

29 January 2004

LONDON STOCK EXCHANGE plc

TRADING STATEMENT FOR THE THREE MONTHS ENDED 31 DECEMBER 2003

Turnover for the three months ended 31 December 2003 ("Q3") was £63.3 million (2002: £59.4 million), representing seven per cent growth over the same period last year.

For the nine months ended 31 December 2003, turnover increased two per cent to £182.9 million (2002: £178.9 million).

Issuer Services

In Q3, Issuer Services' turnover increased to £10.7 million (2002: £8.7 million) reflecting an increase in the number of new and further issues on the Exchange's markets.

There were 81 new issues on the Exchange's markets during the quarter (2002: 48). In particular, December proved to be a period of notably higher levels of activity on the Exchange's primary markets with over half of the new issues for the quarter occurring during the month. As at 31 December 2003, the number of companies on our markets was 2,692 (2002: 2,824).

For the nine months ended 31 December 2003, Issuer Services' turnover increased four per cent to £29.1 million (2002: £27.9 million). The number of new issues (175) on our markets in the period was in line with the corresponding period last year (2002: 176) despite the increased level of activity in December.

In difficult market conditions, the Exchange accounted for 89 per cent of the IPOs in Western Europe in the first nine months of this financial year (2002: 75 per cent). In particular, AIM, the Exchange's international market for smaller, growing companies, continued to attract new issues. As at 31 December 2003, there were 754 AIM companies compared with 705 at 31 March 2003.

Broker Services

Broker Services' turnover in Q3 increased six per cent to £22.9 million (2002: £21.6 million). The average number of equity bargains per day increased to 226,000 and totalled £1.0 trillion in value during the period (2002: 216,000 and £1.0 trillion respectively).

During the quarter, trading volumes through SETS, the electronic order book, continued to grow. SETS volumes were boosted by the launch of SETSmm in November, a new trading service for mid-cap securities. The average number of SETS bargains per day, including SETSmm, was 137,000, a 26 per cent increase (2002: 109,000). The average number of off-book bargains increased to 53,000 per day (2002: 48,000) whilst the average number of international bargains decreased to 36,000 per day (2002: 59,000).

Broker Services' turnover for the nine months ended 31 December 2003 increased two per cent to £66.6 million (2002: £65.3 million). During the period, the daily average number of equity bargains was 221,000 (2002: 212,000) and the daily average number of SETS bargains was 129,000 (2002:

101,000). The average value of a SETS bargain decreased 19 per cent to £22,000 (2002: £27,000).

Information Services

Information Services' turnover for the three months ended 31 December 2003 decreased three per cent to £25.1 million (2002: £26.0 million), reflecting a reduction in data charge income offset by increased contributions from Proquote, a low cost software and data provider, and FTSE, the Exchange's joint venture with the Financial Times.

Since the half year, the overall number of terminals remained unchanged at 90,000 (31 December 2002: 98,000). Similarly, the number of terminals attributable to professional users was unchanged at 81,000 (31 December 2002: 91,000).

Proquote continues to make progress with almost 1,600 screens, and more than 100 corporate customers. RNS, the Exchange's financial communications service, contributed £1.7 million to Information Services' revenue, in line with the corresponding period last year. Turnover from FTSE was £3.4 million, up from £2.9 million in the corresponding period last year.

For the nine months ended 31 December 2003, Information Services' turnover decreased two per cent from £76.7 million to £75.3 million. During this period, RNS and FTSE accounted for £5.3 million (2002: £5.1 million) and £9.6 million (2002: £8.5m) of revenue respectively.

SEDOL, the Exchange's securities numbering service is scheduled for launch early 2004, providing unique identification for securities on a global basis. Customer feedback has been positive with approximately 500 company contracts for SEDOL licenses signed to date.

Derivatives Services

Derivatives Services, principally EDX London revenue, contributed £1.5 million and £3.2 million to turnover for the three and six months to 31 December 2003 respectively. EDX London, our new jointly owned equity derivatives business, commenced trading on 30 June 2003 following approval as a Recognised Investment Exchange by the Financial Services Authority. During the first six months of operations, 7.5 million contracts were traded. Plans to introduce over-the-counter UK equity derivatives trade confirmation and clearing services for wholesale market participants, in conjunction with LCH, are well underway. The Exchange expects to introduce these services in the first half of calendar year 2004.

Current Trading and Prospects

Since the half-year, market conditions have remained challenging. In particular, despite a high level of activity in the primary markets in December, prospects in the IPO market remain subdued with 11 new issues to date in January, down from 14 in the corresponding period last year. With regards to Information Services, notwithstanding a temporary ease, the Exchange has seen no substantial reduction in pressure on professional terminal numbers.

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

"The Exchange performed satisfactorily in the third quarter. Although we benefited from increased primary markets activity in December, our outlook for the year remains unchanged."

Further information is available from:

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Nine months ended 31 December 2003

Turnover	Nine months ended 31 December		Year ended 31 March
	2003	2002	2003
	£m	£m	£m
Issuer Services	29.1	27.9	36.0
Broker Services	66.6	65.3	87.3
Information Services	75.3	76.7	102.2
Derivative Services	3.2	-	-
Other income	8.7	9.0	11.8
Gross turnover	182.9	178.9	237.3
Less: share of joint venture's turnover	(9.6)	(8.5)	(11.4)
Net turnover	173.3	170.4	225.9

Three months ended 31 December 2003

Turnover	Three months ended			
	30 June	30 September	31 December	31 December
	2003	2003	2003	2002
	£m	£m	£m	£m
Issuer services	9.4	9.0	10.7	8.7
Broker services	21.0	22.7	22.9	21.6
Information services	25.6	24.6	25.1	26.0
Derivative Services	-	1.7	1.5	-
Other income	2.7	2.9	3.1	3.1
Gross turnover	58.7	60.9	63.3	59.4
Less: share of joint venture's turnover	(3.1)	(3.1)	(3.4)	(2.9)
Net turnover	55.6	57.8	59.9	56.5