



London
Stock Exchange Group



London Stock Exchange Group plc

Preliminary results FY 2011

13th May 2011



Introduction

Financial Review

Doug Webb, Chief Financial Officer

CEO Overview

Xavier Rolet, Chief Executive

Q&A



Xavier Rolet

Chief Executive

- Good financial results - growth in total income, reduction in underlying costs and strong AEPS growth, up 23%
- Benefits of diversified business delivering with growth across broad number of business activities
- Making progress on strategy to ‘get in shape, leverage our assets and develop opportunities’ - key steps taken include:
 - Millennium Exchange roll out for Turquoise and SETS UK trading platform, SOLA in December for IDEM
 - Turquoise derivatives formed this month, FTSE 100 Index Futures to launch in June
 - Launch of new Information, Technology and Post Trade products
 - Announcement of merger with TMX Group
- On-going focus on cost control, improving client service and increasing competitiveness and further work to develop new products / services
- Strong balance sheet and low gearing - expect to make further progress in year ahead



Doug Webb

Chief Financial Officer

Key financial highlights



- Total income up 7% to £674.9m (organic growth 6% at constant currency)
- Operating expenses down 4% at £336.9m (down 2% at constant currency); organic operating expenses down 8%
- Adjusted operating profit up 22% at £341.1m
- Adjusted EPS up 23% to 73.7p; basic EPS up 67% to 56.4p
- Strong cash flow from operations of £381.8m
- Gearing ratio reduced to 1.0x net debt : EBITDA (from 1.5x)
- Total dividend up 10% at 26.8 pence per share

Overview of results

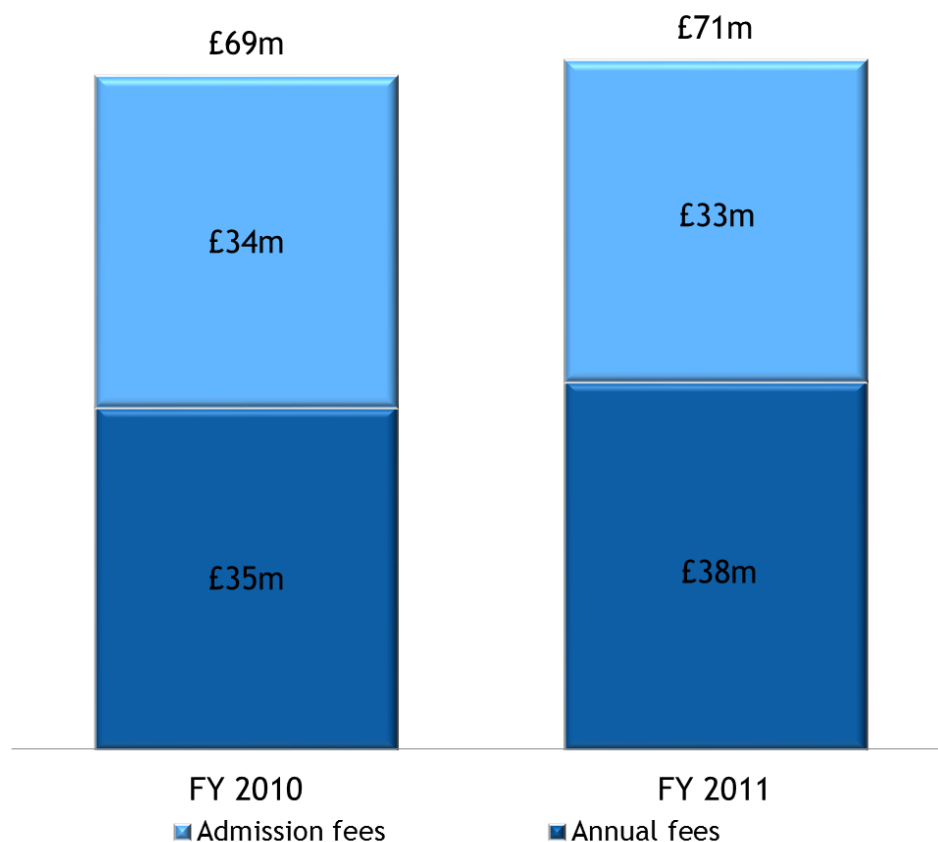


	Year ended 31 March		Variance at constant currency	
	2011 £m	2010 £m	Change %	%
Revenue	615.9	605.6	2%	4%
Total income	674.9	628.3	7%	9%
Operating expenses (before amortisation and non-recurring items)	(336.9)	(349.6)	(4%)	(2%)
Adjusted operating profit *	341.1	280.3	22%	24%
Operating profit	283.0	182.3	55%	58%
Net finance expense	(44.8)	(40.7)		
Adjusted profit before tax*	296.3	242.0	22%	22%
Underlying effective tax rate	30.3%	30.5%		
Basic earnings per share (p)	56.4	33.8	67%	
Adjusted earnings per share (p)*	73.7	60.1	23%	
Dividend per share (p)	26.8	24.4	10%	

* Excluding amortisation of purchased intangibles and non-recurring items

Leading venue for international companies

Revenues

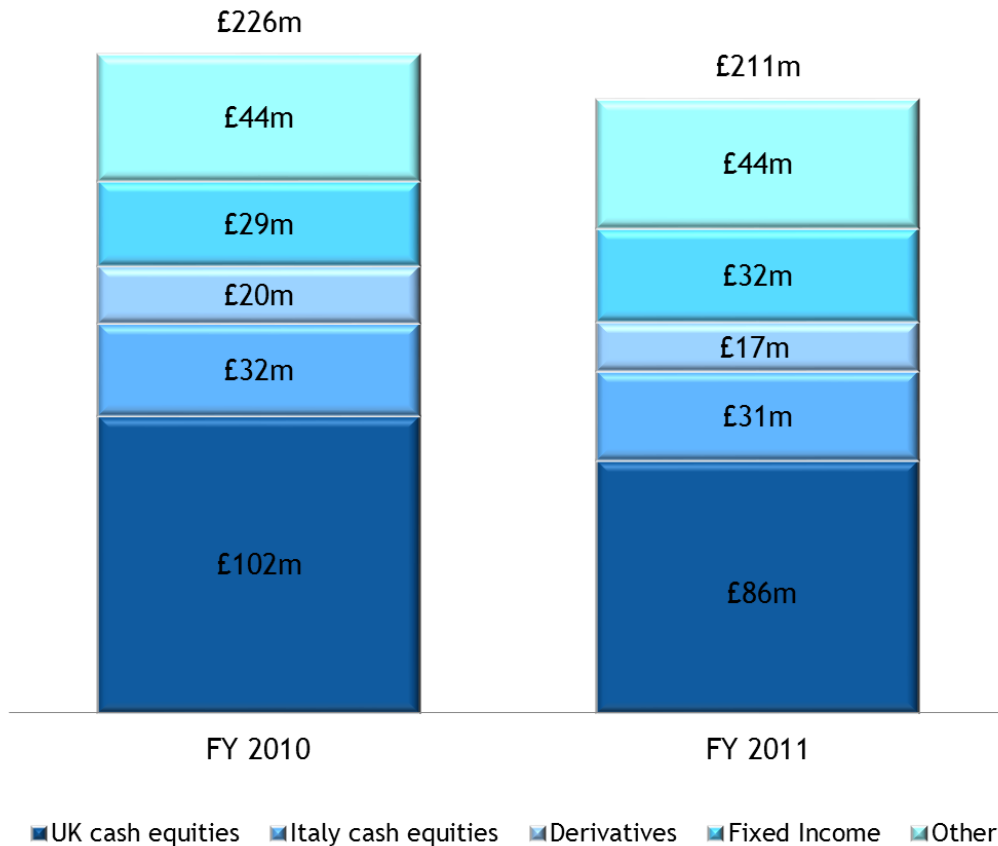


Highlights

- Strong new issue growth:
 - 185 new issues (FY2010: 110)
 - 50 new international companies (24)
 - Pipeline promising
- £13.1bn raised by new issues (FY 2010 £3.9bn), contributing to total money raised of £40bn (FY 2010 £77bn)
- FY 2012 Annual fees expected to increase 3%

Equity markets share of trading stable, strong growth from fixed income

Revenues



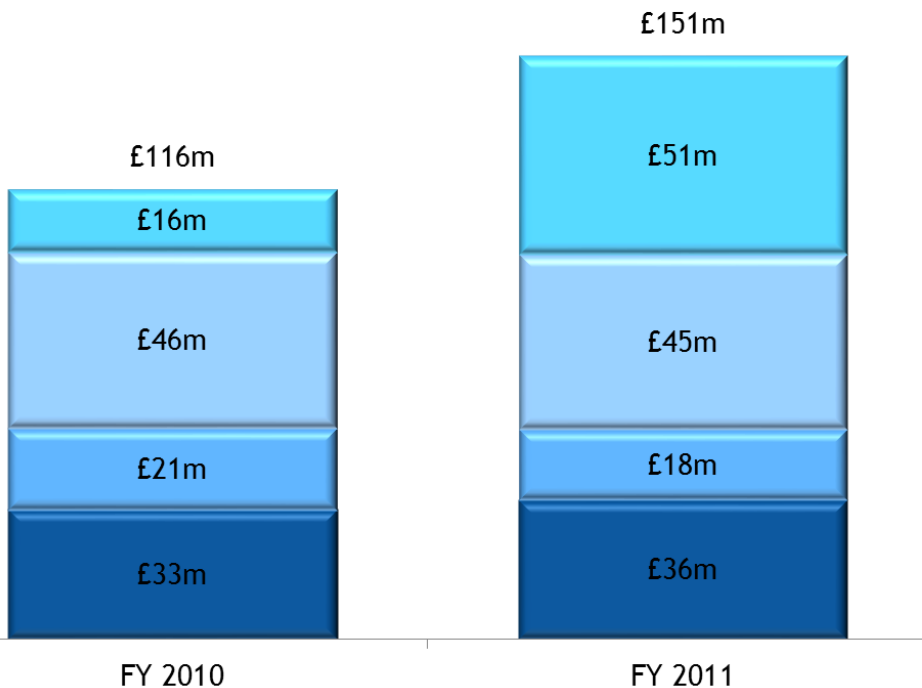
Highlights

- UK share of equity order book trading stable; average 63.5% in year
 - Average daily value traded up 2% on FY 2010
 - Average yield down 17% to 0.71bps
- Italian share of value traded stable at 84.0%
 - Average daily trades up 2% on FY 2010
- Derivatives
 - IDEM 46m contracts traded, up 13%
 - Russian IOB 33m contracts traded, down 13%
- Fixed Income strong
 - MTS cash value traded up 13%, MTS repo up 54%

Note: Minor rounding differences, figures may not cast down

Growth in underlying volumes and good treasury management

Total income



Highlights

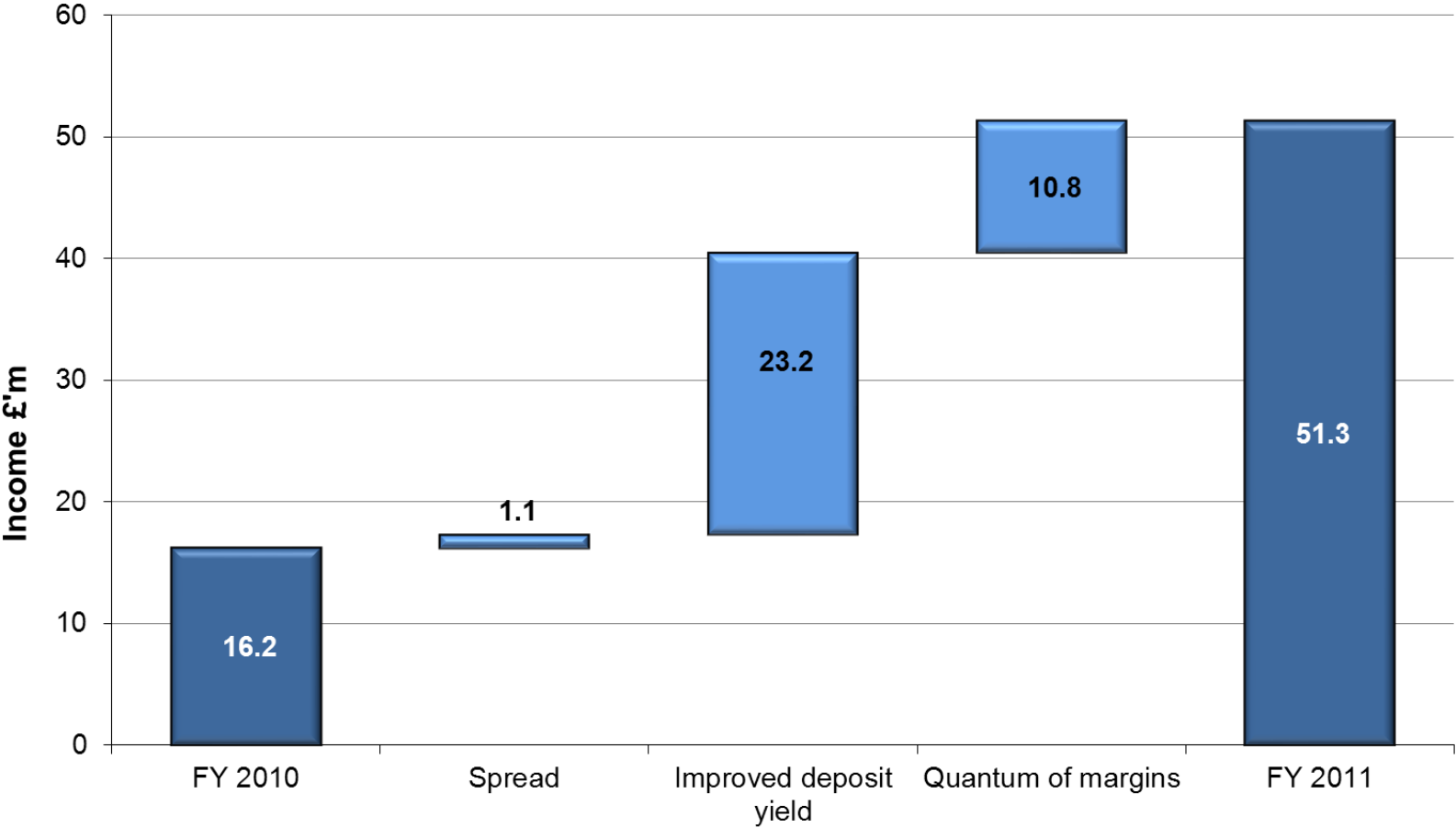
- Clearing revenues higher on increased Italian derivatives and strong MTS fixed income volumes
- Settlement revenues lower following increased netting efficiency
- Custody Assets under management increased 5% to over €3.0 trillion
- Servizio Titoli disposal completed for €32m, revenue FY2011 £7.9m

■ Clearing ■ Settlement ■ Custody & other ■ Net treasury income through CCP business

Note: Minor rounding differences, figures may not cast down

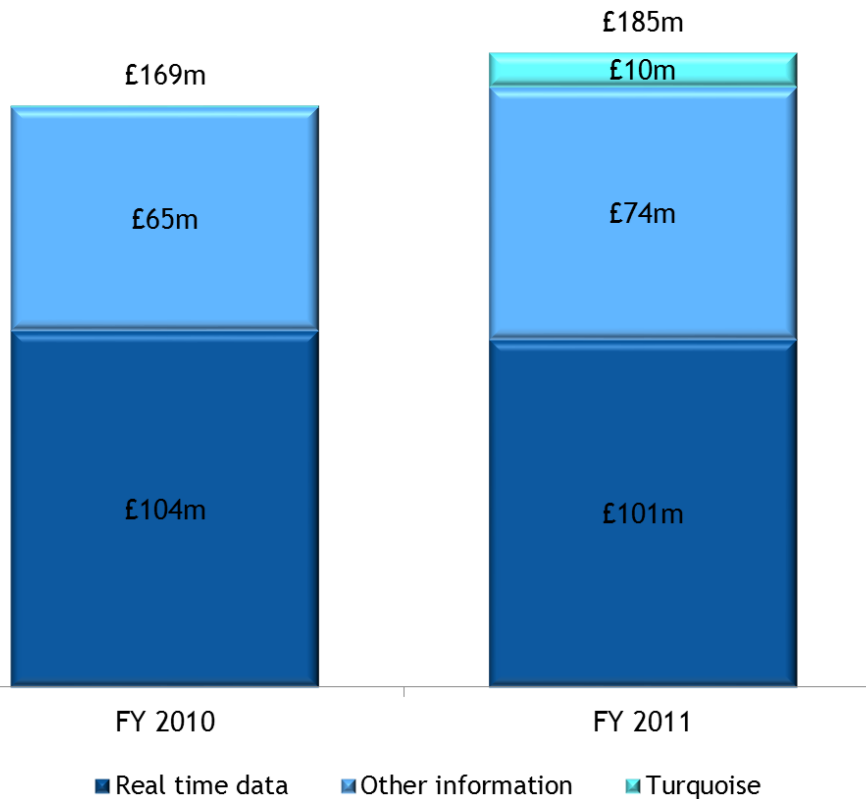


CCP Net treasury income



Good demand for non-real time data products

Revenues



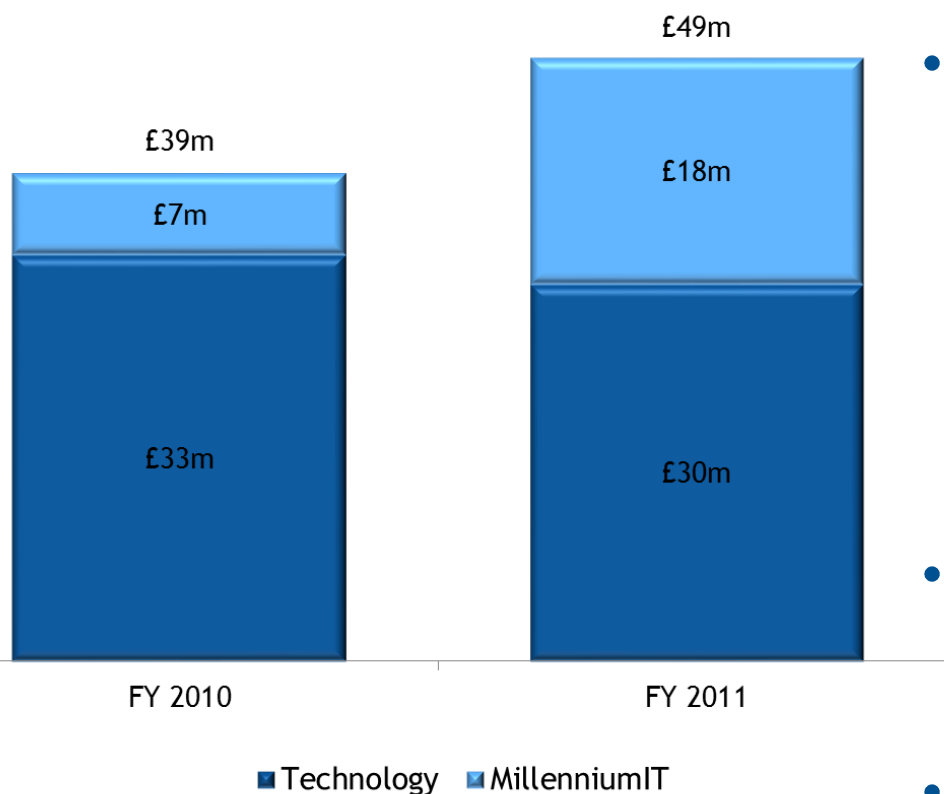
Highlights

- Real time data professional terminals stable
 - UK 93,000 unchanged on 31 March 2010
 - Italy 139,000, down 3,000
 - Non-displayed data increasing (HFTs, MTFs, Algo's)
- Revenue from Other Information products up 13%
 - **FTSE** - FTSE/Xinhua index now 100% owned & renamed FTSE China - largest Chinese ETF benchmark, revenues up 18%
 - **UnaVista** - post trade solutions, strong growth
 - **SEDOL** - global numbering system, revenues up 13%
 - **ProQuote** - RSP network, revenues up 5%
- **Turquoise** - Multilateral trading facility
 - Share of European trading Q4 4.0% (Q1 3.1%)
 - Gross revenues £10m (before maker rebates)

Note: Minor rounding differences, figures may not cast down

MillenniumIT, network partnerships and data centre services

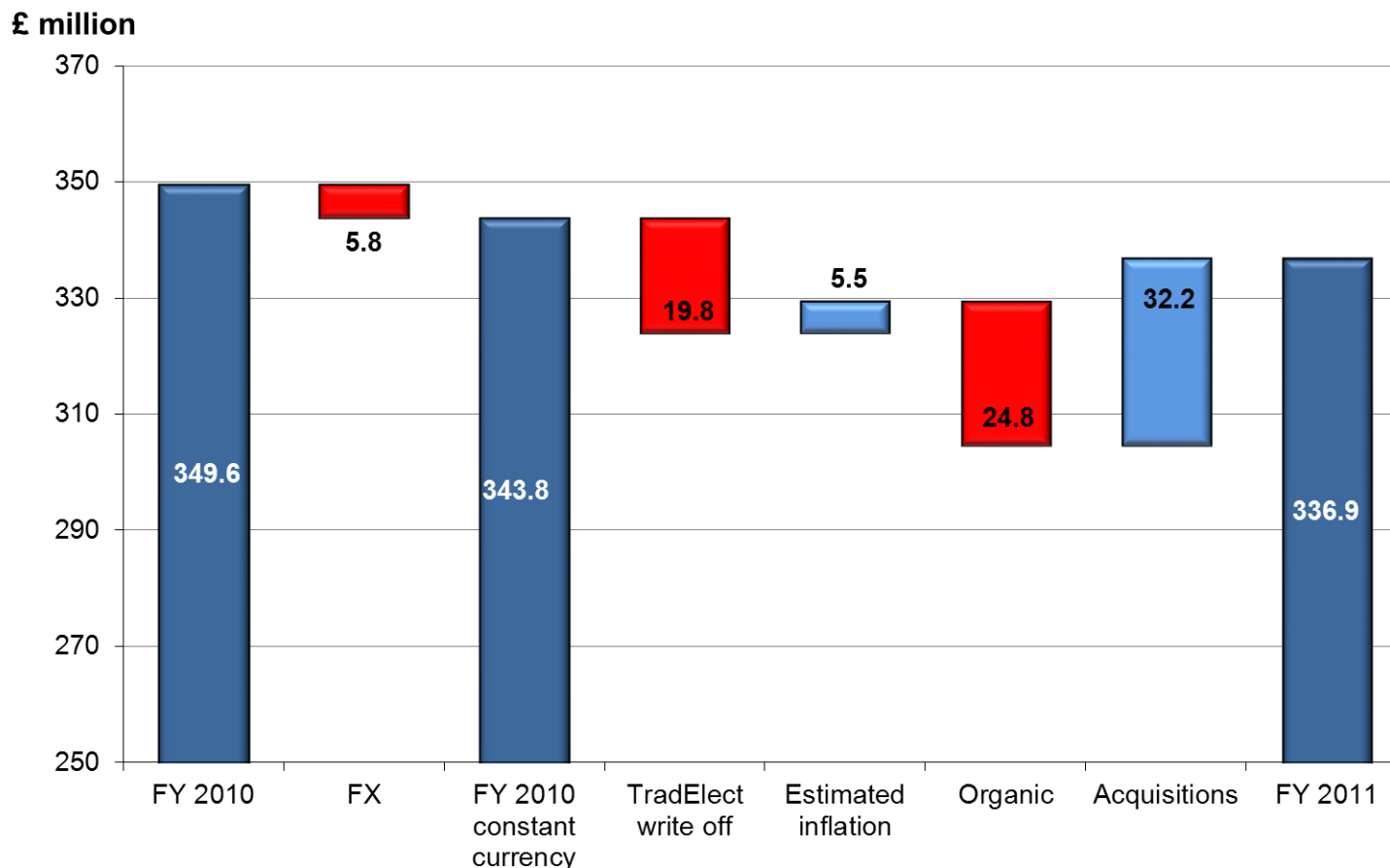
Revenues



Highlights

- Revenue up 23%
 - First full year contribution by MillenniumIT
- MillenniumIT
 - Live:
 - Turquoise & LSE SETS
 - ACE Commodity Exchange (India)
 - 9Alpha (SOR)
 - Contracts won include:
 - Tullett Prebon (trading)
 - Egyptian Exchange (surveillance)
 - Johannesburg SE (trading)
 - Mongolia SE (trading and surveillance)
- Data centre co-location services expanded
 - Vendors and Service Providers access
 - Order routing vendor services
- Network partnership August 2010
 - Revenue and costs reduced c£4m

Major movements

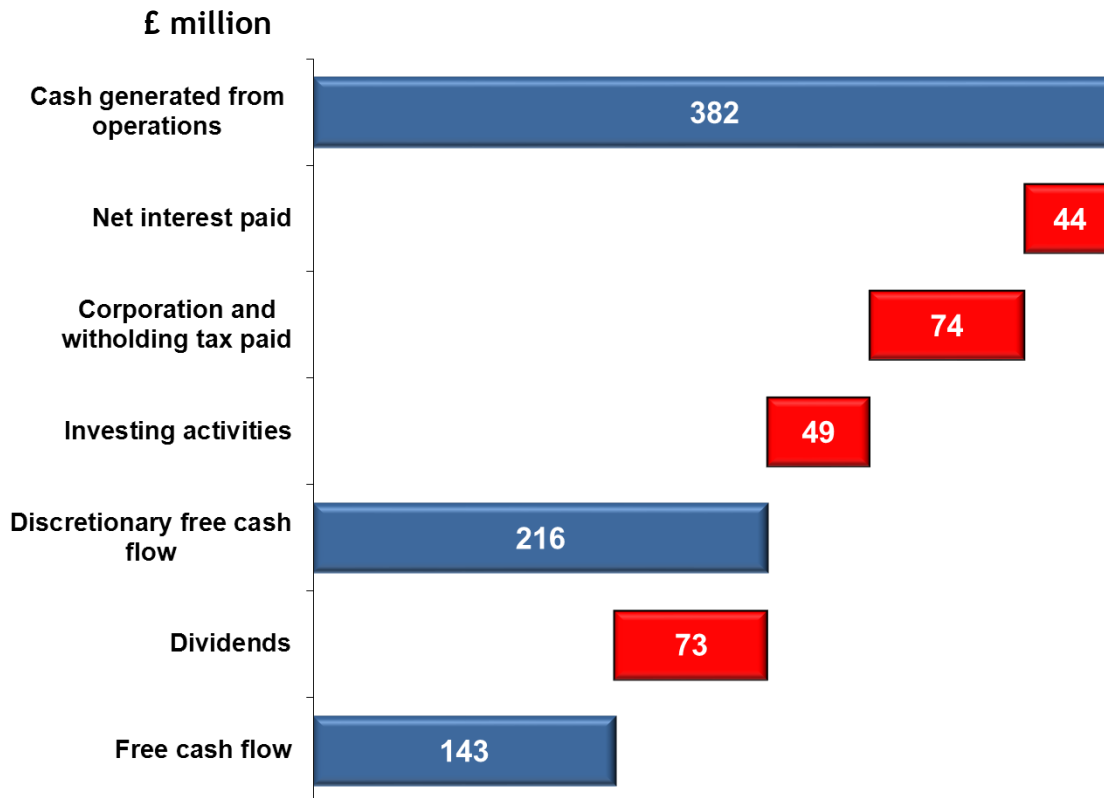


- Organic cost base down 8% in constant currency
- Headcount up 5% to 1,563 (1,488 31st March 2010),
 - Sri Lanka up 126, Other down 51

Note: Excluding amortisation of purchased intangibles and non-recurring items

Summarised cash flow

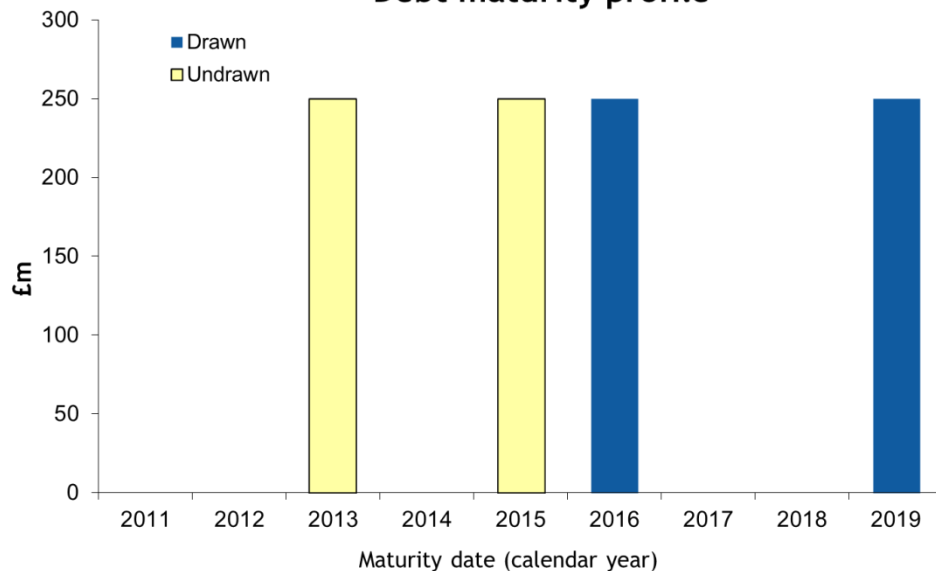
Strong cash generation



Investment activities

- £43m capex - includes trading platform implementations for Turquoise, UK equities and IDEM derivatives
- £5.5m invested in the acquisitions of ProMac and MTS France
- Free cash flow per share 80.4p (65.6p)

Debt maturity profile

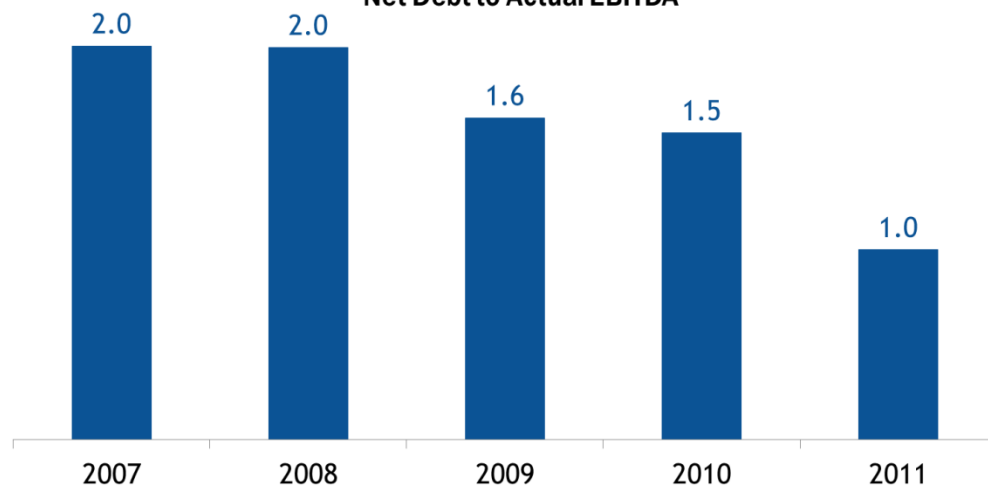


- Net borrowings £245m
- £125m cash reserved for regulatory and operational purposes

LSEG ratings

- S&P A- (positive watch)
- Moody's Baa2 (positive watch)

Net Debt to Actual EBITDA



- Good primary markets pipeline with 20 new issues in April - encouraging outlook, subject to market conditions
- UK equity average daily value traded £4.4bn in April, down 10% on April 2010, largely impacted by unusual pattern of holidays; May* £5.5bn, up 24% on April
- Italian cash equities average daily trades in April 254,000, down 2% on April 2010; May* 238,000, down 6% on April
- Derivatives strong in April, with total contracts traded up 19% on April 2010
- Fixed income continues to strengthen, April average daily value MTS cash up 13%, MTS Repo up 2% on April 2010
- Post Trade - clearing continues to perform well with open interest at 5.3m contracts as at end of April, up 15% on March. Net treasury income in April was £7m

* to 11th May 2011



Xavier Rolet

Chief Executive



- Good financial results
- Good operational performance across range of operations - Primary Markets, IDEM, Fixed Income, Post Trade, Information and MillenniumIT
- Making progress - delivering on strategy to grow and develop the business
- Customer focus is paramount



- Macro economic influences and regulatory changes continue to shape our operations
- Highly competitive environment, but actions taken are making us more responsive and efficient
- Global consolidation trend set to continue
- We are well positioned to leverage growth opportunities

- Improving markets - Primary issuance increased
 - Pre-eminent venue - maintaining a competitive position versus other exchanges
 - Pipeline is good - more international



Regulation

- Changing regulatory environment creates uncertainty and opportunity
 - **MIFID II**
 - Increased regulatory oversight of MTFs, BCNs and dark pools
 - Review of Proprietary and High Frequency trading
 - Improved quality of post trade data to counter effects of fragmentation - enable data consolidation
 - **EMIR (European Markets Infrastructure Regulation)**
 - OTC derivatives mandated to use CCP services
 - Establishment of trade repositories
 - Interoperability of CCPs?
 - **Other - Target 2 Securities (T2S)**
 - Reduced cross border settlement costs

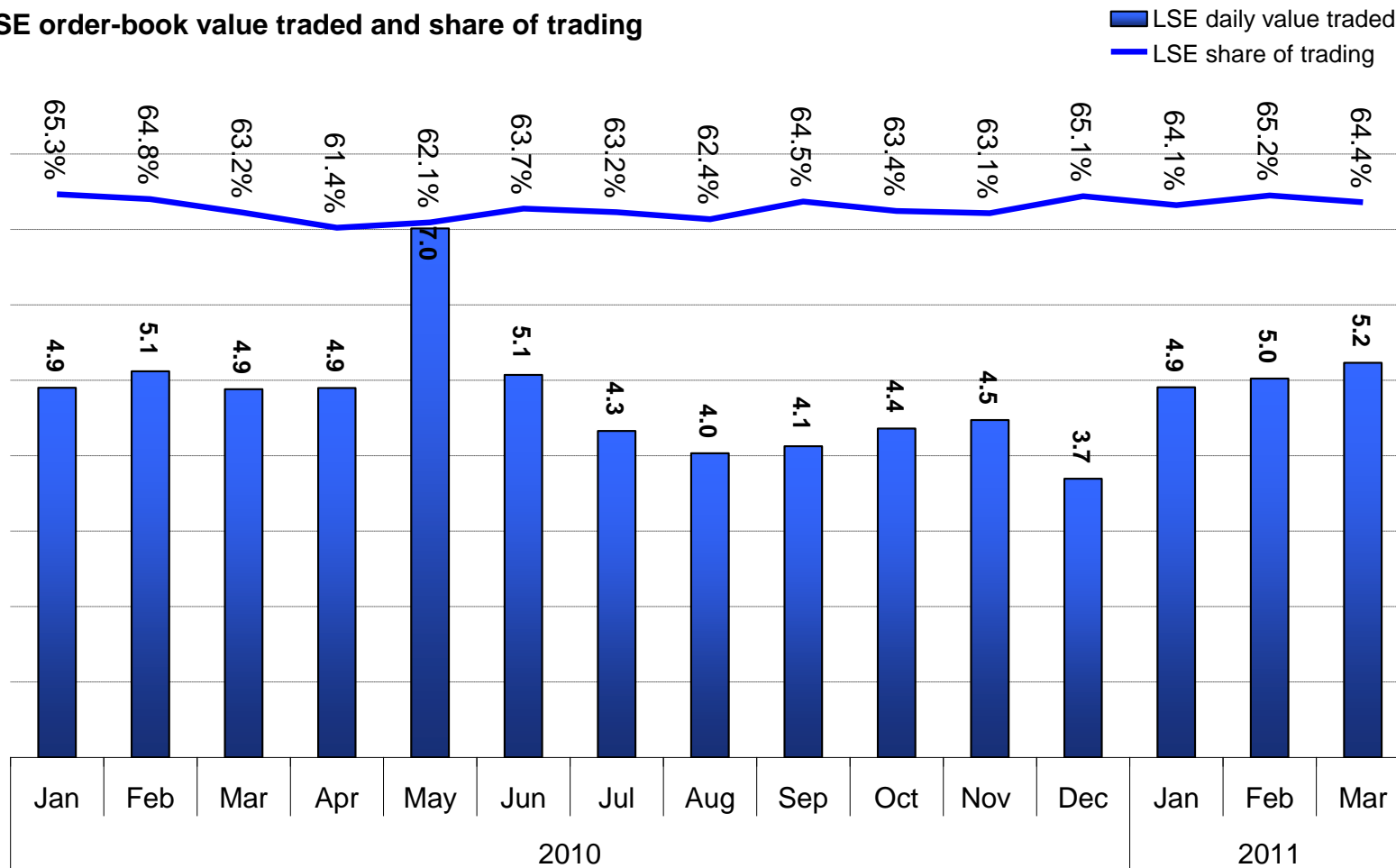
Getting in shape

- Continued focus on cost reduction - operating expenses down 4% overall, down 8% on organic basis
- Putting clients at the heart of our business
- MTS Fixed Income trading growing well; IDEM derivatives delivering good results
- Share of UK cash equities trading stabilised, helped by:
 - Tariffs to reward greater trading
 - Reduced costs of post trade

Capital Markets - Share of trading

- UK and Italy stable at 63.5% and 84.0% (excluding Turquoise)

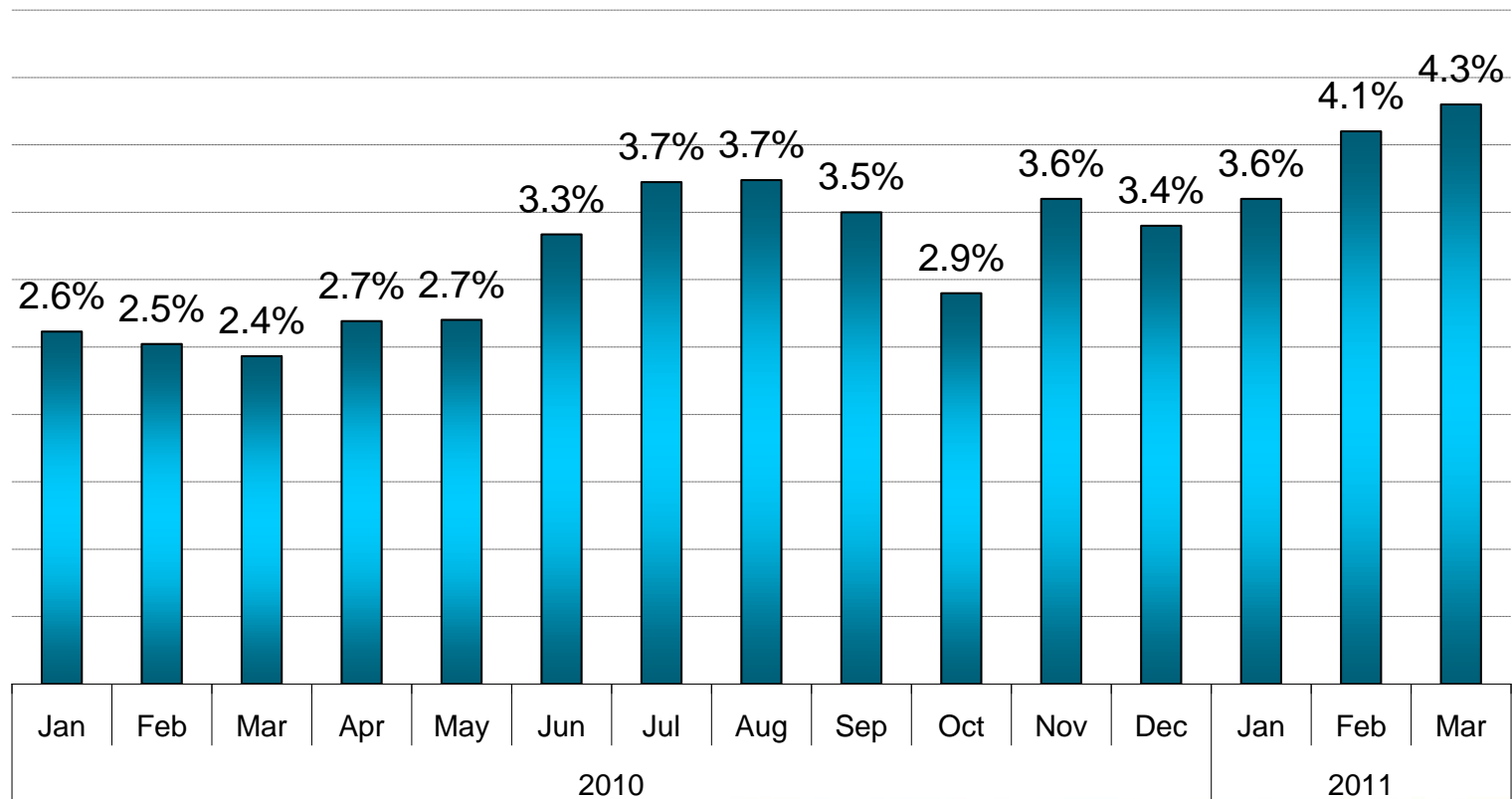
LSE order-book value traded and share of trading



Capital Markets

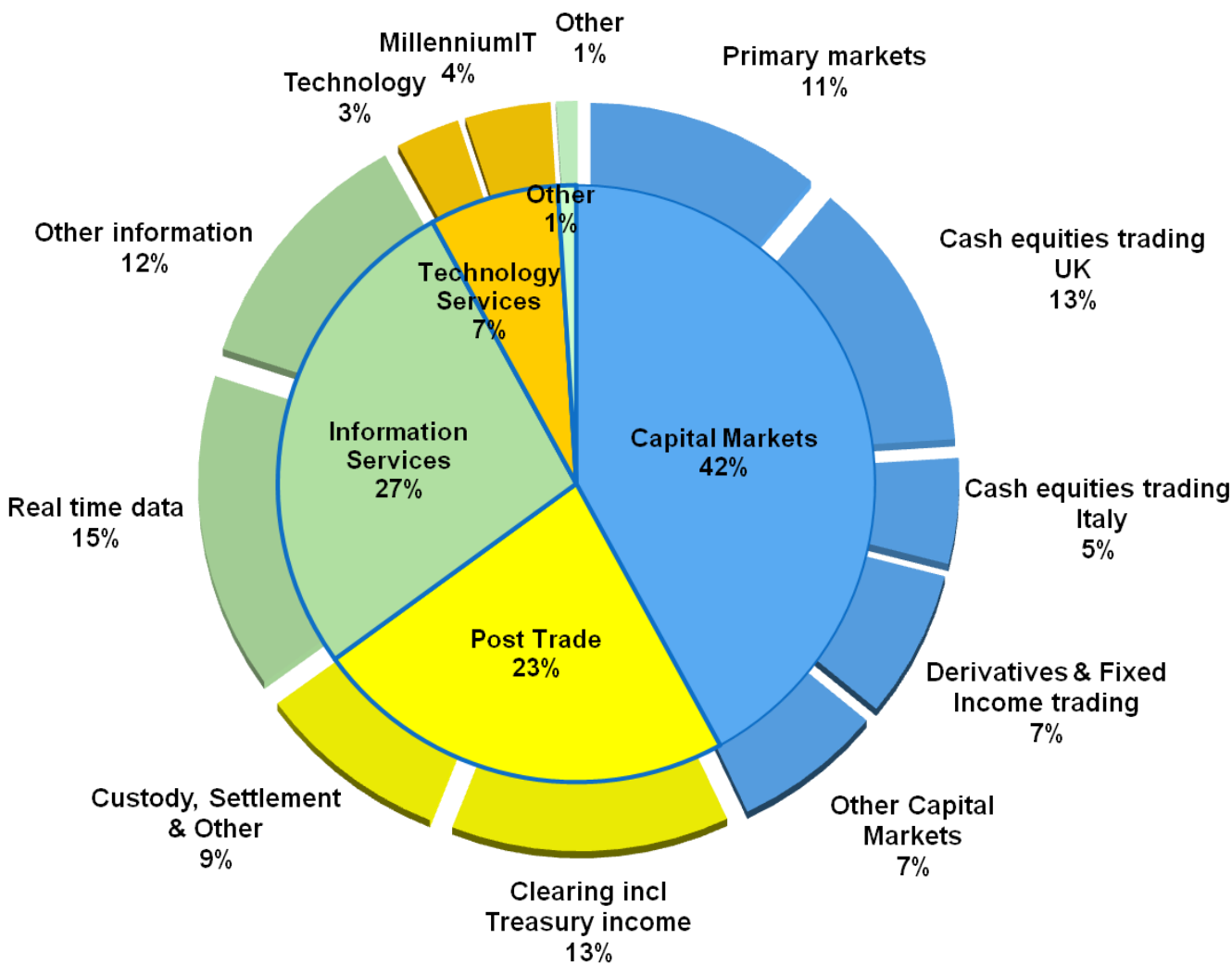
- Turquoise growing; now over 4% of European trading
- 34% share of European MTF dark market, no 1 or 2 market position

Turquoise - Share of European trading (Lit & Dark)

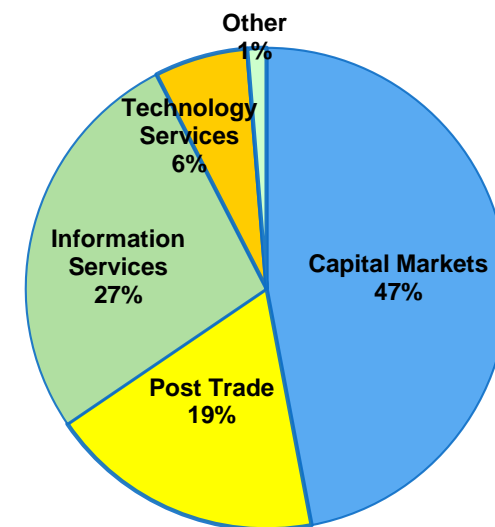


Diversified Group income

FY 2011 £674.9m



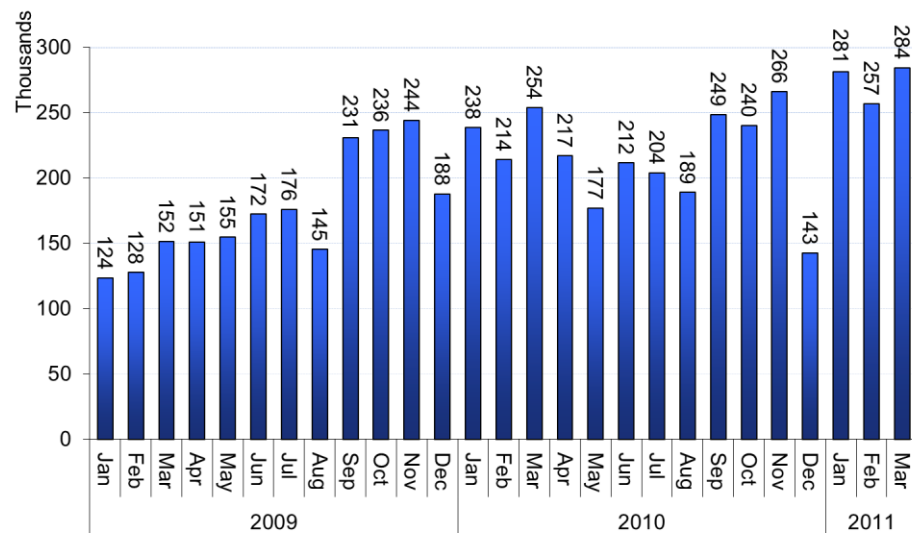
FY 2010 £628.4m



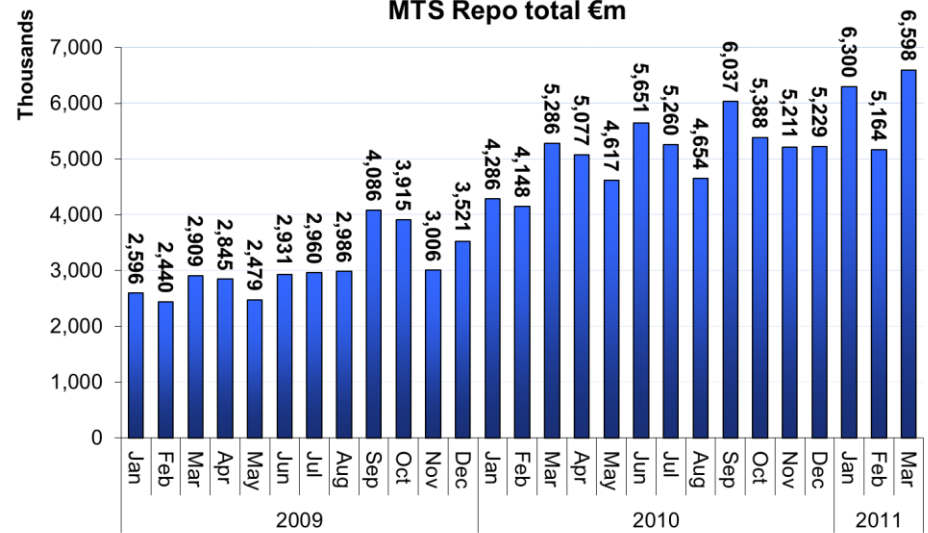
Capital Markets - Fixed Income

- MTS covers 15 European markets, strong growth seen over last year in France, Netherlands and Spain
- MTS Credit to launch before end 2011; trading in more than 2,400 corporate bonds

MTS Cash €m

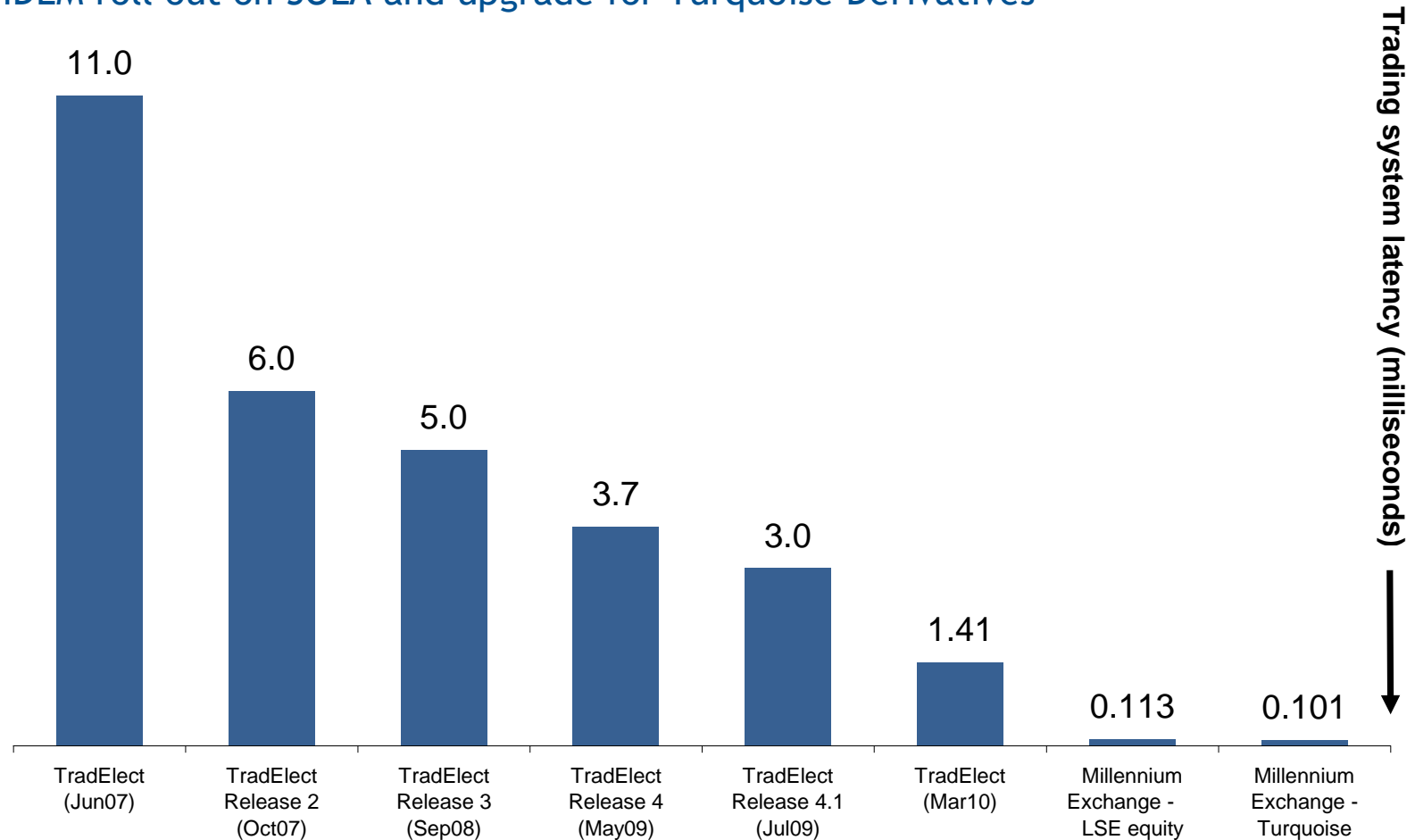


MTS Repo total €m



Technology

- Millennium Exchange successfully rolled out on Turquoise and LSE
- World leading consistent latency performance
- IDEM roll out on SOLA and upgrade for Turquoise Derivatives



Leveraging our assets

- Co-location initiatives - expanding data centre space
- Launching new markets - ORB, MTS Credit
- Roll out of new post trade assets - New MIC Interbank collateralised deposit market
- Expansion of Information Services portfolio e.g. UnaVista Confirmation and Swaps portals
- Launch of Turquoise Derivatives through integration with EDX
 - Operating on SOLA technology
 - FTSE 100 Index Futures in June 2011
 - On-going programme of product launches

Settlement

- T2S - Monte Titoli only confirmed major CSD participant in first wave of implementation
- Aligned to interests of major clients that want simplification and harmonisation of European equity settlement process

Clearing

- Net treasury income benefiting from:
 - Management changes
 - Investment made in risk and treasury management
 - Increased margin collected from higher volumes, new markets and increased direct participation from non-Italian banks
 - Relative low liquidity in Italian inter-bank loan market
- Clearing services for Turquoise derivatives

We are well positioned to take advantage of opportunities created by regulation

Developing opportunities

- Building scale and diversity in our business - Turquoise, MillenniumIT
- UK retail strategy using Italian market experience
- Financial Technology opportunities across asset classes, including services to back offices through technology, post trade functions and information products (e.g. UnaVista)
- MillenniumIT benefiting from Group brand and financial backing and helps “open doors” in discussions with other parties
- Technology sales - Johannesburg SE and strategic partnership with Mongolia SE - strong pipeline

Creation of International Exchange Leader Strongly Positioned for Growth

- Work on key approvals underway and progressing as expected:
 - Hart-Scott-Rodino Act early termination of waiting period achieved
 - Filings made to ICA (29 April) and provincial regulators (this week)
 - Preparation advanced for shareholder approvals for both companies
 - Completion on target for Autumn 2011

Merger highlights

- #1 globally by number of total listings and for listings of natural resources, mining, energy and clean technology companies, as well as SMEs
- World-class brands operating in cash equities, derivatives, energy and cash fixed income
- Innovative post-trade services aimed at creating processing efficiencies across the lifecycle of a trade
- Leader in high-performance cost-effective trading and clearing technology
- Expected to be accretive to adjusted earnings per share (post-cost synergies) in first full year
- Targeting annual run-rate cost synergies of £35m (C\$56m) by end of year two
- Targeting revenue benefits of £35m (C\$56m) in year three growing to £100m (C\$160m) in year five
- Significant scale and strong balance sheet for growth

- Much achieved
 - Costs reduced 8% on organic constant currency basis
 - Adjusted EPS increased 23%
 - Total dividend increased 10%
- Pursuing a range of organic growth opportunities - continue to leverage assets and develop opportunities
- We're in a strong position, robust balance sheet and low gearing
- We have our sights firmly set on being one of the world's leading diversified exchange groups

World is full of exciting opportunities



Appendices

Adjusted operating profit / Adjusted earnings per share - excludes amortisation of purchased intangible assets and non-recurring items, to enable comparison of the underlying earnings of the business with prior periods.

Based on number of shares 268.6m (FY 2010: 267.6m), excludes ESOP.

Free Cash Flow

Net cash flow from operating activities minus capital expenditure, tax and dividends paid and net finance expense.

Exchange rates

£: €	FY 2011	FY 2010
Average	1.18	1.13
Period end	1.13	1.12
Constant currency growth rates calculated by translating prior year performance at current year monthly exchange rates		

A €5c movement in the average £/€ rate for the year would have changed the Group's operating profit before amortisation of purchased intangibles and non-recurring items by approximately £8 million.

Revenues - Quarterly

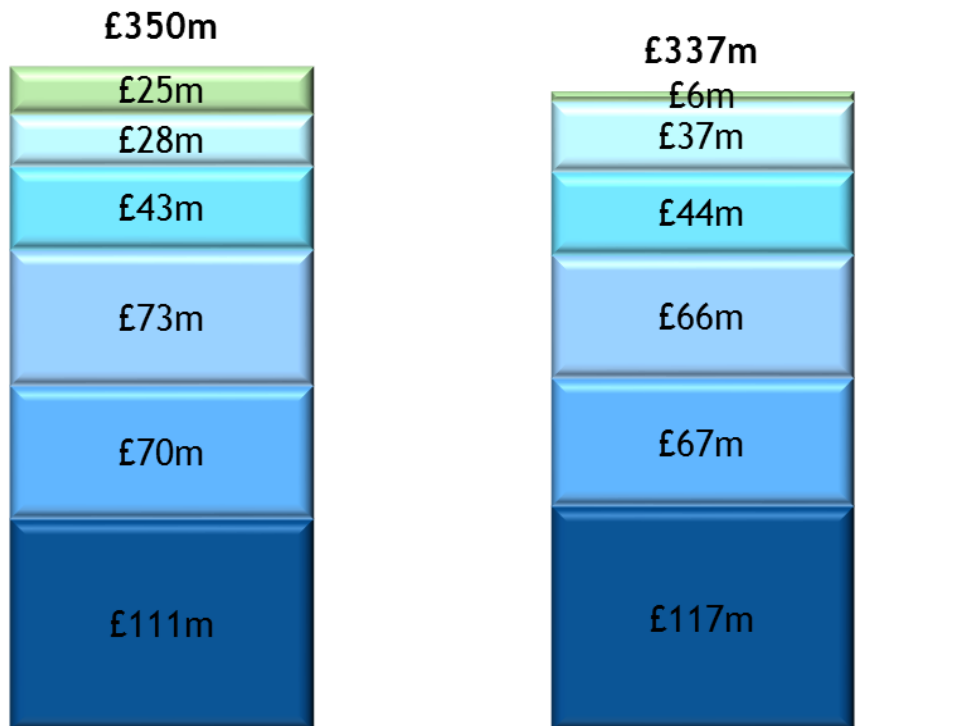


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£ millions	FY 2010					FY 2011				
	Q1	Q2	Q3	Q4	FY 2010	Q1	Q2	Q3	Q4	FY 2011
Annual Fees	8.9	8.6	8.7	9.0	35.2	9.3	9.4	9.6	9.4	37.8
Admission Fees	9.0	7.7	9.5	7.5	33.7	8.8	6.5	9.5	8.3	33.0
Cash equities UK	28.4	25.3	23.0	25.1	101.8	24.4	19.6	19.5	23.0	86.4
Cash equities Italy	9.1	8.1	7.1	7.4	31.7	8.7	6.0	6.8	9.3	30.7
Derivatives	5.5	5.0	4.7	4.3	19.5	4.9	3.5	3.8	4.5	16.8
Fixed Income	6.7	7.1	7.6	7.9	29.3	7.4	7.2	8.3	9.5	32.4
Other	11.0	10.9	11.4	10.8	43.8	10.7	10.5	11.9	11.2	44.4
Capital Markets	78.6	72.7	72.0	72.0	295.3	74.2	62.7	69.4	75.2	281.5
Clearing	8.9	7.1	8.9	8.5	33.4	9.7	7.2	8.4	10.7	35.9
Settlement	6.0	4.8	5.0	5.3	21.1	5.0	3.9	4.5	4.8	18.2
Custody & other	12.3	10.5	11.8	10.9	45.5	12.2	10.3	11.0	11.6	45.2
Post Trade Services	27.2	22.4	25.7	24.7	100.1	26.9	21.4	23.9	27.1	99.3
Real time data	27.4	26.6	26.3	23.4	103.7	24.4	24.6	24.7	27.5	101.2
Other information	16.7	15.0	16.7	17.3	65.6	21.0	20.2	20.8	21.6	83.5
Information Services	44.1	41.6	43.0	40.7	169.3	45.4	44.8	45.5	49.1	184.7
MillenniumIT	-	-	2.6	4.1	6.7	5.0	4.0	4.1	5.0	18.2
Technology	6.6	7.2	7.7	11.2	32.7	7.6	7.9	7.3	7.7	30.4
Technology Services	6.6	7.2	10.3	15.3	39.4	12.6	11.9	11.4	12.7	48.6
Other	0.5	0.3	0.3	0.4	1.5	0.5	0.4	0.4	0.5	1.8
Total Revenue	157.0	144.2	151.3	153.1	605.6	158.2	139.7	149.1	164.6	615.9
Net treasury income through CCP	4.9	4.8	3.4	3.1	16.2	5.9	10.8	14.8	19.8	51.3
Other income	1.3	1.8	1.5	1.9	6.5	1.9	1.9	2.0	1.9	7.7
Total income	163.2	150.8	156.3	158.0	628.4	167.3	153.8	167.4	186.3	674.9

Note: Minor rounding differences may mean quarterly and other segmental figures may differ slightly.
FY 2011 Information prior quarters restated to include Turquoise revenues gross of maker rebates

Operating expenses



FY 2010

FY 2011

- TradElect replacement (non-recurring)
- Cost of sales
- Depreciation
- IT/Network
- Property/marketing/other
- Staff

- Organic cost base down 8% in constant currency
- Headcount up 5% to 1,563 (1,488 31st March 2010)
Sri Lanka up 126, Other down 51

Cost : Income ratio 49%
(excluding TradElect effects)
(FY10 52%)

Capital Markets - key performance indicators



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Capital Markets - Primary Markets

	Year ended		Variance %
	31 March		
	2011	2010	
New Issues			
UK Main Market, PSM & SFM	74	52	42%
UK AIM	101	47	115%
Borsa Italiana	10	11	(9%)
Total	185	110	68%

Company Numbers (as at period end)

UK Main Market, PSM & SFM	1,468	1,491	(2%)
UK AIM	1,174	1,258	(7%)
Borsa Italiana	296	297	(0%)
Total	2,938	3,046	(4%)

Market Capitalisation (as at period end)

UK Main Market (£bn)	1,954	1,828	7%
UK AIM (£bn)	82	62	32%
Borsa Italiana (€bn)	458	459	(0%)
Borsa Italiana (£bn)	404	410	(1%)
Total (£bn)	2,440	2,300	6%

Money Raised (£bn)

UK New	11.0	3.8	189%
UK Further	24.2	53.8	(55%)
Borsa Italiana new and further	5.1	18.9	(73%)
Total (£bn)	40.3	76.5	(47%)

Capital Markets - Secondary Markets

	Year ended		Variance %
	31 March		
	2011	2010	
Equity Volume Bargains (m)			
UK	150.5	149.2	1%
Borsa Italiana	66.0	64.0	3%
Total	216.5	213.2	2%

Equity Value Traded

UK (£bn)	1,200	1,175	2%
Borsa Italiana (€bn)	800	722	11%
Borsa Italiana (£bn)	681	640	6%
Total (£bn)	1,881	1,815	4%

Equity Average Daily Bargains ('000)

UK	594	590	1%
Borsa Italiana	257	252	2%
Total	851	842	1%

Equity Average Daily Value Traded

UK (£bn)	4.7	4.6	2%
Borsa Italiana (€bn)	3.1	2.8	11%
Borsa Italiana (£bn)	2.6	2.5	4%
Total (£bn)	7.3	7.1	3%

SETS Yield (basis points)	0.71	0.86	(17%)
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Derivatives (contracts m)

EDX	35.6	56.5	(37%)
<i>of which Russian / IOB</i>	32.6	37.4	(13%)
IDEM	46.4	41.0	13%
Total	82.0	97.5	(16%)

Fixed Income

MTS cash and Bondvision (€bn)	2,719	2,405	13%
MTS money markets (€bn term adjusted)	65,185	42,450	54%
MOT (€bn)	220.4	226.2	(3%)
MOT number of trades (m)	3.96	3.46	14%

Post Trade - key performance indicators



Post Trade Services

	Year ended		Variance %
	31 March 2011	2010	
CC&G Clearing (m)			
Equity clearing (trades)	69.4	67.0	4%
Derivative clearing (contracts)	46.4	41.0	13%
Total Contracts	115.8	107.7	8%
Open interest (contracts as at period end)	4.6	4.1	12%
Initial margin held (average €bn)	6.9	4.5	53%
Monte Titoli			
Pre Settlement instructions (trades m)	31.2	34.6	(10%)
Settlement instructions (trades m)	38.6	49.3	(22%)
Custody assets under management (average €tn)	3.02	2.87	5%

Information Services - key performance indicators

Information Services

	Year ended		Variance %
	31 March 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	139,000	142,000	(2%)



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