

24 January 2008

LONDON STOCK EXCHANGE GROUP plc
INTERIM MANAGEMENT STATEMENT
FOR THE THREE MONTHS ENDED 31 DECEMBER 2007

London Stock Exchange Group plc (“the Exchange”) today issued its Interim Management Statement for the three months ended 31 December 2007 (“Q3”) together with a summary of revenues for the nine months to date. The Q3 data reflects inclusion of Borsa Italiana from 1 October 2007, with comparative information for the equivalent period in the prior year reflecting the Exchange only. In addition, pro forma comparatives have been presented for Q3 and nine months year to date separately as if Borsa Italiana had been acquired on 1 April 2006 (“pro forma basis”). Details relating to the pro forma calculations are set out with tables at end of this statement. All figures are non-pro forma unless otherwise stated. All figures are unaudited.

In summary, the Exchange delivered a strong overall financial performance, with good growth continuing in the third quarter, compared with the same quarter last year:

- Revenue for the third quarter up 87 per cent to £167.9 million
- On a pro forma basis revenue for Q3 increased 15 per cent; 13 per cent in constant currency
- Average daily order book cash equities trading for the combined UK and Italian markets grew 56 per cent to 916,000, comprising trading on SETS up 89 per cent to 645,000; and equities order book trading on Borsa Italiana up 11 per cent to 271,000
- Trading on SETS in January currently up more than 130 per cent at over 900,000 bargains/day
- Primary market activity remained resilient in slow market conditions, with a total of 108 equity new issues in the period, including 34 new issues on the Main Market (and PSM); and seven new issues in Italy
- Total terminals taking real time London Stock Exchange data rose very strongly, up 20,000 since Q3 last year to 133,000 at end of December 2007, including a 13,000 rise in the number of professional terminals; and professional users of Borsa Italiana’s DDM market data service increased by 10,000 to 158,000
- Post trade operations performed well, with growth in clearing and custody businesses, and revenues up 15 per cent on a pro forma basis

Financial results for the nine months ended 31 December 2007 show:

- Revenue up 47 per cent to £371.0 million
- On a pro forma basis year to date revenue increased 19 per cent; 18 per cent in constant currency

Commenting on financial performance and prospects, Clara Furse, Chief Executive Officer, said:

“The Exchange has delivered excellent revenue growth, with both the London and Italian operations contributing to this very good overall result. In particular, trading on our cash equities platforms has been strong. We are making good progress on integration of the businesses and we are confident of a good outcome for the current financial year. “

Financial Results

For the three months ended 31 December 2007, revenue was £167.9 million, up 87 per cent on the previous year (2006: £89.9 million), and up 15 per cent on a pro forma basis (2006 pro forma: £146.4 million). The principal drivers of this underlying good performance were the continued strong growth in order book trading, together with good results in Information and Post Trade operations.

Similar factors also contributed to a strong result for the nine months ended 31 December 2007, with revenue of £371.0 million, up 47 per cent on the equivalent period last year (2006: £253.2 million). On a pro forma year to date basis, revenue was £494.1 million, an increase of 19 per cent (2006 pro forma: £416.3 million).

Issuer

The Issuer operations produced a resilient performance in Q3 in slow market conditions for new issuance arising from reduced liquidity in credit markets. Revenue increased 34 per cent to £25.2 million (2006: £18.8 million), although it was down 3 per cent on a pro forma basis (2006 pro forma: £26.1 million).

In Q3 there were a total of 108 new equity issues on the London and Milan markets (2006: 191).

During the quarter there was a total of 101 new issues on the London markets, down on the same period last year (2006: 183), including 34 on the Main Market and PSM (2006: 51). International IPOs remained strong, with 28 in Q3 (2006: 39), once again outstripping the number on NYSE-Euronext and Nasdaq.

In Italy, new issue activity was good overall, with 7 new equity issues in the period (2006: 9), and an uplift in bonds, ETFs and ETCs funds, although the number of new securitised derivatives listed in the quarter more than halved, at 1,086 (2006: 2,549).

As at 31 December 2007, the total number of companies on our London markets increased to 3,307 (2006: 3,256), including 1,694 on AIM (2006: 1,634). At the same time there were 344 companies on the Italian market (2006: 311).

On a year to date basis, Issuer revenue increased 28 per cent to £60.6 million (2006: £47.5 million), benefiting from the strong performance in H1. On a pro forma year to date basis, revenue was £75.9 million, an increase of 12 per cent (2006 pro forma: £67.9 million).

Trading

Trading operations delivered an excellent result as revenue in Q3 increased 84 per cent to £76.9 million (2006: £41.7 million), and up 22 per cent on a pro forma basis (2006 pro forma: £63.2 million). The total value of cash equities traded

during the period on the combined markets increased 33 per cent to £0.8 trillion (2006: £0.6 trillion), while the average number of cash equity trades per day increased 56 per cent to 916,000 (2006: 587,000).

With very strong trading volumes throughout the quarter, SETS, the London Stock Exchange's electronic order book, was a major driver of revenues. The average number of SETS bargains per day for the quarter grew strongly, reaching record levels at 645,000 (2006: 342,000), an increase of 89 per cent. Value traded on SETS increased 46 per cent to £570 billion (2006: £392 billion). For the quarter, the average value of a SETS bargain decreased 24 per cent to £14,000 (2006: £18,000). Combined with more market users achieving higher volume discounts, the average yield per bargain continued to reduce, reaching £0.86 for the quarter (2006: £1.32).

Cash equities trading in Italy increased nine per cent in Q3, with 16.8 million trades in the period (2006: 15.4 million), and average daily trades up 11 per cent at 271,000 (2006: 245,000). Value traded increased 16 per cent to €374 billion (2006: €324 billion), and on an average daily basis was up 17 per cent to €6.0 billion (2006: €5.1 billion).

Derivatives operations enjoyed a good quarter, with total combined contracts traded up 38 per cent at 20.3 million (2006: 14.7 million). This total comprised trading on IDEM which grew 11 per cent to 8.9 million (2006: 8.0 million), and contracts traded on EDX which increased 70 per cent to 11.4 million (2006: 6.7 million).

The notional value traded in the Fixed Income operations (Borsa Italiana MOT bond trading and MTS) decreased to €4.3 trillion (2006: €5.0 trillion). While trading in government bonds was generally resilient, trading in the money markets segment declined, principally reflecting issues in credit markets since the summer.

For the nine months ended 31 December 2007, the Trading operations produced another excellent performance, with a 49 per cent increase in revenue to £182.0 million (2006 pro forma: £122.2 million). On a pro forma year to date basis, revenue was £228.8 million, an increase of 23 per cent (2006 pro forma: £185.3 million).

Information

Information operations performed very well during the quarter. Revenue for Q3 rose 50 per cent to £40.9 million (2006: £27.3 million) - up 14 per cent on a pro forma basis (2006 pro forma: £35.8 million) – with excellent growth in the number of terminals as well as good performance by other information products.

The overall number of terminals taking real time LSE data rose strongly, increasing to 133,000, up 20,000 since the same point last year (31 December 2006: 113,000), a new record level. Included in this number were 107,000 terminals attributable to professional users, up 13,000 over the same time last year (31 December 2006: 94,000), and up 4,000 since the half year end.

In Italy there was significant growth in the number of professional and private users of its DDM services (which provides real time market information) to 158,000

and 727,000 respectively (2006: 148,000 and 648,000 respectively) and in the number of its Market Connect screens (which provide real time data and other financial contents through a suite of applications) to 18,494 (2006: 4,568).

Reflecting strong demand for the Exchange's data products, Information Services' revenue for the financial year to date increased 27 per cent to £99.0 million (2006: £78.2 million). On a pro forma year to date basis, revenue was £117.5 million, an increase of 14 per cent (2006 pro forma: £102.7 million).

Post Trade

Post Trade operations, the Italian-based clearing, settlement and custody businesses, delivered a good third quarter result with revenues of £20.2 million, an increase of 15 per cent on a pro forma basis over the equivalent prior year period.

The CC&G clearing business benefited from an increase in volume of clearing transactions, with the number of equity and derivative contracts growing by 9 and 12 per cent respectively (17.2 million equity contracts (2006: 15.7 million) and 8.9 million derivative contracts (2006: 8.0 million)).

In the third quarter, Monte Titoli registered a four per cent rise in the average value of assets under custody, growing from €2.7 billion to €2.8 billion. Settlement operations saw a reduction in settlement instructions, down from 14.9 million to 12.9 million, principally due to consolidation in the domestic Italian banking sector.

On a pro forma basis for the financial year to date, revenue was £60.3 million, an increase of 18 per cent (2006 pro forma: £51.3 million).

Current Trading and Prospects

The Exchange has continued the strong performance seen in the first half of the year into H2. Trading volumes on SETS have reached new levels and equities trading in Italy has been positive. Demand for real time price and trading data remains strong in London and Italy, and the Issuer business has performed well, though primary market conditions have been testing in Q3 and may remain so in the current quarter. As well as reflecting the inclusion of Borsa Italiana, second half costs are expected to be above H1, due in part to performance related and share based payments.

The Exchange is confident of a good outcome for the enlarged group in this current financial year, and looks forward to the benefits from the combination with Borsa Italiana as integration work continues.

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Three months ended 31 December 2007

Revenue	Three months ended		
	31 December 2007	31 December 2006*	Proforma 31 December 2006**
	£m	£m	£m
Issuer	25.2	18.8	26.1
Trading	76.9	41.7	63.2
Information	40.9	27.3	35.8
Post Trade	20.2	-	17.6
Other income	4.7	2.1	3.7
Total Revenue	167.9	89.9	146.4

* comparative data for three months ended 31 December 2006 for the Exchange only

** proforma comparative data for three months ended 31 December 2006 for the Exchange only, plus three months ended 31 December 2006 for Borsa Italiana

Nine months ended 31 December 2007

Revenue	Nine months ended		Proforma	
	31 December 2007	31 December 2006*	31 December 2007**	31 December 2006**
	£m	£m	£m	£m
Issuer	60.6	47.5	75.9	67.9
Trading	182.0	122.2	228.8	185.3
Information	99.0	78.2	117.5	102.7
Post Trade	20.3	-	60.3	51.3
Other income	9.1	5.3	11.6	9.1
Total Revenue	371.0	253.2	494.1	416.3

* comparative data for nine months ended 31 December 2006 for the Exchange only

** proforma comparative data for nine months ended 31 December as if Borsa Italiana acquired from 1 April 2006

Revenue for Blt for the periods ended 31 December 2006 and 2007 have been translated using an average exchange rate of €1.470: £1 and €1.443: £1 respectively. On a constant currency basis, translating prior period revenue at current period rates, Q3 pro forma revenue growth is 13% and year to date revenue growth is 18%. This is due to the strengthening of the Euro against Sterling.

On 1 October 2007, Borsa Italiana S.p.A ("Blit") was acquired by London Stock Exchange Group plc ("LSEG"). Therefore, the results to 31 December 2007 contain only 3 months of trading from Bit.

The unaudited proforma revenue has been prepared by the directors to illustrate the acquisition of Blt as if it had taken place on 1 April 2006 (the first day of the comparative period). In addition, the

illustrative information includes the revenues of MBE Holding S.p.A (the holding company for MTS, of which the remaining 51% was acquired 14 September 2007) and Servizio Titoli S.p.A (acquired 5 April 2007) had they been acquired on 1 April 2006 by BIt. The information has not been designed to and does not give a presentation of the consolidated revenue of LSEG that would have been reported had the business combination actually occurred on 1 April 2006 (eg generation of potential revenue synergies). It has been prepared for illustrative purposes only through the aggregation of LSEG, BIt, MBE Holding S.p.A.

No account has been taken for any revenue synergies that may be achievable and the information has been prepared without making any adjustments to revenue for the impact of acquisition accounting in accordance with IFRS 3. Therefore, undue reliance should not be placed on this information.

Key Performance Metrics	Q3 YTD FY08	Q3 YTD FY07
New issues		
MM&PSM	107	89
AIM	230	341
Italy	30	22
Cash Trading		
Equity shares Traded - London (million)	110.7	60.8
ave daily - London (000)	586	324
Equity shares Traded - Italy (million)	52.8	41.5
ave daily - Italy (000)	281	220
Equity Value Traded - London £bn	1656.4	1136.3
ave daily - London £bn	8.8	6.0
Equity Value Traded - Italy €bn	1207.0	866.9
ave daily - Italy €bn	6.4	4.6
Derivative Trading		
Derivative contracts traded - London (million)	32.9	21.5
ave daily - London (000)	174	115
Derivative contracts traded - Italy (millions)	28.6	24.7
ave daily - Italy (000)	152	131
Fixed income trading		
Notional value traded	15,333	14,885
Terminal numbers (at period end)		
Infolect Professional	107,000	94,000
Infolect Private	26,000	19,000
DDM Professional	158,000	148,000
DDM Private Terminal numbers	727,000	648,000
Post Trade		
Equity Clearing contracts	53.6	42.2
Derivatives Clearing contracts	28.6	24.7
Settlement instructions	40.8	39.4
Average value of securities under management	2825.6	2643
Trading days Italy	188	189
Trading days London	189	188