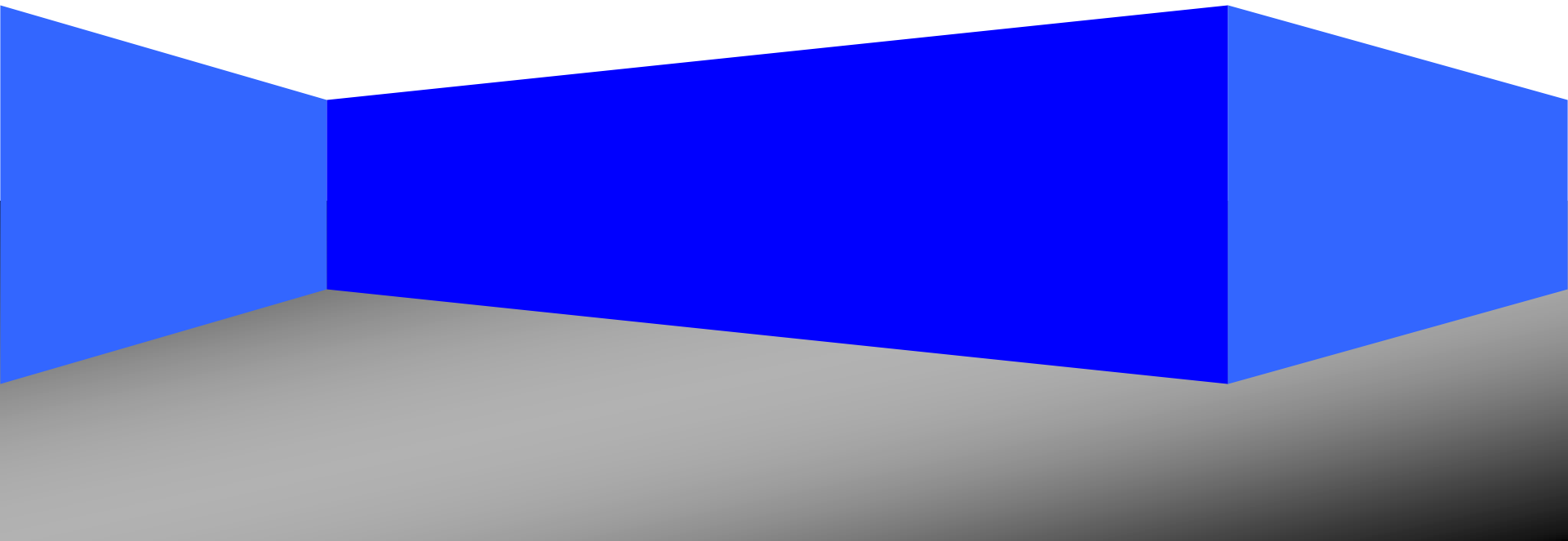




London
STOCK EXCHANGE

London Stock Exchange Group plc

Interim Results 15 November 2007



Agenda

Introduction

Chris Gibson-Smith
Chairman

Financial Review

Jonathan Howell
Director of Finance

Review of Borsa Italiana's
performance

Massimo Capuano
Deputy CEO LSEG & CEO Borsa Italiana

CEO Overview

Clara Furse
Chief Executive Officer

Q&A

Introduction

- Excellent H1 performance
- Good growth in all businesses
- Interim dividend up **33%** to **8.0p** per share
- Share buyback programme extended by a further **£500m**



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Jonathan Howell
Director of Finance

Financial highlights

Very strong half year performance

- Revenue¹ - up **24%** to **£203m**
- Operating profit¹ - up **41%** to **£115m**
- Basic and adjusted earnings per share¹ - up **48%** to **35.7 pence**

¹ Before exceptional items

Overview of results

	Six months 30 September		Change	Year ended
	2007	2006		2007
	£m	£m	%	£m
Revenue				
Issuer Services	35.5	28.7	24	63.2
Broker Services	99.4	76.1	31	163.8
Information Services	58.1	50.9	14	105.9
Derivatives	5.7	4.4	30	9.3
Other	4.4	3.2	38	7.4
Total revenue	203.1	163.3	24	349.6
Operating costs	(88.4)	(82.0)	8	(164.0)
Operating profit	114.7	81.3	41	185.6
Operating margin	56%	50%		53%

Note: All figures before exceptional items

Overview of results (continued)

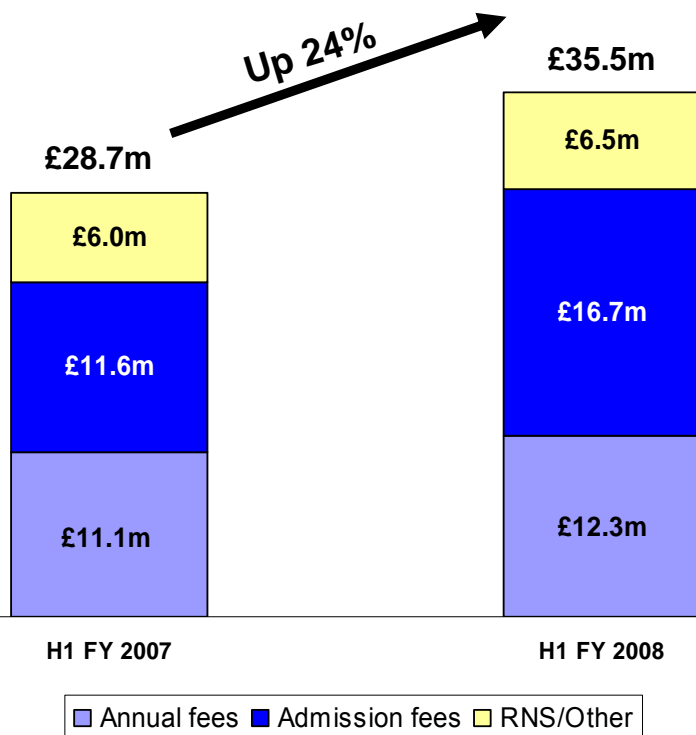
	Six months ended 30 September		Change	Year ended
	2007	2006		2007
	£m	£m	%	£m
Operating profit	114.7	81.3	41	185.6
Net exceptional items	-	-		(11.4)
Net finance & investment income ¹	(12.9)	(4.6)		(12.7)
Profit before tax	101.8	76.7	33	161.5
Tax	(30.3)	(22.4)		(50.9)
Profit after tax	71.5	54.3	32.0	110.6
Earnings per share (p)	35.7	24.2	48	50.5
Adjusted earnings per share (p)	35.7	24.2	48	56.2
Dividend per share proposed (p)	8	6	33	18

¹ Including share of FTSE joint venture income (£0.9m)

Note: All figures before exceptional items

Issuer Services

Strong new issue activity

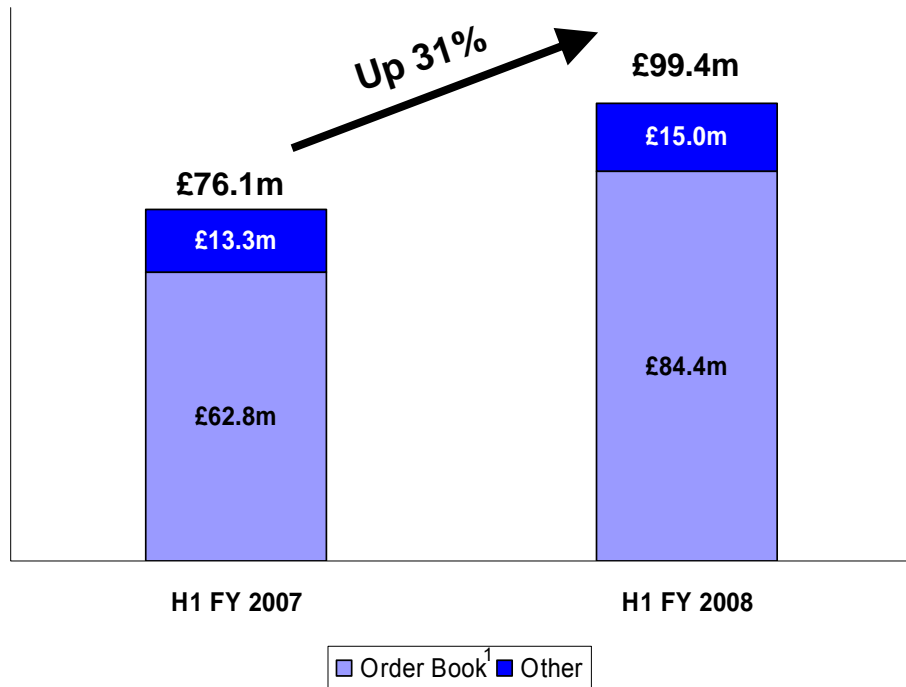


Key metrics

- Strong first half with revenue up **24%** to **£35.5m** – **17%** of total revenue
- Total money raised up **2%** to **£26.3bn**
- New issues at **236** (H1 FY2007: 247)
 - **73** Main Market and PSM (H1 FY 2007: 38)
 - **163** AIM (H1 FY 2007: 209)
- Annual fee income up **11%** with growth in total number of companies to **3,297** (H1 FY 2007: 3,212)
- RNS and other revenue **£6.5m** (H1 FY 2007: £6.0m)

Broker Services

Record SETS trading growth



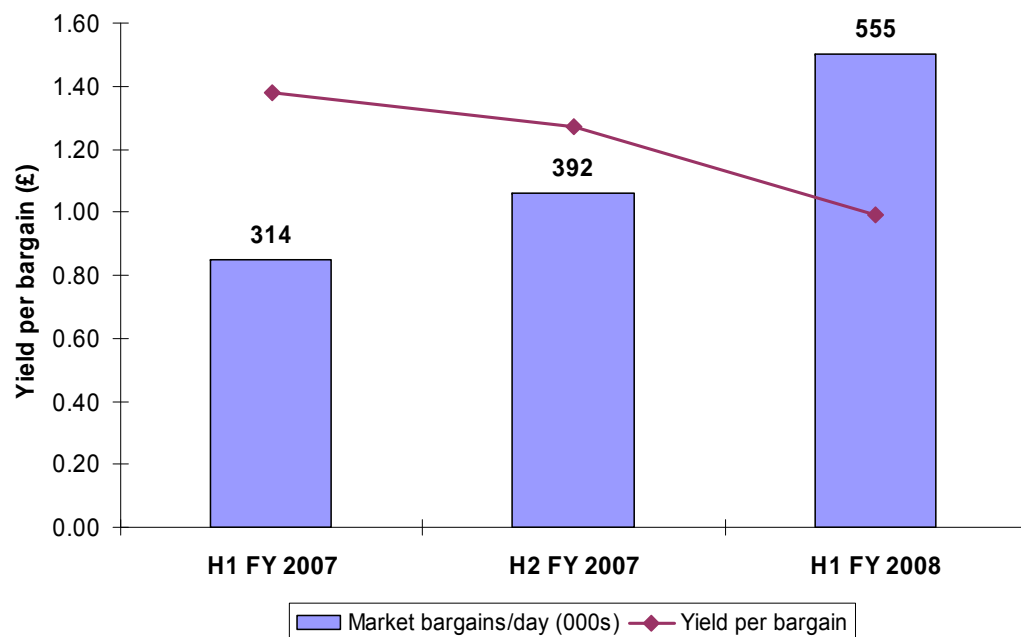
Key metrics

- Excellent performance with revenue up **31%** to **£99m**
- SETS bargains up **77%** to **555,000** per day of which SETSmm up **122%** to **149,000** per day
- Growth driven by:
 - Launch of TradElect
 - Volume discount pricing scheme
 - Growth in SETSmm
 - Secular changes in equities trading
 - Strong market conditions

¹ Including order charges

Order Book

Reducing cost per bargain as volumes increase

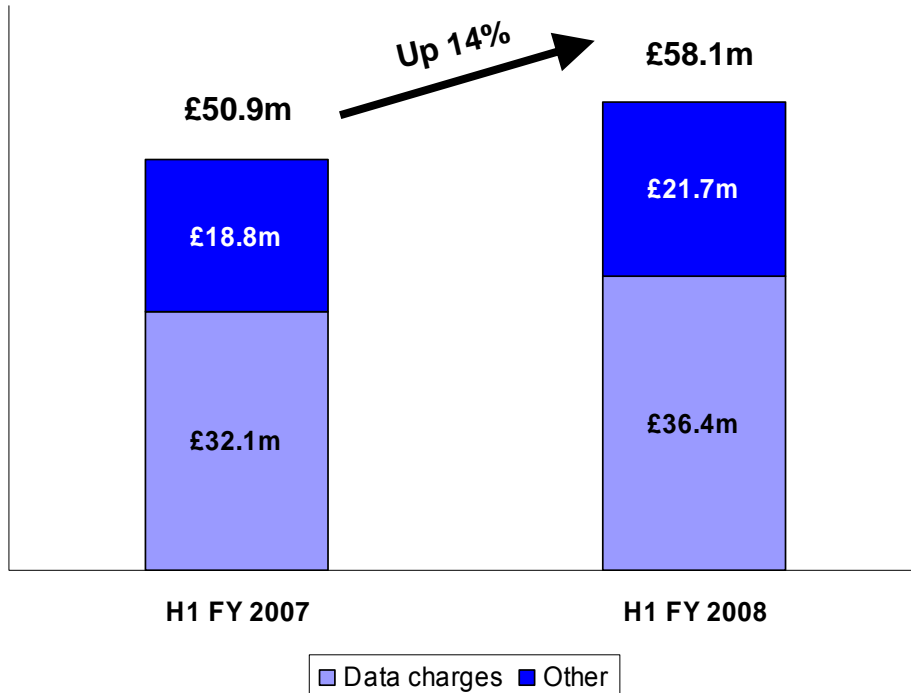


- Increase in value traded on SETS by **46%** to **£1.1tn**
- SETS yield per bargain reduced as expected to **£0.99** (H1 FY 2007: £1.38) due to:
 - Decrease in bargain size by **16%** to **£16,000** (H1 FY 2007: £19,000)
 - Adjustment to volume discounts and tariff changes
- Over **70%** of trades on SETS qualify for discount in H1
- SETS contributed **85%** of Broker Services revenue¹ (H1 FY 2007: 83%)

¹ Including order charges

Information Services

Growth boosted by increase in international users

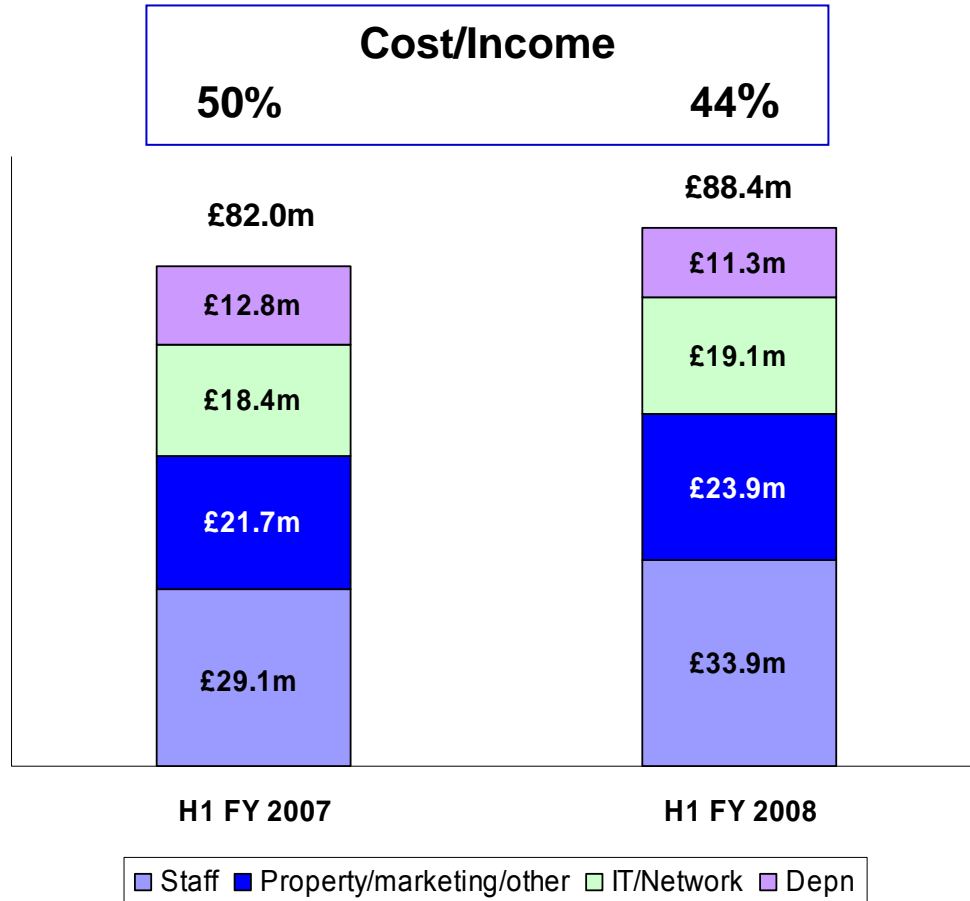


Key metrics

- Strong growth in revenue – up **14%** to **£58.1m**
- Terminal population up **16%** to **126,000** (H1 FY 2007: 109,000)
- Professional investor terminals up **13%** at **103,000** (H1 FY 2007: 91,000)
- **3,800** Proquote screens up **15%** (H1 FY 2007: 3,300)
- SEDOL revenue up **20%** to **£6m**

Operating and development costs

Expected rise in operating costs



- Costs up **8%** – higher spend as the business grows
- Property/other and IT/Network costs up **£3m**
- Staff costs up **c£5m** – principally related to share awards and reflecting strong share price performance
- Depreciation down slightly **c£1.5m** as number of products now fully depreciated

Share Buyback Programme

- Successful share buy back programme
 - Purchase of **7.2m** shares for **£94m** in H1 2008
 - Completion of **£154m** of the current **£250m** share repurchase programme
- Commitment to further **£500m** (including £100m of current programme)
 - Continuation of on-market share repurchases

Summarised cash flow

Continued strong cash flow generation

	Six months 30 September			Year 31 March
	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>2007</u>
	£m	£m	%	£m
Net cash inflow from operating activities	127.2	104.3		198.6
Net interest (paid)/received	(14.7)	1.2		(8.7)
Taxation	(25.2)	(13.9)		(33.5)
Capital expenditure	(7.3)	(10.6)		(19.9)
Investment in Borsa Italiana	(1.0)	-		-
Ordinary dividends paid	(23.8)	(20.5)		(33.2)
Free cash flow ¹	55.2	60.5	(9)	103.3

¹ Before exceptional items

Summarised cash flow (continued)

	Six months ended 30 September		Year ended 31 March
	<u>2007</u>	<u>2006</u>	<u>2007</u>
	£m	£m	£m
Free cash flow ¹	55.2	60.5	103.3
Share buyback	(98.5)	(26.3)	(105.3)
ESOP share repurchases	-	(32.5)	(47.8)
Cash used for capital return ²	(1.9)	(496.8)	(497.9)
Proceeds from July 2006 bond issue	-	249.2	249.2
Net proceeds from unsecured borrowings	45.5	98.0	155.4
Exceptional and one-off items ³	-	(4.6)	(18.2)
Other, including dividends received	4.3	4.5	7.4
Increase/(Decrease) in cash	<u>4.6</u>	<u>(148.0)</u>	<u>(153.9)</u>

¹ Before exceptional items

² Including B-share redemption

³ Including advisers' fees and restructuring costs (FY 2007).

Summarised Group balance sheet

	30 September 2007	31 March 2007
	<u>£m</u>	<u>£m</u>
Non-current assets	144.4	132.8
Current assets		
- Debtors	69.7	61.4
- Cash	77.5	72.9
Total assets	<u>291.6</u>	<u>267.1</u>
Current liabilities		
- Bank borrowings	(200.7)	(155.7)
- Other ¹	(139.6)	(173.7)
Non-current liabilities		
- Bond ²	(248.3)	(248.7)
- Other	(28.2)	(38.9)
Net (liabilities)/assets	<u>(324.8)</u>	<u>(349.9)</u>

¹ FY 2007 balance mainly includes accruals for committed share buybacks in close period (£60m) and redeemable Class B shares (£15.7m)

² £250m bond net of upfront capitalised costs and initial discount to achieve coupon rate

Current trading and prospects

Continued momentum

- Overall trends remain good:
 - Primary market remains active though lower level of new issues so far in H2
 - Secondary markets remain strong - SETS trading volumes up **73%** to **574,000** bargains/day in October
 - Demand for real time pricing and trading data remains good
- Borsa Italiana delivered very good results in the first half
- Merger expected to be earnings neutral to positive for this financial year
- Confident of continued top line growth with Borsa Italiana in H2, though interest costs will rise
- Overall expect good outcome for enlarged Group for the full year



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Massimo Capuano
CEO Borsa Italiana

Borsa Italiana Interim Results

Six months ended 30 September 2007

The details presented in the following slides are the responsibility of the Directors of Borsa Italiana S.p.A., and have been disclosed for information purposes only. There are no legal or regulatory requirements for this information to be presented. The information has been prepared based on internal management information and has not been audited. Following the completion of the merger with London Stock Exchange Group plc on 1 October 2007, the Directors of Borsa Italiana S.p.A. do not intend to produce separate interim financial statements in the future.

References in the following slides to 'H1 FY 2007', 'H1 FY 2008' and 'first half' correspond to the six month periods ended 30 September 2006 and 30 September 2007, and the six month period ended 30 September, respectively.

Financial highlights

Very strong performance in the six months to 30 September 2007

- Revenue – up **23%** to **€151m**
- Operating profit ¹ – up **41%** to **€70m**
- Acquisitions completed during period:
 - 90% of **Servizio Titoli** (which provides company secretarial services) on 5 April 2007 for **€29m**
 - Remaining 51% of **MBE** for **€100m** on 14 September 2007. MBE owns c60% of MTS, which operates the leading regulated electronic trading platform for European fixed income securities

¹ Before exceptional items

Borsa Italiana - overview of results

	Six months ended		Change	Year ended
	30 September			31 December
	<u>2007</u>	<u>2006</u>		<u>2006</u>
	€m	€m	%	€m
Revenue				
Issuer Services	21.7	14.5	50	29.8
Trading Services	43.6	34.7	26	73.1
Information Services	23.2	20.2	15	40.1
Post Trade Services	62.5	53.8	16	107.9
Other ¹	(0.4)	(1.1)		(1.4)
Total revenue	<u>150.6</u>	<u>122.1</u>	23	<u>249.5</u>
Operating expenses	<u>(80.6)</u>	<u>(72.5)</u>	11	<u>(149.3)</u>
Operating profit before exceptional items	<u>70.0</u>	<u>49.6</u>	41	<u>100.2</u>

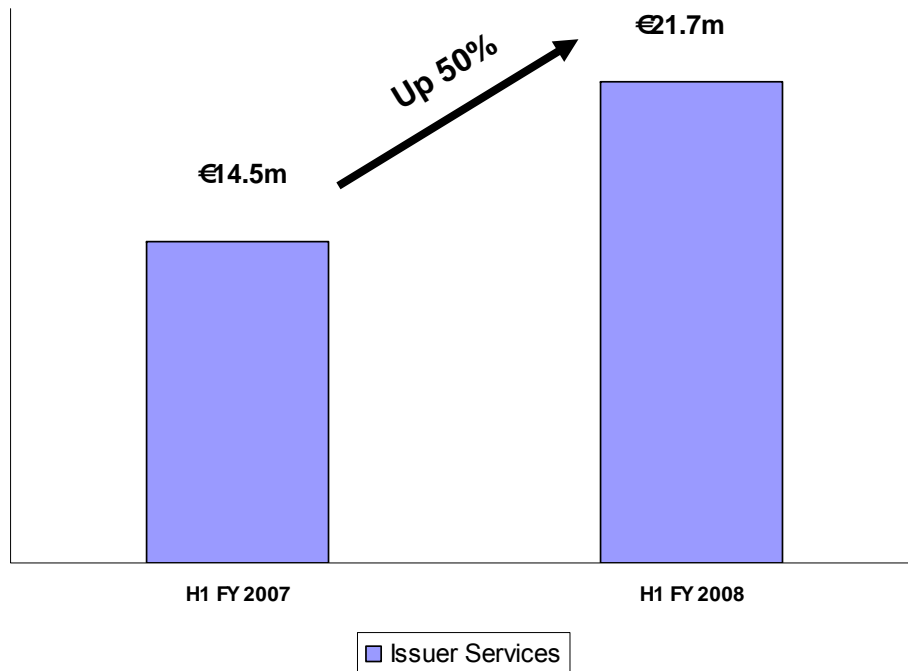
¹ Includes elimination of intercompany revenues

Borsa Italiana - overview of results (continued)

	Six months ended 30 September		Change	Year ended 31 December
	2007	2006		2006
	€m	€m	%	€m
Operating profit before exceptional items	70.0	49.6	41	100.2
Exceptional items	(29.7)	-		-
Operating profit	40.3	49.6		100.2
Net finance costs	(0.5)	(0.6)		(1.0)
Share of profit after tax of joint venture	1.4	1.2		2.9
Profit before tax	41.2	50.2		102.1
Tax	(17.3)	(19.7)		(40.0)
Profit after tax	23.9	30.5		62.1

Issuer Services

Strong growth, boosted by acquisition of Servizio Titoli in April 2007



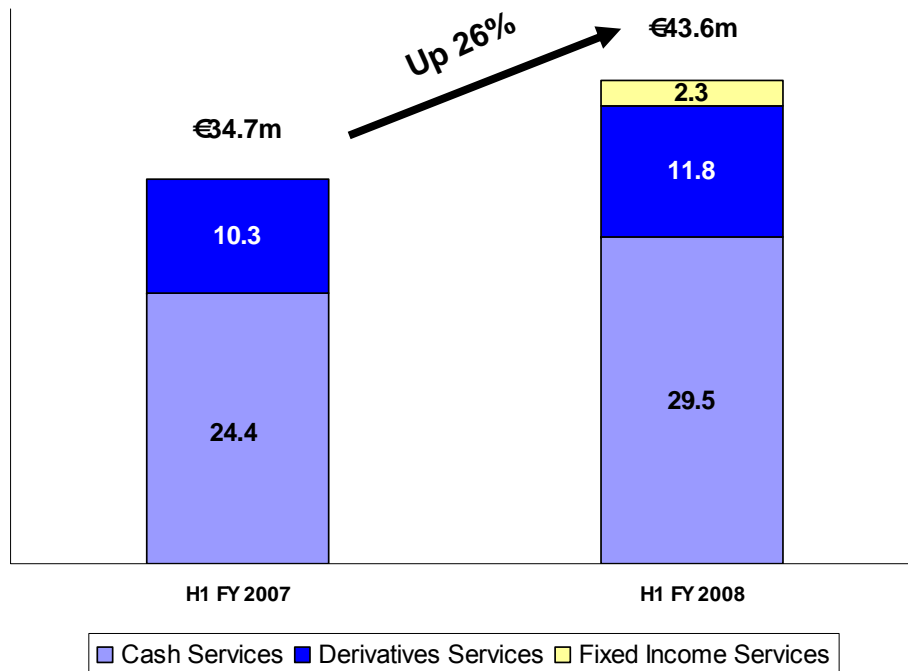
Key metrics

- Strong first half with revenue up **50%** to **€21.7m**
- Annual fee income reflects growth in the number of companies listed (**339** as at September 2007)
- Admission fee income benefited from an increase in the number of securitised derivatives to **5,402**, and **19** IPOs in the period
- 90% interest in Servizio Titoli acquired on 5 April 2007

Trading Services

Significant increase in volumes, and the benefit of 100% of MBE revenues from 14 September 2007

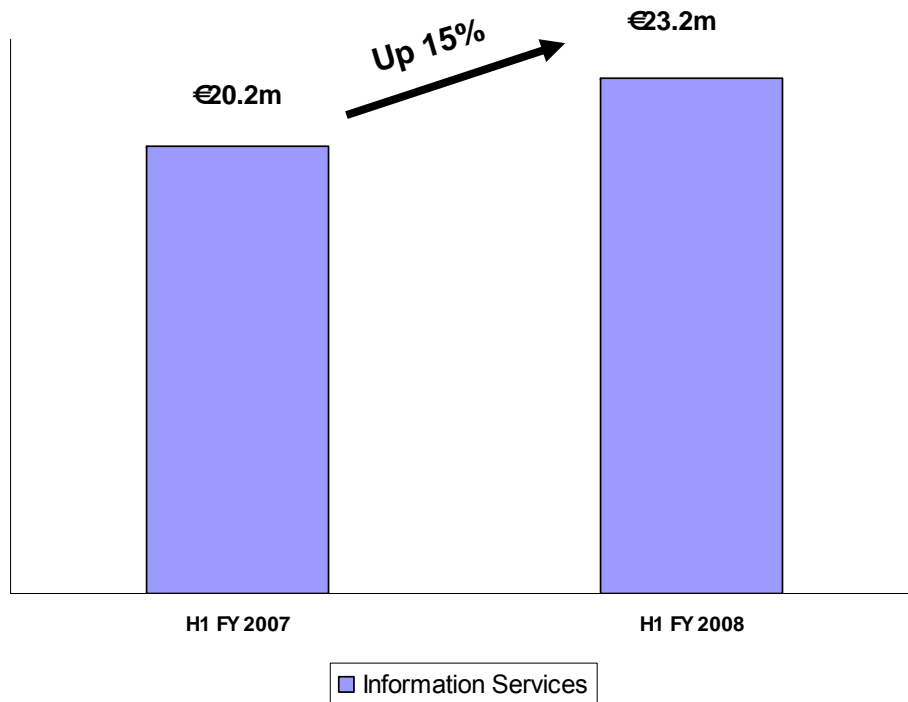
Key metrics



- Strong revenue growth – up **26%** to **€43.6m**
- Cash Services number of trades up **35%** to **40.6 million**, partly due to market volatility in August
- Derivatives Services turnover reflects a **17%** increase in the number of contracts to **19.6 million**
- MBE, through its subsidiary MTS, represents an exciting prospect:
 - Proven technology
 - Long term relationships with domestic and international clients and issuers

Information Services

Revenue growth driven by increase in number of users



Key metrics

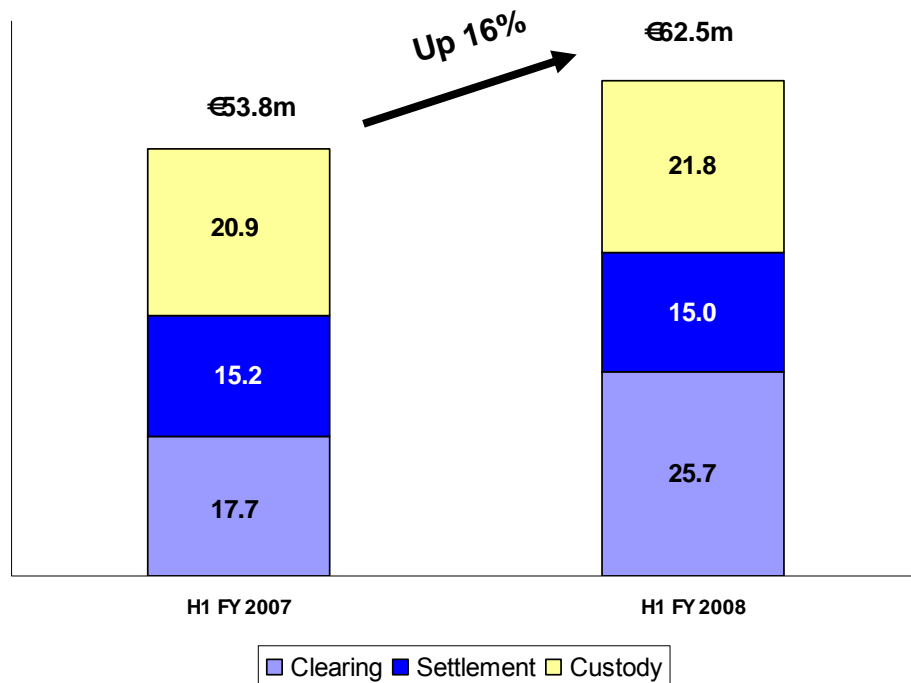
- **15%** revenue growth to **€3.2m**
- Significant increase in number of DDM* users (professionals: up **7%**, real time private investors: up **15%**)

* DDM: "Diffusione Dati Mercato", being market data information

Post Trade Services

Growth primarily from increase in Clearing volumes and cash deposit handling revenues

Key metrics



- **45%** increase in Clearing revenues due primarily strong volume growth
- Custody revenues up **4%**, with growth in average value of securities from €2.6 billion to **€2.8 billion**
- Our Post Trade businesses are, by common agreement, the most efficient in Europe:
 - Future development plans for trading less dependent on external parties
 - Lower cost of services to drive the virtuous circle

Current trading and prospects

Continued solid performance

- Borsa Italiana enjoyed very strong growth in H1 FY 2008, and completed acquisitions of 90% of Servizio Titoli and remaining 51% of MBE
- Encouraging start to the second half period:
 - Number of securitised derivatives increasing to 5,770 as at 31 October 2007
 - 5.8 million equity trades and 3.6 million derivative contracts in October



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Clara Furse

Chief Executive Officer

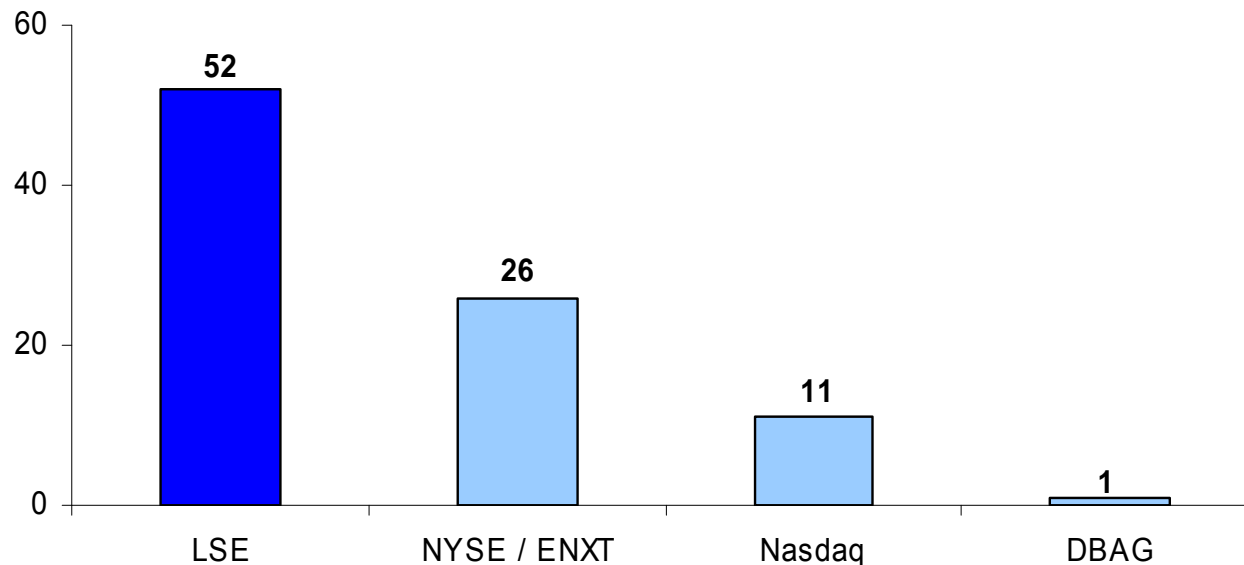
Excellent H1 performance

- Going forward three of the core elements are:
 - New products and services
 - Borsa Italiana merger benefits
 - Industry alliances/joint ventures
- Based on unique and valuable franchise – with London market advantages:
 - Regulation and governance
 - Time zone and language
 - International intermediaries and asset managers

Issuer Services is global

- Main Market and PSM **new issues** almost doubled to **73** – including **28** international admissions
- More international **IPOs** than NYSE/Euronext, NASDAQ and DBAG combined

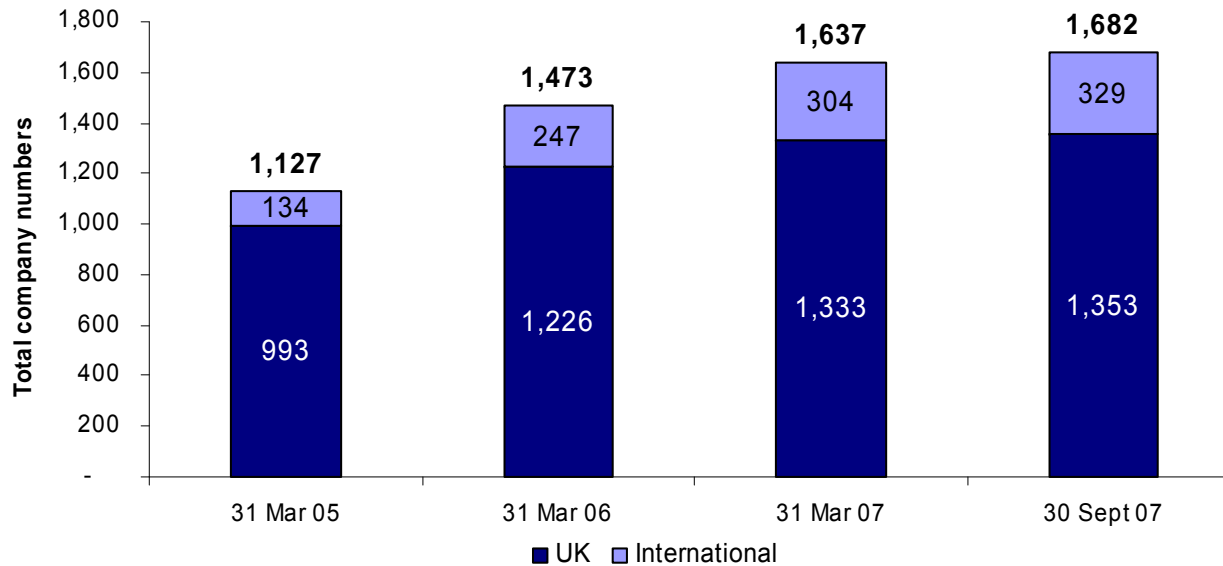
FY 2008 H1 International IPOs on major US and European peers



Source: Exchange websites

AIM delivers

Growth in AIM companies



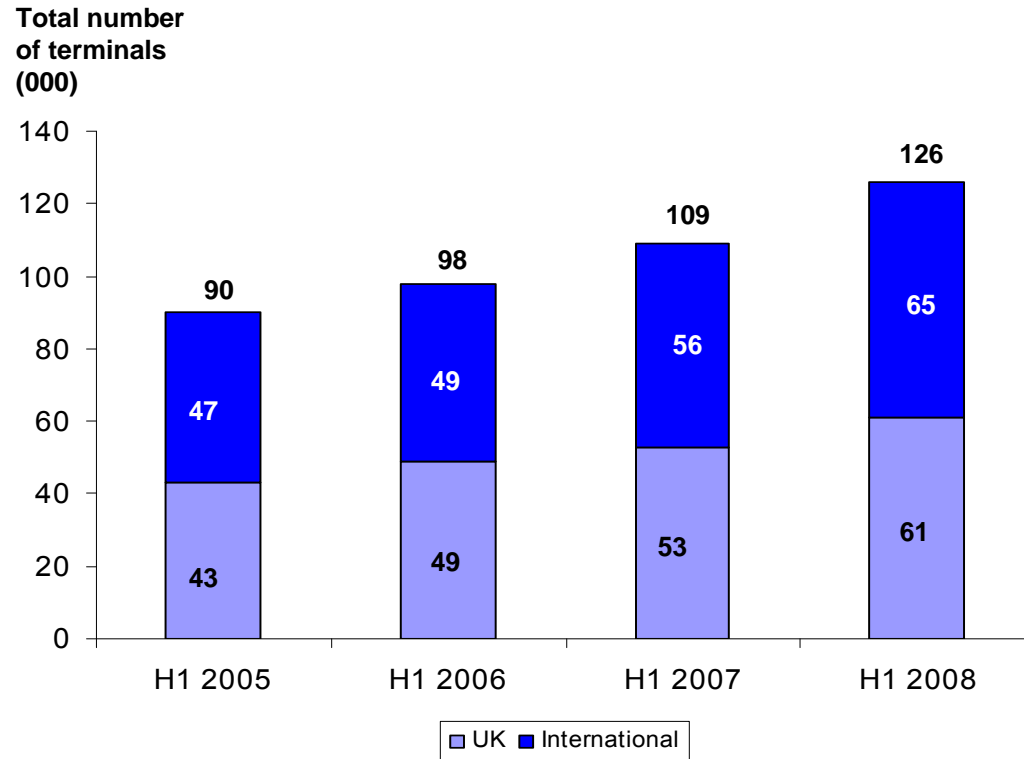
- AIM raised **£4.1bn** of new capital and brought over **50** new overseas companies to market

London School of Economics

Report on AIM

- AIM is the world's leading stock market for enterprise; **£50bn** raised since 1995
- AIM liquidity is comparable to Main Market for similar size stocks
- AIM failure rate of less than **3%** is low
- AIM generates income of around **£1bn** pa for the City

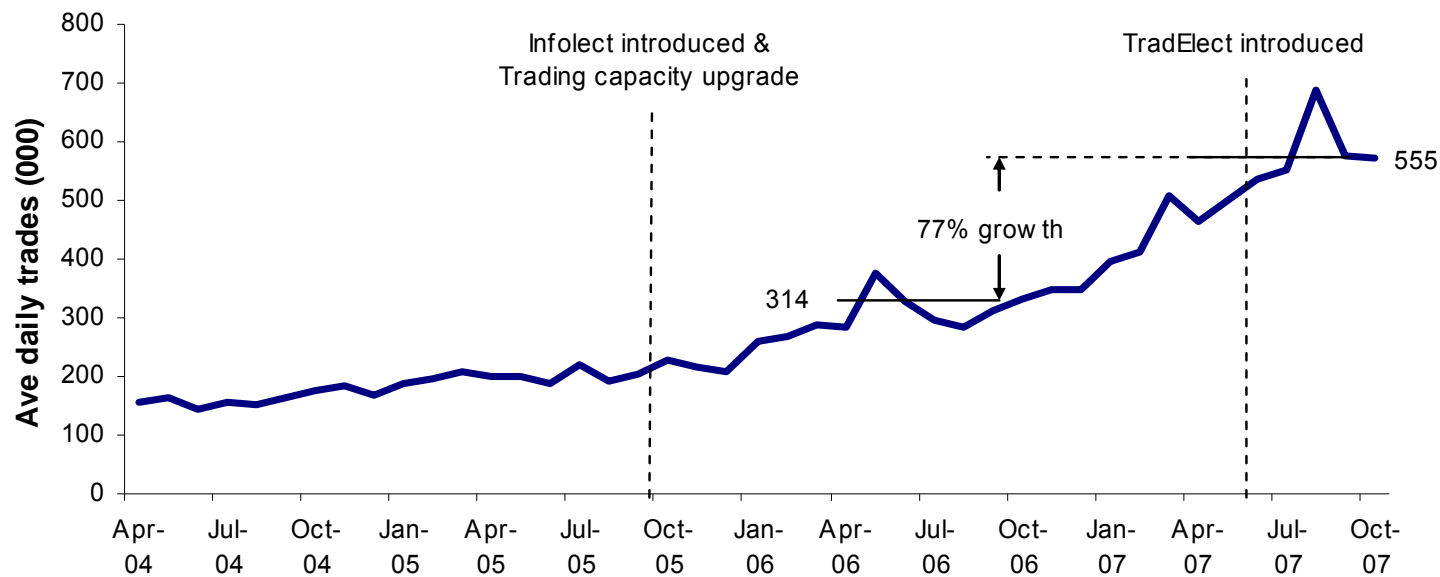
Information Services goes global



- **4,000** of the **7,000** new professional terminals are from outside the UK
- **59%** of total professional terminals now **overseas**

Broker Services - setting new records

Average Daily Orderbook Trades



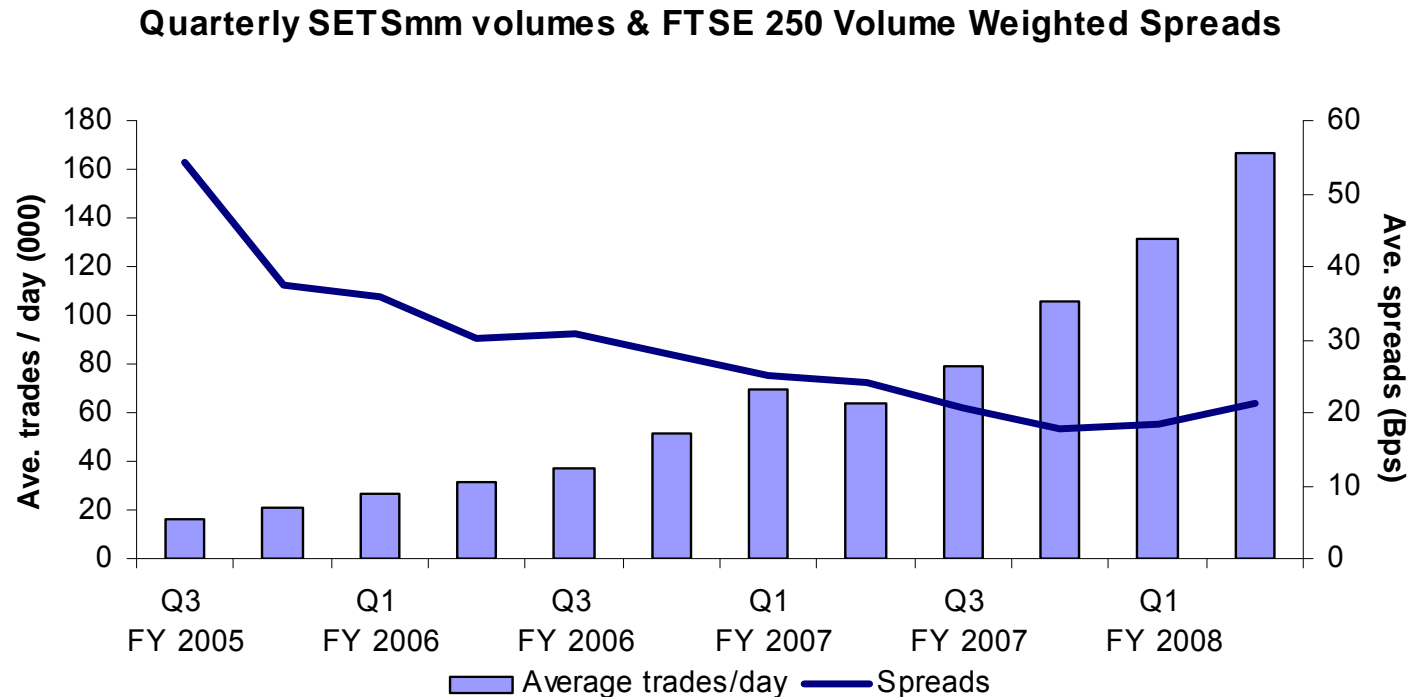
- 3 days of **1,000,000+** trades with a new record of **1,262,746**
- **42** of the **50** busiest days ever have taken place since TradElect went live - only **109** days ago

Summer volatility improves liquidity

- Facilitated by TradElect go live in June
- Highlighting our crucial price formation role
- And the importance of execution, certainty and quality

Recent market turmoil underlines the value of open and independent trading venues

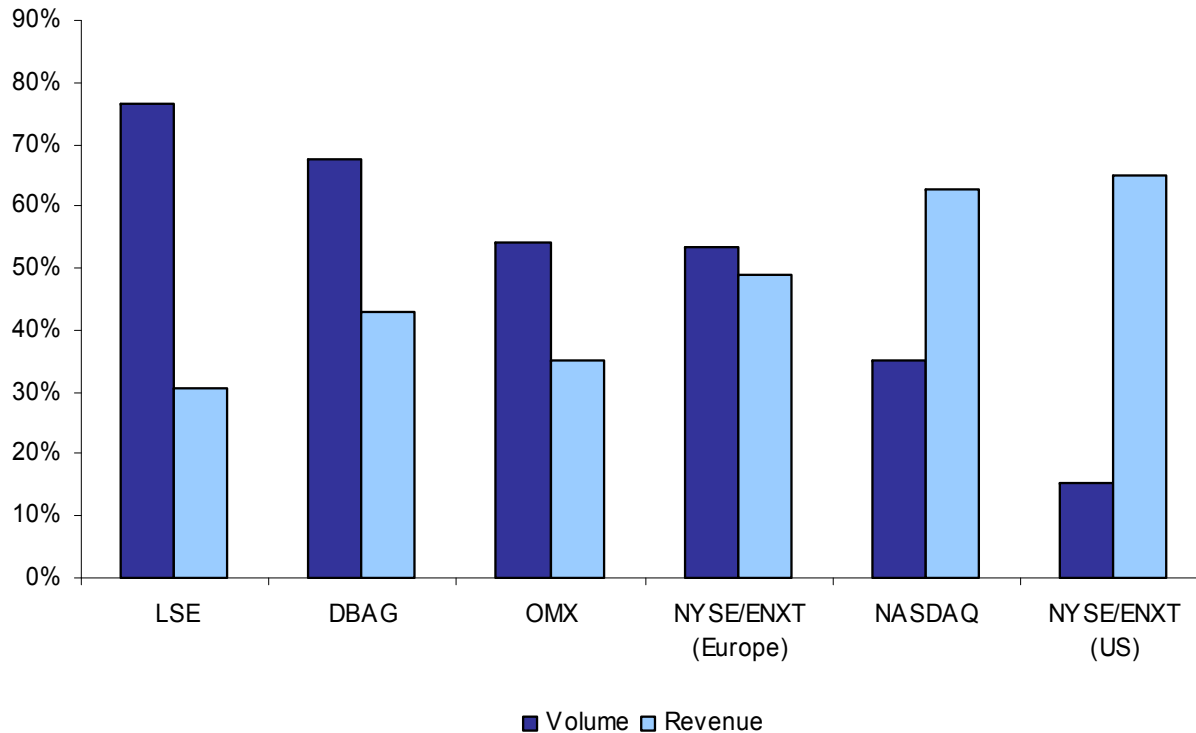
Achieving our market efficiency goal..



- SETSmm volumes increased **11 times**
- FTSE 250 spreads fall **50%** in the last 3 years as SETSmm grows

and fuelling the virtuous circle

H1 2008 vs. H1 2007 Growth



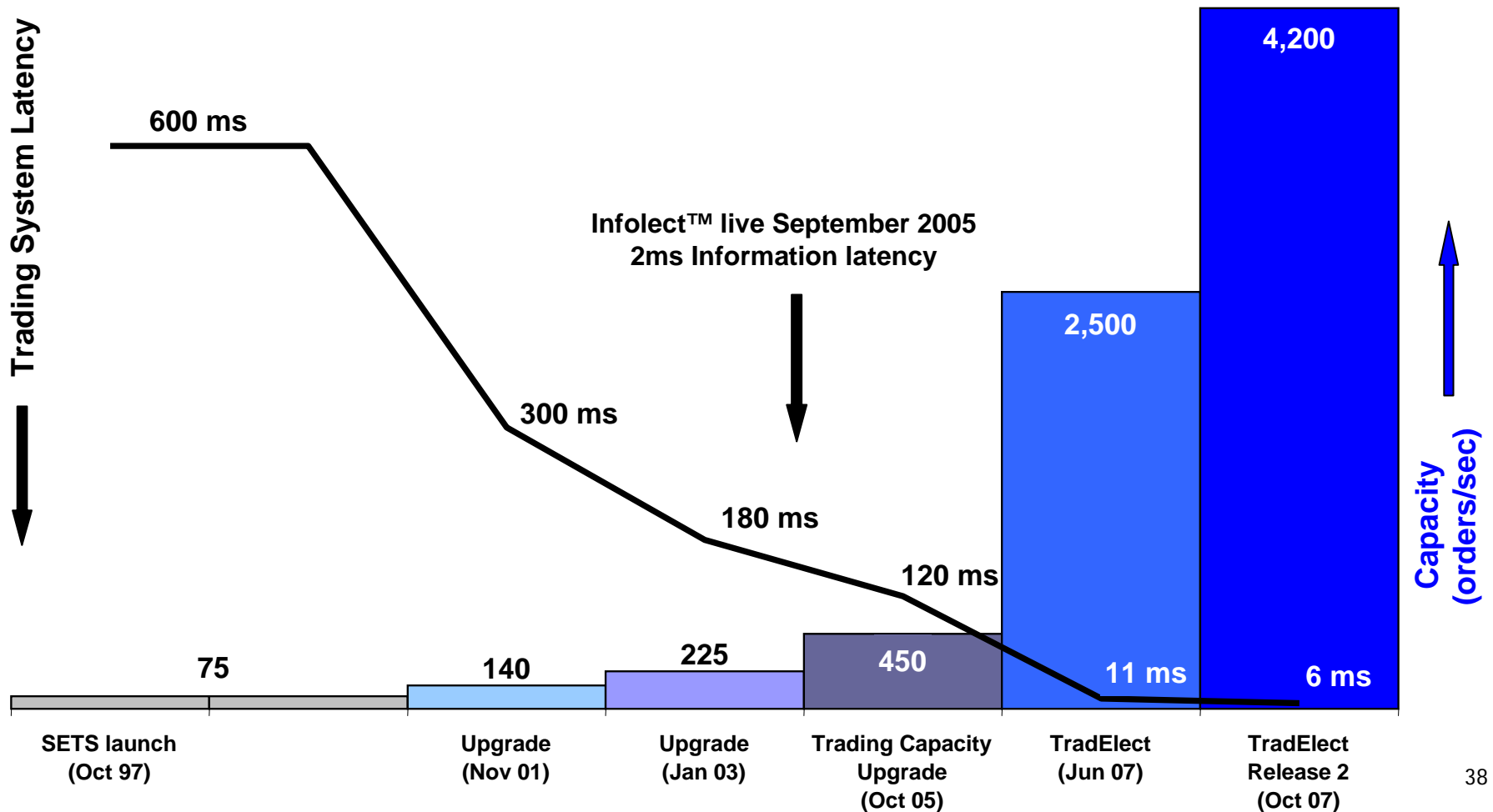
- We take relatively less out of market than other major exchanges
- Highly effective volume discount scheme – **32** firms and more than **70%** of SETS trades now benefit from discounts

Source: Company announcements

Note: European exchanges orderbook trades volume growth; US exchanges matched shares volume growth; Revenue growth - LSE: Broker Services; DBAG: Xetra; OMX: Nordic market equity trading; NYSE/ Euronext: US/ Europe Cash Products; Nasdaq: Market Center.

TradElect - a growth driver

- October upgrade – capacity up **70%** and latency down to **6ms**



New products and services

- **24** new products and services in the last 5 years
- Specialist Fund Market (SFM) now available
- New MiFID initiatives:
 - Pan-European products
 - New quoting service – SETSqx
- SETS Internaliser – introduced in April, SETS internaliser trades can now also avoid clearing and settlement costs

New products and services in last 5 years have added c£32m to revenue in H1 2008

Enlarged Group

Leading market positions

- **#1** in Europe by **market capitalisation** – **48%** of FTSEurofirst 100 – and **#2** globally
- **#1** in Europe by number of **listed companies** – **3,636** as at September 2007
- **#1** globally by number of **new issues** – over **620** in 2006
- **#1** in Europe by value and number of **order book trades**
- **#1** in Europe in **wholesale electronic bond trading**
- **#1** in Europe for electronic trading of **ETFs** and **securitised derivatives**

- Increased scale benefits for market users
 - Migration of Italian equities onto TradElect
 - Reduction in total transaction cost

Integration work streams will deliver customer benefits

- Work streams are focussed on costs savings, technology rationalisation and development of new products and services such as:
 - Integration of AIM's market model with Borsa Italiana's SME market segments
 - Expansion and development of MTS bond platform
 - Combining our derivatives expertise and potential in IDEM and EDX

International developments

- Unrivalled global network:
 - Primary markets: **698** international companies from **69** countries
 - Secondary markets: over **400** firms between LSE and Borsa Italiana - spanning **43** countries

Building on our leadership position to make London the clear partner of choice for regional market development

Alliances/Joint Ventures

- JSE
 - Volumes have quadrupled since SETS go live 4 years ago
 - First to go live with TradElect (April 2007)
- Tokyo Stock Exchange
 - Joint venture to create an innovative AIM-style risk capital market for Japanese SMEs
 - Target to go live by end of CY 2008
- New Beijing office
 - **56** Chinese firms now on AIM and **6** on Main Market
- Qatar
 - Our exchange partner in the Gulf

Summary

- Realising our vision to be the world's capital market
- At the centre of the globalisation story
- Building value for our companies, intermediaries & investors the world over
- And enhancing our unique strategic position