



London Stock Exchange Group plc Overview and recent developments

Doug Webb
Chief Financial Officer

September 2008



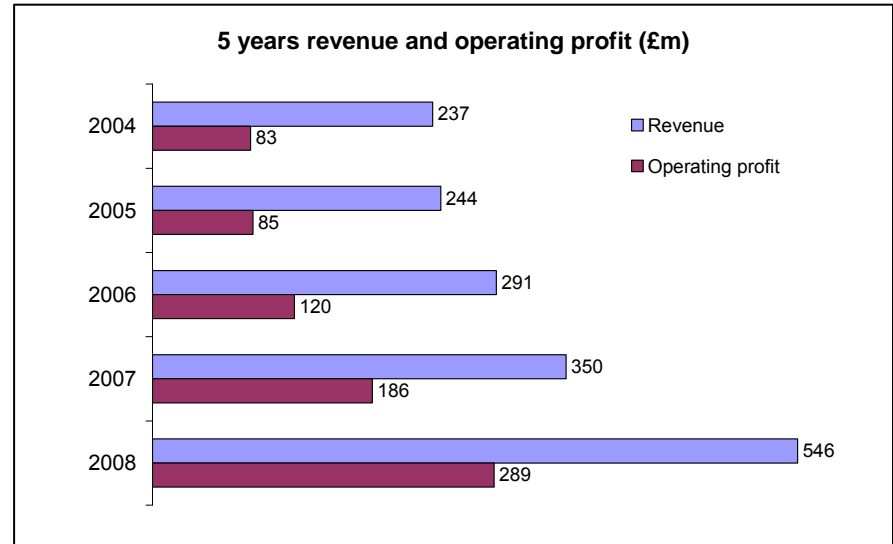
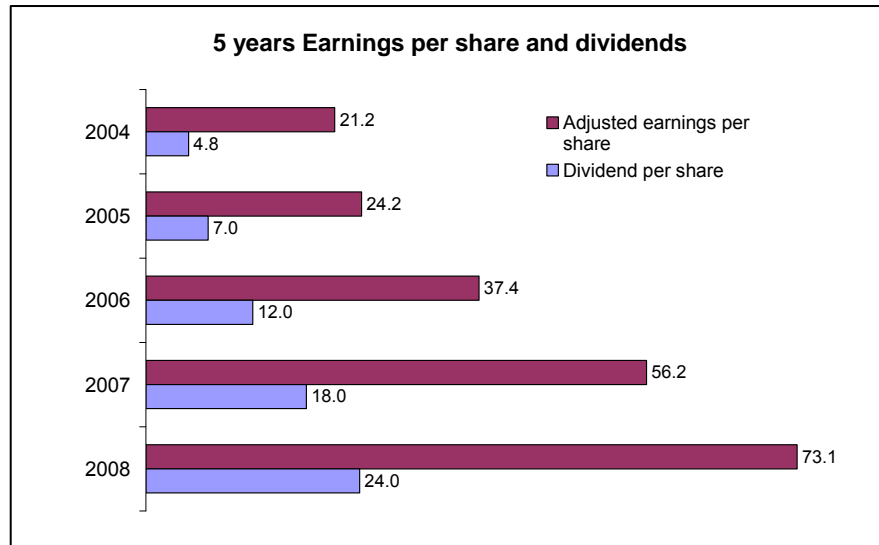
Introduction

- Overview of London Stock Exchange Group plc
- Recent developments and growth drivers
- Questions

Financial performance - 5 year track record

CAGR 2004-08

- Revenues 23%
- Operating profit 37%
- Adjusted earnings per share 36%
- Dividend per share 50%
- Over £950m returned to shareholders and current ongoing share buyback programme ¹



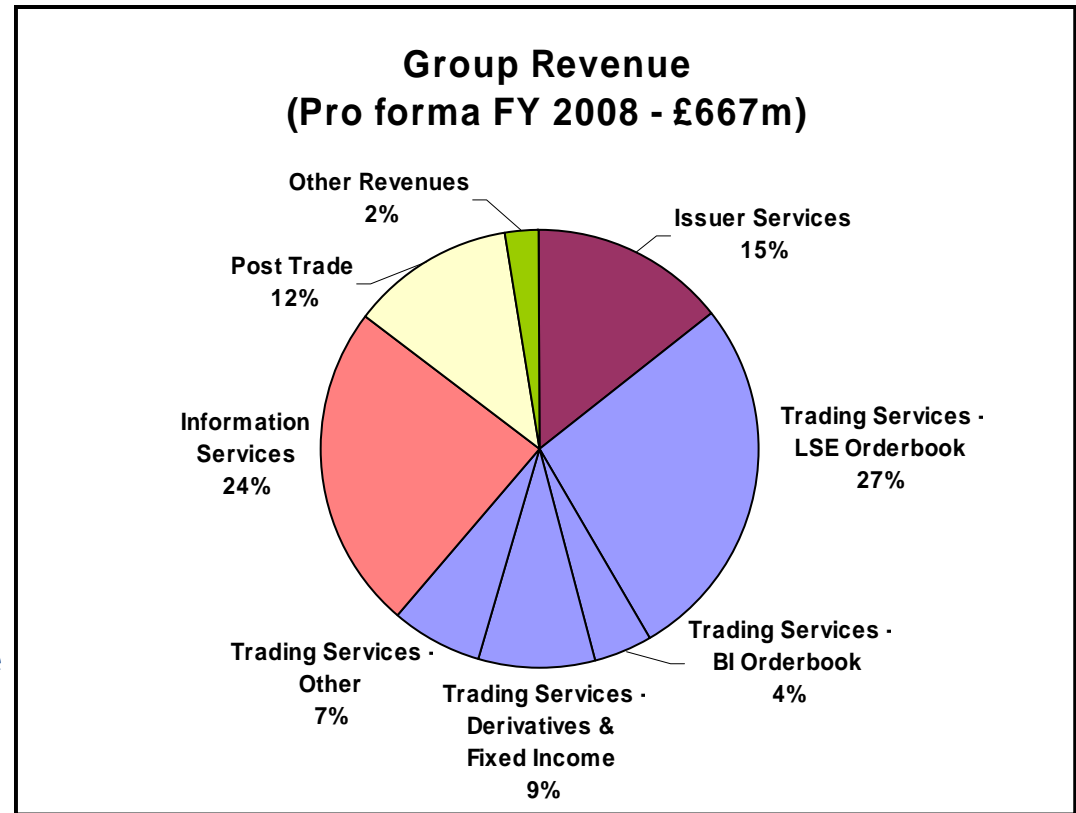
Note: Year ended 31 March, 2004 UK GAAP thereafter IFRS, Adjusted operating profit before amortisation of purchased intangibles and exceptional items, 2008 includes the results of Borsa Italiana from 1 October 2007

¹£950m returned to shareholders via special dividends, capital reduction and share buybacks FY2005 to Q1 FY2009



London Stock Exchange Group

- Primary business divisions:
 - Issuer
 - Trading
 - Information
 - Post Trade
- Diversified revenue streams - only circa one-quarter of revenue directly from UK cash equities trading



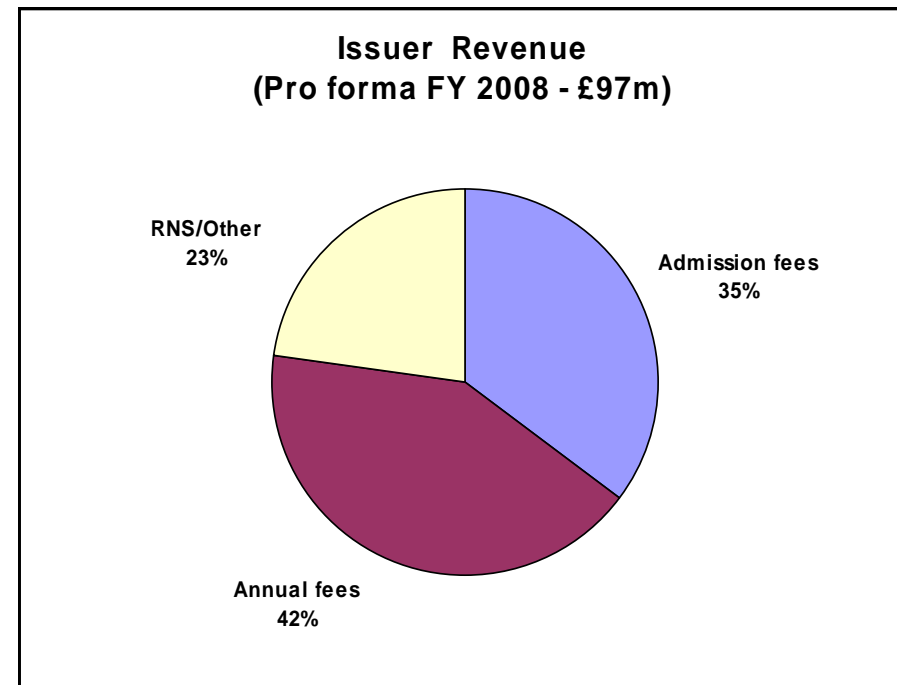
Note: Pro-forma data for twelve months ended 31 March 2008 as if Borsa Italiana acquired from 1 April 2007. Revenue for Borsa Italiana translated using average exchange rate of €1.4196 : £1



Issuer

Admits companies to UK and Italian markets, providing access to extensive pool of international and domestic capital for UK, Italian and international companies

- Annual fees - recurring charge for:
 - 1,594 Main Market and PSM companies based on market cap¹
 - 1,657 AIM companies¹
 - 306 Italian listed companies¹
- Admission fees
 - 411 new issues in FY 2008 raised £38.1 billion
 - 128 International new issues
 - 33 Italian new issues
 - Charge of up to £290k on admission of securities to market based on market cap
- RNS - publication of company announcements



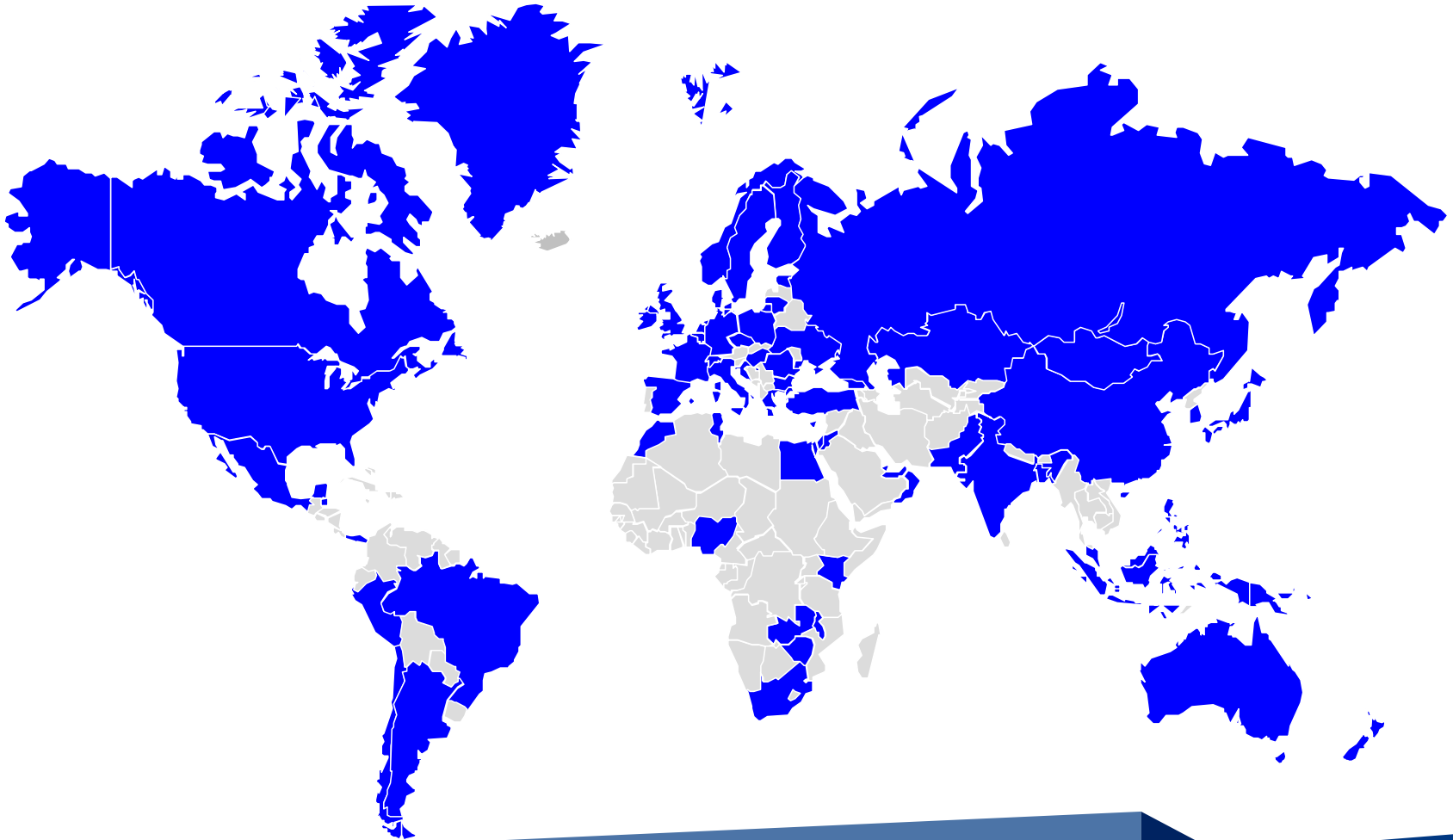
¹ Q1 2009

Mix of highly resilient and market-related revenues



A growing number of international issuers

- More than 700 companies incorporated in over 70 countries with a market capitalisation of over \$4 trillion

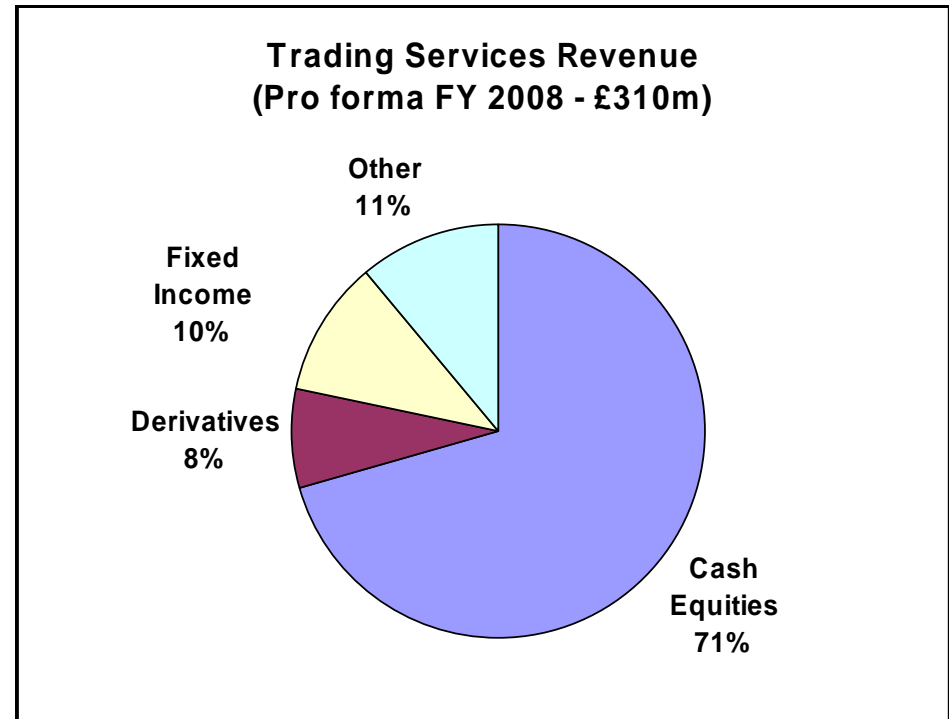




Trading

Efficient market structures for trading UK, Italian and international securities

- Each order book trade generates a charge:
 - UK SETS electronic order book: a blended average yield c0.75bps¹
 - Average bargain size £11,900¹
 - SETS volume 673,000 average bargains per day, up 34%¹
- SETS market share of UK trading increased to over 50% in 2007²
- 263,000 average trades per day on Italian book¹
- Derivatives - mainly comprising EDX (UK) and IDEM (Italian) equity derivatives businesses
- Fixed Income - mainly comprising MTS, the leading market in Europe for electronic trading of bonds (60% owned)



Improving liquidity, efficiency and speed of trading to stimulate further growth

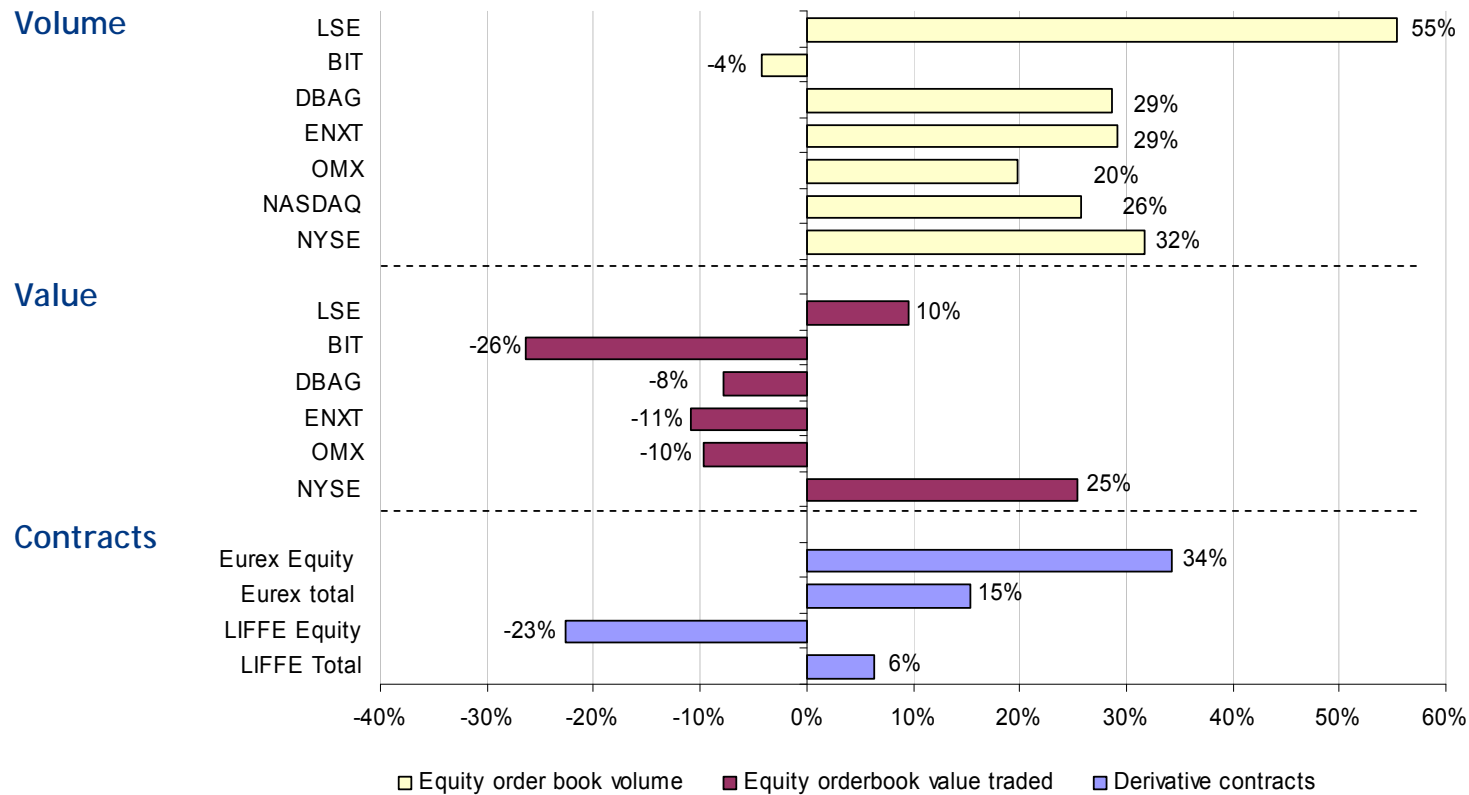
¹ Q1 2009

² Other UK trading is off book, internalisation, OTC, other venues etc



LSE Out performance vs major peers

Trading Growth - July YTD



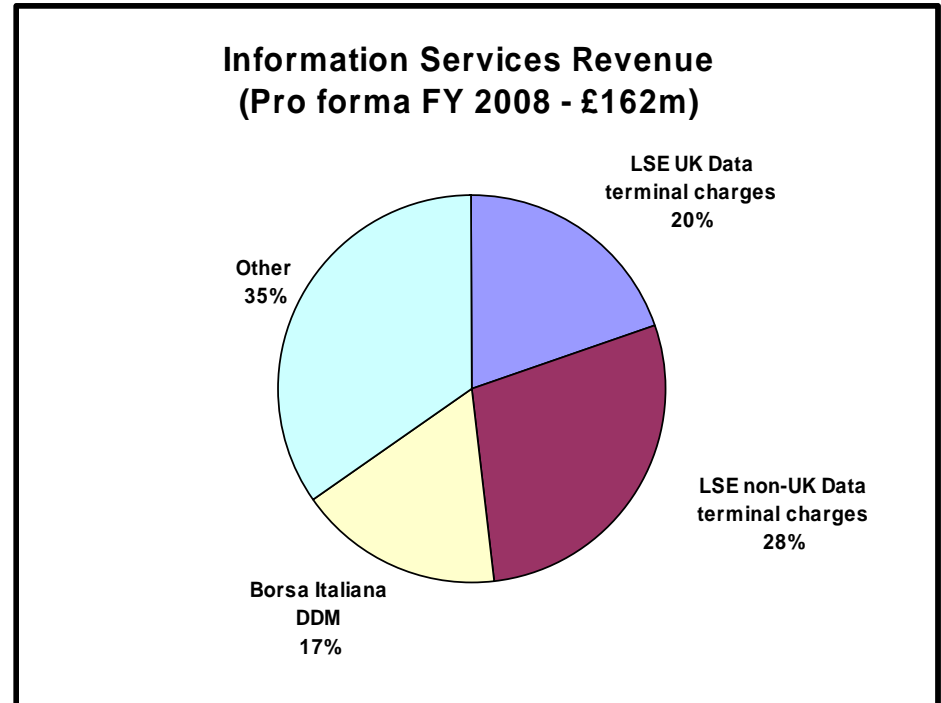
Source: FESE and exchange websites, volume relate to trades for European exchanges and share for US exchanges. US exchange stats are trading in all US listed securities. LIFFE excludes b'clear volumes. Nasdaq value not available



Information

Sale of high quality, proprietary, real-time price and trading data

- Charge levied on terminals
 - Typically £600 - £700 pa per LSE professional terminal
 - €150-200 per professional Bit terminal
- 139,000 LSE terminals at 30 June 2008, including 112,000 professional users, more than 50% outside UK
- 161,000 professional users of DDM services (Italy) at 30 June 2008
- Most information distributed via Thomson Reuters, Bloomberg etc
- Other income includes provision of Extranex network, SEDOL and Proquote



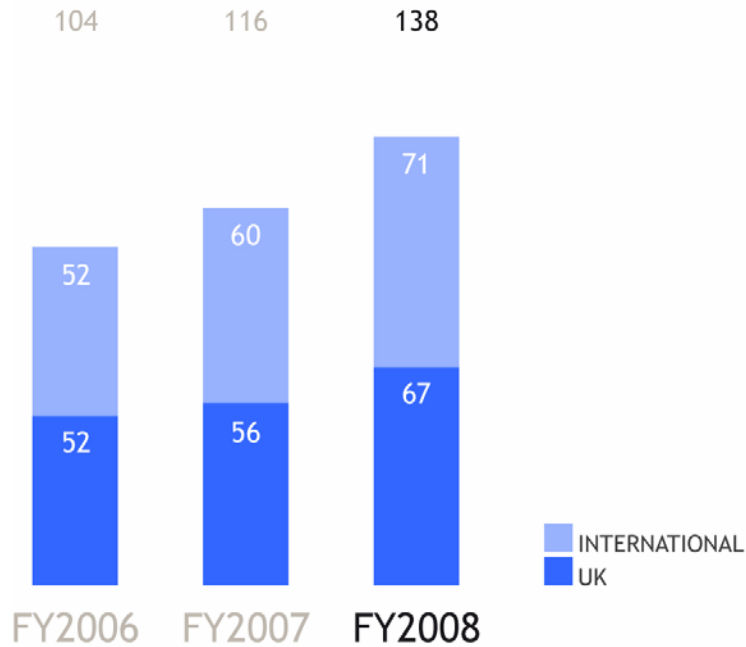
Definitive source of price forming UK and Italian market data



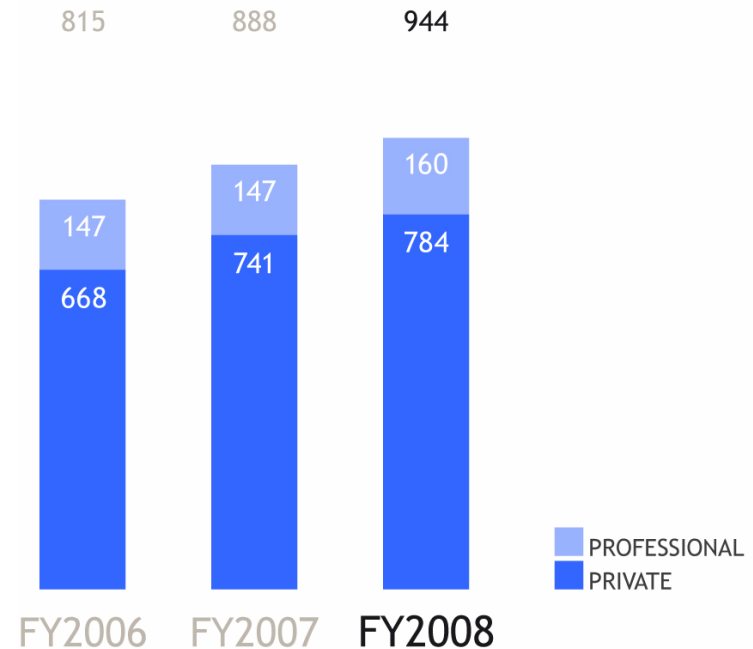
Increasingly valuable information

- Our data is real-time price forming
- International demand for LSE data grows apace

LSE TERMINALS (000s)

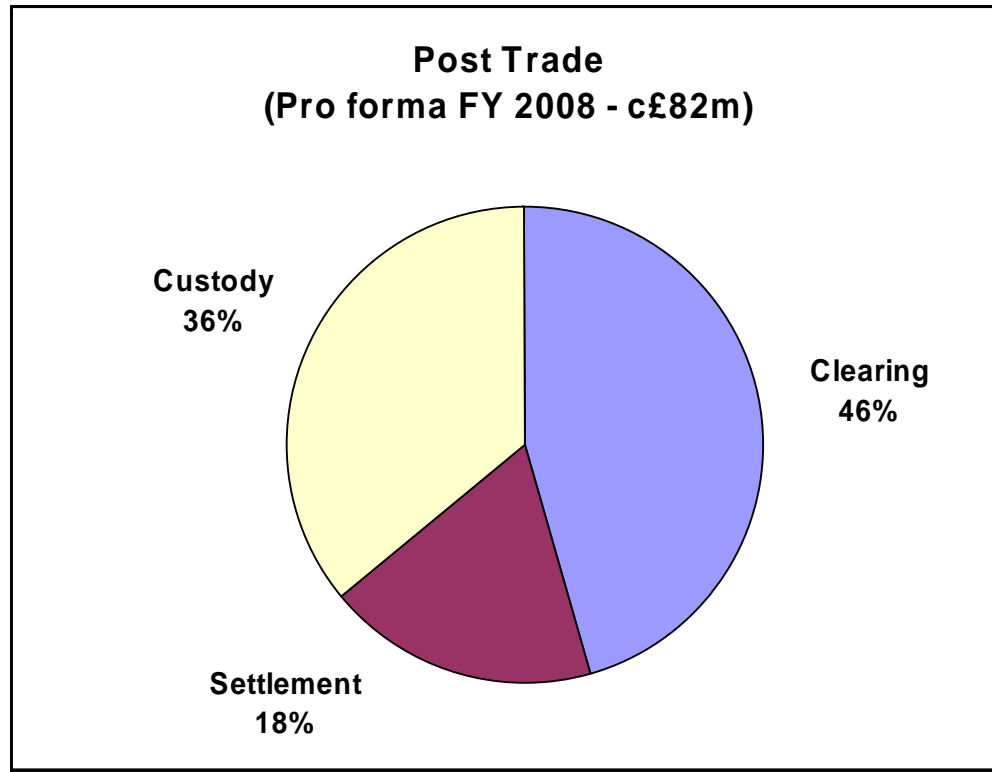


BORSA ITALIANA TERMINALS (000s)



Post Trade

Provision of efficient clearing, settlement and custody services for cash equities, derivatives and fixed income



- Post Trade businesses are the most efficient in Europe¹:
 - Lower cost of services to drive the virtuous circle
- Strong revenue growth in Clearing (c41% on Fy2007) primarily due to strong volume growth
- Custody revenues c£29.5m, average value of securities €2.8 trillion

¹ EU DG competition analysis 2006



Q1 2009 - good performance despite weak market conditions

Revenue	Three months ended		Growth %	Growth at constant currency %
	30 June 2008 £m	30 June 2007* £m		
Issuer	27.5	27.4	0%	-3%
Trading	75.1	74.5	1%	-3%
Information	44.8	37.5	19%	16%
Post Trade	25.8	21.5	20%	7%
Other income	4.6	3.4	36%	30%
Total Revenue	177.8	164.3	8%	3%

* proforma comparative data for three months ended 30 June 2007 for the Exchange, Borsa Italiana and MBE Holding S.p.A.

- Primary market remained good with a total of 73 equity new issues (inc 14 International), and a record £34bn raised. Remains international venue of choice with 14 international IPO's from 13 countries.
- Trading produced a resilient performance with a 3% fall in revenue, real relative growth with the FTSE100 an average 8% lower in Q1 compared to same period in 2007
- Information strong from resilient demand for data and Post Trade strong due to higher treasury margins
- On track to achieve at least £40m targeted synergies from integration of Borsa Italiana

Recent developments and growth drivers



Vision - to be the world's capital market

- **Market of choice for international issuers** - based on low cost of capital raising and world class regulatory / governance regimes
- **Reducing the cost of capital** - improving spreads and reducing trading and post trade costs for greater market efficiency
- **Leading technology** - fast, highly reliable and high capacity systems for global customers facilitating structural shift in equity trading
- **Shaping the future** - re-enforcing our unique international position, through product development and technology leadership, anticipating market development and changing exchange landscape
- **Strategic growth opportunities** - combination / collaboration to deliver increased liquidity, synergies and geographical / asset class diversification

Bringing international companies to market; driving greater efficiencies and lowering cost of trading through intelligent pricing strategies and technology investment



European Market Structure

Two distinct segments are evolving in the European liquidity landscape

Lit Liquidity

Dark Liquidity



Characteristics

- Primarily lit order-book functionality with pre-trade transparency
- Offers buy and sell side clients existing liquidity and certainty of execution
- Latency, speed and robustness are critical to success
- Recent growth in new entrants

Characteristics

- Primarily dark functionality with pre-trade transparency via primary exchange
- Offers buy and sell side clients the opportunity to execute large orders with minimum information leakage
- High volume growth area:
 - Order tactics evolving
 - Idle orders becoming accessible liquidity

*subject to regulatory approval



Innovating to improve market efficiency

2008

- Capacity to double, latency to halve, new functionality
- Migration of Italian equities to TradElect
- Hosting services
- Clearing for IOB
- Energy derivatives in Italy

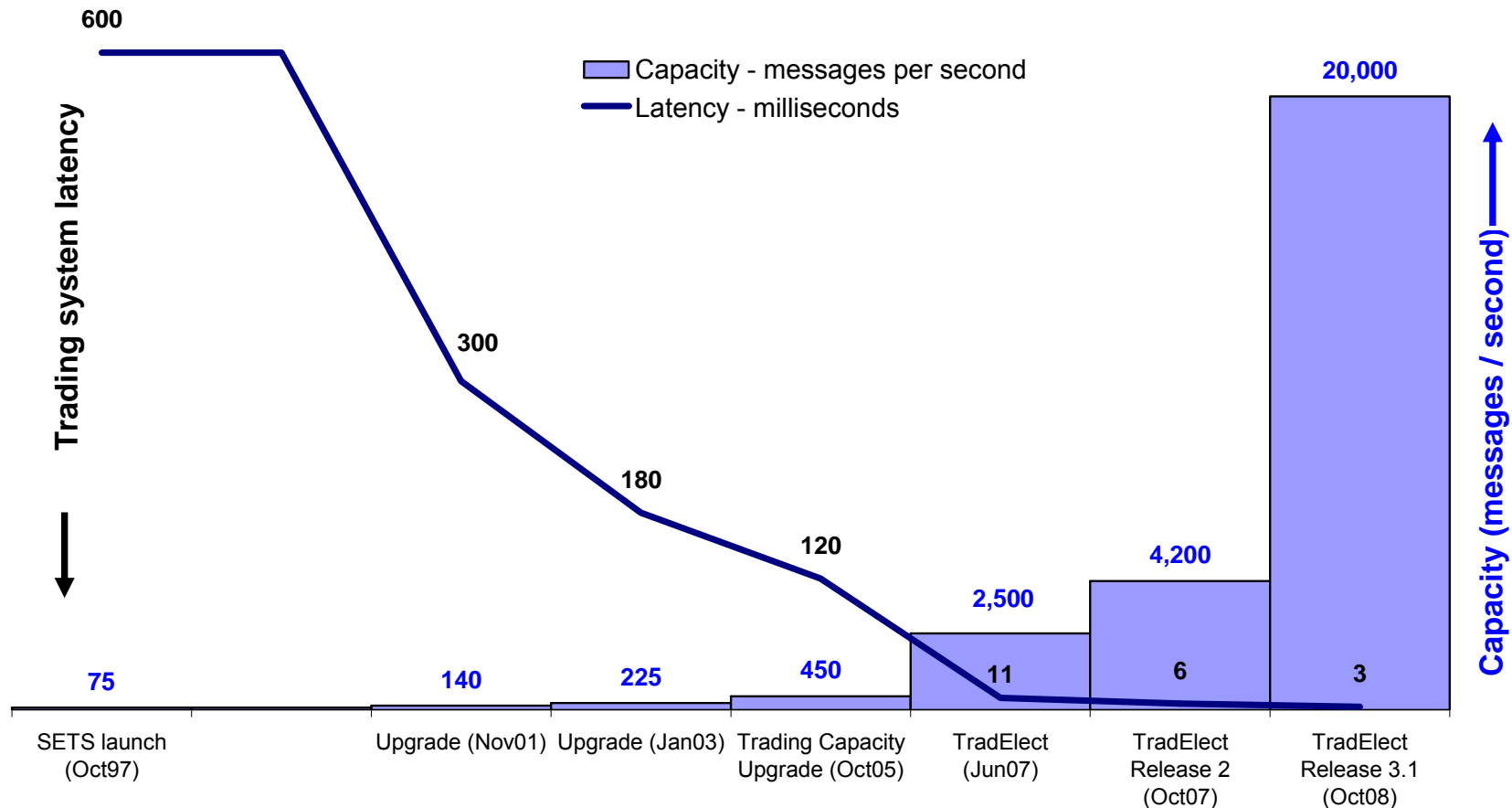
2009

- Exchange traded CFDs
- Baikal MTF – non display trading platform
- New ways of connecting to our services – FIX interface and FAST data broadcast



TradElect - a growth driver

- Autumn 2008 upgrade - capacity up 375% and latency down to 3ms
- Migration of Italian equities to TradElect

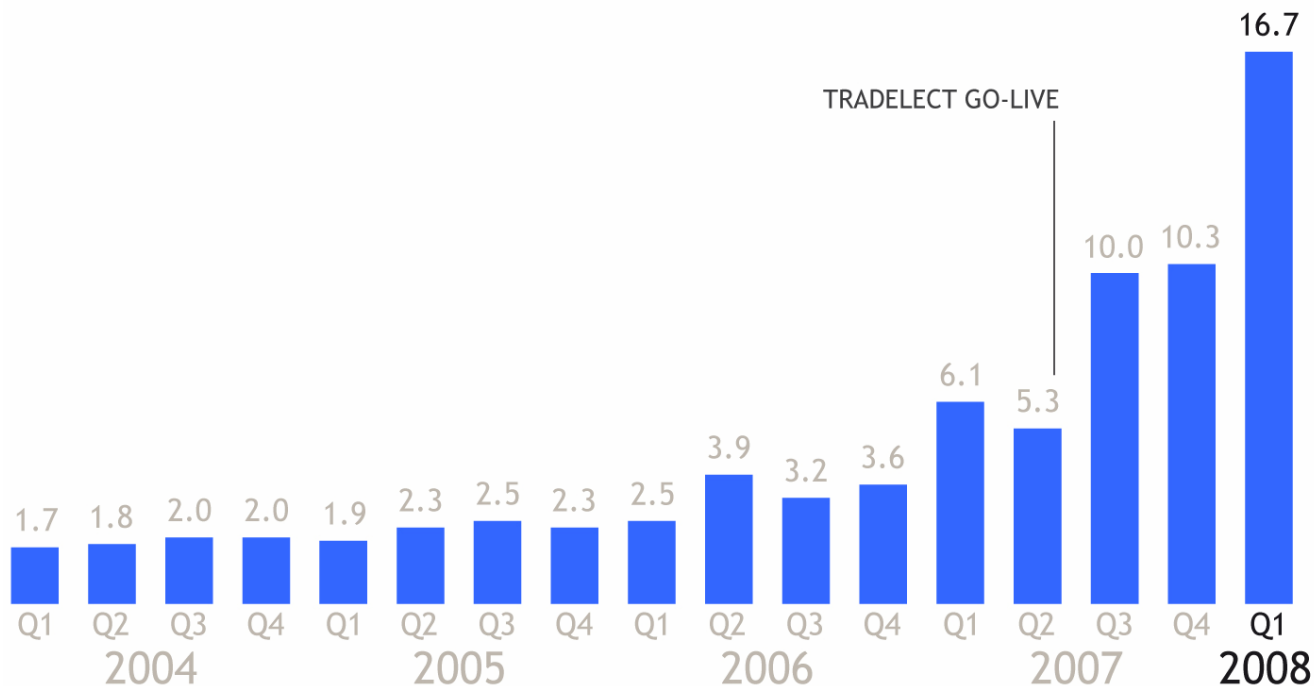




Unlocking new types of trading

- 48 customers are signed-up for 100 megabit lines
- Hosting services offered from September 2008

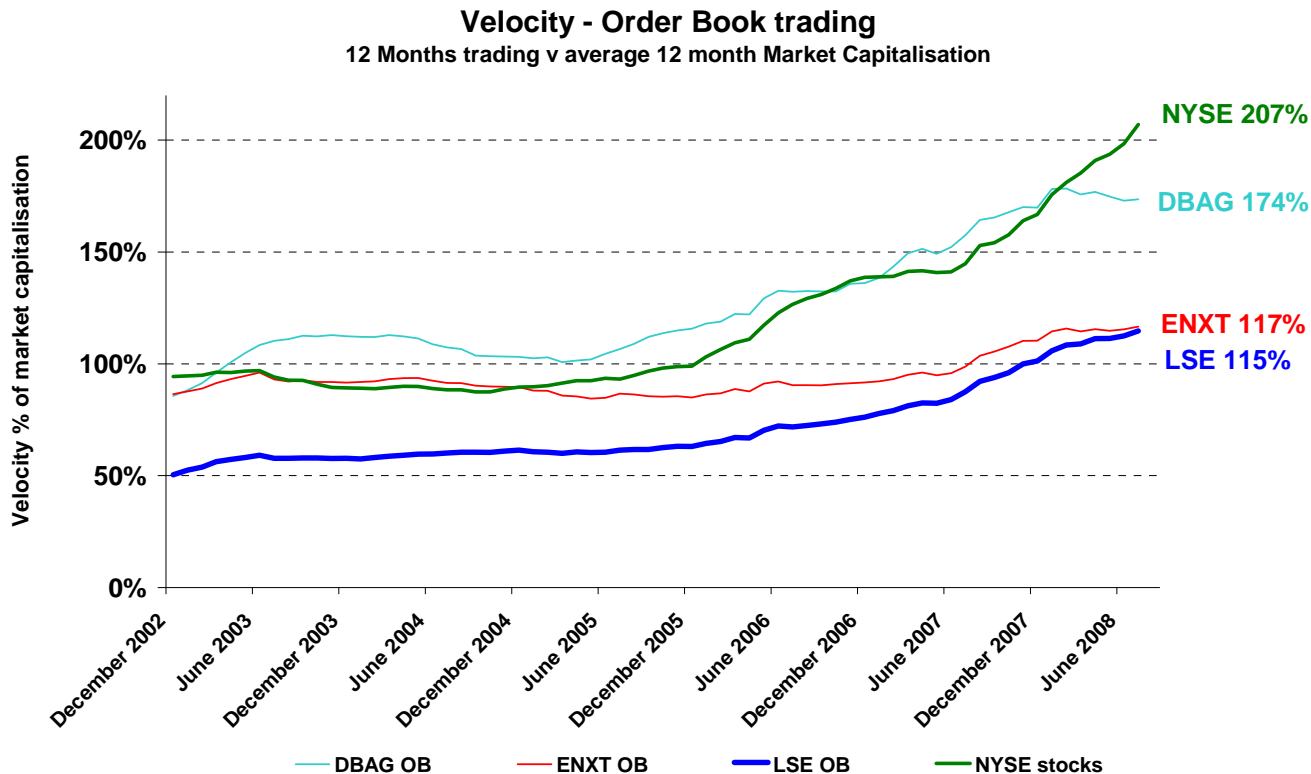
ORDER ENTRY GROWTH - PEAK ORDERS PER DAY (m)





LSE velocity increases

- Trading velocity on LSE order book has recently passed 100%
- Still a long way to go to catch up US velocity
 - Nasdaq velocity over 300%,
 - NYSE velocity doubled to over 200% in two years





New trading tariffs - reducing trading costs and accelerating growth

- New fee structure introduced 1st September 2008 applies to all trading clients
 - Rewards liquidity providers with credit scheme
 - Simplification of charges for taking liquidity with a value discount scheme
- Will produce step change in market liquidity and efficiency - to attract new members / users and facilitate new order flow and trading strategies
- Ensures greater flexibility of trading costs to encourage greater trading volumes

Baikal - The Next Generation Dark Pool



London
Stock Exchange Group

- Experienced market operator providing neutrality, integrity, and independence
- Provides access to wide range of products across sectors, asset classes and geographies
- Primary market for 47% of FTSE Eurofirst 100 constituents

LEHMAN BROTHERS

- Pioneer in electronic trading providing innovative liquidity solutions
- No.1 in most European markets – trading 15% share of Eurotop 300
- First to market with LXSM dark product
- Expertise of Lehman Brothers' market-leading algorithms



Strategic Advisory Committee

Additional Founding Partners

Working Groups

Operational Q1 2009, subject to regulatory approval



International opportunities

- Offices in Beijing and Hong Kong
- International marketing programmes in all continents
- AIM - the world's leading growth company market
 - £14.5 billion raised with a record £9 billion in further issues
 - AIM IPOs raised more money than Nasdaq, FY2007 & FY2008
 - AIM Italia to launch by the end of 2008
 - JV with Tokyo Stock Exchange to launch early 2009
- Data sales globally
- MTS expanding globally e.g. Brazil



Summary

- Diversified exchange group, with leading position as largest cash equities business in Europe
- Mix of highly resilient and growth oriented business lines
- Pursuing strategy for growth, with range of new products and initiatives to remain the deepest pool of liquidity and the central price formation and trading venue for all market participants
- Shaping an evolving exchange landscape
- Well positioned to develop further, leveraging position in the international London financial market, including opportunities for cooperation / collaboration



Q&A