9 January 2007

LONDON STOCK EXCHANGE GROUP plc

TRADING STATEMENT
UNAUDITED RESULTS FOR THE THREE AND NINE MONTHS ENDED 31 DECEMBER 2006 AND UNAUDITED EARNINGS PER SHARE FOR THE 12 MONTHS ENDED 31 DECEMBER 2006

London Stock Exchange Group plc ("the Exchange") today issued its quarterly trading statement for the three months and nine months ended 31 December 2006 ("Q3") together with earnings per share on a calendarised basis for the 12 months ended 31 December 2006. All figures for the current year are unaudited.

In summary, the Exchange delivered an excellent financial performance, with strong growth continuing in all major business areas in the third quarter, compared to the same quarter last year:

- Main Market new issues increased 39 per cent to 50 and there was a 68 per cent increase in the average size of each Main Market IPO

- Average daily SETS bargains up 57 per cent to 342,000, significantly outperforming the February 2006 SETS growth forecast

- Total terminals up 14,000 since Q3 last year to a record 113,000 at end of December 2006, including an 8,000 rise in the number of professional terminals

Reflecting this strong performance in Q3, financial results (excluding exceptional items) for the nine months ended 31 December 2006 show:

- Revenue up 20 per cent to £253.2 million

- Adjusted basic EPS up 53 per cent to 39.1 pence

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

"Very strong revenue and earnings growth has again highlighted the Exchange's increasing operational and strategic value. Adjusted basic EPS was up 53 per cent for the nine months to 31 December. We are confident of an excellent outcome for the current financial year and continuing strong business fundamentals should ensure a strong performance for the next financial year ending 31 March 2008.

This excellent performance supports the Board's rejection of Nasdaq's offer which significantly undervalues the business and the Exchange's unique strategic position. We believe that our strong growth prospects will continue to enhance the quality of our markets and the value of our international brand, delivering increasing value to our shareholders and our market."

Financial Results

For the three months ended 31 December 2006, revenue was £89.9 million (2005: £80.9 million). Operating profit was £47.8 million (2005: £37.5 million) and basic EPS was 14.7 pence (2005: 11.1 pence). Before exceptional items, revenue grew 21 per cent to £89.9 million (£74.5 million) and operating profit increased 50 per cent to £48.6 million (2005: £32.4 million) while adjusted basic EPS showed growth of 53 per cent, rising to 15.0 pence (2005: 9.8 pence; forecast in shareholder circular dated 19 December: 14.5 pence).

For the nine months ended 31 December 2006, revenue was £253.2 million (2005: £217.0 million), an increase of 17 percent. Operating profit was £129.1 million (2005: £62.6 million) and basic EPS was 38.7 pence (2005: 20.7 pence per share). Before exceptional items, revenue rose 20 per cent to £253.2 million (2005: £210.6 million), operating profit climbed 56 per cent to £129.9 million (£83.2 million) and adjusted basic EPS increased 53 per cent to 39.1 pence (2005: 25.5 pence; forecast in shareholder circular dated 19 December: 38.6 pence).

For the 12 months ended 31 December 2006, adjusted basic EPS was up 60 per cent from 31.9 pence to 50.9 pence, higher than the forecast of 50.4 pence in last month's shareholder circular, reflecting the sustained and very strong trading volumes and excellent new issue activity for the month of December. Basic EPS was 45.2 pence.

Issuer Services

Issuer Services produced a record performance in Q3 with revenue increasing 21 per cent to £18.8 million (2005: £15.5 million), reflecting the appeal of the London markets.

During the quarter there were a total of 183 new issues on the Exchange's markets, up 9 per cent on the same period last year (2005: 168), including 50 on the Main Market (2005: 36). In the third quarter there was also a record number of international new issues, with 59 overseas companies joining the Exchange's markets. Money raised in new and further issues increased 45 per cent to £17.6 billion (2005: £12.1 billion) and the average size of each Main Market IPO increased 68 per cent to £450 million.

The growth in the size of new and further issues for the first nine months of the financial year contributed to a 12 per cent rise in Issuer Services' revenue to £47.5 million (2005: £42.3 million). During the period there were a total of 430 new issues (2005: 474), including 88 Main Market new issues (2005: 83). AIM performed strongly with 341 new issues (2005: 389), underlining its continuing appeal to both UK and overseas companies. As at 31 December 2006, the total number of companies on our markets increased to 3,256 (2005: 3,093), including 1,634 on AIM (2005: 1,399).

RNS, the Exchange's financial communications service, contributed revenues of £2.4 million for the quarter (2005: £2.5 million). For the nine months of the financial year to date, revenue increased 10 per cent to £7.4 million, mainly reflecting an increase in the number of company announcements during the year.

Broker Services

Broker Services delivered another excellent result as revenue in Q3 increased 28 per cent to £39.5 million (2005: £30.9 million). While the total value traded during the period increased 29 per cent to £1.8 trillion (2005: £1.4 trillion), the average number of equity bargains per day increased 42 per cent to 487,000 (2005: 344,000).

With very strong trading volumes in October and November continuing through December, SETS, the Exchange's electronic order book, remained the principal driver of Broker Services' revenues. The average number of SETS bargains per day for the quarter grew strongly, reaching record levels at 342,000 (2005: 218,000), an increase of 57 per cent. Trading on SETSmm also increased significantly, with bargains per day rising 114 per cent to 79,000 (2005: 37,000), accounting for 23 percent of trading on SETS during the period.

Value traded on SETS increased 34 per cent to £392 billion (2005: £292 billion). For the quarter, the average value of a SETS bargain decreased 14 per cent to £18,000 (2005: £21,000), and the average yield per bargain reduced to £1.32 (2005: £1.54).

Overall, trading on SETS contributed 72 per cent of Broker Services' revenue during the quarter.

In Q3, the average number of off-book bargains decreased to 42,000 per day (2005: 44,000) while the average number of international bargains rose to 103,000 per day (2005: 82,000).

For the nine months ended 31 December 2006, Broker Services' strong performance was reflected in a 32 per cent increase in revenue to £115.6 million (2005: £87.8 million). During the period, the daily average number of equity bargains was 450,000 (2005: 326,000) and the daily average number of SETS bargains was 324,000 (2005: 206,000), a financial year to date increase of 57 per cent. The average value of a SETS bargain reduced over the same period last year at £19,000 (2005: £21,000) and the average yield per bargain reduced to £1.36 (2005: £1.51).

Information Services

Information Services performed well during the quarter. Revenue for Q3 rose 12 per cent to £27.3 million (2005: £24.4 million), with good growth in number of terminals as well as increased contributions from Proquote and SEDOL.

The overall number of terminals taking real time Exchange data increased to 113,000, up 14,000 since the same point last year (31 December 2005: 99,000), a new record high level. Included in this number were 94,000 terminals attributable to professional users, up 8,000 over the same time last year (31 December 2005: 86,000), and up 3,000 since the half year end. Proquote, the Exchange's provider of financial market software and data, made good progress with 3,500 screens (31 December 2005: 3,000).

SEDOL, the Exchange's service providing unique identification for a range of global tradable securities, continued to perform well with increasing demand for its services. The number of securities covered by SEDOL codes rose to 1.6 million (2005: 1 million).

Information Services' revenue for the financial year to date, increased 13 per cent to £78.2 million (2005: £69.5 million), mainly attributable to the increase in number of terminals taking Exchange data and the success of other information products.

Current Trading and Prospects

The Exchange has built on the excellent performance seen in the first half of the year with strong trading in all main business divisions continuing into the second half. The Exchange's position as a major international listing venue remains pre-eminent, trading volumes on SETS continue to significantly outperform targets set less than a year ago and demand for real time price and trading data remains strong, with a record number of terminals taking Exchange information.

The Exchange is confident of an excellent outcome for the current financial year and continuing strong business fundamentals should ensure a strong performance for the financial year ending 31 March 2008.

Further information is available from:

London Stock Exchange	John Wallace – Media	020 7797 1222
	Paul Froud – Investor Relations	020 7797 3322
Finsbury	James Murgatroyd	020 7251 3801

The Directors of the Exchange accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the Directors of the Exchange (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

PricewaterhouseCoopers LLP, Merrill Lynch International and Lehman Brothers Europe Limited have each given and not withdrawn their consent to the inclusion of their respective reports in this announcement.

Merrill Lynch International, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Exchange and no-one else in connection with the offer and will not be responsible to anyone other than the Exchange for providing the protections afforded to clients of Merrill Lynch International nor for providing advice in relation to the offer.

Lehman Brothers Europe Limited, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Exchange and no-one else in connection with the offer and will not be responsible to anyone other than the Exchange for providing the protections afforded to clients of Lehman Brothers Europe Limited nor for providing advice in relation to the offer.

Consolidated income statement

Continuing operations	Notes	Three months ended 31 December 2006 Unaudited £m	Three months ended 31 December 2005 Unaudited £m	Nine months ended 31 December 2006 Unaudited £m	Nine months ended 31 December 2005 Unaudited £m
Revenue					
Issuer Services		**18.8**	15.5	**47.5**	42.3
Broker Services		**39.5**	30.9	**115.6**	87.8
Information Services - ongoing		**27.3**	24.4	**78.2**	69.5
Information Services - exceptional	2	**-**	6.4	**-**	6.4
Derivative Services		**2.2**	1.9	**6.6**	5.8
Other		**2.1**	1.8	**5.3**	5.2
Total		**89.9**	80.9	**253.2**	217.0
Expenses					
Operating expenses before exceptional items		**(41.3)**	(42.1)	**(123.3)**	(127.4)
Exceptional expenses	2	**(0.8)**	(1.3)	**(0.8)**	(27.0)
Total		**(42.1)**	(43.4)	**(124.1)**	(154.4)
Operating profit		**47.8**	37.5	**129.1**	62.6
Analysed as:					
Operating profit before exceptional items		**48.6**	32.4	**129.9**	83.2
Exceptional items	2	**(0.8)**	5.1	**(0.8)**	(20.6)
Operating profit		**47.8**	37.5	**129.1**	62.6
Finance income		**3.9**	5.2	**12.7**	15.1
Finance costs		**(8.1)**	(3.5)	**(22.6)**	(10.0)
Net finance (costs)/income		**(4.2)**	1.7	**(9.9)**	5.1
Share of profit after tax of joint venture		**0.6**	0.3	**1.4**	0.9
Investment income		**-**	-	**0.3**	0.3
Profit before taxation		**44.2**	39.5	**120.9**	68.9
Taxation		**(13.1)**	(11.4)	**(35.5)**	(20.2)
Profit for the financial period		**31.1**	28.1	**85.4**	48.7
Profit/(loss) attributable to minority interest		**0.1**	(0.1)	**0.3**	(3.9)
Profit attributable to equity holders		**31.0**	28.2	**85.1**	52.6
		31.1	28.1	**85.4**	48.7
Basic earnings per share	3	**14.7p**	11.1p	**38.7p**	20.7p
Diluted earnings per share	3	**14.4p**	11.0p	**38.0p**	20.5p
Adjusted basic earnings per share	3	**15.0p**	9.8p	**39.1p**	25.5p

1. Basis of preparation and accounting policies

The statement above has been prepared on the same basis and applying the same accounting policies as were applied in preparation of the Group's Interim Report for the six months ended 30 September 2006 approved and issued on 8 November 2006 and in accordance with the Listing Rules of the Financial Services Authority.

From 1 April 2005 the Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The results for the three month periods ended 31 December 2005 and 2006 are based on the unaudited management acounts for the three months ended 31 December 2005 and 2006.

The results for the nine month periods ended 31 December 2005 and 2006 are based on the unaudited management accounts for the three month periods ended 31 December 2005 and 2006 and the unaudited interim results for the six month periods ended 30 September 2005 and 2006.

The financial information is unaudited and does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

2. Exceptional items

Continuing operations	Three months ended 31 December 2006 Unaudited £m	Three months ended 31 December 2005 Unaudited £m	Nine months ended 31 December 2006 Unaudited £m	Nine months ended 31 December 2005 Unaudited £m
Exceptional revenue (see note 1 below)	**-**	6.4	**-**	6.4
Fees in respect of potential offers for the Company (see note 2 below)	**(0.8)**	(1.3)	**(0.8)**	(3.9)
Impairment of goodwill and provision in respect of EDX London Ltd	**-**	-	**-**	(23.1)
Total	**(0.8)**	5.1	**(0.8)**	(20.6)

1. The exceptional revenue in 2005 relates to a settlement reached with a customer in relation to reporting for information services.

2. Additional costs in relation to the Nasdaq bid for London Stock Exchange dated 20 November 2006 are expected to be reported as exceptional items, in accordance with the Group's accounting policies, in the financial year ended 31 March 2007. Such costs will become quantifiable at the latest on the outcome of the bid.

3. Earnings per share

Continuing operations	Three months ended 31 December 2006 Unaudited £m	Three months ended 31 December 2005 Unaudited £m	Nine months ended 31 December 2006 Unaudited £m	Nine months ended 31 December 2005 Unaudited £m
Basic earnings per share	**14.7p**	11.1p	**38.7p**	20.7p
Diluted earnings per share	**14.4p**	11.0p	**38.0p**	20.5p
Adjusted basic earnings per share	**15.0p**	9.8p	**39.1p**	25.5p
Profit for the financial period attributable to equity holders	**31.0**	28.2	**85.1**	52.6
Adjustments:				
Exceptional items	**0.8**	(5.1)	**0.8**	20.6
Tax effect of exceptional items	**-**	1.9	**-**	(4.7)
Exceptional items and taxation attributable to minority interest	**-**	-	**-**	(3.7)
Adjusted profit for the financial period attributable to equity holders	**31.8**	**25.0**	**85.9**	**64.8**
Weighted average number of shares - million	**211.6**	254.2	**219.7**	254.0
Effect of dilutive share options and awards - million	**4.1**	3.0	**4.5**	2.9
Diluted weighted average number of shares - million	**215.7**	257.2	**224.2**	256.9

Earnings per share is presented on three bases: basic earnings per share; diluted earnings per share; and adjusted basic earnings per share.

Basic earnings per share is in respect of all activities and diluted earnings per share takes into account the dilution effects which would arise on the conversion or vesting of share options and share awards under the Employee Share Ownership Plan (ESOP).

Adjusted basic earnings per share excludes exceptional items to enable comparison of the underlying earnings of the business with prior periods.

4. Statement of earnings per share and adjusted earnings per share for the 12 months ended 31 December 2006

The Adjusted basic earnings earnings per share (excluding exceptional items) and basic earnings per share for the calendar year ended 31 December 2006 has been calculated as set out in the table below:

	Twelve months ended 31 December	
	2006 Adjusted Actual £m	**2006 Unadjusted Actual £m**
Earnings:		
Year ended 31 March 2006	**95.2**	**70.7**
Less: 9 months ended 31 December 2005	**(64.8)**	**(52.6)**
Add: 9 months ended 31 December 2006	**85.9**	**85.1**
12 months ended 31 December 2006	**116.3**	**103.2**
Weighted average number of shares for calendar year ended 31 December 2006 - millions	**228.5**	**228.5**
Unaudited adjusted basic earnings per share for calendar year ended 31 December 2006 - pence	**50.9p**	
Unaudited basic earnings per share for calendar year ended 31 December 2006 - pence		**45.2p**

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Merrill Lynch International and Lehman Brothers Europe Limited are henceforth collectively referred to in this letter as the "**Advisers**".

9 January 2007

Dear Sirs

London Stock Exchange Group plc

We report on the unaudited results of the London Stock Exchange Group plc (the "**Company**") and its subsidiaries (together the "**Group**") for the three and nine month periods ended 31 December 2006, and the adjusted and basic earnings per share of the Group for the twelve months ended 31 December 2006 (together, the "**Unaudited Financial Information**"). The Unaudited Financial Information and the basis on which it is prepared are included in the Company's third quarter results announcement issued by the Company on 9 January 2007 (the "**Document**").

This report is required by Rule 28.3(b) of the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers (the "**City Code**") and is given for the purpose of complying with that rule and for no other purpose. Accordingly, we assume no responsibility in respect of this report to Nightingale Acquisition Limited, a wholly owned subsidiary of The Nasdaq Stock Market, Inc., (the "**Offeror**") or The Nasdaq Stock Market, Inc. or any other person connected to, or acting in concert with, the Offeror or to any other person who is seeking or may in future seek to acquire control of the Company (an "**Alternative Offeror**") or to any other person connected to or acting in concert with an Alternative Offeror.

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Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Unaudited Financial Information in accordance with the requirements of the City Code. In preparing the Unaudited Financial Information the Directors are responsible for correcting errors that they have identified which may have arisen in unaudited financial results and unaudited management accounts used as the basis of preparation for the Unaudited Financial Information.

It is our responsibility to form an opinion as required by Rule 28.3(b) of the City Code as to the proper compilation of the Unaudited Financial Information and to report that opinion to you.

Save for any responsibility under Rule 28.3(b) of the City Code to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 28.4 of the City Code, consenting to its inclusion in the Document.

Basis of Preparation of the Unaudited Financial Information

The Unaudited Financial Information has been prepared on the basis stated in the Document, and:

a) for the three months ended 31 December 2006 is based on the unaudited management accounts for the three months ended 31 December 2006;

b) for the nine months ended 31 December 2006 is based on the unaudited interim financial results for the six months ended 30 September 2006, and the unaudited management accounts for the three months ended 31 December 2006; and

c) for the twelve months ended 31 December 2006 is based on the unaudited management accounts for the three months ended 31 March 2006, the unaudited interim financial results for the six months ended 30 September 2006, and the unaudited management accounts for the three months ended 31 December 2006.

The Unaudited Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information for the periods included in the Unaudited Financial Information has been prepared and considering whether the Unaudited Financial Information has been accurately computed using that information and whether the basis of accounting is consistent with the accounting policies of the Group.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Unaudited Financial Information has been properly compiled on the basis stated.

However, the Unaudited Financial Information has not been audited. The actual results, therefore, may be affected by revisions to accounting estimates due to changes in circumstances, the impact of unforeseen events and the correction of errors in the unaudited interim financial results for the six month period ended 30 September 2006 and the unaudited management accounts. Consequently we can express no opinion as to whether the actual results achieved will correspond to those shown in the Unaudited Financial Information and the differences may be material.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Unaudited Financial Information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

The Directors
London Stock Exchange plc
10 Paternoster Square
London EC4M 7LS

9 January 2006

Dear Sirs,

We have discussed with you as Directors of London Stock Exchange Group plc the unaudited results of London Stock Exchange Group plc and its subsidiaries for the three and nine month periods ended 31 December 2006 and the adjusted and basic earnings per share for the twelve month period ended 31 December 2006 included in the third quarter results announcement to be issued on 9 January 2007 (together the "Unaudited Financial Information") and the basis on which this has been prepared.

We have also discussed the accounting policies and basis of calculation for the Unaudited Financial Information with PricewaterhouseCoopers LLP, London Stock Exchange Group plc's auditors, and have considered their letter of today's date addressed to yourselves and ourselves on this matter. You have confirmed to us that all information material to the Unaudited Financial Information has been disclosed to us. We have relied on the accuracy and completeness of all such information and have assumed such accuracy and completeness for the purpose of rendering this letter.

On the basis of the foregoing, we consider that the Unaudited Financial Information, for which you as Directors of London Stock Exchange Group plc are solely responsible, has been compiled with due care and consideration.

This letter is provided to you solely in connection with Rule 28.3(b) of the City Code on Takeovers and Mergers and for no other purpose.

Yours faithfully,

Merrill Lynch International

Lehman Brothers Europe Limited