bn)	4.8	5.6	(14%)
Borsa Italiana (€bn)	3.1	4.0	(23%)
Borsa Italiana (£bn)	2.7	3.4	(21%)
Total (£bn)	7.5	9.0	(17%)
SETS Yield (basis points)	0.73	0.71	3%
Derivatives (contracts m)			
Turquoise	10.3	9.3	11%
<i>of which Russian / IOB</i>	9.3	8.5	9%
IDEM	16.8	18.5	(9%)
Total	27.1	27.8	(3%)
Fixed Income			
MTS cash and Bondvision (€bn)	722	606	19%
MTS money markets (€bn term adjusted)	15,947	15,345	4%
MOT (€bn)	45.4	63.0	(28%)
MOT number of trades (m)	0.90	1.02	(12%)

Post Trade Services

	Three months ended		Variance %
	30 June		
	2011	2010	
CC&G Clearing (m)			
Equity clearing (trades)	16.5	19.3	(15%)
Derivative clearing (contracts)	16.8	18.6	(10%)
Total Contracts	33.3	37.9	(12%)
Open interest (contracts as at period end)	4.4	6.8	(35%)
Initial margin held (average €bn)	8.5	6.6	29%
Monte Titoli			
Pre Settlement instructions (trades m)	8.5	8.4	1%
Settlement instructions (trades m)	9.2	11.1	(17%)
Custody assets under management (average €tn)	3.08	2.98	3%

Information Services

	Three months ended		Variance %
	30 June		
	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	132,000	140,000	(6%)

Total Income – Quarterly

£ millions	FY 2011				FY 2012	
	Q1	Q2	Q3	Q4	FY 2011	Q1
Annual Fees	9.3	9.4	9.6	9.4	37.8	9.9
Admission Fees	8.8	6.5	9.5	8.3	33.0	12.2
Cash equities UK & Turquoise	26.7	22.0	21.6	26.2	96.5	24.3
Cash equities Italy	8.7	6.0	6.8	9.3	30.7	7.7
Derivatives	4.9	3.5	3.8	4.5	16.8	4.3
Fixed Income	7.4	7.2	8.3	9.5	32.4	9.8
Other	10.7	10.5	11.9	11.2	44.4	11.5
Capital Markets	76.5	65.1	71.5	78.4	291.5	79.7
Clearing	9.7	7.2	8.4	10.7	35.9	9.9
Settlement	5.0	3.9	4.5	4.8	18.2	4.8
Custody & other	12.2	10.3	11.0	11.6	45.2	11.3
Post Trade Services	26.9	21.4	23.9	27.1	99.3	26.0
Real time data	24.4	24.6	24.7	27.5	101.2	25.2
Other information	17.6	17.5	17.8	17.7	70.6	19.5
Information Services	42.0	42.1	42.5	45.2	171.8	44.7
MillenniumIT	5.0	4.0	4.1	5.0	18.2	3.2
Technology	7.6	7.9	7.3	7.7	30.4	7.4
Technology Services	12.6	11.9	11.4	12.7	48.6	10.6
Other	1.5	0.7	1.3	1.2	4.7	1.4
Total Revenue	159.6	141.1	150.6	164.6	615.9	162.4
Net treasury income through CCP business	5.9	10.8	14.8	19.8	51.3	25.8
Other income	1.9	1.9	2.0	1.9	7.7	2.0
Total income	167.3	153.8	167.4	186.3	674.9	190.2

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