



London
STOCK EXCHANGE

The world's capital market

Grow with the world's capital market

Actual and forecast average SETS trades per day ('000s)



Reject Nasdaq's offer

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Our exceptional growth continues...

12 months to 31 December 2006:

Adjusted basic EPS	50.9 pence
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Adjusted basic EPS growth	60 per cent
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12 month total shareholder return	97 per cent
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Our prospects are excellent

FY 2008 SETS forecast, at least:

Average daily trades	480,000
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Growth compared to FY 2005	180 per cent
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Increased share buyback, up to:	£250 million
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Forecast FY 2007 dividend per share	18 pence
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Yet Nasdaq persists in undervaluing your share in the world's capital market

Reject Nasdaq's offer

Do not complete any form of acceptance



London
STOCK EXCHANGE

London Stock Exchange Group plc
10 Paternoster Square
London EC4M 7LS
Telephone: +44 (0)20 7797 1000
www.londonstockexchange.com

Chris Gibson-Smith, Chairman
Clara Furse, Chief Executive Officer
Jonathan Howell, Director of Finance
Gary Allen CBE, Non-Executive Director
Baroness (Janet) Cohen, Non-Executive Director
Oscar Fanjul, Non-Executive Director
Peter Meinertzhagen, Non-Executive Director
Nigel Stapleton, Non-Executive Director
Robert Webb QC, Non-Executive Director

18 January 2007

**To holders of London Stock Exchange Group Ordinary Shares and B Shares
and, for information only, to holders of employee share options and participants
of London Stock Exchange Group Share Schemes**

Dear Shareholder,

I wrote to you on 19 December 2006 to set out your Board's recommendation to reject Nasdaq's wholly inadequate final cash offer. In that circular, we explained our belief that 1,243 pence does not reflect the Exchange's unique strategic position, does not share any of the synergy benefits that would arise from a combination and does not pay you a premium for control. It does not even offer you the standalone value of your company.

Since then, the Exchange has announced profits for Q3 financial year 2007 in excess of its recent forecast for adjusted basic EPS. In line with normal practice, we published yesterday a set of revised tariffs for the next financial year. We believe these will help to fuel our strong growth and, in this context, we announce today a sizeable upward revision to our SETS forecast for financial year 2008. We are also announcing an increase of up to £250 million in our share buyback programme.

In addition to setting out this new information, this circular addresses many of the misleading assertions made by Nasdaq in its document issued on 8 January 2007.

Your Board continues to recommend strongly that you reject Nasdaq's wholly inadequate offer.

Current trading

In our first circular, we forecast that adjusted basic EPS for the twelve months to 31 December 2006 would be not less than 50.4 pence. In fact, following a record performance in December, the actual adjusted basic EPS was 50.9 pence, representing 60 per cent growth over the same period last year. It is worth noting that your company's performance has consistently exceeded the expectations of many sell-side analysts in the wake of the structural shift in UK equities trading and the increasing internationalisation of our market.

A rapidly growing market

European securities markets continue to evolve rapidly. Throughout the last decade, the Exchange's success has been highlighted by the development of its SETS order book, which has competed ever more effectively with investment bank internalisation and other trading platforms for order flow and liquidity. However, two recent developments have been the subject of much attention and some confusion: MiFID and Project Turquoise.

MiFID is the new EU directive governing securities trading in Europe. Inspired in important respects by the open and pro-competitive regulatory regime in London, it harmonises rules across Europe for exchanges and their participants, allowing activity to be carried out on a pan-European basis.

MiFID changes the dynamic for many continental European exchanges by removing concentration rules. This will allow users a choice in how to trade on these national markets for the first time. This builds on the model that has existed in the London equity market for decades; MiFID, therefore, does not represent a material change to our markets. Indeed, MiFID provides an opportunity for the Exchange to extend its successful franchise in an increasingly pan-European market.

Project Turquoise, the proposal by seven investment banks to create an additional trading venue, is not a new phenomenon, being the ninth such venture in the last seven years. SETS has always had to compete for liquidity and in the last seven years its market share has risen from 52 per cent to 68 per cent. Your Board firmly believes that the quality and efficiency of our markets, our reputation for technological excellence and our neutrality will ensure that the Exchange will remain the trading venue of choice for investors and traders. We also expect that as the new tariff reductions for financial year 2008 take effect, the efficiency of our SETS order book will be enhanced and volumes will increase further still.

Prospects for the future

In December 2006, your company had a record month for Issuer Services revenue and terminal numbers reached a new high. Driven by new Main Market listings from the UK and overseas and the continuing success of AIM as a capital-raising venue, the prospects for new issue activity remain strong.

Over the last three years, growth in terminal numbers has consistently lifted real-time data sales. Increasing demand from international markets for our global data should lead to continuing growth in terminal numbers in financial year 2008.

Today, we are updating the SETS forecast we made last February. At that time, we forecast at least 100 per cent increase in the average number of trades per day on SETS in financial year 2008 to at least 340,000. Having significantly exceeded our financial year 2007 forecast, we now expect that the average number of trades per day on SETS will increase to an average of at least 480,000 in financial year 2008.

In raising this forecast significantly, your Board continues to expect strong growth in Broker Services revenues and believes that its strategy for success in a competitive market will continue to deliver major benefits for customers and shareholders alike.

Increased share buyback

Today, as evidence of the Board's confidence in the Exchange's growth prospects, we announce an increase of up to £250 million in our existing share buyback programme. This is in addition to the £50 million for financial year 2007, of which £18 million remains. This underlines our commitment to continue our proactive capital management programme. Over the last two and a half years, the Exchange has returned or announced a commitment to return up to £974 million, 35 per cent of our current market capitalisation.

Strategic options

Although the Exchange's organic growth has been outstanding, your Board has consistently stated that a combination, on the right terms, with another exchange could be in the best interests of shareholders and customers. The unique strategic attributes of the Exchange, combined with its outstanding growth performance, ensure that your company is an increasingly attractive strategic asset in the rapidly evolving world of exchange consolidation. Your company would be an essential partner for any exchange seeking to build an effective franchise to exploit the potential emergence of a truly global network in listing and trading over the next decade.

Your Board believes that a combination with an exchange or similar business could deliver major benefits including:

- increased liquidity and reduced cost of capital for issuers by bringing together multiple markets with common technology, membership, listing and trading rules
- significant synergies, to be shared between shareholders and customers
- immediate diversification into other geographies and asset classes, such as fixed income or commodities

We remain committed to operating an open and competitive market structure and to the sole regulation of the UK equity market by the FSA.

Your Board's confidence in the Exchange's growth prospects explains our focus on ensuring that the standalone value of your company is fully understood. From this valuation baseline, your Board continues to explore opportunities that would expedite the full realisation of its vision to be the world's capital market and deliver increasing value to shareholders.

Nasdaq's offer is wholly inadequate

Your Board firmly believes that Nasdaq's offer:

- does not reflect the Exchange's unique strategic position
- does not share any of the synergy benefits
- does not pay a premium for control
- does not even give you standalone value

Nasdaq's offer is at a much lower multiple of earnings than its withdrawn proposal of 29.8 times earnings in March 2006 and is also well below the 31.6 times offered to Euronext shareholders in its agreed merger with NYSE.

We urge shareholders not to be misled by Nasdaq's document dated 8 January 2007.

Your Board is confident of the Exchange's outstanding performance and excellent prospects. These are underpinned by its global leadership position for listings, the continuing structural shift to higher volumes of trading driven by declining transaction costs, increasingly fast and efficient technology and the growing demand for our data products. These strong fundamentals should keep us on course to deliver very strong performance in the short and medium term, underlining the Exchange's obvious attraction as a partner of choice in the rapidly evolving global exchange sector.

Recommendation

The Board of the Exchange Group, which has been so advised by Merrill Lynch and Lehman Brothers, its financial advisers, strongly recommends that Exchange Group shareholders continue to reject Nasdaq's wholly inadequate offer and take no action in respect of their shareholdings. In providing advice to the Directors of the Exchange Group, Merrill Lynch and Lehman Brothers have taken into account the commercial assessments of the Directors. The Directors will not be accepting the offer in respect of their own shareholdings.

Yours sincerely

A handwritten signature in black ink, reading "C. S. Gibson-Smith".

Chris Gibson-Smith
Chairman

In our circular of 19 December 2006, we set out why we believe Nasdaq's offer is wholly inadequate

Outstanding financial performance

- We forecast that adjusted basic EPS for the twelve months to 31 December 2006 would be not less than 50.4 pence – *the adjusted basic EPS achieved was 50.9 pence*
- In meeting our commitment to deliver superior shareholder returns in February 2006, an investment of £100 in the Exchange has become worth £175
- Our share price has more than tripled in the last two and a half years

Superb business fundamentals and excellent growth prospects

- We are the market of choice for international issuers, well ahead of NYSE and Nasdaq – *we had 123 international IPOs in 2006 compared to 11 for NYSE and 10 for Nasdaq*
- In 2006, SETS trading growth outperformed the growth on all major listed equity and financial derivatives exchanges in Europe and the United States – *the Exchange posted a new record for SETS trading on 11 January 2007*
- Our new trading platform, TradElect, will be a major strategic asset and is designed to drive additional SETS growth
- As at 30 November 2006, the total number of terminals taking real-time Exchange data reached a record month-end number of 112,000 – *December 2006 set another record with 113,000 terminals*

Your Board will steadfastly defend your interests on value

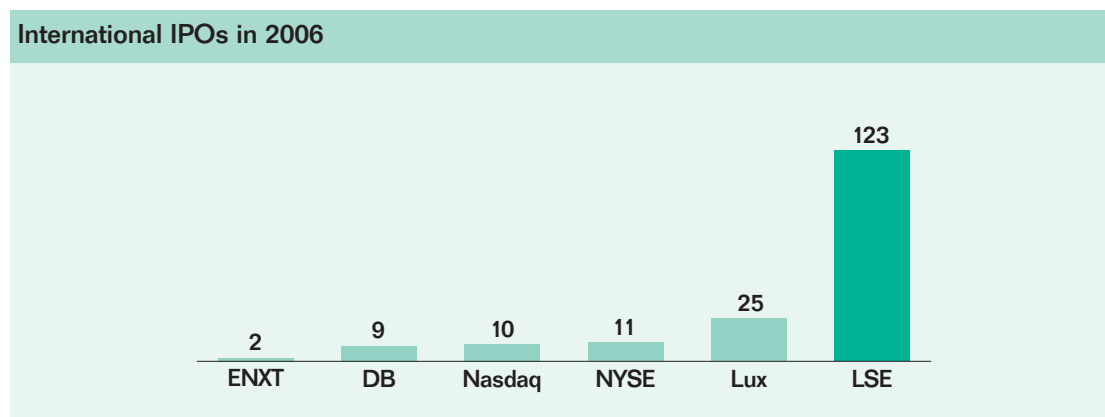
Our regulatory model provides a unique competitive advantage

The City's approach to regulation and its reputation for integrity are world renowned. Indeed, the Exchange's regulation of its markets is fundamental to its success.

The combination of world-class regulation, the lowest cost of capital, efficient and innovative market structures, operational excellence and the largest pool of international capital put the Exchange at the centre of the world's capital market.

Issuer Services and Information Services set new records

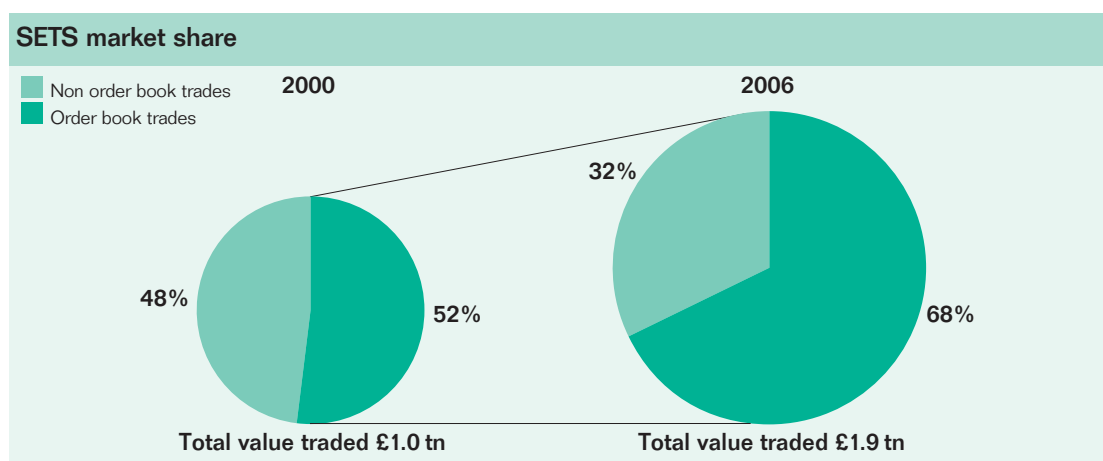
- 2006 was a record year for Issuer Services with a total of 367 IPOs raising a record £29.4 billion
- Very strong IPO activity took place in December 2006, with 48 IPOs raising £3.7 billion. International companies made up 17 of these, raising over £1.8 billion
- We are confident that we will continue to be the destination of choice for international IPOs



- New listings from the UK, Russia, Kazakhstan and South Korea as well as the Middle East and Latin America, and the ongoing success of AIM, should deliver continuing strong new issue activity in financial year 2008
- RNS, the Exchange's company news service, had its highest volumes ever in December, with announcements up 26 per cent on 2005
- Growth in real-time terminal numbers is expected to continue into financial year 2008 with increasing demand from international markets for our global data

A culture of competing for liquidity

- Your company operates in a pro-competitive regulatory framework that ensures choice of execution venue
- Indeed, intermediaries have always executed much of their UK business away from SETS. The SETS success story of recent years has been defined by declining total transaction costs and product and technology innovation, combined with exceptional reliability, demonstrated by 100 per cent availability for over six years
- Our continual investment in technology, including our Technology Road Map programme to implement next generation technology, has already delivered dramatic reductions in latency and a sixfold increase in capacity
- In the second quarter, the launch of our new trade execution engine, TradElect, will immediately increase capacity again more than fivefold and reduce core trade execution latency to around two milliseconds, 30 times faster than today
- The heavy investment by intermediaries and investors, together with our own technology development, have caused a step change in the technological efficiency of the market, driving SETS growth
- Despite competition such as Project Turquoise, a proposal by seven investment banks to develop a competing venue for pan-European equity trading, the ninth new UK equity trading platform in the last seven years, SETS has grown. Its share of total Exchange business has grown from 52 per cent in 2000, to 68 per cent of a much larger market in 2006. SETS has become the UK's trading destination of choice
- The more efficient SETS makes the market, the more the market as a whole grows, as the chart below shows



The London Stock Exchange will continue to compete successfully for liquidity

MiFID opens up continental European equity markets

- The forthcoming EU Directive, MiFID, validates the UK's open market model
- MiFID abolishes concentration rules, which mandate that orders are entered onto certain national exchange order books. Instead, it will allow investment firms to internalise orders and compete
- Whilst this means radical change for markets in countries such as France, Spain and Italy, for the Exchange it represents 'business as usual'

"I think in the MiFID environment, the real positive news for London is that as artificial barriers are reduced from their position of strength in the London marketplace, [the Exchange has] the ability to lever that now on a pan-European basis and that essentially doesn't exist today."

Bob Greifeld, Nasdaq CEO, 20 November 2006

- Given our track record of success in a competitive environment, we agree that MiFID creates pan-European opportunities for the Exchange
- MiFID is unique to Europe and highlights the differences in regulation between the UK and the US

"There is not a strict trade-through rule in the MiFID environment, there's not even at this point a requirement for a consolidated quote and the best execution requirement is not on an order by order basis, so these are impediments for anybody trying to build an alternative liquidity pool..."

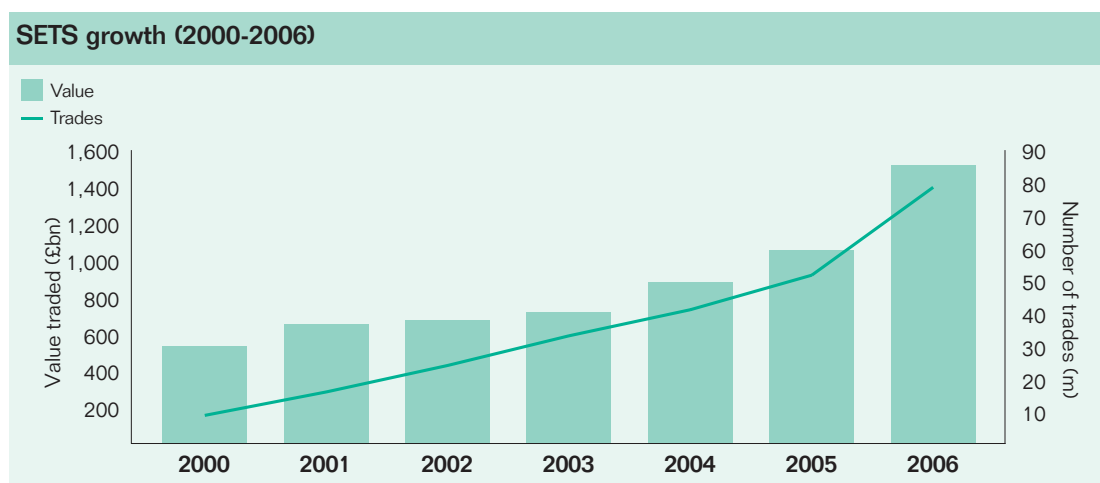
Bob Greifeld, Nasdaq CEO, 20 November 2006

	US regulation	Europe: MiFID	MiFID change for LSE?
Internalisation permitted	Yes	Yes	No
Trade reporting required	Yes	Yes	No
Trade-through rule	Yes	No	N/A
Exchange linkages required	Yes	No	N/A
Consolidated tape	Yes	Market forces	No
Market data revenues	Regulatory formula	Market forces	No
Tick sizes	Regulatory prescription	Market forces	No

SETS growth is outstanding

SETS trading growth in 2006 was well ahead of the forecast we made last February. Trading in every month in 2006 grew over the same month in 2005, by an average 52 per cent. The average number of trades per day in December 2006 was over 346,000, an increase of 67 per cent on December 2005 and already above our forecast for financial year 2008.

2006 demonstrates an acceleration of a long term trend.



In the first 10 trading days of January 2007, SETS has achieved an all time trading record and has averaged almost 400,000 trades per day.

Key drivers of SETS growth

- **Technology investment by the Exchange** – our extensive investment in exceptionally fast and high capacity technology facilitates higher velocity trading and accelerated growth
- **Major structural change** – the globalisation of capital markets, a technology revolution within our major customers and asset managers, new trading strategies and low cost derivatives-linked trading on SETS are all driving growth
- **New products, services and pricing** – we continue to extend our order book services to new UK and international securities and introduce new products, the latest being REITs. At the same time we continue to reduce the cost of trading on our markets through our volume discount scheme and other tariff changes

Additional growth drivers

- **Increasing velocity of trading** – velocity in the UK equity market continues to increase from a relatively low base, driven by new and much faster technology and stamp duty free products. These enable hedge funds and other high frequency traders to trade more cheaply, with much greater execution certainty. Over and above this, we would expect the abolition of stamp duty on UK equities to accelerate velocity growth
- **Increasing equity investment in Europe** – the trend for increased equity investment by European institutional investors in UK markets is expected to continue, especially as the UK equity market is undervalued both historically and relative to other major equity markets

Lower transaction costs increase volumes...

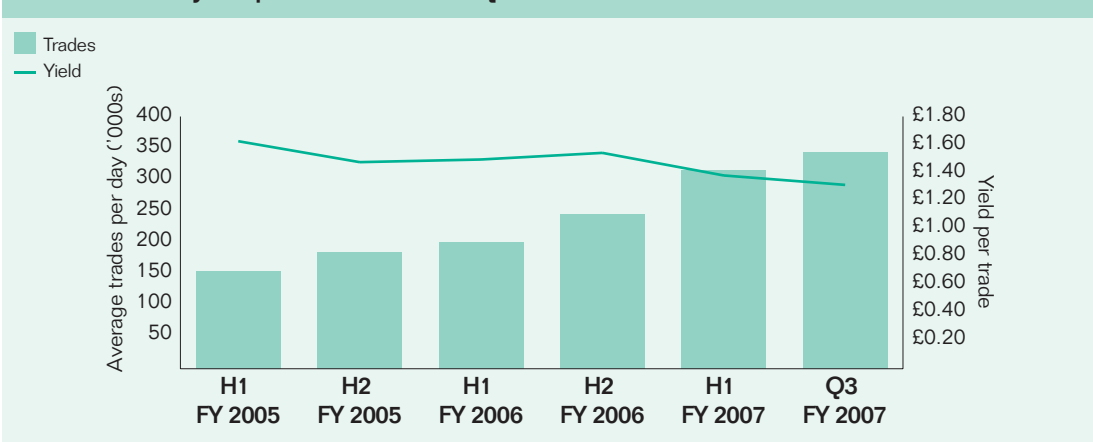
Academic research has shown that any reduction in frictional costs increases trading volume.

“We find that reductions in trading cost have an enormous stimulative effect on turnover...”

Ian Domowitz and Benn Steil, 2002

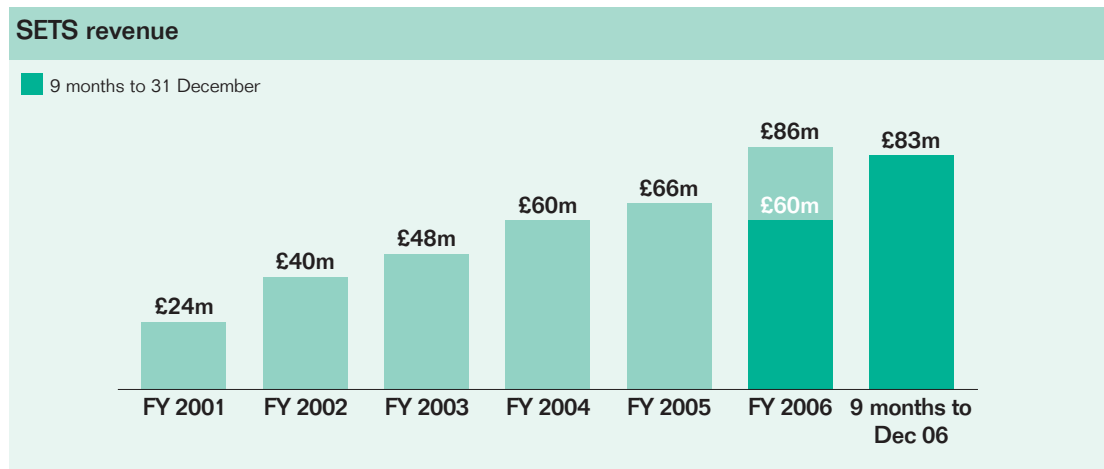
Declining transaction costs also improve our competitive positioning. Even before the recently announced tariff reductions, the Exchange already had the lowest fees per trade of any major European exchange, being 5 per cent cheaper than Deutsche Börse and 15 per cent cheaper than Euronext. The annual tariff changes just announced for financial year 2008 are expected to fuel further SETS growth.

SETS trades vs yield per trade (FY 2005-Q3 2007)



...and drive SETS revenue

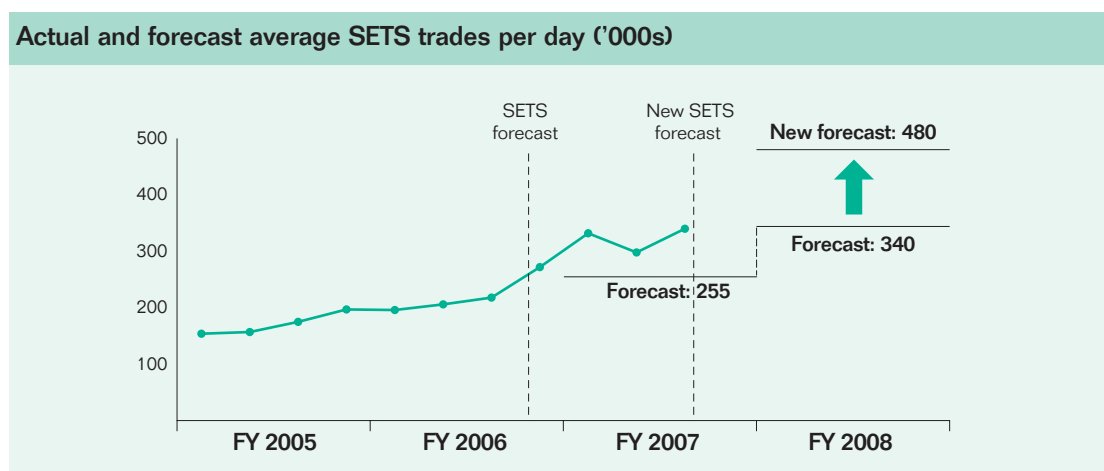
In the nine months to 31 December 2006, SETS revenue was £82.5 million, up 38 per cent on the same period last year.



New forecast for SETS growth

In February 2006, we stated that the average number of trades per day on SETS was expected to increase by at least **50 per cent** in financial year 2007¹ and by at least **100 per cent** in financial year 2008¹. Actual growth in the nine months to 31 December 2006 is **80 per cent higher** than the forecast growth, having reached an average of over 320,000 trades per day.

The Board now expects the average number of trades per day on SETS to increase by at least **180 per cent** in financial year 2008¹ and to average at least **480,000** trades per day. This will produce strong growth in Broker Services revenues.

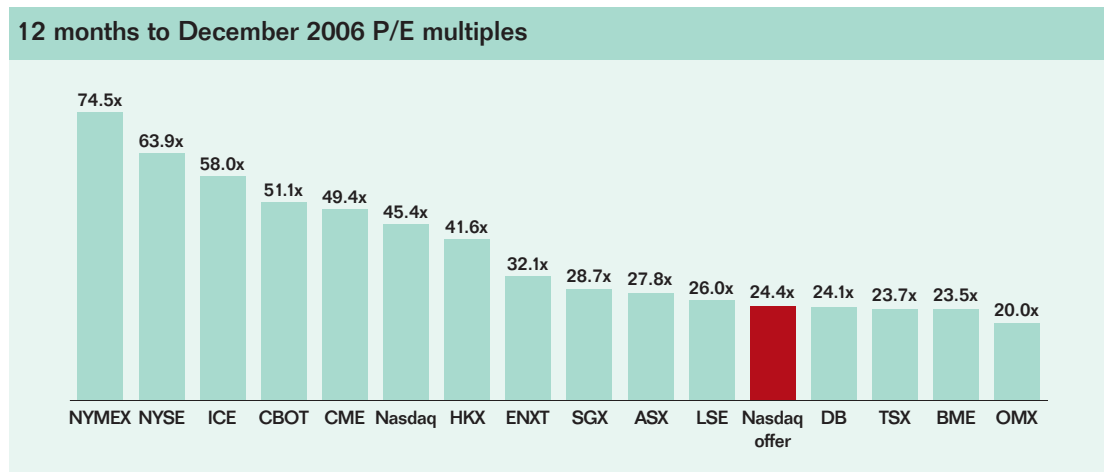


¹ Relative to FY 2005

A wholly inadequate offer

Standalone value is not being offered

- Nasdaq's offer of 1,243 pence per ordinary share ignores our outstanding financial performance and excellent growth prospects. It does not reflect our unique strategic position at the centre of the world's international equity flows
- The offer represents a multiple of 24.4 times the Exchange's December 2006 adjusted basic EPS, far below the trading multiples of virtually all other major listed exchanges



- Nasdaq wrongly claims that the Exchange's peer group is restricted to European exchanges. This is not the view of financial experts who have provided "fairness opinions" for recent precedent exchange transactions

Comparable companies in fairness opinions of precedent exchange transactions															
Transaction	Europe					North America						Asia			NTM P/E
	LSE	DB	ENXT	OMX	BME	NYSE	Nasdaq	CME	CBOT	ICE	TSX	ASX	HKX	SGX	
ASX/SFE	✓	✓	✓	✓		✓	✓	✓	✓		✓		✓	✓	33.7x
NYSE/ENXT	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	31.6x
ICE/NYBOT						✓	✓	✓	✓	✓	✓				116.0x
CME/CBOT	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	64.2x

- As recently as April 2006, Nasdaq itself measured its performance for remuneration purposes against the S&P 500, the Nasdaq Composite Index and its peer group including, amongst others, the London Stock Exchange and CME

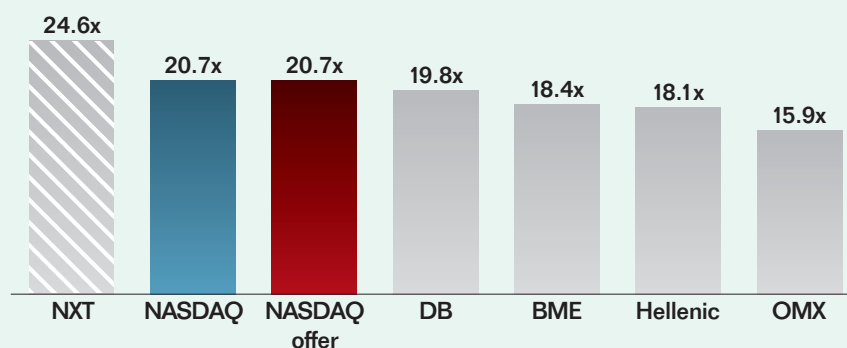
Peer group comparison clearly shows that Nasdaq is not offering standalone value

A wholly inadequate offer

Synergies not shared, no premium for control

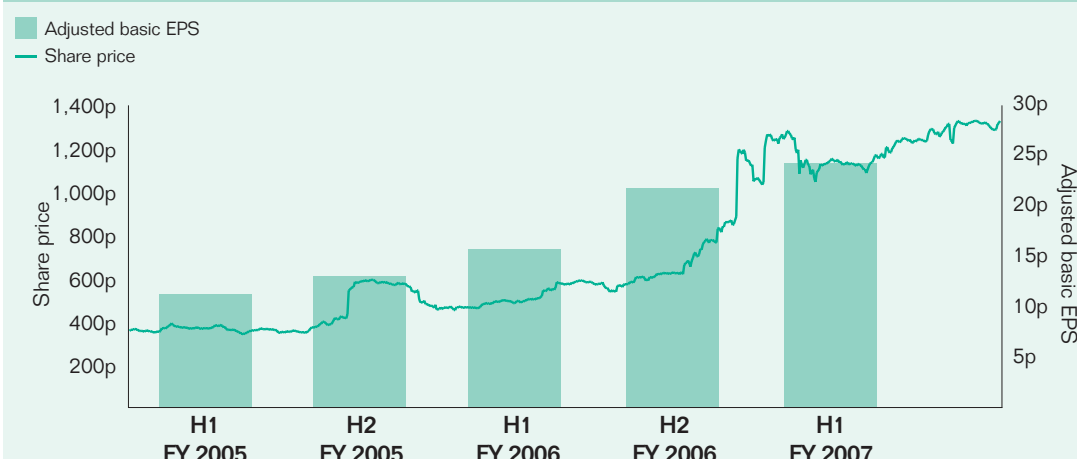
- Nasdaq clearly has a view on the value of synergies it expects to achieve through this transaction, but has still not disclosed them to you. Analysts' estimated pre-tax value of synergies is £49 million per year, equivalent to 135 pence per share
- Nasdaq's chart of P/E multiples, reproduced below, excludes Euronext from its Exchange peer group analysis. We believe this is wrong. With the inclusion of Euronext, it is clear that Nasdaq offers no premium for control

LSE peer group P/E ratios 2007



- Nasdaq's offer is at a **lower** multiple of earnings than its withdrawn proposal of 29.8 times earnings in March 2006
- The offer is also below the 31.6 times offered to Euronext shareholders in its agreed **merger** with NYSE

Exchange share price and adjusted basic EPS



EPS has grown by 116 per cent over the last two years

A compelling value creation story

Progressive dividends

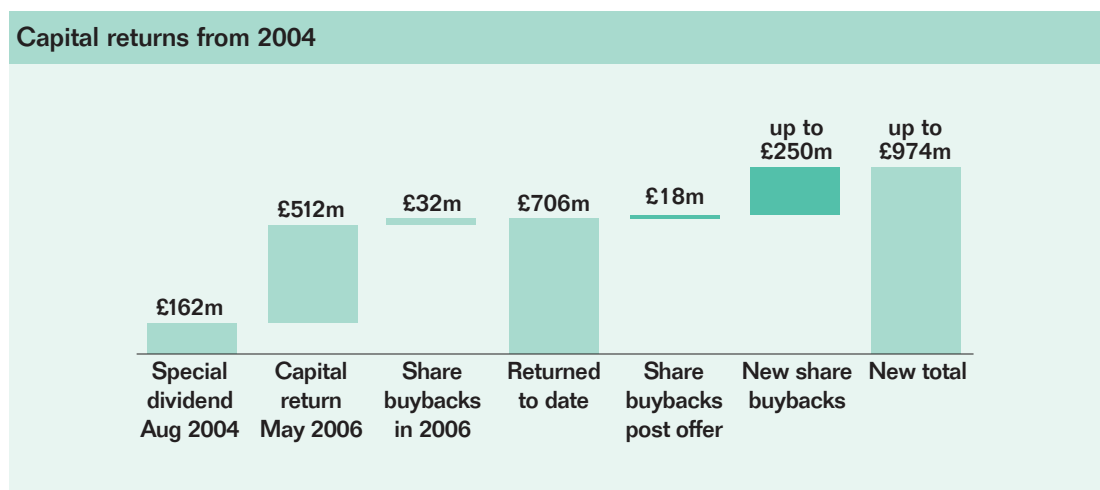
As announced in the first circular, we intend to recommend a financial year 2007 final dividend of not less than 12 pence per share, resulting in a total dividend for financial year 2007 of at least 18 pence per share – a minimum increase of **50 per cent**.

This represents dividend growth of **275 per cent** over the last three years, with dividend yield being held constant only by our outstanding share price performance.

£250 million share buyback programme

Building on our successful track record in capital management over the past two and a half years, and reflecting continuing confidence in the future of the Exchange's business, the Board has committed today to a share buyback programme of up to **£250 million**.

This new commitment is in addition to our previously announced share buyback programme of up to £50 million in financial year 2007, including the remaining £18 million under that programme. Share purchases will commence after the end of the current offer period.



The total return of up to £974 million represents 35 per cent of current market capitalisation

Strategic opportunities for the world's capital market

- Our standalone value is based on our very strong organic growth prospects
- As our vision to be the world's capital market becomes a reality, your company becomes increasingly valuable
- Your Board remains interested in major strategic opportunities that would be in the best interests of shareholders and customers
- Nasdaq's offer does not reflect the Exchange's unique strategic position, share synergies or pay a premium for control. It does not even give you standalone value

A world of opportunity

- We are continuing to explore opportunities for co-operation or combination. Potential benefits include:
 - increased liquidity and reduced cost of capital for issuers by bringing together multiple markets with common technology, membership, listing and trading rules
 - significant synergies, to be shared between shareholders and customers
 - diversification into other geographies and asset classes
- Your Board remains committed to the sole regulation of the UK equity market by the FSA
- Your Board's confidence in the Exchange's prospects explain its focus on ensuring that the standalone value of your company is fully appreciated

Nasdaq is not even close on price

Nasdaq is not consistent

Global exchange

- On the one hand, Nasdaq talks about the need to create a global exchange:

“...it’s important for us to get on with the mission here of creating the first global equity exchange...”

Bob Greifeld, Nasdaq CEO, 20 November 2006

- On the other, Nasdaq ignores the existence of a global exchange sector in an effort to undermine the value of your investment

Shareholding

- Nasdaq has previously stated that it is a long term holder of LSE shares:

“No, I think I’ve said before, we’re very pleased with our investment; we continue to be pleased with it. I would say that we’re certainly not a seller of the LSE shares. We’re very pleased with our investment and like I said, it’s a marathon, not a sprint.”

Bob Greifeld, Nasdaq CEO, 19 October 2006

“But I would again say that we purchased more shares today for [28.75%] and as I had said at our last earnings call, we’re not a seller.”

Bob Greifeld, Nasdaq CEO, 20 November 2006

- But it now suggests that selling its holding is a realistic option:

“In the event that its bid lapses, NASDAQ will have a range of options to consider including a sale of its stake... The LSE share price is at risk if NASDAQ’s offers lapse”

Nasdaq document, 8 January 2007

Do not let Nasdaq undermine the value of your investment

Nasdaq is wrong

Nasdaq is wrong about standalone value

“...independent consultants estimate forward revenue growth for equity derivatives businesses to be c.2.5 - 3.0x higher than for cash equities exchanges”

Nasdaq document, 8 January 2007

- Nasdaq wants you to believe that the Exchange has low growth prospects. In fact in 2006, SETS outperformed all major listed equity and financial derivatives exchanges in Europe and the US and has been outgrowing Euronext.liffe and Eurex for a number of years

Nasdaq is silent on synergies

“This premium reflects a fair share of the synergies which NASDAQ expects to realise in the combination...”

Nasdaq document, 8 January 2007

- Remarkably this is all Nasdaq said on the value of synergies in this document

Nasdaq is wrong about premium

“The offer includes a ...54 per cent. premium to the undisturbed price”

Nasdaq document, 8 January 2007

- On 11 April 2006, Nasdaq purchased shares in the Exchange at 1,175 pence per share at a P/E multiple of 31.4 times. Since then, the Exchange's EPS has risen by 36 per cent. How is it that 1,243 pence and a P/E multiple of 24.4 times now includes a premium for control?

Do not let Nasdaq persuade you to sell your shares below their true value

Nasdaq is wrong

Dividend yield

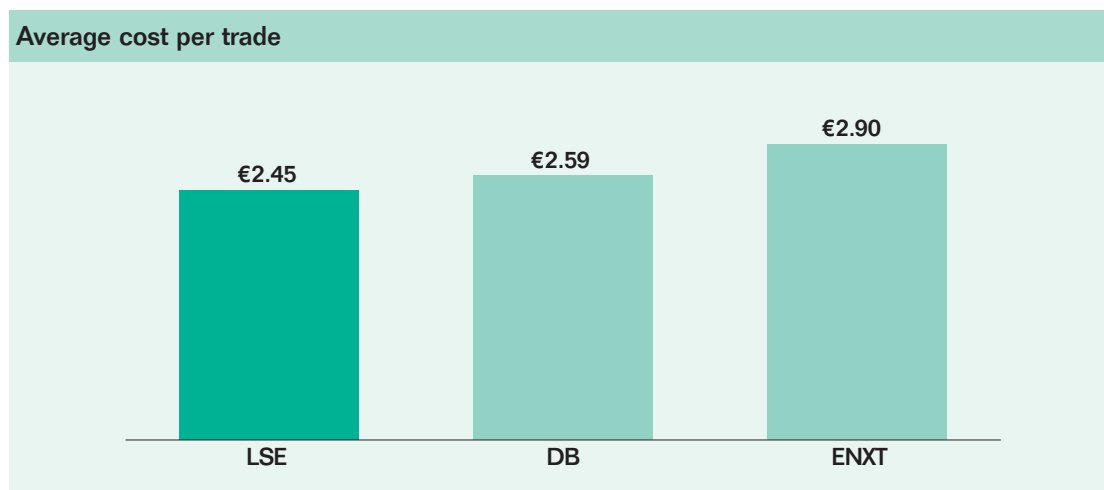
“The LSE dividend yield has declined...”

Nasdaq document, 8 January 2007

- Over just three years, the Exchange's dividend is forecast to have risen by 275 per cent from 4.8 pence to 18 pence per share. There's only one reason why the yield has not risen: the share price has gone up just as fast!

Fees

- Nasdaq claims the Exchange is more expensive than Deutsche Börse and Euronext
- In fact, the Exchange is the cheapest of the major European exchanges, not only in terms of cost per trade but also per unit of value traded



Do not let Nasdaq undermine the value of your investment

“Nasdaq plays some desperate arguments in low-ball bid for London Stock Exchange

If this is the best that Nasdaq's Bob Greifeld can produce in support of his hostile, £2.9bn offer for the London Stock Exchange, I am not impressed. Nasdaq applies two circular arguments in attempting to persuade shareholders of the merits of its bid. Neither of them withstand analysis.

...

The LSE is a prize asset. Nasdaq should be made to pay a proper price for it.”

The Independent, 9 January 2007

“But the history of two years of bids and counter-bids for the LSE is that after a short period in the doldrums, following the lapse of an offer, LSE stock has climbed onwards and upwards on the back of ever more powerful trading performances.

...

It is something of an ‘own goal’ for Nasdaq to focus on the nasty competitive outlook facing the LSE. Project Turquoise, the alternative platform being launched by seven top investment banks,

...

Among the reasons past efforts by investment banks to bypass conventional exchanges have foundered is that professional clients do not like giving all their business to one supplier.”

Daily Mail, 9 January 2007

**Don't let Nasdaq
transform itself
at your expense**

APPENDIX 1 – ADDITIONAL INFORMATION

1. First Circular

This document should be read in conjunction with the First Circular which was sent to shareholders and, for information purposes only, to holders of employee share options and participants on 19 December 2006. Copies of the First Circular are available on the Company's website at www.londonstockexchange-ir.com/lse/bid or from Exchange Group at 10 Paternoster Square, London EC4M 7LS, during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) for so long as the offer remains open for acceptance. Copies of the First Circular are also available for inspection as described in paragraph 7 of this Appendix 1.

Save as disclosed in this document, as at 15 January 2007 (being the latest practicable date prior to the posting of this document), the Directors are not aware of any material change in the information contained in the First Circular and in particular to the information set out in Appendix 1 of the First Circular in relation to: (i) interests and dealings; (ii) dealing arrangements; (iii) Directors' service contracts; and (iv) material contracts.

2. Responsibility

The Directors accept responsibility for the information contained in this document except that the only responsibility accepted by the Directors in respect of information contained in this document relating to Nasdaq, Nightingale, any of their subsidiary undertakings and the directors of any such entity and/or any such subsidiary undertakings which has been compiled from published sources, is to ensure that it has been correctly and fairly reproduced and presented. Subject as aforesaid, to the best of the knowledge and belief of the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

3. Disclosure of interests and dealings in relevant securities

As at the close of business on 15 January 2007 (being the latest practicable date prior to the posting of this document) the interests in relevant securities set out in the First Circular have been modified in relation to paragraph 3.2.5 of Appendix 1 of the First Circular as follows: Mourant & Co. Trustees Limited (as trustee of the London Stock Exchange Employee Benefit Trust) have interests in, or rights to subscribe for, 1,939,480 Ordinary Shares and 25,363 B shares.

Terms defined in paragraph 3 of Appendix 1 of the First Circular bear the same meaning in this paragraph.

4. Consents

Each of Merrill Lynch, Lehman Brothers and PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.

Each of Merrill Lynch, Lehman Brothers and PricewaterhouseCoopers LLP has confirmed in writing that it has no objection to its letter of 9 January 2007 relating to the unaudited results of the Exchange Group for the three and nine month periods ended 31 December 2006, and the adjusted and basic earnings per share of the Exchange Group for the twelve months ended 31 December 2006 (together, the "Unaudited Financial Information") continuing to apply. The Directors confirm that the unaudited financial information set out in the Q3 Trading Statement remains valid for the purposes of Nasdaq's offer.

5. Further information

Proposed share buyback programme

Authority for share buybacks was granted at the AGM held on 12 July 2006 and renewal of such authority will be sought at the next AGM. Subject to market restrictions and periods within which no share buyback can be made, the Board intends to use up to £250 million for the additional share buyback programme. It is expected that the share buyback programme will be funded by a combination of existing and new borrowing facilities. The proposed share buyback of up to £250 million supersedes the commitment made in the circular to shareholders dated 17 February 2006.

6. Material contracts

6.1 On 17 January 2007, Exchange Group signed a commitment letter (the "Commitment Letter") with Barclays Capital, the investment banking division of Barclays Bank PLC, and The Royal Bank of Scotland plc, for a term loan facility amounting to £250 million (the "Term Loan") on the following terms:

- 6.1.1 The Term Loan is available to fund returns of capital to shareholders. The borrowings under the Term Loan will be unsecured. The Term Loan may be drawn down by up to 8 drawings, at any time prior to, or on, 30 September 2007. The Term Loan matures after 18 months from the date of the Commitment Letter.
- 6.1.2 The borrowings under the Term Loan bear interest at a floating rate plus a margin and mandatory costs (if any). Repayment of the Term Loan is by way of a single lump sum repayment on the final maturity date. A commitment fee is payable on undrawn commitments under the Term Loan until the final drawdown upon which any undrawn commitment will be mandatorily cancelled.
- 6.1.3 Exchange Group must, if required by a two-thirds majority of lenders, prepay all indebtedness under the Term Loan following the occurrence of a change of control of Exchange Group under the terms set out in the Commitment Letter. The Term Loan must be repaid in full from the proceeds of any refinancing through the issue of publicly traded debt.

- 6.1.4 The Commitment Letter requires for the parties to enter into a facility agreement which contains certain customary covenants which restrict Exchange Group and in certain cases its subsidiaries (subject to agreed exceptions and materiality carve outs) from, amongst other things: (i) creating security; (ii) disposing of assets; (iii) mergers; (iv) substantially changing the general nature of the business of Exchange Group; and (v) incurring subsidiary borrowings. The facility agreement will also require Exchange Group to maintain certain specified financial covenants.
- 6.1.5 The facility agreement will contain customary representations and warranties and events of default similar to those contained in the Revolving Facility Agreement as defined in the First Circular.

7. Documents on display

Copies of the written consents referred to in paragraphs 4 of this Appendix 1, the material contracts referred to in paragraph 6 of this Appendix 1, the First Circular, the documents listed in paragraph 9 of Appendix 1 of the First Circular, the analyst reports containing the synergy estimates referred to in paragraph 2 of Appendix 3 of this document (page reference 15(a)), the fairness opinions and academic research referred to in this document are available for inspection at the offices of Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS and at the registered office of Exchange Group at 10 Paternoster Square, London EC4M 7LS during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the end of the Offer Period.

APPENDIX 2 – Q3 TRADING STATEMENT EXTRACT

The following is an extract of the trading statement issued by Exchange Group on 9 January 2007:

Q3 TRADING STATEMENT AND 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 per cent. 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 per cent 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.

Consolidated income statement

		Three months ended 31 December		Nine months ended 31 December	
		2006 Unaudited £m	2005 Unaudited £m	2006 Unaudited £m	2005 Unaudited £m
Continuing operations	Notes				
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 accounts 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

	Three months ended 31 December		Nine months ended 31 December	
	2006 Unaudited £m	2005 Unaudited £m	2006 Unaudited £m	2005 Unaudited £m
Continuing operations				
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

	Three months ended 31 December		Nine months ended 31 December	
	2006 Unaudited	2005 Unaudited	2006 Unaudited	2005 Unaudited
Continuing operations				
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
	£m	£m	£m	£m
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 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

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

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Lehman Brothers Europe Limited
25 Bank Street
London E14 5LE

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.

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 Group plc
10 Paternoster Square
London EC4M 7LS

9 January 2007

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 issued to London Stock Exchange Group shareholders 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

APPENDIX 3 – BASES OF CALCULATION AND SOURCES OF INFORMATION

1. General

1.1. Unless otherwise stated, in this document:

1.1.1. closing prices, consensus earnings estimates and exchange rates are as at the close of market on 15 January 2007 (being the latest practicable date prior to the posting of this document), with the exception of closing prices for the US exchanges which are at the close of market on 12 January 2007 due to 15 January 2007 being a US public holiday;

1.1.2. share price data is sourced from Bloomberg;

1.1.3. consensus earnings and earnings per share estimates are sourced from Reuters and are adjusted for exceptional items where applicable;

1.1.4. exchange rate data is sourced from Bloomberg;

1.1.5. calculations are prepared on the basis of there being 213,216,890 Ordinary Shares and 7,845,459 B Shares in issue as at 15 January 2007 (being the latest practicable date prior to the posting of this document) and up to a further 4,326,862 Ordinary Shares to be issued pursuant to the exercise of options or the grant of awards granted prior to 15 January 2007 (being the latest practicable date prior to the posting of this document) under the Exchange Group Share Schemes; and

1.1.6. references to interim and final dividends are expressed on a pence per Exchange Group Ordinary Share basis.

1.2. Unless otherwise stated, the financial information concerning the Exchange Group has been extracted from the published interim and annual reports and accounts of the Exchange Group or the Exchange for the relevant periods, the Q3 Trading Statement and other information made publicly available by the Exchange Group.

1.3. Unless otherwise stated, information contained in this document regarding market position, sector, division and product analysis, stock exchange trading, listings and IPOs and the international financial market in relation to the Exchange Group, its competitors and these markets generally, is based on the Exchange Group's management estimates and calculations sourced from publicly available information, including Main Market and Secondary Market fact sheets and Professional Securities Market fact sheets, AIM Market Statistics, Monthly Market reports and the Exchange Group's and its subsidiaries' internal market and trading databases and where applicable is presented by reference to calendar years rather than financial years.

1.4. Unless otherwise stated, information regarding Nasdaq's offer is sourced from the Offer Document, the Response Document and other material made publicly available by Nasdaq, Nightingale or any other person mentioned in the Offer Document or the Response Document.

1.5. The relevant bases of calculation and sources of information contained in this document which repeat information contained in the First Circular are set out in Appendix 3 of the First Circular.

2. Page references

The relevant bases of calculation and sources of information are provided below by reference to page numbers of this document. Where such information is repeated in this document, the underlying bases and sources are not.

Front cover

(a) The data points showing the average number of SETS trades per day are calculated as the average for each quarter, with the exception of the FY 2008 data points which show the annual average.

Page 1

(a) The reference to adjusted basic EPS for the 12 months to 31 December 2006 is as reported in the Q3 Trading Statement.

(b) The reference to adjusted basic EPS growth is based on adjusted basic EPS for the 12 months to 31 December 2006 versus the adjusted basic EPS for the 12 months ended 31 December 2005, which are sourced from the Q3 Trading Statement and the trading statement released by the Exchange on 10 January 2006 respectively.

(c) The reference to 12 month total shareholder return is sourced from Datastream based on the closing value on 16 January 2006 to 15 January 2007 (being the latest practicable date prior to the posting of this document). TSR (Total Shareholder Return) measures the total gross return to shareholders from their investment in a company's shares for a defined period. It comprises two components: (i) the capital gain/loss from the change in the company's share price over this period; and (ii) the dividend income received over this period. It assumes that dividends received are reinvested in the company's shares at the closing price applicable on the ex-dividend date.

(d) The reference to forecast FY 2007 dividend refers to the interim and final ordinary dividends per Ordinary Share for FY 2007.

Page 2

(a) The reference to Nasdaq's cash offer being final means that Nasdaq's offer, as set out in the Offer Document, will not be revised except: (i) upon the recommendation of the Exchange Group Board; or (ii) if a firm intention to make a competing offer for Exchange Group is announced, whether or not subject to any preconditions.

(b) The reference to the publishing of tariffs for FY 2008 refers to the tariff charges announced by the Exchange Group on 17 January 2007.

Page 3

- (a) The reference to the Exchange's performance having consistently exceeded the expectations of many sell-side analysts relates to the outperformance by the Exchange of consensus forecasts for adjusted basic EPS in relation to FY 2005 and FY 2006.
- (b) SETS market share is the proportion of value traded in SET1, 2 & 3 securities that are traded on the order book compared to half the market value of those securities traded off-book. The off-book numbers are halved to be consistent with the Exchange's submissions to the Federation of European Securities Exchanges.

Page 4

- (a) The reference to a minimum of 100 per cent increase in the average number of trades per day on SETS in FY 2008 is relative to FY 2005 and is sourced from the Exchange's circular to shareholders dated 17 February 2006.
- (b) The reference to the total capital returned to shareholders as a percentage of market capitalisation includes the announced share buyback programme of up to £250 million and is based on the number of Exchange Group Ordinary Shares in issue and the closing price for an Exchange Group Ordinary Share as at 15 January 2007 (being the latest practicable date prior to posting this document).

Page 5

- (a) The reference to Nasdaq's offer being at a lower earnings multiple than its withdrawn proposal compares the current offer multiple of 24.4x, calculated as Nasdaq's offer price of 1,243 pence per Ordinary Share divided by the Exchange Group's adjusted basic EPS for the 12 months ended 31 December 2006 of 50.9 pence as disclosed in the Q3 Trading Statement, to the 29.8x multiple offered in Nasdaq's withdrawn proposal, as sourced from the Nasdaq press release of 10 March 2006, which is based on the adjusted basic EPS of 31.9 pence for the 12 months ended 31 December 2005.
- (b) The reference to the multiple of 31.6x offered to Euronext in its merger with NYSE is calculated based on the NYSE offer value assuming a NYSE share price as at 12 January 2007 (being the latest practicable closing date prior to the posting of this document, due to 15 January 2007 being a US public holiday) and the exchange rate as at 15 January 2007 (being the latest practicable date prior to the posting of this document), which is calculated by applying the exchange ratio of 0.98 NYSE Euronext, Inc. share per Euronext share, a cash consideration of €21.3 per Euronext share, as sourced from the offer document of NYSE Euronext, Inc. as filed with the Autorité des Marchés Financiers on 9 January 2007, and Euronext's net earnings, adjusted for exceptional items, for the 12 months ended 30 September 2006, sourced from Euronext's financial statements for the 9 months ended 30 September 2006 and for the 12 months ended 31 December 2005.

Page 7

- (a) The reference to the shareholder returns created since February 2006 is based on TSR (Total Shareholder Return) assuming an initial investment of £100 and is sourced from Datastream, based on the closing value on 16 February 2006 (the day prior to the posting of the circular to Shareholders on 17 February 2006) to 15 December 2006 (being the latest practicable date prior to the posting of the First Circular). Based on the closing value on 16 February 2006 to 15 January 2007 (being the latest practicable date prior to the posting of this document), the additional value created remains £75.
- (b) The reference to all major listed exchanges in Europe and US refers to listed equity and financial derivatives exchanges with a market capitalisation of greater than £1 billion as at 15 December 2006 (being the latest practicable date prior to the posting of the First Circular).
- (c) Trading information on equity exchanges refers to growth in number of order book trades in own listed stocks for the three largest European exchanges and all trades in own listed stocks for major US exchanges. Trading information for derivative exchanges refers to growth in number of contracts traded. Information for Exchange Group is sourced from the Exchange's Secondary Market Fact Sheets. Information for Euronext and Deutsche Börse is sourced from the Federation of European Securities Exchanges website. All other information is sourced from the websites of the relevant exchange.

Page 8

- (a) The reference to London having the lowest cost of capital is sourced from the June 2006 report by Oxera Consulting, "The Cost of Capital: An International Comparison", jointly commissioned by the Exchange and the City of London, which compares the cost of capital for equity transactions on Deutsche Börse, Euronext, the Exchange's Main Market and AIM, Nasdaq and NYSE. The Oxera report is available on the Exchange Group website.
- (b) Information for the Exchange Group's number of total IPOs and money raised is sourced from the Exchange's Primary, AIM and Professional Securities Market Fact Sheets.
- (c) The information in the chart on International IPOs in 2006 is sourced from the four quarterly PwC IPO Watch publications in 2006, using its definition, and from the websites of the relevant exchanges.

Page 9

- (a) SETS market share is the proportion of value traded in SET1, 2 & 3 securities that are traded on the order book compared to half the market value of those securities traded off-book. The off-book numbers are halved to be consistent with the Exchange's submissions to the Federation of European Securities Exchanges.

Page 10

- (a) The statements from Nasdaq are sourced from Nasdaq's website and the "Conference Call for US-Based Analysts and Investors Regarding its Final Offers for London Stock Exchange Group PLC Monday November 20, 2006 at 8.00 am ET".

Page 11

- (a) The reference to the average number of trades per day in December 2006 being above what the Exchange forecasted to reach in FY 2008 relates to the average number of SETS trades per day forecasted for FY 2008 in the circular to Shareholders dated 17 February 2006.

Page 12

- (a) The statement by Ian Domowitz and Benn Steil is sourced from the book "Technological Innovation and Economic Performance", by Benn Steil, David G. Victor and Richard R. Nelson, published in January 2002.
- (b) The reference to the Exchange having the lowest fees per trade of any major European exchange is based on the period from 1 July 2006 to 30 September 2006 (being the latest period for which financial data is available). It is calculated by dividing equities trading income, sourced from the Exchange Group's unaudited financial records and the financial announcements of Deutsche Börse, Euronext, OMX and BME, by the number of domestic equities trades as reported by the Federation of European Securities Exchanges. For comparative purposes, figures for the Exchange and OMX have been converted into € at the relevant average exchange rate for the period.

Page 13

- (a) Broker Services revenues, including SETS revenues, are sourced from the Exchange Group's unaudited financial records.
- (b) The reference to the SETS forecast made in FY 2006 relates to the SETS forecast as sourced from the circular to shareholders on 17 February 2006.
- (c) The reference to actual SETS growth being higher than forecast is based on actual growth in the average number of trades per day on SETS for the 9 months ended 31 December 2006 relative to FY 2005, versus the announced forecast growth for FY 2007 of 50 per cent relative to FY 2005 included in the Exchange's circular to shareholders of 17 February 2006.

Page 14

- (a) The reference to other major listed exchanges includes all global exchanges with a market capitalisation greater than £1 billion as at 15 January 2007 (being the latest practicable date prior to the posting of this document).
- (b) Price/earnings multiples to 31 December 2006 are calculated using the 12 months ended 31 December 2006 earnings per share estimates as sourced from Reuters and the share prices as at 15 January 2007 (being the latest practicable date prior to the posting of this document, with the exception of the US exchanges for which the latest practicable closing date prior to the posting of this document is 12 January 2007, due to 15 January 2007 being a US public holiday), with the exception of LSE, ASX, SGX and the Nasdaq offer. The LSE multiple is calculated using adjusted basic EPS for the 12 months ended 31 December 2006 of 50.9 pence as disclosed in the Q3 Trading Statement. ASX and SGX are calendarised, earnings estimates sourced from Reuters and their respective company filings.
- (c) The reference to comparable companies used in fairness opinions of precedent exchange transactions relates to the combined list of exchanges used in such opinions for selected transactions announced since 1 January 2006 rendered to either of the party to the transactions and made publicly available in regulatory filings. The information is sourced from the comparable company analyses of the respective fairness opinions by the relevant experts and only includes exchanges with a market capitalisation greater than £1 billion as at 15 January 2007 (being the latest practicable date prior to the posting of this document). For ASX/SFE, the list is based on information disclosed in the fairness opinion by Deloitte Corporate Finance Pty Limited which is sourced from the SFE's explanatory memorandum dated 29 May 2006. For NYSE/ENXT, the combined list is based on information disclosed in: (i) the fairness opinion by Citigroup Global Markets Inc., and (ii) the fairness opinion by Houlihan Lokey Howard & Zukin (Europe) Limited, both of which are sourced from the registration statement of NYSE Euronext, Inc. as filed with the SEC on 27 November 2006. For ICE/NYBOT, the list is based on information disclosed in: (i) the fairness opinion by Houlihan Lokey Howard & Zukin Financial Advisors, Inc., as sourced from the registration statement of ICE as filed with the SEC on 31 October 2006. For CME/CBOT, the combined list is based on information disclosed in: (i) the fairness opinion by Lehman Brothers Inc., (ii) the fairness opinion by William Blair & Company, L.L.C., (iii) the fairness opinion by J.P. Morgan Securities Inc. and (iv) the fairness opinion by Lazard Frères & Co. LLC, all of which are sourced from the registration statement of CME as filed with the SEC on 21 December 2006. In some of these transactions, the financial experts expressed a view as to which comparable companies were the best comparators. Some of these fairness opinions included exchanges with a market capitalisation of less than £1 billion (as at 15 January 2007 being the latest practicable date prior to the posting of this document). Excluded exchanges were: (i) for ASX/SFE: Hellenic, ISE, MAL and NZX, (ii) for NYSE/ENXT: ISE and MAL, (iii) for ICE/NYBOT: ISE and (iv) for CME/CBOT: ISE and MAL.
- (d) The reference to the NTM P/E multiple for ASX/SFE of 33.7x is calculated based on the ASX offer value using the ASX share price as at 18 July 2006 (the record date of the transaction) and the exchange ratio of 0.51 ASX shares per SFE share (plus a total cash consideration of AUD10.9 million for the outstanding executive options), as filed in the explanatory memorandum dated 29 May 2006, and SFE's net earnings, adjusted for exceptional items for the 12 months ended 31 December 2005, sourced from the 2005 SFE annual report.
- (e) The reference to the NTM P/E multiple for ICE/NYBOT of 116.0x is calculated based on the ICE offer value which is calculated using the ICE share price as at 11 January 2007 (the day prior to completion) and the issue of a total of 10.297 million ICE shares plus a total cash consideration of \$400 million, as per the registration statement filed with the SEC on 16 November 2006, and NYBOT's net earnings, adjusted for exceptional items, for the 12 months ended 30 September 2006, sourced from the same registration statement.
- (f) The reference to the NTM P/E multiple for CME/CBOT of 64.2x is calculated based on the CME offer value using the CME share price as at 12 January 2007, and the exchange ratio of 0.3006 CME shares per CBOT share, as filed with the SEC on 21 December 2006, and CBOT's net earnings, adjusted for exceptional items, for the 12 months ended 30 September 2006, sourced from CBOT's 2005 10-K and Q3 2006 10-Q filings.
- (g) The reference to the peer group used by Nasdaq for measuring its performance for remuneration purposes is sourced from Nasdaq's Schedule 14A as filed with the SEC on 11 April 2006.

Page 15

- (a) The reference to the synergy figures are based on those analysts who have published and made publicly available cost saving estimates relating to the Nasdaq offer between the Nasdaq announcement on 20 November 2006 and 15 January 2007 (being the latest practicable date prior to the posting of this document), including a research note by Bear Stearns on 20 November 2006, and are included as documents on display (see paragraph 7 of Appendix 1 of this document).

36 Reject Nasdaq's offer

The implied value of synergies in sterling million is based on, where applicable: (i) where the synergy estimate is expressed in US\$, it is converted into sterling at the \$:£ rate on 15 January 2007 (being the latest practicable date prior to the posting of this document); (ii) where the synergy estimate is expressed as a percentage of the Exchange Group's cost base, it has been multiplied by the pre exceptional cost base for the twelve months ended 30 September 2006 of £168 million (for those analysts who have published a percentage range the midpoint of their percentage range has been used); or (iii) the sterling million synergies figure published.

The capitalised value per share is calculated as the post-tax implied synergies value (taxed at 40 per cent) capitalised at a 10x multiple and divided by the number of Exchange Group Ordinary Shares comprised within the Exchange Group's diluted share capital.

- (b) In the Response Document, Nasdaq excludes Euronext from its peer group, but of nine analysts that currently report on the Exchange and provide a peer group, seven include Euronext. Therefore, Euronext has been included by the Exchange. The reference to Nasdaq not offering a premium for control relates to the Nasdaq offer representing a P/E in 2007 of 20.7x, as disclosed in Nasdaq's Response Document, being below the comparable market capitalisation weighted average P/E for Nasdaq's Exchange peer group and Euronext (excluding Nasdaq and the Nasdaq offer) of 21.0x, which has been calculated using the P/Es disclosed in Nasdaq's Response Document and the market capitalisation and exchange rates as at 4 January 2007.
- (c) The information in the chart "LSE peer group P/E ratios 2007" is sourced from page 8 of Nasdaq's Response Document.
- (d) The reference to the figures for adjusted basic EPS for the H1 periods are sourced from the interim reports dated 8 November 2006 and 3 November 2005. The reference to the figures for adjusted basic EPS for the H2 periods are calculated in each case by subtracting the figures for the relevant H1 period from the figures for the relevant financial year, as sourced from the Exchange's annual reports.
- (e) The reference in relation to EPS growing by 116 per cent over the last two years is calculated with reference to the adjusted basic earnings for H1 FY 2007 and H1 FY 2005.

Page 16

- (a) The reference to dividend growth over the last three years is calculated with reference to the total ordinary dividend forecast for FY 2007 and the total ordinary dividend for FY 2004.
- (b) The reference to £250 million share buyback programme is further detailed in paragraph 5 in Appendix 1.

Page 18

- (a) The statements from Nasdaq are sourced from Nasdaq's website and the "Conference Call for US-Based Analysts and Investors Regarding its Final Offers for London Stock Exchange Group PLC Monday November 20, 2006 at 8.00 am ET", from Nasdaq's Third Quarter 2006 webcast 19 October 2006 at 10.00 am ET and from the Response Document.

Page 19

- (a) The statements from Nasdaq are sourced from the Response Document.
- (b) The reference to the Exchange outgrowing Euronext.liffe and Eurex for a number of years relates to outperformance over the last three years and is sourced from the Exchange's Secondary Market Fact Sheets and Deutsche Börse and Euronext annual reports and press releases.
- (c) The reference to the P/E multiple at which Nasdaq acquired Ordinary Shares in the Exchange on 11 April 2006 is calculated based on the adjusted basic EPS of 37.4 pence for FY 2006.

Page 20

- (a) The statements from Nasdaq are sourced from the Response Document.
- (b) The reference to share price growth is with reference to the share price on 31 March 2004 and 15 January 2007 (being the latest practicable date prior to the posting of this document).
- (c) The reference to the Exchange being the cheapest of the major European exchanges per unit of value traded is based on the period from 1 July 2006 to 30 September 2006 (being the latest period for which financial data is available). It is calculated by dividing equities trading income, sourced from the Exchange Group's unaudited financial records and the financial announcements of Deutsche Börse, Euronext, OMX and BME, by the value of domestic equities trading as reported by the Federation of European Securities Exchanges. For comparative purposes, figures for the Exchange and OMX have been converted into € at the relevant average exchange rate for the period.

APPENDIX 4 – DEFINITIONS

£ or sterling	the lawful currency of the United Kingdom
€	the lawful currency of the EU
\$	the lawful currency of the US
adjusted basic EPS	basic earnings per share excluding exceptional items
AIM	the Alternative Investment Market, the Exchange's market for smaller and growing companies
algorithmic trading	a method of trading that uses very advanced mathematical models for making transaction decisions in the financial markets
Arca	Archipelago Holdings, Inc.
ASP	the London Stock Exchange Annual Share Plan
ASX	Australian Stock Exchange Limited
AUD	the lawful currency of Australia
B share offer	the final cash offer being made by Nightingale to acquire the entire issued and to be issued B Shares, including an additional amount in relation to the non cumulative preferential dividend, as set out in the Offer Document
B Shares	the B Shares of 200 pence each in the capital of Exchange Group existing from time to time
BME	Bolsas Y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, SA.
Broker Services	a division of the Exchange which provides services for brokers to trade securities
CBOT	CBOT Holdings Inc.
City Code	The City Code on Takeovers and Mergers
CME	Chicago Mercantile Exchange Holdings Inc.
Companies Act	the Companies Act 1985, including any statutory modification or re-enactment thereof for the time being in force
consolidated tape	a US high-speed, electronic system that constantly reports the latest price and volume data on sales of exchange-listed stocks
derivative	a financial instrument whose characteristics and value depend typically upon the characteristics and value of an underlying commodity, bond, equity, index or currency
Deutsche Börse or DB	Deutsche Börse AG
Direct Market Access or DMA	systems and networks generally provided by a broker to a client enabling the client to access a market directly
Directors or the Board	the directors of Exchange Group whose names are set out in paragraph 2 of Appendix 1 of the First Circular
EPS	earnings per share
ESOS	the London Stock Exchange Executive Share Option Scheme
EU	European Union
Eurex	an electronic derivatives exchange which is jointly owned by Deutsche Börse and SWX
Euronext or ENXT or NXT	Euronext N.V.
Euronext.liffe	a recognised investment exchange offering trading in derivatives which is a wholly owned subsidiary of Euronext
Exchange	in Appendix 1 to 4 (inclusive) refers to London Stock Exchange plc, a public limited company incorporated in England and Wales with registered number 02075721, a wholly owned subsidiary of Exchange Group, and/or, as the context requires elsewhere in this document, to Exchange Group
Exchange Group or Company or London Stock Exchange or LSE	in Appendix 1 to 4 (inclusive) refers to London Stock Exchange Group plc, a public limited company incorporated in England and Wales with registered number 5369106, and/or, as the context requires elsewhere in this document, to the Exchange
Exchange Group Shares	the Ordinary Shares together with the B Shares (being the shares in the capital of Exchange Group which are the subject of the offer)
Exchange Group Share Schemes	the ISP, ASP, ESOS, LTIP, SAYE and the SIP
Executive Directors	Clara Furse, Chief Executive Officer, and Jonathan Howell, Director of Finance
Executive Pension Plan	a pension plan of the Exchange in which certain executives are eligible to participate
Financial Services Authority or FSA	the UK Financial Services Authority
financial year or FY	the financial year of Exchange Group or the Exchange (as the context requires) ending 31 March in the relevant year
First Circular or first circular	the circular from the Exchange Group to shareholders dated 19 December 2006
hedge fund	a type of investment fund typically characterised by absolute return strategies, high trading volumes, performance fees and diverse investment management techniques such as the use of short-selling and leverage

Hellenic	Hellenic Exchanges Holding S.A.
HKX	Hong Kong Exchanges and Clearing Limited
ICE	IntercontinentalExchange, Inc.
IFRS	International Financial Reporting Standards
Information Services	a division of the Exchange which distributes price and trading data
Interim Report	Exchange Group's interim report for the six months ended 30 September 2006, announced on 8 November 2006
internalisation	the ability for an investment firm to execute a transaction using its own sources of liquidity without using an exchange order book, or the process of doing so
IPO	an initial public offering, a flotation where a company raises capital by issuing equity for the first time on that exchange
ISE	International Securities Exchange, Inc.
ISP	the London Stock Exchange Initial Share Plan
issuer	any company or other legal person or undertaking (including a public sector issuer) any class of whose securities has been admitted or is, or is proposed to be, the subject of an application for admission to trading on a stock exchange
Issuer Services	a division of the Exchange which provides services to issuers on the Exchange's markets
Lehman Brothers	Lehman Brothers Europe Limited
liquidity	the ease with which a security can be traded on the market
listed	a company whose securities have been admitted to trading on any of the Exchange's markets or, as the context requires, on an overseas equivalent
London Stock Exchange Annual Bonus Plan	the London Stock Exchange Annual Bonus Plan in which selected employees of the Exchange participate
London Stock Exchange Employee Benefit Trust	the independent trust which holds shares to satisfy awards made under the Exchange Group Share Schemes
LTIP	the London Stock Exchange Long Term Incentive Plan 2004
Lux	Société de la Bourse de Luxembourg S.A.
Main Market	the market for companies who have been admitted to the UK Listing Authority's Official List and admitted to trading on the Exchange's principal market
MAL	Bursa Malaysia Berhad
market capitalisation	used to indicate the value of a company by multiplying the number of shares in issue by the current share price
Merrill Lynch	Merrill Lynch International
MiFID	the European Markets in Financial Instruments Directive
Nasdaq	The Nasdaq Stock Market, Inc. (and/or, as the context requires, Nightingale)
Nightingale	Nightingale Acquisition Limited, a wholly owned subsidiary of Nasdaq
Non-Executive Directors	the Directors of Exchange Group whose names are set out in paragraph 2 of Appendix 1 of the First Circular other than the Executive Directors and "Non-Executive Director" shall mean any of them
NTM P/E	nearest twelve months P/E ratio
NYBOT	The Board of Trade of the City of New York, Inc.
NYMEX	New York Mercantile Exchange, Inc.
NYSE	NYSE Group, Inc.
NZX	New Zealand Exchange Limited
off-book	trades carried out away from the Exchange's order books but reported to the Exchange
offer	the ordinary offer and/or the B share offer (as the context requires), as set out in the Offer Document (expressed to be final offers except that Nightingale reserves the right to revise such offers (i) upon the recommendation of the Board or (ii) if a firm intention to make a competing offer for Exchange Group is announced, whether or not subject to any preconditions)
Offer Document	the document dispatched to Shareholders on 12 December 2006 by Nightingale containing the terms and conditions of the offer
Offer Period	the period commencing on (and including) 20 November 2006 until the later of: (i) 3.00 p.m. (London time)/10.00 a.m. (New York time) on 26 January 2007, (ii) the time and date on which the offer lapses, and (iii) the time and date on which the offer becomes unconditional as to acceptances
OMX	OMX AB
ordinary offer	the final cash offer by Nightingale to acquire the entire issued and to be issued Ordinary Shares, as set out in the Offer Document
Ordinary Shares	the ordinary shares of 6 ⁷⁹ / ₈₆ pence each in the capital of Exchange Group existing from time to time

P/E or P/E ratio or P/E multiple	a measurement of a company's rating, calculated by dividing the share price by the annual earnings per share, or calculated by dividing the market capitalisation by net income for the relevant 12 month period
Project Turquoise	an alternative equity trading platform proposed to be established by a number of banks
PwC	PricewaterhouseCoopers LLP
Q3 Trading Statement	the trading statement issued by Exchange Group on 9 January 2007, an extract of which is set out in Appendix 2 of this document
REIT	real estate investment trust
Response Document or Nasdaq document	the document dispatched to shareholders on 8 January 2007 by Nasdaq
RNS	the Exchange Group's Regulatory News Service
SAYE	the London Stock Exchange SAYE Option Scheme
SEC	the US Securities Exchange Commission
SETS	the electronic order book operated by the Exchange for the most liquid securities
SFE	SFE Corporation Limited
SGX	Singapore Exchange Limited
Shareholder or shareholder	a registered holder of Exchange Group Shares
SIP	the London Stock Exchange Share Incentive Plan
SWX	SWX Swiss Exchange AG
Technology Road Map	the Exchange's programme to deliver new trading systems technology to the Exchange's markets
terminals	computer terminals used by firms which receive the Exchange's real time trading data
tick size	the valid minimum increment in which prices can be entered and displayed on a trading system
TradElect	the Exchange's new trading platform to be launched in Q2 2007
trade-through rule	the US rule governing purchase or sale of a security during regular trading hours, either as principal or agent, at a price that is lower than a protected bid or higher than a protected offer
trading platform	the technology infrastructure in a trading facility, such as a stock exchange, that is used to support its trading services
TSX	TSX Group Inc.
US or United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Colombia
value traded	the total number of shares traded multiplied by their respective matching prices
velocity of trading	the ratio between the value of shares traded and their market capitalisation
withdrawn proposal	the pre-conditional proposal by Nasdaq of 950p cash per Exchange ordinary share (as announced by Nasdaq on 10 March 2006 and withdrawn on 30 March 2006)

For the purposes of this document, "subsidiary", "subsidiary undertaking", "associated undertaking" and "undertaking" have the respective meanings given to them by the Companies Act.

