



London
STOCK EXCHANGE

12 July 2006

LONDON STOCK EXCHANGE GROUP plc

TRADING STATEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2006

Unless otherwise stated, all figures referenced below refer to the three months ended 30 June 2006 and the corresponding period last year.

Performance for the three months ended 30 June 2006 ("Q1") reached a new record, with revenues increasing by 25 per cent to £84.3 million (2005: £67.7 million). Good cost control contributed to operating margin improvement. Revenue growth was driven in particular by record trading volumes on the Exchange's electronic order book and further growth in the number of terminals taking Exchange data:

- Average daily number of SETS bargains increased 69 per cent to 332,000 and average daily value traded rose 74 per cent to £6.6 billion
- Professional terminals were 89,000 - up 6,000 on June 2005 and 1,000 since March 2006

Commenting on the first quarter and outlook, Clara Furse, Chief Executive, said:

"The Exchange has delivered a record performance in the first quarter, increasing revenue by 25 per cent. This excellent result was driven by record trading levels on SETS, reflecting not just increased trading in particularly active markets over the past few weeks but, more fundamentally, the secular change in equity trading over the past year. The continuation of very good trading underlines the value arising from our unique strategic position and our confidence in the step-change in our growth prospects."

Issuer Services

Issuer Services performed well in the first quarter against a very strong comparable period last year, with revenue up one per cent to £14.4 million (2005: £14.3 million). New issues on the Main Market and AIM started the quarter well though activity was dampened on both markets later in the period.

In Q1 there were 138 new issues on the Exchange's markets (2005: 184). Given a backdrop of heightened secondary market volatility, activity on the Main Market remained good with 23 new issues (2005: 37) raising £1.7 billion (2005: £3.0 billion). AIM, our international market for smaller, growing companies, performed well with a total of 115 new issues compared to 147 in the record corresponding period last year. Income from annual fees rose during the period, mainly as a result of an increased number of companies on the Exchange's markets over the past year. At 30 June 2006, a total of 3,193 companies were traded on our markets (2005: 2,994) including 1,549 on AIM (2005: 1,240).

Income from RNS also increased, contributing £2.5 million to turnover (2005: £2.0 million) as the number of company announcements increased during the period. RNS retained a 76 per cent share of announcements in Q1.

Broker Services

Broker Services delivered a record performance with revenue reaching a quarterly record of £40.4 million, an increase of 49 per cent over the same period last year (2005: £27.1 million). The total number of equity bargains increased 40 per cent to 27.1 million (2005: 19.4 million), a daily average of 445,000 (2005: 308,000). Total value of shares traded rose 33 per cent to £1.6 trillion (2005: £1.2 trillion).

Once again, the principal driver of growth was trading on the SETS electronic order book, which increased 69 per cent to 332,000 bargains per day (2005: 196,000) while the average daily value of shares traded increased 74 per cent to £6.6 billion (2005: £3.8 billion). The average size of a SETS bargain increased to £20,000 (2005: £19,000) with a yield per SETS bargain of approximately £1.44 during the period. Growth continued in trading on SETSmm, the hybrid electronic order book, with an average 70,000 bargains per day during the quarter (2005: 27,000). Trading on SETS in the first quarter accounted for 72 per cent of total Broker Services income.

Q1 accounted for 19 of the 20 busiest days ever on SETS and on 23 May more than 500,000 bargains were recorded on SETS for the first time. As noted previously, this strong performance reflects a structural shift in trading, due mainly to the increased use of algorithmic trading, direct market access and derivatives-based business originating in the UK over the counter market. The 69 per cent growth in volume on SETS achieved in Q1 is well ahead of the growth rate required to achieve the targeted doubling of SETS volumes from 2005 to 2008, set out in February of this year.

The daily average number of UK off book bargains was 47,000 (2005: 45,000) while the daily average number of international bargains for the period was 66,000 (2005: 67,000).

Information Services

Information Services showed good growth, with revenue up 14 per cent to £25.5 million (2005: £22.4 million). The increase mainly reflects growth in terminal numbers over the corresponding period last year, together with increased contributions from Proquote and SEDOL.

The total number of terminals receiving real time Exchange data at the end of Q1 was 107,000 (31 March 2006: 104,000; 30 June 2005: 96,000) of which approximately 89,000 were attributable to the higher yield professional user base (31 March 2006: 88,000; 30 June 2005: 83,000).

Proquote continues to make progress, with the number of screens rising to 3,100 (30 June 2005: 2,800). SEDOL, the Exchange's service providing unique identification for a range of global tradable instruments, also performed well during the period.

Derivatives Services

Derivatives Services' revenue rose ten per cent to £2.2 million (2005: £2.0million). EDX London performed very well with 8.5 million contracts traded (2005: 5.0 million).

Capital restructuring

On 26 May 2006 payments were made to shareholders, completing the process of returning £510m to shareholders that commenced in March 2006. The Exchange has subsequently commenced a share buyback programme, purchasing shares with a value totalling approximately £15 million at an average price of £10.73 by 30 June 2006, reducing the number of shares in issue from 216,037,479 to 214,638,942.

On 7 July 2006 the Exchange successfully completed a £250 million 5.875% bond issue, due 2016, to refinance existing borrowings.

Further information is available from:

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Summary Revenue - Three months ended 30 June 2006

Revenue	Three months ended 30 June	
	2006 £m	2005 £m
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Continuing operations		
Issuer services	14.4	14.3
Broker services	40.4	27.1
Information services	25.5	22.4
Derivatives services	2.2	2.0
Other income	1.8	1.9
Total Revenue	84.3	67.7