

Interim Management Statement Hargreaves Lansdown Plc

The following statement is unaudited except where reference is made to figures published in the Report and Financial Statements for the year ended 30 June 2010. Certain figures contained in this report have been subjected to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column contained in this document may not conform exactly to the total figure given for that column. Nothing in this statement should be seen as a promotion or solicitation to buy Hargreaves Lansdown Plc shares. It should be remembered that the value of shares can fall as well as rise and therefore you could get back less than you invested.

Hargreaves Lansdown Plc ('the Group') is pleased to publish today its Interim Management Statement as required by the UK Listing Authority's Disclosure and Transparency rules. This statement covers the period from 1 July 2010 to 14 October 2010, and includes trading results for the three months ended 30 September 2010.

Assets Under Administration

The value of Hargreaves Lansdown's total assets under administration has grown by 14 per cent from £17.5 billion as at 30 June 2010 to £19.9 billion as at 30 September 2010. Total assets under administration can be broken down as follows:

	30 Sept 2010 £'billion	30 June 2010 £'billion	30 Sept 2009 £'billion
Vantage Assets Under Administration (AUA)	18.5	16.3	13.3
Assets Under Administration and Management (AUM)			
Portfolio Management Service (PMS)	1.4	1.2	1.2
Multi-Manager Funds held outside of PMS	0.6	0.6	0.5
AUM Total	2.0	1.8	1.7
Less: Multi-manager funds (AUM) included in Vantage AUA	(0.6)	(0.6)	(0.5)
Total Assets Under Administration	19.9	17.5	14.5

During the first quarter of our financial year the value of assets held within the Vantage service, the Group's direct-to-private investor platform, increased by 13% from £16.3 billion at 30 June 2010 to £18.5 billion at 30 September 2010 (ISA £7.7 billion, SIPP £5.2 billion and Fund & Share £5.6 billion). This can be attributed to £0.55 billion net new business inflows and a £1.71 billion positive impact of the market and other growth factors during the period. The first quarter of our financial year historically tends to be our quietest. Net new business is consistent with the first quarter of the previous financial year when net new business inflows were £0.56 billion. Equity deal volumes have also been consistent with the prior year.

The number of active Vantage clients increased by 7,000 over the first quarter, from 330,000 as at 30 June 2010 to 337,000 as at 30 September 2010. The number of active accounts held by these clients increased from 514,000 to 524,000.

The value of assets held in Hargreaves Lansdown's Portfolio Management Service (PMS) and range of multi-manager funds, increased by 11% from £1.8 billion as at 30 June 2010 to £2.0 billion as at 30 September 2010. This figure includes £0.6 billion (30 June 2010: £0.6 billion) of Hargreaves Lansdown multi-manager funds administered through Vantage.

Operating revenue

	First Quarter 2010/11 £'million	First Quarter 2009/10 £'million	% Increase
Operating revenue by division:			
Vantage	33.5	25.2	33%
Discretionary	5.6	5.5	2%
Third Party & Other	6.1	5.4	13%
Total	45.2	36.1	25%

Note: In addition to the above operating revenue, the Group received £0.2 million of interest on its own cash in the three month period ended 30 September 2010 compared with £0.3 million for the same period in the previous year. This reduction is due to the lower average value of cash being held.

Operating revenue for the first quarter is 25% higher than the corresponding quarter last year. During the three months ended 30 September 2010, 77% of Group operating revenues were recurring: renewal commission, management fees or interest (Year ended 30 June 2010: 72%).

Revenue from the Vantage division increased by 33% in the first quarter compared to the same period last year. Higher asset values have been the key driver of this growth in revenue. The proportion of assets held as cash at 30 September 2010 was 11% compared to 12% at 30 June 2010. In the three month period ended 30 June 2010, the Vantage division accounted for 74% of Group revenue, compared to 71% for the year ended 30 June 2010.

The Discretionary division has seen an increase in revenue of 2% in the first quarter compared to the same period last year. The overall level of funds under management has increased by 18% to £2.0 billion since 30 September 2009, with the number of clients using PMS increasing by 3% and the value of HL Multi-Manager Funds held outside of PMS increasing by 31% to £633m.

Revenue from Third Party and Other Services increased by 13% in the first quarter compared to the same period last year. This was driven by an increase in annuity business in personal pensions and an increase in new joiners and transfers into existing corporate pensions schemes. The total number of annuities handled by the Group in the period was 1928 cases (3 months to 30 September 2009: 1633 cases).

Financial position

On 29 September 2010 the Group paid a final dividend and a special dividend totalling £10.6m, as announced in September's Preliminary announcement. The Group's operating activities remain highly cash generative. Throughout the whole of the quarter the Group maintained a strong cash and balance sheet position, free from debt and with a high level of surplus regulatory capital.

Commenting on the Interim Management Statement, Ian Gorham, Chief Executive, said:

“The rise in stock markets during the first quarter (FTSE All-Share index increased by 12.7% from 2543.47 to 2867.58) has helped increase the value of assets under our administration. It is interesting to reflect on the investment climate a year ago. Investment euphoria was in abundance as the FTSE All-Share index rose 21% between the start of July and end of September. In comparison the last three months have been dogged with fears of a double dip. The media is full of doom and gloom, cuts, and

public sector union threats. Despite this it is encouraging that our business inflows during the first quarter have been resilient. Our £0.55 billion in net new business matches the record start to last year. Both the rising stock markets and net new business have helped to drive up operating revenue. In addition, in line with our strategy of improving earnings quality, we have increased the percentage of recurring revenue to 77% in the quarter.

Future stock market levels and investor confidence will have a significant part to play during the remainder of our financial year. The measures that the government will introduce in order to reduce the country's deficit will no doubt be a key factor in determining this confidence. The recently announced clarity over pension rules is welcome. We believe these changes are positive and should assist our pensions business by removing current uncertainties and retaining effective levels of tax relief for private pensions saving. I believe that the excellent information, service and highly competitive prices we offer keep us well placed to continue our consistent organic growth of client numbers and assets. Whilst remaining focused on our clients and today's business, we also continue to invest in long term initiatives to seize on opportunities afforded by our ever growing reputation."

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15 October 2010