



## **TMX Group Inc. Reports Results for Second Quarter 2010**

- Revenue of \$142.7 million for Q2/10, up 2% over Q1/10 and up 3% over Q2/09
- Diluted EPS in Q2/10 of 64 cents, up 2% over Q2/09
- Cash flows from operating activities in Q2/10 of \$73.8 million, up 47% over Q2/09

TORONTO – TMX Group Inc. [TSX:X] announced results for the second quarter ended June 30, 2010.

Commenting on the second quarter, Thomas Kloet, Chief Executive Officer of TMX Group said: "We were pleased with the second quarter from both a financial and operational perspective. There were a number of significant highlights over the past several months, including the opening of our vastly expanded co-location facility and the launch of a number of new NGX products. We are also encouraged by the surge in activity on Montréal Exchange, as volumes increased 32% and open interest was up 26% in the first six months over last year. For June, crude oil trading on NGX increased significantly both sequentially and year over year. We continued to witness a rebound in listings activity. Initial public offerings continued to be strong on both of our equity exchanges. Our international expansion efforts have resulted in a record 25 new international issuers listing on our equity markets in the first half of the year."

Michael Ptasznik, Chief Financial Officer of TMX Group added; "We continue to see positive results across our business. For the first six months of 2010, TSX Venture Exchange's trading volume, value and transactions increased significantly. In May, we set a record for the average daily volume of contracts traded on MX, largely driven by increased volatility in future interest rate expectations, and in June we hit record levels for overall natural gas volumes traded on NGX. In our market data operation, we saw a significant contribution to revenue from non-subscription data products. While expenses were up in the quarter due mainly to implementing our technology initiatives, as well as increased marketing costs and higher commission-based compensation, we were able to partially offset these higher expenses by reducing headcount and moving from our legacy hardware to a more efficient platform."

## Summary of Financial Information

(in millions of dollars, except per share amounts)

	<b>Q2/10</b>	<b>Q2/09</b>	<b>\$ Increase</b>	<b>% Increase</b>
<i>Revenue</i>	\$ 142.7	\$ 138.1	\$ 4.6	3%
<i>Operating expenses</i>	\$ 73.8	\$ 68.2	\$ 5.6	8%
<i>Net income</i>	\$ 47.6	\$ 46.9	\$ 0.7	2%
<i>Earnings per share:</i>				
<i>Basic</i>	\$ 0.64	\$ 0.63	\$ 0.01	2%
<i>Diluted</i>	\$ 0.64	\$ 0.63	\$ 0.01	2%
<i>Cash flows from operating activities</i>	\$ 73.8	\$ 50.3	\$ 23.5	47%

Net income was \$47.6 million or \$0.64 per common share for Q2/10 on a basic and diluted basis, compared with net income of \$46.9 million or \$0.63 per common share on a basic and diluted basis for Q2/09, representing an increase in net income of 2%. The increase in net income was largely due to higher revenue. Expenses also increased as we continue to invest in various technology initiatives, corporate development and marketing. We also had increased costs related to short-term performance incentives and commission-based compensation.

(in millions of dollars, except per share amounts)

	<b>1H/10</b>	<b>1H/09</b>	<b>\$ Increase</b>	<b>% Increase</b>
<i>Revenue</i>	\$ 282.4	\$ 275.0	\$ 7.4	3%
<i>Operating expenses</i>	\$ 143.4	\$ 139.0	\$ 4.4	3%
<i>Net income</i>	\$ 96.7	\$ 89.8	\$ 6.9	8%
<i>Earnings per share:</i>				
<i>Basic</i>	\$ 1.30	\$ 1.21	\$ 0.09	7%
<i>Diluted</i>	\$ 1.30	\$ 1.21	\$ 0.09	7%
<i>Cash flows from operating activities</i>	\$ 145.5	\$ 111.0	\$ 34.5	31%

Net income was \$96.7 million or \$1.30 per common share for 1H/10 on a basic and diluted basis, compared with net income of \$89.8 million or \$1.21 per common share on a basic and diluted basis for 1H/09, representing an increase in net income of 8%. The increase in net income was largely due to higher revenue. Expenses also increased as we continue to invest in various technology initiatives, corporate development and marketing. We also had increased costs related to short-term performance incentives and commission-based compensation.

## Select Segmented Financial Information

(in millions of dollars)

	<b>Cash Markets - Equities and Fixed Income</b>	<b>Derivatives Markets - MX and BOX</b>	<b>Energy Markets - NGX and Shorcan Energy Brokers</b>	<b>Total</b>
<b>Q2/10</b>				
<i>Revenue</i>	\$104.4	\$26.8	\$11.5	\$142.7
<i>Net Income</i>	\$37.8	\$6.5	\$3.3	\$47.6
<b>Q2/09</b>				
<i>Revenue</i>	\$101.5	\$26.2	\$10.4	\$138.1
<i>Net Income</i>	\$38.0	\$6.0	\$2.9	\$46.9

(in millions of dollars)

	<b>Cash Markets - Equities and Fixed Income</b>	<b>Derivatives Markets - MX and BOX</b>	<b>Energy Markets - NGX and Shorcan Energy Brokers</b>	<b>Total</b>
<b>1H/10</b>				
<i>Revenue</i>	\$211.8	\$49.6	\$21.0	\$282.4
<i>Net Income</i>	\$79.3	\$12.0	\$5.4	\$96.7
<b>1H/09</b>				
<i>Revenue</i>	\$202.7	\$53.3	\$19.0	\$275.0
<i>Net Income</i>	\$74.3	\$9.5	\$6.0	\$89.8

On May 1, 2009, we completed the acquisition of NetThruPut Inc. (NTP), a leading Canadian electronic trading platform and clearing facility for crude oil products. We have included its results in our consolidated financial statements from that date.

Certain comparative figures have been reclassified in order to conform with the financial presentation adopted in the current year. In particular, commencing in 2010, provisions for doubtful accounts receivable are included in *General and Administration* expense whereas, in 2009, these provisions were reflected as a reduction in various sources of revenue. The comparative figures for both revenue and expenses in 2009 have been reclassified to conform with the financial presentation adopted in 2010. The impact of the reclassification is not material.

## Quarter Ended June 30, 2010 Compared with Quarter Ended June 30, 2009

### Revenue

Revenue was \$142.7 million in Q2/10, up \$4.6 million, or 3% compared with \$138.1 million for Q2/09, reflecting increased revenue from issuer services, Canadian derivatives markets trading and clearing and cash markets fixed income trading and market data, partially offset by lower revenue from our U.S. derivatives markets trading and cash markets equity trading.

The following is a summary of issuer services revenue reported based on initial and additional listing fee revenue reported, and issuer services revenue based on initial and additional listing fees billed\* (reconciled below in this section) in Q2/10 and Q2/09.

(in millions of dollars)

	<i>Reported</i>				<i>Billed*</i>			
	Q2/10	Q2/09	\$ Increase/ (decrease)	% Increase/ (decrease)	Q2/10	Q2/09	\$ Increase/ (decrease)	% Increase/ (decrease)
<i>Initial listing fees</i>	\$ 4.6	\$ 4.2	\$ 0.4	10%	\$ 6.8	\$ 2.0	\$ 4.8	240%
<i>Additional listing fees</i>	\$ 16.2	\$ 14.1	\$ 2.1	15%	\$ 27.4	\$ 23.1	\$ 4.3	19%
<i>Sustaining listing fees</i>	\$ 16.1	\$ 13.6	\$ 2.5	18%	\$ 16.1	\$ 13.6	\$ 2.5	18%
<i>Other issuer services</i>	\$ 3.7	\$ 3.9	(\$ 0.2)	(5%)	\$ 3.7	\$ 3.9	(\$ 0.2)	(5%)
<i>Total</i>	\$ 40.6	\$ 35.8	\$ 4.8	13%	\$ 54.0	\$ 42.6	\$ 11.4	27%

Initial and additional listing fees are non-refundable fees paid by listed issuers for the listing or reserving of securities. These fees are recorded as “deferred revenue – initial and additional listing fees” and recognized on a straight-line basis over an estimated service period of ten years.

In the case of Toronto Stock Exchange, listed issuers are billed for initial and additional listing fees and there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid by Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to, or at the time of, listing or reserving securities. The following is a reconciliation of initial and additional listing fees billed\* to initial and additional listing fees reported:

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\* See discussion under the heading “Non-GAAP Financial Measures”.

<b>Initial Listing Fees</b> (in millions of dollars)	<b>Q2/10</b>	<b>Q2/09</b>
Initial listing fees billed*	\$ 6.8	\$ 2.0
Initial listing fees billed* and deferred to future periods	(\$ 6.7)	(\$ 2.0)
Recognition of initial listing fees billed* and previously included in deferred revenue	<u>\$ 4.5</u>	<u>\$ 4.2</u>
Initial listing fee revenue reported	<u>\$ 4.6</u>	<u>\$ 4.2</u>
<b>Additional Listing Fees</b> (in millions of dollars)	<b>Q2/10</b>	<b>Q2/09</b>
Additional listing fees billed*	\$ 27.4	\$ 23.1
Additional listing fees billed* and deferred to future periods	(\$ 27.0)	(\$ 22.8)
Recognition of additional listing fees billed* and previously included in deferred revenue	<u>\$ 15.8</u>	<u>\$ 13.8</u>
Additional listing fee revenue reported	<u>\$ 16.2</u>	<u>\$ 14.1</u>

- *Initial and additional listing fees reported* increased in Q2/10 compared with Q2/09, reflecting an increase in capital market activity during the period from July 1, 2000 to June 30, 2010 compared with the period from July 1, 1999 to June 30, 2009. *Initial listing fees billed\** and *Additional listing fees billed\** in Q2/10 increased over Q2/09 due to an increase in initial financings on Toronto Stock Exchange and TSX Venture Exchange. The increase was also due to an increase in the value of additional financings on TSX Venture Exchange. While the value of additional financings on Toronto Stock Exchange decreased in Q2/10 compared with Q2/09, there was an increase in *Additional listing fees billed\**. This was a result of more transactions in Q2/10 compared with Q2/09 and fee changes that were effective January 1, 2010.
- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in sustaining listing fees was due to the overall higher market capitalization of listed issuers on both exchanges at the end of 2009 compared with the end of 2008.

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\* See discussion under the heading “Non-GAAP Financial Measures”.

## Trading, Clearing and Related Revenue

(in millions of dollars)

	Q2/10	Q2/09	\$ increase/ (decrease)	% increase/ (decrease)
<i>Cash markets revenue</i>	\$ 26.0	\$ 30.4	(\$ 4.4)	(14%)
<i>Derivatives markets revenue</i>	\$ 21.3	\$ 20.2	\$ 1.1	5%
<i>Energy markets revenue</i>	<u>\$ 11.2</u>	<u>\$ 10.6</u>	<u>\$ 0.6</u>	6%
<i>Total</i>	<u>\$ 58.5</u>	<u>\$ 61.2</u>	<u>(\$ 2.7)</u>	(4%)

### **Cash Markets**

- *Cash markets* equity trading revenue decreased due to a 21% decrease in the volume of securities traded on Toronto Stock Exchange in Q2/10 over Q2/09 (26.14 billion securities in Q2/10 versus 33.00 billion securities in Q2/09).
- The decrease was somewhat offset by the impact of a 33% increase in the volume of securities traded on TSX Venture Exchange in Q2/10 over Q2/09 (14.72 billion securities in Q2/10 versus 11.05 billion securities in Q2/09).
- The decrease was also the result of changes to our equity trading fee schedule on October 1, 2009 and March 1, 2010, which included reductions in active trading fees on stocks trading at less than \$1.00 in the post-open continuous market and on April 1, 2010, which included a reduction in trading fees for securities trading at \$1.00 and higher. The fee reductions were somewhat offset by fee changes under the ELP Program. Effective October 1, 2009, we moved to a single tier model which reduced the passive credit paid to ELP Program participants.
- The decrease was partially offset by an increase in fixed income trading revenue from Shorcan Brokers Limited (Shorcan) due to a favourable product mix in Q2/10 compared with Q2/09.

### **Derivatives Markets**

- The increase in revenue reflects an increase in trading and clearing revenue from MX. MX volumes increased by 40% (11.97 million contracts traded in Q2/10 versus 8.53 million contracts traded in Q2/09) reflecting increased trading in the BAX<sup>®</sup> and CGB<sup>®</sup> contracts, as well as index derivatives and ETF options. The growth in volumes in Q2/10 partially reflected increased volatility in future interest rate expectations compared with Q2/09. Open interest was up 26% at June 30, 2010 compared with June 30, 2009. The increase was partially offset by fee changes that were effective May 1, 2010.
- The increase in derivatives markets revenue was partially offset by a reduction in BOX revenues. There was a 39% decrease in BOX volumes (23.81 million contracts in Q2/10 versus 39.11 million contracts traded in Q2/09) due to increased competition in the U.S. equity options trading market in Q2/10 compared with Q2/09. The decrease was somewhat

offset by revenue from option regulatory fees charged in the U.S. in respect of BOX in Q2/10.

### **Energy Markets**

- The increase in revenue reflects the inclusion of revenue from Shorcan Energy Brokers Inc. (Shorcan Energy Brokers) which launched trading in energy products in Q1/10.
- The higher revenue also reflected an 18% increase in the volumes of natural gas traded or cleared on NGX over Q2/09 (4.01 million terajoules in Q2/10 compared to 3.41 million terajoules in Q2/09).
- The higher revenue was somewhat offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in Q2/10 compared with Q2/09.
- The increased revenue was also somewhat offset by NGX having deferred more revenue in Q2/10, on a net basis, than in Q2/09 due to an increased level of forward contracts.
- In addition, the increased revenue was somewhat offset by a decline in crude oil trading revenue in Q2/10 versus Q2/09. In Q2/09, we earned revenue of \$1.2 million related to legacy contracts which settled after we acquired NTP on May 1, 2009.

### **Market Data Revenue**

(in millions of dollars)

<b>Q2/10</b>	<b>Q2/09</b>	<b>\$ increase</b>	<b>% increase</b>
\$ 38.8	\$ 37.3	\$1.5	4%

- The increase reflects higher revenue from indices, data licensing, feeds, usage-based quotes, co-location services, higher revenue recoveries related to under-reported usage of real-time quotes in Q2/10 compared with Q2/09 and price increases that were effective January 1, 2010.
- The increase was partly offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in Q2/10 compared with Q2/09.
- The increase was also partially offset by lower revenue from BOX and MX derivatives market data. There was a 9% decrease in the average number of MX market data subscriptions (23,180 MX market data subscriptions for the three months ended June 30, 2010 compared with 25,524 for the three months ended June 30, 2009).
- Overall, there was a 1% increase in the average number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products (153,814 professional and equivalent real-time market data subscriptions for the three months ended June 30, 2010 compared with 151,738 for three months ended June 30, 2009).

## Business Services and Other Revenue

(in millions of dollars)

Q2/10	Q2/09	\$ increase	% increase
\$ 4.7	\$ 3.8	\$0.9	24%

- *Business services* revenue increased primarily due to net foreign exchange gains on U.S. dollar accounts receivable in Q2/10, compared with net foreign exchange losses on U.S. dollar accounts receivable in Q2/09.

## Operating Expenses

Operating expenses in Q2/10 were \$73.8 million, up \$5.6 million, or 8%, from \$68.2 million in Q2/09 primarily due to higher costs related to technology initiatives, corporate development and marketing costs as well as increased costs related to short-term performance incentives and commission-based compensation.

## Compensation and Benefits

(in millions of dollars)

Q2/10	Q2/09	\$ increase	% increase
\$ 32.4	\$ 31.2	\$1.2	4%

- *Compensation and benefits* costs increased primarily due to higher costs associated with short term performance incentives and commission-based compensation compared with Q2/09, partially offset by lower organizational transition costs as well as an overall reduction in salary costs relating to reduced headcount.
- There were 844 employees at June 30, 2010, which included 5 Shorcan Energy Brokers employees, versus 861 employees at June 30, 2009.

## Information and Trading Systems

(in millions of dollars)

Q2/10	Q2/09	\$ increase	% increase
\$ 14.0	\$ 11.7	\$2.3	20%

- *Information and trading systems* costs increased due to higher costs related to technology initiatives including enterprise expansion and the one-time cost of decommissioning legacy hardware of \$0.6 million.
- During Q4/09, we reclassified some leases as capital leases versus operating leases. As a result, *Information and Trading Systems* costs were reduced in Q2/10 and amortization of the related costs was higher (see **Amortization**) when compared with Q2/09.

## General and Administration

(in millions of dollars)

Q2/10	Q2/09	\$ increase	% increase
\$ 19.3	\$ 18.4	\$0.9	5%

- *General and administration* costs increased as a result of increased corporate development and marketing costs as well as higher bad debt expenses. These were partially offset by lower insurance and occupancy costs.

## Amortization

(in millions of dollars)

Q2/10	Q2/09	\$ increase	% increase
\$ 8.0	\$ 6.8	\$1.2	18%

- During Q4/09, we reclassified some leases as capital leases versus operating leases. As a result, *Amortization* costs were higher in Q2/10 and *Information and Trading Systems* costs were reduced (see **Information and Trading Systems**) when compared with Q2/09.
- The increase was also due to higher amortization of the intangible assets related to the TMX Smart Order Router and TSX Quantum® Order Entry Gateway. The increases were somewhat offset by reduced amortization relating to assets that were fully depreciated by Q2/10.

## Investment Income

(in millions of dollars)

Q2/10	Q2/09	\$ increase	% increase
\$ 1.9	\$ 1.4	\$0.5	36%

- *Investment income* increased primarily due to an increase in the amount of cash available for investment in Q2/10 compared with Q2/09.

## Interest Expense

(in millions of dollars)

Q2/10	Q2/09	\$ increase	% increase
\$ 1.3	\$ 1.3	-	-

- *Interest expense* was unchanged. On April 30, 2008, we borrowed \$430.0 million in Canadian funds related to financing the cash consideration of the purchase price for MX (see **Term Loan**).

## Mark-to-market on Interest Rate Swaps – (Gain) / Loss

(in millions of dollars)

Q2/10	Q2/09	\$ increase	% increase
\$0.2	(\$0.1)	\$0.3	300%

- We entered into a series of interest rate swap agreements to partially manage our exposure to interest rate fluctuations on our long-term debt, effective August 28, 2008 (see **Term Loan**).
- During Q2/10, unrealized gains of \$1.4 million and realized losses of \$1.6 million were reflected in net income, compared with unrealized gains of \$2.5 million and realized losses of \$2.4 million recognized in Q2/09.

## Income Taxes

(in millions of dollars)

Q2/10	Q2/09	Effective tax rate (%)	
		Q2/10	Q2/09
\$ 22.4	\$ 22.7	32%	33%

- The effective tax rate for Q2/10 was lower than that for Q2/09 partially due to a decrease in federal and Ontario corporate income tax rates.

## Non-Controlling Interests

(in millions of dollars)

Q2/10	Q2/09	\$ (decrease)	% (decrease)
(\$0.4)	\$0.7	(\$1.1)	(157%)

- MX holds a 53.8% ownership interest in BOX. The results for BOX are consolidated into our statements of income. The non-controlling interests represent the other BOX unitholders' share of BOX's loss or profit in the period. The loss in Q2/10 resulted from lower volumes somewhat offset by revenue from option regulatory fees charged in the U.S. in respect of BOX.

## Six Months Ended June 30, 2010 Compared with Six Months Ended June 30, 2009

### Revenue

Revenue was \$282.4 million in 1H/10, up \$7.4 million, or 3% compared with \$275.0 million for 1H/09, reflecting increased revenue from issuer services, Canadian derivatives markets trading

and clearing, cash markets fixed income trading, energy trading and market data, partially offset by lower revenue from cash markets equity trading and U.S. derivatives markets trading.

## Issuer Services Revenue

The following is a summary of issuer services revenue reported based on initial and additional listing fee revenue reported, and issuer services revenue based on initial and additional listing fees billed\* (reconciled below in this section) in 1H/10 and 1H/09.

(in millions of dollars)

	Reported				Billed <sup>*</sup>			
	1H/10	1H/09	\$ increase	% increase	1H/10	1H/09	\$ increase	% increase
Initial listing fees	\$ 9.1	\$ 8.3	\$ 0.8	10%	\$ 13.1	\$ 4.0	\$ 9.1	228%
Additional listing fees	\$ 32.0	\$ 27.8	\$ 4.2	15%	\$ 51.1	\$ 40.1	\$ 11.0	27%
Sustaining listing fees	\$ 32.0	\$ 27.5	\$ 4.5	16%	\$ 32.0	\$ 27.5	\$ 4.5	16%
Other issuer services	\$ 7.2	\$ 7.2	-	-	\$ 7.2	\$ 7.2	-	-
<b>Total</b>	<b>\$ 80.3</b>	<b>\$ 70.8</b>	<b>\$ 9.5</b>	<b>13%</b>	<b>\$ 103.4</b>	<b>\$ 78.8</b>	<b>\$ 24.6</b>	<b>31%</b>

Initial and additional listing fees are non-refundable fees paid by listed issuers for the listing or reserving of securities. These fees are recorded as “deferred revenue – initial and additional listing fees” and recognized on a straight-line basis over an estimated service period of ten years.

In the case of Toronto Stock Exchange, listed issuers are billed for initial and additional listing fees and there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid by Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to, or at the time of, listing or reserving securities. The following is a reconciliation of initial and additional listing fees billed\* to initial and additional listing fees reported:

<b>Initial Listing Fees</b> (in millions of dollars)	<b>1H/10</b>	<b>1H/09</b>
Initial listing fees billed <sup>*</sup>	\$ 13.1	\$ 4.0
Initial listing fees billed <sup>*</sup> and deferred to future periods	(\$ 12.7)	(\$ 3.9)
Recognition of initial listing fees billed <sup>*</sup> and previously included in deferred revenue	\$ 8.7	\$ 8.2
Initial listing fee revenue reported	\$ 9.1	\$ 8.3

\* See discussion under the heading “Non-GAAP Financial Measures”.

<b>Additional Listing Fees</b> (in millions of dollars)	<b>1H/10</b>	<b>1H/09</b>
Additional listing fees billed*	\$ 51.1	\$ 40.1
Additional listing fees billed* and deferred to future periods	(\$ 49.6)	(\$ 39.0)
Recognition of additional listing fees billed* and previously included in deferred revenue	<u>\$ 30.5</u>	<u>\$ 26.7</u>
Additional listing fee revenue reported	<u>\$ 32.0</u>	<u>\$ 27.8</u>

- *Initial and additional listing fees reported* increased in 1H/10 compared with 1H/09, reflecting an increase in capital market activity during the period from April 1, 2000 to June 30, 2010 compared with the period from April 1, 1999 to June 30, 2009. *Initial listing fees billed\** and *Additional listing fees billed\** in 1H/10 increased over 1H/09 due to an increase in initial financings on Toronto Stock Exchange and TSX Venture Exchange. The increase was also due to an increase in the value of additional financings on TSX Venture Exchange. While the value of additional financings on Toronto Stock Exchange decreased in 1H/10 compared with 1H/09, there was an increase in *Additional listing fees billed\**. This was a result of more transactions in 1H/10 compared with 1H/09 and fee changes that were effective January 1, 2010.
- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in sustaining listing fees was due to the overall higher market capitalization of listed issuers on both exchanges at the end of 2009 compared with the end of 2008.

## Trading, Clearing and Related Revenue

(in millions of dollars)

	<b>1H/10</b>	<b>1H/09</b>	<b>\$ increase/ (decrease)</b>	<b>% increase/ (decrease)</b>
<i>Cash markets revenue</i>	\$ 57.4	\$ 59.2	(\$ 1.8)	(3%)
<i>Derivatives markets revenue</i>	\$ 39.6	\$ 42.0	(\$ 2.4)	(6%)
<i>Energy markets revenue</i>	<u>\$ 20.5</u>	<u>\$ 19.0</u>	<u>\$ 1.5</u>	8%
<i>Total</i>	<u>\$ 117.5</u>	<u>\$ 120.2</u>	<u>(\$ 2.7)</u>	(2%)

### Cash Markets

- *Cash markets* equity trading revenue decreased due to an 18% decrease in the volume of securities traded on Toronto Stock Exchange in 1H/10 over 1H/09 (51.48 billion securities in 1H/10 versus 63.03 billion securities in 1H/09).

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\* See discussion under the heading "Non-GAAP Financial Measures".

- The decrease was somewhat offset by a 57% increase in the volume of securities traded on TSX Venture Exchange in 1H/10 over 1H/09 (30.09 billion securities in 1H/10 versus 19.12 billion securities in 1H/09).
- The decrease was also the result of changes to our equity trading fee schedule on October 1, 2009 and March 1, 2010, which included reductions in active trading fees on stocks trading at less than \$1.00 in the post-open continuous market and on April 1, 2010, which included a reduction in trading fees for securities trading at \$1.00 and higher. The fee reductions were somewhat offset by fee changes under the ELP Program. Effective October 1, 2009, we moved to a single tier model which reduced the passive credit paid to ELP Program participants.
- The decrease was partially offset by an increase in fixed income trading revenue from Shorcan due to a favourable product mix in 1H/10 compared with 1H/09.

### ***Derivatives Markets***

- The decrease in revenue reflects a 51% decrease in BOX volumes (41.48 million contracts in 1H/10 versus 84.81 million contracts traded in 1H/09) due to increased competition in the U.S. equity options trading market in 1H/10 compared with 1H/09. The decrease was somewhat offset by revenue from option regulatory fees charged in the U.S. in respect of BOX in 1H/10.
- The decrease in derivatives markets revenue was somewhat offset by an increase in trading and clearing revenue from MX. MX volumes increased by 32% (21.94 million contracts traded in 1H/10 versus 16.59 million contracts traded in 1H/09) reflecting increased trading in the BAX<sup>®</sup> and CGB<sup>®</sup> contracts, as well as index derivatives and ETF options. The increase in MX revenue was partially offset by fee changes that were effective May 1, 2010.
- The growth in volumes in 1H/10 partially reflected increased volatility in future interest rate expectations compared with 1H/09. Open interest was up 26% at June 30, 2010 compared with June 30, 2009.

### ***Energy Markets***

- The increase in revenue reflects the inclusion of revenue from Shorcan Energy Brokers which launched trading in energy products in Q1/10.
- *Energy markets* revenue also increased due to the inclusion of crude oil trading and clearing on NGX, following the acquisition of NTP on May 1, 2009. NGX traded or cleared 33.70 million barrels of crude oil in 1H/10 compared with 10.03 million barrels of crude oil in May and June, 2009.
- There was also higher revenue from natural gas trading and clearing due to a 7% increase in the volumes of natural gas traded or cleared on NGX over 1H/09 (7.08 million terajoules in 1H/10 compared to 6.64 million terajoules in 1H/09).
- The higher revenue was somewhat offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in 1H/10 compared with 1H/09.

- The increased revenue was also a result of NGX deferring less revenue in 1H/10, on a net basis, than in 1H/09 due to a reduced level of forward contracts.

## Market Data Revenue

(in millions of dollars)

1H/10	1H/09	\$ increase	% increase
\$ 76.3	\$ 76.1	\$0.2	-

- The increase was due to higher revenue from indices, data licensing, feeds, co-location services, higher revenue recoveries related to under-reported usage of real-time quotes in 1H/10 compared with 1H/09 and price increases that were effective January 1, 2010.
- The increase was partially offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in 1H/10 compared with 1H/09.
- The increase was also offset by lower revenue from BOX and MX derivatives market data. There was a 14% decrease in the average number of MX market data subscriptions (22,915 MX market data subscriptions for the six months ended June 30, 2010 compared with 26,614 for the six months ended June 30, 2009).
- Overall, there was a 1% decrease in the average number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products (152,927 professional and equivalent real-time market data subscriptions for the six months ended June 30, 2010 compared with 154,522 for the six months ended June 30, 2009).

## Business Services and Other Revenue

(in millions of dollars)

1H/10	1H/09	\$ increase	% increase
\$ 8.3	\$ 7.8	\$0.5	6%

- *Business services* revenue increased primarily due to net foreign exchange gains on U.S. dollar accounts receivable in 1H/10, compared with net foreign exchange losses on U.S. dollar accounts receivable in 1H/09.

## Operating Expenses

Operating expenses in 1H/10 were \$143.4 million, up \$4.4 million, or 3%, from \$139.0 million in 1H/09 primarily due to higher costs related to technology initiatives, corporate development and marketing costs as well as increased costs related to short-term performance incentives and commission-based compensation.

## Compensation and Benefits

(in millions of dollars)

1H/10	1H/09	\$ (decrease)	% (decrease)
\$ 64.7	\$ 65.0	(\$0.3)	-

- *Compensation and benefits* costs decreased primarily due to lower organizational transition costs, as well as an overall reduction in salary costs relating to reduced headcount, partially offset by higher costs associated with short term performance incentives and commission-based compensation compared with 1H/09.
- There were 844 employees at June 30, 2010, which included 5 Shorcan Energy Brokers employees, versus 861 employees at June 30, 2009.

## Information and Trading Systems

(in millions of dollars)

1H/10	1H/09	\$ increase	% increase
\$ 26.2	\$ 22.8	\$3.4	15%

- *Information and trading systems* costs increased due to higher costs related to technology initiatives including enterprise expansion and the one-time cost of decommissioning legacy hardware of \$0.6 million.
- During Q4/09, we reclassified some leases as capital leases versus operating leases. As a result, *Information and Trading Systems* costs were reduced in 1H/10 and amortization of the related costs was higher (see **Amortization**) when compared with 1H/09.

## General and Administration

(in millions of dollars)

1H/10	1H/09	\$ (decrease)	% (decrease)
\$ 36.2	\$ 36.6	(\$0.4)	(1%)

- *General and administration* costs decreased as a result of lower capital tax expense, occupancy and insurance costs.
- The lower expenses were somewhat offset by increased corporate development and marketing costs as well as higher bad debt expenses.

## Amortization

(in millions of dollars)

1H/10	1H/09	\$ increase	% increase
\$ 16.4	\$ 14.6	\$1.8	12%

- During Q4/09, we reclassified some leases as capital leases versus operating leases. As a result, *Amortization* costs were higher in 1H/10 and *Information and Trading Systems* costs were reduced (see **Information and Trading Systems**) when compared with 1H/09.
- The increase was also due to higher amortization of the intangible assets related to the TMX Smart Order Router and TSX Quantum Order Entry Gateway and SOLA® Clearing. The increases were somewhat offset by reduced amortization relating to assets that were fully depreciated by 1H/10.

## Investment Income

(in millions of dollars)

1H/10	1H/09	\$ (decrease)	% (decrease)
\$ 2.6	\$ 3.0	(\$0.4)	(13%)

- *Investment income* decreased due to lower overall returns during 1H/10 compared with 1H/09. The impact was somewhat offset by an increase in the amount of cash available for investment in 1H/10 compared with 1H/09.

## Interest Expense

(in millions of dollars)

1H/10	1H/09	\$ (decrease)	% (decrease)
\$ 2.5	\$ 3.4	(\$0.9)	(26%)

- *Interest expense* decreased as a result of lower interest rates on the debt outstanding. On April 30, 2008, we borrowed \$430.0 million in Canadian funds related to financing the cash consideration of the purchase price for MX (see **Term Loan**).

## Mark-to-market on Interest Rate Swaps – Loss

(in millions of dollars)

1H/10	1H/09	\$ (decrease)	% (decrease)
\$0.3	\$0.8	(\$0.5)	(63%)

- We entered into a series of interest rate swap agreements to partially manage our exposure to interest rate fluctuations on our long-term debt, effective August 28, 2008 (see **Term Loan**).

- During 1H/10, unrealized gains of \$3.0 million and realized losses of \$3.3 million were reflected in net income, compared with unrealized gains of \$3.5 million and realized losses of \$4.3 million recognized in 1H/09.

## Income Taxes

(in millions of dollars)

		Effective tax rate (%)	
1H/10	1H/09	1H/10	1H/09
\$ 43.5	\$ 42.8	31%	32%

- The effective tax rate for 1H/10 was lower than that for 1H/09 partially due to a decrease in federal and Ontario corporate income tax rates.

## Non-Controlling Interests

(in millions of dollars)

1H/10	1H/09	\$ (decrease)	% (decrease)
(\$0.8)	\$2.3	(\$3.1)	(135%)

- MX holds a 53.8% ownership interest in BOX. BOX results are consolidated into our consolidated statements of income. The non-controlling interests represent the other BOX unitholders' share of BOX's loss or profit in the period. The loss in 1H/10 resulted from lower volumes somewhat offset by revenue from option regulatory fees charged in the U.S. in respect of BOX.

## Comprehensive Income

Comprehensive Income was \$50.2 million for Q2/10 and is comprised of Net Income of \$47.6 million net of Other Comprehensive Gains of \$2.6 million.

Other comprehensive gains include the unrealized gain on the foreign currency translation of BOX and other related self-sustaining foreign operations, which amounted to \$2.6 million for Q2/10.

Comprehensive Income was \$34.1 million for Q2/09 which was comprised of Net Income of \$46.9 million and Other Comprehensive Losses of \$12.8 million.

Other comprehensive losses include the unrealized loss on the foreign currency translation of BOX and other related self-sustaining foreign operations, which amounted to \$12.8 million for Q2/09.

Comprehensive Income was \$96.6 million for 1H/10 and is comprised of Net Income of \$96.7 million net of Other Comprehensive Losses of \$0.1 million.

Other comprehensive losses include the unrealized loss on the foreign currency translation of BOX and other related self-sustaining foreign operations, which amounted to \$0.1 million for 1H/10.

Accumulated Other Comprehensive Income of \$3.1 million as at June 30, 2010 is included as a component of **Shareholders' Equity**.

Comprehensive Income was \$82.6 million for 1H/09 which was comprised of Net Income of \$89.8 million and Other Comprehensive Losses of \$7.2 million.

Other comprehensive losses include the unrealized loss on the foreign currency translation of BOX and other related self-sustaining foreign operations, which amounted to \$7.2 million for 1H/09.

Accumulated Other Comprehensive Income of \$16.9 million as at June 30, 2009 is included as a component of **Shareholders' Equity**.

## Liquidity and Capital Resources

### Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)

June 30, 2010	December 31, 2009	\$ increase
\$ 264.9	\$ 191.1	\$ 73.8

- The increase was largely due to cash generated from operating activities of \$145.5 million, partially offset by dividend payments of \$56.3 million, capital expenditures of \$9.8 million and additions to intangible assets of \$3.9 million.

### Total Assets

(in millions of dollars)

June 30, 2010	December 31, 2009	\$ (decrease)
\$ 3,218.8	\$ 3,524.5	(\$ 305.7)

- Total assets* decreased largely due to lower MX daily settlements and cash deposits of \$210.8 million as at June 30, 2010 related to MX's clearing operations, compared with \$565.4 million at the end of 2009. MX also carried offsetting liabilities related to daily settlements and cash deposits which were \$210.8 million at June 30, 2010 compared with \$565.4 million at the end of 2009. Daily settlements due from/to clearing members consist of amounts due from/to clearing members as a result of marking open futures positions to market and settling options transactions each day that are required to be collected from/paid to clearing members prior to the commencement of the next trading day. Total fund requirements have declined as a result of reduced equity market volatility. In addition, there has been a trend towards clearing members pledging securities rather than cash as collateral.

- The decrease was also due to a decrease in current assets related to the fair value of open energy contracts (\$173.2 million as at June 30, 2010, compared with \$202.8 million at December 31, 2009). The reduced level of open energy contracts largely reflected the impact of lower volatility in natural gas prices for the relevant measuring period during June 2010 compared with the corresponding period in December 2009. NGX also carried offsetting liabilities related to the fair value of open energy contracts which were \$173.2 million at June 30, 2010 compared with \$202.8 million at December 31, 2009.
- The overall decrease was somewhat offset by an increase in cash and marketable securities of \$73.8 million.

## Credit Facilities and Guarantee

### Term Loan<sup>1</sup>

(in millions of dollars)

June 30, 2010	December 31, 2009	\$ increase
\$429.4	\$429.0	\$0.4

- In connection with the combination with MX, we established a non-revolving three-year term unsecured credit facility of \$430.0 million, the Term Loan. In addition, we also established a revolving three-year unsecured credit facility of \$50.0 million with the same syndicate. We may draw on these facilities in Canadian dollars by way of prime rate loans and/or Bankers' Acceptances or in U.S. dollars by way of LIBOR loans and/or U.S. base rate loans. Currently, TMX Group's acceptance fee or spread on the loan is 0.45%. On April 30, 2008, we borrowed \$430.0 million in Canadian funds on the Term Loan to satisfy the cash consideration of the purchase price for MX. This amount is included in Current liabilities and is due in April, 2011. Based on current levels of cash flow from operations, we believe that the Term Loan could be repaid with a combination of existing cash, future cash flow from operations and refinancing, as required.
- We entered into a series of interest rate swap agreements which took effect on August 28, 2008 in order to partially manage our exposure to interest rate fluctuations on our \$430.0 million non-revolving three-year term facility. The interest rate swaps in place at June 30, 2010 are as follows:

Notional value (in millions of dollars)	Interest rate we will pay under swap (excludes 0.45% fee)	Maturity date of swap
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<sup>1</sup> The "Term Loan" section above contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

Swap #2 - \$100.0	3.749%	August 31, 2010
Swap #3 - \$100.0	3.829%	April 18, 2011

These credit facilities contain customary covenants, including a requirement that TMX Group maintain:

- a maximum debt to adjusted EBITDA ratio of 3.5:1, where adjusted EBITDA means earnings on a consolidated basis before interest, taxes, extraordinary, unusual or non-recurring items, depreciation and amortization, all determined in accordance with Canadian GAAP but adjusted to include initial and additional listing fees billed and to exclude initial and additional listing fees reported as revenue;
- a minimum consolidated net worth covenant based on a pre-determined formula; and
- a debt incurrence test whereby debt to adjusted EBITDA must not exceed 3.0:1.

At June 30, 2010, all covenants were met.

### ***Other Credit Facilities and Guarantee***

To backstop its clearing operations, NGX currently has a credit agreement in place with a Canadian chartered bank which includes a US\$100.0 million clearing backstop fund. We are NGX's unsecured guarantor for this fund up to a maximum of US\$100.0 million.

CDCC has also arranged a total of \$30.0 million in revolving standby credit facilities with a Canadian Schedule I bank to provide liquidity in the event of default by a clearing member.

These facilities had not been drawn upon at June 30, 2010.

NGX also has an Electronic Funds Transfer (EFT) Daylight facility of \$300.0 million in place with a Canadian chartered bank.

### **Shareholders' Equity**

(in millions of dollars)

<b>June 30, 2010</b>	<b>December 31, 2009</b>	<b>\$ increase</b>
\$ 812.7	\$ 770.6	\$ 42.1

- We earned \$96.7 million of net income during 1H/10 and paid \$56.3 million in dividends.
- At June 30, 2010, there were 74,337,607 common shares issued and outstanding. In Q2/10, 24,566 common shares were issued on the exercise of share options. At June 30, 2010, 4,100,302 common shares were reserved for issuance upon the exercise of options granted under the share option plan. At June 30, 2010, there were 1,732,281 options outstanding.
- At July 26, 2010, there were 74,337,607 common shares issued and outstanding and 1,732,281 options outstanding under the share option plan.

## Cash Flows from Operating Activities

(in millions of dollars)

	<b>Q2/10</b>	<b>Q2/09</b>	<b>Increase in cash</b>
<i>Cash Flows from Operating Activities</i>	\$ 73.8	\$ 50.3	\$ 23.5

*Cash Flows from Operating Activities* were \$23.5 million higher in Q2/10 compared with Q2/09 due to:

(in millions of dollars)

	<b>Q2/10</b>	<b>Q2/09</b>	<b>Increase/ (decrease) in cash</b>
Net income	\$ 47.6	\$ 46.9	\$ 0.7
Amortization	\$ 8.0	\$ 6.8	\$ 1.2
Increase (decrease) in future income tax liabilities, net of future income tax assets	(\$ 1.9)	\$ 0.9	(\$ 2.8)
Unrealized (gain) on interest rate swaps	(\$ 1.4)	(\$ 2.5)	\$ 1.1
Unrealized (gain) on marketable securities	(\$ 0.5)	(\$ 0.3)	(\$ 0.2)
Decrease in accounts receivable and prepaid expenses	\$ 23.1	\$ 12.0	\$ 11.1
(Increase) in other assets	(\$ 2.2)	(\$ 7.2)	\$ 5.0
Net increase/(decrease) in accounts payable, accrued liabilities and long-term liabilities	\$ 2.8	(\$ 7.0)	\$ 9.8
Increase/(decrease) in deferred revenue	(\$ 1.9)	\$ 0.8	(\$ 2.7)
(Increase) decrease in income taxes recoverable, net of income taxes payable	\$ 0.2	(\$ 1.5)	\$ 1.7
Net increase in other items	-	<u>\$ 1.4</u>	<u>(\$ 1.4)</u>
<i>Cash Flows from Operating Activities</i>	\$ 73.8	\$ 50.3	\$ 23.5

## Cash Flows from Operating Activities

(in millions of dollars)

	1H/10	1H/09	Increase in cash
<i>Cash Flows from Operating Activities</i>	\$ 145.5	\$ 111.0	\$ 34.5

*Cash Flows from Operating Activities* were \$34.5 million higher in 1H/10 compared with 1H/09 due to:

(in millions of dollars)

	1H/10	1H/09	Increase/ (decrease) in cash
Net income	\$ 96.7	\$ 89.8	\$ 6.9
Amortization	\$ 16.4	\$ 14.6	\$ 1.8
Increase (decrease) in future income tax liabilities, net of future income tax assets	(\$ 3.4)	-	(\$ 3.4)
Unrealized (gain) on interest rate swaps	(\$ 3.0)	(\$ 3.5)	\$ 0.5
Unrealized (gain) loss on marketable securities	(\$ 0.1)	\$ 0.3	(\$ 0.4)
(Increase) in accounts receivable and prepaid expenses	-	(\$ 3.8)	\$ 3.8
(Increase) in other assets	(\$ 2.6)	(\$ 6.9)	\$ 4.3
Net (decrease) in accounts payable, accrued liabilities and long-term liabilities	(\$ 10.4)	(\$ 14.6)	\$ 4.2
Increase in deferred revenue	\$ 59.4	\$ 47.2	\$ 12.2
(Increase) decrease in income taxes recoverable, net of income taxes payable	(\$ 7.8)	(\$ 16.2)	\$ 8.4
Net increase in other items	<u>\$ 0.3</u>	<u>\$ 4.1</u>	<u>(\$ 3.8)</u>
<i>Cash Flows from Operating Activities</i>	\$ 145.5	\$ 111.0	\$ 34.5

## Cash Flows from (used in) Financing Activities

(in millions of dollars)

	Q2/10	Q2/09	Increase in cash
<i>Cash Flows from (used in) Financing Activities</i>	(\$ 29.4)	(\$ 30.0)	\$ 0.6

*Cash Flows (used in) Financing Activities* were \$0.6 million lower in Q2/10 compared with Q2/09 due to:

	Q2/10	Q2/09	Increase/ (decrease) in cash
Dividends paid on common shares	(\$ 28.2)	(\$ 28.2)	-
Dividends paid to BOX non-controlling interests	-	(\$ 2.0)	\$ 2.0
Net increase/(decrease) in other items	<u>(\$ 1.2)</u>	<u>\$ 0.2</u>	<u>(\$ 1.4)</u>
<i>Cash Flows from (used in) Financing Activities</i>	<u>(\$ 29.4)</u>	<u>(\$ 30.0)</u>	<u>\$ 0.6</u>

## Cash Flows from (used in) Financing Activities

(in millions of dollars)

	1H/10	1H/09	Increase in cash
<i>Cash Flows from (used in) Financing Activities</i>	(\$ 58.3)	(\$ 91.6)	\$ 33.3

*Cash Flows (used in) Financing Activities* were \$33.3 million lower in 1H/10 compared with 1H/09 due to:

	1H/10	1H/09	Increase/ (decrease) in cash
Dividends paid on common shares	(\$ 56.3)	(\$ 56.5)	\$ 0.2
Repurchase of common shares under NCIB	-	(\$ 30.4)	\$ 30.4
Dividends paid to BOX non-controlling interests	-	(\$ 5.2)	\$ 5.2
Net increase/(decrease) in other items	<u>(\$ 2.0)</u>	<u>\$ 0.5</u>	<u>(\$ 2.5)</u>
<i>Cash Flows from (used in) Financing Activities</i>	<u>(\$ 58.3)</u>	<u>(\$ 91.6)</u>	<u>\$ 33.3</u>

## Cash Flows from (used in) Investing Activities

(in millions of dollars)

	Q2/10	Q2/09	(Decrease) in cash
<i>Cash Flows from (used in) Investing Activities</i>	(\$ 56.1)	(\$ 13.9)	(\$ 42.2)

*Cash Flows (used in) Investing Activities* were \$42.2 million higher in Q2/10 compared with Q2/09 due to:

(in millions of dollars)

	Q2/10	Q2/09	Increase/ (decrease) in cash
Cost of acquisitions and investments, net of cash acquired	-	(\$ 33.2)	\$ 33.2
Capital expenditures primarily related to technology investments and leasehold improvements	(\$ 4.9)	(\$ 1.7)	(\$ 3.2)
Additions to intangible assets including TSX Quantum Gateway, TMX Smart Order Router (2009) and SOLA internal development costs	(\$ 1.8)	(\$ 5.1)	\$ 3.3
Net (purchases)/sales of marketable securities	<u>(\$ 49.4)</u>	<u>\$ 26.1</u>	<u>(\$ 75.5)</u>
<i>Cash Flows from (used in) Investing Activities</i>	<u>(\$ 56.1)</u>	<u>(\$ 13.9)</u>	<u>(\$ 42.2)</u>

## Cash Flows from (used in) Investing Activities

(in millions of dollars)

	1H/10	1H/09	(Decrease) in cash
<i>Cash Flows from (used in) Investing Activities</i>	(\$ 119.9)	(\$ 37.1)	(\$ 82.8)

*Cash Flows (used in) Investing Activities* were \$82.8 million higher in 1H/10 compared with 1H/09 due to:

(in millions of dollars)

	1H/10	1H/09	Increase/ (decrease) in cash
Cost of acquisitions and investments, net of cash acquired	-	(\$ 33.8)	\$ 33.8
Capital expenditures primarily related to technology investments and leasehold improvements	(\$ 9.8)	(\$ 2.1)	(\$ 7.7)
Additions to intangible assets including TSX Quantum Gateway, TMX Smart Order Router (2009) and SOLA internal development costs	(\$ 3.9)	(\$ 8.5)	\$ 4.6
Net (purchases)/sales of marketable securities	<u>(\$ 106.2)</u>	<u>\$ 7.3</u>	<u>(\$ 113.5)</u>
<i>Cash Flows from (used in) Investing Activities</i>	<u>(\$ 119.9)</u>	<u>(\$ 37.1)</u>	<u>(\$ 82.8)</u>

## Financial Statements Governance Practice

The Finance & Audit Committee of the Board of Directors of TMX Group reviewed this press release as well as the Q2/10 unaudited consolidated financial statements and related Management's Discussion and Analysis (MD&A), and recommended they be approved by the Board of Directors. Following review by the full Board, the financial statements, MD&A and the contents of this press release were approved.

## Consolidated Financial Statements

TMX Group's Q2/10 unaudited consolidated financial statements and MD&A have been prepared in accordance with Canadian GAAP and are reported in Canadian dollars. The financial information in this press release is in Canadian dollars unless otherwise indicated and is based on financial statements prepared in accordance with Canadian GAAP, unless otherwise noted.

TMX Group expects to file its Q2/10 unaudited consolidated financial statements and MD&A with Canadian securities regulators today, after which time the statements and related MD&A

may be accessed through [www.sedar.com](http://www.sedar.com), or on the TMX Group website at [www.tmx.com](http://www.tmx.com). We are not incorporating information contained on the website in this press release. In addition, copies of these documents will be available upon request, at no cost, by contacting TMX Group Investor Relations by phone at (416) 947-4277 or by e-mail at [shareholder@tsx.com](mailto:shareholder@tsx.com).

## **Non-GAAP Financial Measures**

Certain measures used in this MD&A do not have standardized meanings prescribed by Canadian GAAP and therefore are unlikely to be comparable to similar measures presented by other Canadian issuers.

### **“Initial listing fees billed” and “additional listing fees billed”**

Toronto Stock Exchange customers are billed for initial and additional listing fees, and there is a lag between the time when securities are issued or reserved and the time when these listing fees are paid by Toronto Stock Exchange listed issuers. For TSX Venture Exchange issuers, fees are paid either prior to, or at the time of, listing or reserving securities. In order to reflect these activities, we use the terms “initial listing fees billed” and “additional listing fees billed”.

Management uses these measures to assess the effectiveness of our strategy to serve our listed issuers and to manage the listings portion of our business. This is how our international peers, who report using International Financial Reporting Standards (IFRS), currently account for these fees. These non-GAAP revenue measures provide investors with an indication of how initial and additional listing activity and the fees billed or received in connection with the listing or reserving of securities impact the financial performance and cash flows of our business.

## **Caution Regarding Forward-Looking Information**

This press release contains “forward-looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this press release. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “targeted”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, or variations or the negatives of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved or not be taken, occur or be achieved. Forward-looking information, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

Examples of such forward-looking information in this press release include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group, which are subject to significant risks and uncertainties. These risks include: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results

caused by global economic uncertainties; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; risks of litigation; dependence on adequate numbers of customers; failure to develop or gain acceptance of new products; currency risk; adverse effect of new business activities; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence and restrictions imposed by licenses and other arrangements; dependence of trading operations on a small number of clients; new technologies making it easier to disseminate our information; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group shares; inability to protect our intellectual property; dependence on third party suppliers; adverse effect of a systemic market event on our derivatives business; risks associated with the credit of customers; cost structures being largely fixed; risks associated with integrating the operations, systems, and personnel of new acquisitions; and dependence on market activity that cannot be controlled.

The forward looking information contained in this press release is presented for the purpose of assisting readers of this document in understanding our financial condition and results of operations and our strategies, priorities and objectives and may not be appropriate for other purposes. Actual results, events, performances, achievements and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this press release.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global and regional marketplaces; business and economic conditions generally; exchange rates (including estimates of the U.S. dollar - Canadian dollar exchange rate), the level of trading and activity on markets, and particularly the level of trading in TMX Group's key products; the continued availability of financing on appropriate terms for future projects; productivity at TMX Group, as well as that of TMX Group's competitors; market competition; research & development activities; the successful introduction of new derivatives and equity products; tax benefits/changes; the impact on TMX Group and its customers of various regulations; TMX Group's ongoing relations with its employees; and the extent of any labour, equipment or other disruptions at any of its operations of any significance other than any planned maintenance or similar shutdowns.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this press release. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained in our 2009 Annual MD&A under the heading **Risks and Uncertainties**.

## **About TMX Group (TSX-X)**

TMX Group's key subsidiaries operate cash and derivative markets for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, Montreal Exchange, Natural Gas Exchange, Boston Options Exchange, Shorcan, Equicom and other TMX Group companies provide trading markets, clearing facilities, data products and other services to the global financial community. TMX Group is headquartered in Toronto with offices in Montreal, Calgary and Vancouver. For more information about TMX Group, visit our website at [www.tmx.com](http://www.tmx.com).

## **Teleconference / Audio Webcast**

TMX Group will host a teleconference / audio webcast to discuss the financial results for Q2/10.

Time: 8:00 a.m. - 9:00 a.m. EDT on Wednesday, July 28, 2010.

To teleconference participants: Please call the following number at least 15 minutes prior to the start of the event.

Teleconference Number: 647-427-7450 or 1-888-231-8191

AudioWebcast: [www.tmx.com](http://www.tmx.com), under Investor Relations

Audio Replay: 416-849-0833 or 1-800-642-1687

The passcode for the replay is 87836613.

For more information please contact:

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# TMX GROUP INC.

Interim Consolidated Balance Sheets  
(In thousands of Canadian dollars)  
(Unaudited)

	June 30, 2010	December 31, 2009 (audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 55,441	\$ 87,978
Marketable securities	209,414	103,169
Restricted cash	1,165	911
Accounts receivable	77,480	79,427
Energy contracts receivable	704,531	714,545
Fair value of open energy contracts	173,227	202,760
Daily settlements and cash deposits	210,834	565,408
Prepaid expenses	7,994	6,032
Income taxes recoverable	10,407	4,619
Future income tax assets	27,910	26,675
	<b>1,478,403</b>	<b>1,791,524</b>
Premises and equipment	37,382	31,556
Future income tax assets	149,051	144,551
Other assets	30,321	27,745
Investment in affiliate, at equity	13,389	12,845
Intangible assets	926,121	932,443
Goodwill	584,096	583,811
<b>Total Assets</b>	<b>\$ 3,218,763</b>	<b>\$ 3,524,475</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 35,770	\$ 44,883
Energy contracts payable	704,531	714,545
Fair value of open energy contracts	173,227	202,760
Daily settlements and cash deposits	210,834	565,408
Deferred revenue	51,197	15,074
Deferred revenue – initial and additional listing fees	83,240	78,001
Fair value of interest rate swaps	493	2,117
Future income tax liabilities	28	118
Obligations under capital leases	3,720	3,413
Income taxes payable	1,184	3,232
Term loan	429,385	-
	<b>1,693,609</b>	<b>1,629,551</b>
Accrued employee benefits payable	12,762	12,787
Obligations under capital leases	5,685	5,512
Future income tax liabilities	237,100	234,697
Other liabilities	20,419	21,832
Deferred revenue	1,114	882
Deferred revenue – initial and additional listing fees	422,972	405,123
Fair value of interest rate swaps	2,167	3,584
Term loan	-	429,016
<b>Total Liabilities</b>	<b>2,395,828</b>	<b>2,742,984</b>
<b>Non-controlling Interests</b>	<b>10,195</b>	<b>10,915</b>
<b>Shareholders' Equity:</b>		
Share capital	1,103,195	1,102,619
Share option plan	10,004	8,708
Deficit	(303,591)	(343,975)
Accumulated other comprehensive income	3,132	3,224
<b>Total Shareholders' Equity</b>	<b>812,740</b>	<b>770,576</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,218,763</b>	<b>\$ 3,524,475</b>

# TMX GROUP INC.

Interim Consolidated Statements of Income

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
<b>Revenue:</b>				
Issuer services	\$ 40,644	\$ 35,802	\$ 80,347	\$ 70,853
Trading, clearing and related	58,529	61,229	117,499	120,185
Market data	38,803	37,313	76,256	76,066
Business services and other	4,698	3,788	8,278	7,846
<b>Total revenue</b>	<b>142,674</b>	<b>138,132</b>	<b>282,380</b>	<b>274,950</b>
<b>Expenses:</b>				
Compensation and benefits	32,427	31,245	64,673	64,956
Information and trading systems	14,045	11,732	26,152	22,847
General and administration	19,299	18,381	36,222	36,648
Amortization	7,999	6,821	16,364	14,550
<b>Total operating expenses</b>	<b>73,770</b>	<b>68,179</b>	<b>143,411</b>	<b>139,001</b>
<b>Income from operations</b>	<b>68,904</b>	<b>69,953</b>	<b>138,969</b>	<b>135,949</b>
Income from investment in affiliate	291	135	545	206
Investment income	1,854	1,382	2,626	2,952
Interest expense	(1,321)	(1,307)	(2,524)	(3,388)
Net mark to market on interest rate swaps	(191)	141	(266)	(775)
<b>Income before income taxes</b>	<b>69,537</b>	<b>70,304</b>	<b>139,350</b>	<b>134,944</b>
Income taxes	22,379	22,685	43,502	42,834
<b>Net income before non-controlling interests</b>	<b>47,158</b>	<b>47,619</b>	<b>95,848</b>	<b>92,110</b>
Non-controlling interests	(440)	748	(832)	2,321
<b>Net income</b>	<b>\$ 47,598</b>	<b>\$ 46,871</b>	<b>\$ 96,680</b>	<b>\$ 89,789</b>
<b>Earnings per share:</b>				
Basic	\$ 0.64	\$ 0.63	\$ 1.30	\$ 1.21
Diluted	\$ 0.64	\$ 0.63	\$ 1.30	\$ 1.21
<b>Share information:</b>				
Weighted average number of common shares outstanding	74,328,025	73,997,648	74,319,133	73,964,917
Diluted weighted average number of common shares outstanding	74,398,996	74,151,093	74,397,168	74,111,319

# TMX GROUP INC.

Interim Consolidated Statements of Comprehensive Income  
(In thousands of Canadian dollars)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
<b>Net income</b>	\$ 47,598	\$ 46,871	\$ 96,680	\$ 89,789
Other comprehensive (loss) income:				
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations (net of tax - \$nil)	2,568	(12,794)	(92)	(7,181)
<b>Comprehensive income</b>	\$ 50,166	\$ 34,077	\$ 96,588	\$ 82,608

# TMX GROUP INC.

Interim Consolidated Statements of Changes in Shareholders' Equity  
(In thousands of Canadian dollars)  
(Unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Common shares:</b>		
Balance, beginning of period	\$ 1,102,619	\$ 1,084,399
Issued on acquisition	-	32,052
Proceeds from options exercised	466	129
Cost of exercised options	110	38
Purchased under normal course issuer bid	-	(14,575)
Balance, end of period	<b>1,103,195</b>	<b>1,102,043</b>
<b>Share option plan:</b>		
Balance, beginning of period	<b>8,708</b>	5,969
Cost of exercised options	<b>(110)</b>	(38)
Cost of share option plan	<b>1,406</b>	1,506
Balance, end of period	<b>10,004</b>	7,437
<b>Deficit:</b>		
Balance, beginning of period	<b>(343,975)</b>	(319,843)
Net income	<b>96,680</b>	89,789
Dividends on common shares	<b>(56,296)</b>	(56,505)
Shares purchased under normal course issuer bid	-	(15,860)
Balance, end of period	<b>(303,591)</b>	(302,419)
<b>Accumulated other comprehensive income:</b>		
Balance, beginning of period	<b>3,224</b>	24,104
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations	<b>(92)</b>	(7,181)
Balance, end of period	<b>3,132</b>	16,923
<b>Shareholders' equity, end of period</b>	<b>\$ 812,740</b>	<b>\$ 823,984</b>

# TMX GROUP INC.

Interim Consolidated Statements of Cash Flows  
(In thousands of Canadian dollars)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
<b>Cash flows from (used in) operating activities:</b>				
Net income	\$ 47,598	\$ 46,871	\$ 96,680	\$ 89,789
Adjustments to determine net cash flows:				
Amortization	7,999	6,821	16,364	14,550
Unrealized loss (gain) on marketable securities	(520)	(318)	(96)	312
Income from investment in affiliate	(291)	(135)	(545)	(206)
Cost of share option plan	761	619	1,406	1,506
Amortized financing fees	185	185	369	369
Non-controlling interests	(440)	748	(832)	2,321
Unrealized (gain) on interest rate swaps	(1,444)	(2,540)	(3,041)	(3,468)
Unrealized foreign exchange loss (gain)	(176)	34	(136)	(2)
Future income taxes	(1,860)	929	(3,422)	(15)
Accounts receivable and prepaid expenses	23,143	12,008	34	(3,763)
Other assets	(2,152)	(7,241)	(2,576)	(6,862)
Accounts payable and accrued liabilities	2,971	(6,936)	(8,925)	(19,223)
Long-term accrued and other liabilities	(210)	(105)	(1,438)	4,579
Deferred revenue	(1,897)	827	59,443	47,223
Income taxes	157	(1,500)	(7,827)	(16,158)
	<b>73,824</b>	<b>50,267</b>	<b>145,458</b>	<b>110,952</b>
<b>Cash flows from (used in) financing activities:</b>				
Reduction in obligations under capital leases	(1,229)	-	(2,167)	-
Restricted cash	(286)	160	(254)	393
Proceeds from exercised options	402	98	466	129
Dividends on common shares	(28,248)	(28,230)	(56,296)	(56,505)
Shares purchased under normal course issuer bid	-	-	-	(30,435)
Dividends paid to non-controlling interests	-	(2,017)	-	(5,210)
	<b>(29,361)</b>	<b>(29,989)</b>	<b>(58,251)</b>	<b>(91,628)</b>
<b>Cash flows from (used in) investing activities:</b>				
Additions to premises and equipment	(4,940)	(1,739)	(9,817)	(2,125)
Additions to intangible assets	(1,815)	(5,090)	(3,948)	(8,496)
Marketable securities	(49,358)	26,067	(106,149)	7,322
Acquisitions, net of cash acquired	-	(33,172)	-	(33,819)
	<b>(56,113)</b>	<b>(13,934)</b>	<b>(119,914)</b>	<b>(37,118)</b>
Unrealized foreign exchange (loss) gain on cash and cash equivalents held in foreign subsidiaries	610	(1,549)	170	(873)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(11,040)</b>	<b>4,795</b>	<b>(32,537)</b>	<b>(18,667)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>66,481</b>	<b>78,980</b>	<b>87,978</b>	<b>102,442</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 55,441</b>	<b>\$ 83,775</b>	<b>\$ 55,441</b>	<b>\$ 83,775</b>
<b>Supplemental cash flow information:</b>				
Interest paid	\$ 1,704	\$ 662	\$ 2,735	\$ 2,458
Interest received	1,049	896	2,535	3,065
Income taxes paid	24,209	23,325	54,727	59,503

# TMX GROUP INC.

## Market Statistics\*

(Unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2010	2009	2010	2009
<b>Toronto Stock Exchange:</b>				
Volume (millions)	26,143.9	32,995.9	51,481.5	63,028.1
Value (\$ billions)	367.7	370.9	686.1	716.8
Transactions (000s)	52,189.9	51,722.3	95,301.5	103,647.1
Issuers Listed	1,488	1,503	1,488	1,503
New Issuers Listed:				
Number of Initial Public Offerings	45	22	94	37
Number of graduates from TSX Venture/NEX	28	20	64	28
	12	2	20	6
New Equity Financing: (\$ millions)				
Initial Public Offering Financings (\$ millions)	12,576.6	13,767.7	21,875.3	25,619.7
Secondary Offering Financings <sup>1</sup> (\$ millions)	2,893.5	1,086.7	4,681.2	1,367.7
Supplementary Financings (\$ millions)	6,839.0	9,475.5	10,885.4	16,250.0
Market Cap of Issuers Listed (\$ billions)	2,844.1	3,205.5	6,308.7	8,002.0
S&P/TSX Composite Index <sup>2</sup> Close	1,758.8	1,504.1	1,758.8	1,504.1
	11,294.4	10,374.9	11,294.4	10,374.9
<b>TSX Venture Exchange:<sup>3</sup></b>				
Volume (millions)	14,721.4	11,049.6	30,094.9	19,119.0
Value (\$ millions)	6,663.2	3,062.8	13,760.1	4,837.0
Transactions (000s)	1,873.4	1,113.2	3,886.3	1,912.7
Issuers Listed	2,369	2,429	2,369	2,429
New Issuers Listed				
New Equity Financing: (\$ millions)	43	20	81	44
Initial Public Offering Financings (\$ millions)	1,978.8	743.5	3,726.4	1,274.9
Secondary Offering Financings <sup>1</sup> (\$ millions)	83.8	16.2	121.7	23.6
Supplementary Financings (\$ millions)	516.7	139.2	873.2	345.5
Market Cap of Issuers Listed: (\$ billions)	1,378.3	588.1	2,731.5	905.8
S&P/TSX Venture Composite Index <sup>2</sup> Close	38.1	25.0	38.1	25.0
	1,415.9	1,092.0	1,415.9	1,092.0
<b>Toronto Stock Exchange and TSX Venture Exchange:</b>				
Professional and Equivalent Real-time Data Subscriptions	154,525	150,515	154,525	150,515
<b>NGX:</b>				
Natural Gas Volume (TJs)	4,013,710	3,409,315	7,079,323	6,643,118
Electricity Volume (Gwh)	16,001	16,165	33,268	30,194
Crude Oil Volume (MBbls)**	19,541	10,026	33,701	10,026
<b>Montreal Exchange:</b>				
Volume (Contracts) (000s)	11,968.5	8,534.5	21,937.8	16,594.2
Open Interest (Contracts) (000s) as at June 30	3,048.5	2,420.5	3,048.5	2,420.5
Data Subscriptions	23,531	25,524	23,531	25,524
<b>Boston Options Exchange:</b>				
Volume (Contracts) (000s)	23,807.3	39,107.7	41,482.6	84,807.9

<sup>1</sup> Secondary Offering Financings includes prospectus offerings on both a treasury and secondary basis.

<sup>2</sup> S&P is a trade-mark owned by The McGraw-Hill Companies, Inc. and is used under license.

<sup>3</sup> TSX Venture Exchange market statistics do not include data for debt securities. 'New Issuers Listed' and 'S&P/TSX Venture Composite Index Close' statistics exclude data for issuers on NEX. All other TSX Venture Exchange market statistics include data for issuers on NEX, which is a board that was established on August 18, 2003 for issuers that have fallen below TSX Venture's listing standards (179 issuers at June 30, 2009 and 192 issuers at June 30, 2010).

\*Certain comparative figures have been restated.

\*\*Crude oil volumes for 2009 include only May and June.

**SUPPLEMENTARY INFORMATION ON DEFERRED REVENUE - INITIAL AND ADDITIONAL LISTING FEES<sup>1</sup>**  
**As at June 30, 2010**

(in millions of dollars)

**Future amortization of deferred revenue - initial and additional listing fees**

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total Year</b>
<b>2010</b>	-	-	21.0	20.9	41.9
<b>2011</b>	20.7	20.6	20.4	20.1	81.8
<b>2012</b>	19.9	19.5	19.2	19.0	77.6
<b>2013</b>	18.7	18.4	17.9	17.4	72.4
<b>2014</b>	16.9	16.4	15.9	15.3	64.5
<b>2015</b>	14.8	14.2	13.5	13.1	55.6
<b>2016</b>	12.5	11.7	11.0	10.3	45.5
<b>2017</b>	9.5	8.6	7.6	6.9	32.6
<b>2018</b>	6.2	5.5	4.9	4.4	21.0
<b>2019</b>	3.9	3.4	2.7	1.9	11.9
<b>2020</b>	1.1	0.3	-	-	1.4
	<b>Total deferred revenue - initial and additional listing fees</b>				<b>\$ 506.2</b>

Note: only includes initial and additional listing fees billed up to June 30, 2010 (and is calculated based on an estimated service period of ten years)

<sup>1</sup> Please refer to Caution Regarding Forward-Looking Information.