

31 March 2011

LONDON STOCK EXCHANGE GROUP plc PRE-CLOSE PERIOD UPDATE

Unless otherwise stated, the following commentary refers to the eleven months ended 28 February 2011 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 2011.

Capital Markets

- Strong growth in the number of new issues, increasing 90 per cent to 167, with a more than three-fold rise in money raised by UK new issues to £9.8 billion; total money raised for the year to date stands at £36.4 billion, including £21.6 billion in UK further issues, down on the near record levels last year
- Average daily value traded in UK equities improved two per cent year on year to £4.7 billion; trading in January and February was stronger than the year to date average at £4.9 billion and £5.0 billion respectively and March is expected to show further growth. Trading volumes at Borsa Italiana were little changed on last year at 252,000 trades per day though are tracking higher in Q4
- Share of order book trading in UK cash equities for the year to date was 63.4 per cent, having remained broadly stable since the start of the financial year; January and February recorded an average 64.6 per cent (an increase on 63.8 per cent for Q3); in Italy the share of order book trading in the eleven month period was steady at 83.7 per cent
- Derivatives trading volumes on IDEM increased 12 per cent over the same period last year following a strong H1 performance; in fixed income markets the MTS Cash and Repo markets value traded rose by 13 and 55 per cent respectively and trading volume on the MOT retail bond market increased 16 per cent

Post Trade

- Equity and derivatives volumes cleared in the eleven month period increased one per cent and 12 per cent respectively; open interest increased nine per cent on last year at 4.8 million contracts

- Year to date average initial margin held rose 51 per cent to €6.8 billion, reflecting the growth in derivative and fixed income trading; average initial margin for January and February was €7.5bn, up seven per cent on Q3, which together with active treasury management will translate into increased treasury income in the final quarter
- Settlement instructions decreased by 17 per cent in total as OTC settlement volumes decreased; the custody business saw a five per cent increase in value of assets under custody at €3.0 trillion

Information Services

- The number of professional users of UK real-time information remained unchanged from Q3 and since the start of the year, at 93,000, while professional terminals receiving Borsa Italiana data declined slightly, down 1,000 to 138,000 year on year
- Demand for other information products, including UnaVista, SEDOL, Proquote and FTSE, continued to grow
- Trading on Turquoise has been encouraging, with integrated order book (lit) average daily value traded for 11 months of €1.1 billion and midpoint (dark) average daily value traded of €186 million; January and February ran above year to date trends, averaging €1.4 billion and €262 million value traded per day respectively for the two order books

Technology Services

- Demand for data centre co-location services continues to be strong, with growth year on year
- In January MillenniumIT signed a strategic partnership to restructure and develop the Mongolian Stock Exchange; Johannesburg Securities Exchange has announced its intention to use Millennium Exchange and is expected to migrate from TradElect in the first half of 2012

Merger with TMX Group

- Last month London Stock Exchange Group and TMX Group announced plans to join forces in a merger of equals, to create a leading diversified international exchange group
- As set out in the announcement, the merger creates a leading global listings franchise, a group highly diversified across asset classes and geographies with efficiencies for customers, increased scale, a strong balance sheet and considerable growth opportunities

- Work to achieve shareholder and regulatory approvals is currently underway; the timetable targets shareholder meetings in the summer and completion in the autumn

Recent developments

- UK equity trading was migrated to the Millennium Exchange trading system in February, with the new platform running 10 times faster than TradElect and delivering world-leading average latency of 125 micro seconds (99th percentile)
- Turquoise announced further details of plans to launch derivatives trading in the next quarter, building a pan-European derivatives business through the creation of 'Turquoise Derivatives'. This new business will combine with the Group's existing derivatives market, EDX London, and will use TMX Group's derivatives trading technology, SOLA, already being used by EDX

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

"We are finishing the year on a strong note with good trading in recent weeks. Year to date we have demonstrated robust performance across the Group, with increases in cash equities, Italian derivatives and fixed income trading and consequent growth in clearing operations. Primary markets activity has been good and both the Information Services and Technology Services businesses are performing well.

"I am pleased with the progress we are making to deliver on our strategic objectives. Notable recent developments include the successful migration of UK cash equities trading to the Group's MillenniumIT trading platform, with customers benefitting from a substantial uplift in performance, and we have announced further details of plans for the launch of pan-European derivatives trading through Turquoise Derivatives.

"Of course, we are also focused on the necessary work to reach completion of the merger with TMX Group, which will create a leading diversified international exchange group with exciting opportunities for growth."

The Group expects to announce its Preliminary results for the year ending 31 March 2010 on 13 May 2011.

Further information is available from:

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Key Performance Indicators

Capital Markets - Primary Markets

	Eleven months ended		
	28 February		Variance
	2011	2010	%
New Issues			
UK Main Market, PSM & SFM	68	41	66%
UK AIM	90	40	125%
Borsa Italiana	9	7	29%
Total	167	88	90%
Company Numbers (as at period end)			
UK Main Market, PSM & SFM	1,473	1,491	(1%)
UK AIM	1,178	1,268	(7%)
Borsa Italiana	298	295	1%
Total	2,949	3,054	(3%)
Market Capitalisation (as at period end)			
UK Main Market (£bn)	1,984	1,719	15%
UK AIM (£bn)	83	58	43%
Borsa Italiana (€bn)	466	423	10%
Borsa Italiana (£bn)	398	380	5%
Total (£bn)	2,465	2,157	14%
Money Raised (£bn)			
UK New	9.8	2.3	326%
UK Further	21.6	53.5	(60%)
Borsa Italiana new and further	5.0	17.4	(71%)
Total (£bn)	36.4	73.2	(50%)

Capital Markets - Secondary Markets

	Eleven months ended		Variance
	28 February		
	2011	2010	%
Equity Volume Bargains (m)			
UK	135.1	136.9	(1%)
Borsa Italiana	59.1	58.5	1%
Total	194.2	195.4	(1%)
Equity Value Traded			
UK (£bn)	1,079	1,063	2%
Borsa Italiana (€bn)	721	663	9%
Borsa Italiana (£bn)	612	587	4%
Total (£bn)	1,691	1,650	2%
Equity Average Daily Bargains ('000)			
UK	587	595	(1%)
Borsa Italiana	252	254	(1%)
Total	839	849	(1%)
Equity Average Daily Value Traded			
UK (£bn)	4.7	4.6	2%
Borsa Italiana (€bn)	3.1	2.9	7%
Borsa Italiana (£bn)	2.6	2.5	4%
Total (£bn)	7.3	7.1	3%
SETS Yield (basis points)	0.71	0.86	(17%)

	Eleven months ended		Variance
	28 February		
	2011	2010	%
Derivatives (contracts m)			
EDX	31.9	53.2	(40%)
<i>of which Russian / IOB</i>	<i>29.1</i>	<i>34.5</i>	<i>(16%)</i>
IDEM	42.4	38.0	12%
Total	74.3	91.2	(19%)

Fixed Income

MTS cash and Bondvision (€bn)	2,434	2,151	13%
MTS money markets (€bn term adjusted)	57,587	37,164	55%
MOT (€bn)	204	205	(0%)
MOT number of trades (m)	3.62	3.11	16%

Post Trade Services

	Eleven months ended		Variance
	28 February		
	2011	2010	%
CC&G Clearing (m)			
Equity clearing (trades)	62.1	61.3	1%
Derivative clearing (contracts)	42.4	38.0	12%
Total Contracts	104.5	99.3	5%
Open interest (contracts as at period end)	4.8	4.4	9%
Initial margin held (average €bn)	6.8	4.5	51%
Monte Titoli			
Pre Settlement instructions (trades m)	28.3	31.6	(10%)
Settlement instructions (trades m)	35.6	45.1	(21%)
Custody assets under management (average €tn)	3.00	2.86	5%

Information Services

	Eleven months ended		Variance
	28 February		
	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	138,000	139,000	(1%)