

25 March 2010

## **LONDON STOCK EXCHANGE GROUP plc PRE-CLOSE PERIOD UPDATE**

Unless otherwise stated, the following commentary refers to the eleven months ended 28 February 2010 and, where appropriate, to the corresponding period last year.

London Stock Exchange Group plc (“the Group”) today issues a routine update ahead of the close period relating to the year ending 31 March 2010.

### **Capital Markets**

- Money raised on the Group’s markets during the year to date reached £74 billion (down on the record levels last year), reflecting continued strong secondary issuance in London and Italy, raising £54 billion and £17 billion respectively; a further 10 companies have joined the Group’s markets to date in March, providing some signs of improvement in the new issue pipeline
- Average daily value traded in UK equities declined 35 per cent year on year at £4.6 billion; trading in January and February was stronger than the year to date average at £4.9 billion and £5.1 billion respectively though March is expected to be more in line with year to date average levels; trading volumes at Borsa Italiana held up well and were unchanged on last year at 253,000 trades per day
- The yield on UK cash equities trading in the period was 0.86 basis points of value traded. Since a new tariff structure for the UK market was introduced at the start of September 2009, the yield has averaged 0.80bps, representing an expected 10 per cent reduction on the equivalent prior period
- The Group’s derivatives operations saw overall contract volumes traded increase three per cent over the same period last year. Volume on IDEM increased 16 per cent, following tariff changes designed to stimulate such growth; trading on EDX declined four per cent, with trading on Scandinavian derivatives falling away since December, partially offset by strong trading of Russian contracts, up 118 per cent year to date
- On the Fixed Income markets, MTS Cash and Repo markets value traded rose by 36 and 25 per cent respectively; trading volume on the Italian MOT retail bond market increased three per cent; trading in London’s retail bond market started in February

## **Post Trade**

- Clearing showed growth with increases of two per cent and 16 per cent in the level of equity and derivative volumes for the eleven months; open interest was down two per cent on last year at 4.4 million contracts, and interest income from margin held on deposit remains lower than the peak levels in the previous year
- Settlement instructions increased by 17 per cent and custody business has seen a 12 per cent increase in value of assets under custody at €2.9 trillion

## **Information & Technology Services**

- The number of professional users of LSE real-time information remained unchanged from December 2009, at 93,000, while professional terminals receiving Borsa Italiana data declined 4,000 to 139,000 over the same period
- Demand for other Information & Technology product lines remained good overall, with continued strength in SEDOL, Proquote and FTSE, and newer products including Unavista and server hosting also increasing.

## **Recent developments**

Last month the Group completed the acquisition of Turquoise, paving the way for the creation of a new pan-European trading venture through a merger of Turquoise and Baikal. Subsequently, the Group confirmed the sale of nine per cent of its stake in the new venture to three global banking clients, bringing the total number of investment bank shareholders in Turquoise to twelve. Exceptional costs related to the merger of Turquoise and Baikal of up to £20 million in total are expected to be largely recognised in the current financial year.

The Group's management team has been further strengthened in recent weeks, with the appointment of Antoine Shagoury in the role of Chief Information Officer. Antoine brings extensive industry experience, most recently at the American Stock Exchange where he implemented MillenniumIT trading technology.

Commenting on performance for the period and on recent developments, Xavier Rolet, Chief Executive, said:

“The Group has seen some encouraging levels of activity in the business in the last quarter of the financial year, although market conditions remain variable.

“We continue to take action to ensure the Group competes effectively and expands its services. The further strengthening of the senior management team in recent weeks adds industry experience and increased ability to implement current and future developments.

“We are pleased that Euroclear has removed the gross charge for netting SETS trades which, in addition to our own ongoing tariff cuts, will further reduce the overall cost of trading for our major clients. Completion of the Turquoise transaction and introduction of further partner bank shareholders in recent weeks is another good step in our plans to develop competitive and attractive markets and services.”

The Group expects to announce its Preliminary results for the year ending 31 March 2010 on 21 May 2010.

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## Key Performance Indicators

### Capital Markets - Primary Markets

	Eleven months ended		Variance %
	28 February		
	2010	2009	
<b>New Issues</b>			
UK Main Market, PSM & SFM	41	63	-35%
UK AIM	40	86	-53%
Borsa Italiana	6	8	-25%
<b>Total</b>	<b>87</b>	<b>157</b>	<b>-45%</b>
<b>Company Numbers (as at period end)</b>			
UK Main Market, PSM & SFM	1,491	1,538	-3%
UK AIM	1,268	1,514	-16%
Borsa Italiana	295	300	-2%
<b>Total</b>	<b>3,054</b>	<b>3,352</b>	<b>-9%</b>
<b>Market capitalisation (as at period end)</b>			
UK Main Market (£bn)	1,719	1,128	52%
UK AIM (£bn)	58	37	57%
Borsa Italiana (€bn)	423	312	36%
Borsa Italiana (£bn)	380	277	37%
<b>Total (£bn)</b>	<b>2,157</b>	<b>1,442</b>	<b>50%</b>
<b>Money raised (£bn)</b>			
UK New	2.6	6.9	-62%
UK Further	53.6	69.3	-23%
Borsa Italiana new and further	17.4	7.5	132%
<b>Total (£bn)</b>	<b>73.6</b>	<b>83.7</b>	<b>-12%</b>

## Capital Markets - Secondary Markets

	Eleven months ended		Variance %
	28 February		
	2010	2009	
<b>Equity Volume Bargains (m)</b>			
UK	136.9	171.3	-20%
Borsa Italiana	58.5	58.7	0%
<b>Total</b>	<b>195.4</b>	<b>230</b>	<b>-15%</b>
<b>Equity Value Traded</b>			
UK (£bn)	1,063	1,653	-36%
Borsa Italiana (€bn)	663	793	-16%
Borsa Italiana (£bn)	587	642	-9%
<b>Total (£bn)</b>	<b>1,650</b>	<b>2,295</b>	<b>-28%</b>
<b>Equity Average Daily Bargains ('000)</b>			
UK	595	735	-19%
Borsa Italiana	253	253	0%
<b>Total</b>	<b>848</b>	<b>988</b>	<b>-14%</b>
<b>Equity Average Daily Value Traded</b>			
UK (£bn)	4.6	7.1	-35%
Borsa Italiana (€bn)	2.9	3.4	-15%
Borsa Italiana (£bn)	2.5	2.8	-11%
<b>Total (£bn)</b>	<b>7.1</b>	<b>9.9</b>	<b>-28%</b>
<b>SETS Yield</b>			
Yield basis points	0.86	0.87	-1%
<b>Equity Average Bargain Size</b>			
UK (£'000)	7.8	9.6	-19%
Borsa Italiana (€000)	11.3	13.5	-16%
<b>Eleven months ended</b>			
	28 February		Variance %
	2010		
	2010	2009	
<b>Derivatives (contracts m)</b>			
EDX	52.9	55.2	-4%
IDEM	38.0	32.8	16%
<b>Total</b>	<b>90.9</b>	<b>88.0</b>	<b>3%</b>
<b>Fixed Income</b>			
MTS cash and Bondvision (€bn)	2,151	1,576	36%
MTS money markets (€bn term adjusted)	37,164	29,723	25%
Borsa Italiana MOT (€bn)	204	176	16%
Borsa Italiana MOT number of trades (m)	3.1	3.0	3%

## Post Trade

	Eleven months ended		Variance %
	28 February		
	2010	2009	
<b>CC&amp;G Clearing (m)</b>			
Equity clearing (trades)	61.0	59.9	2%
Derivative clearing (contracts)	38.0	32.8	16%
<b>Total Contracts</b>	<b>99.0</b>	<b>92.7</b>	<b>7%</b>
Open interest (contracts as at period end)	4.4	4.5	-2%
<b>Monte Titoli</b>			
Settlement instructions (trades m)	45.1	38.7	17%
Custody assets under management (€tn)	2.9	2.6	12%
Pre Settlement instructions (trades m)	32.2	26.1	23%

## Information & Technology Services

	28 February		Variance %
	2010	2009	
<b>UK Terminals</b>			
Professional - UK	38,000	43,000	-12%
Professional - International	55,000	64,000	-14%
<b>Total</b>	<b>93,000</b>	<b>107,000</b>	<b>-13%</b>
<b>Borsa Italiana Professional Terminals</b>	<b>139,000</b>	<b>153,500</b>	<b>-9%</b>
Proquote	4,600	4,500	2%
Borsa Italiana Market Connect	32,000	26,000	23%