

**FORM 51-102F4
BUSINESS ACQUISITION REPORT**

1. Identity of Company

1.1 Name and Address of Company

TMX Group Inc. (formerly TSX Group Inc.)
The Exchange Tower
130 King Street West
Toronto, Ontario
M5X 1J2

1.2 Executive Officer

Michael Ptasznik, Interim Co-Chief Executive Officer and Chief Financial Officer of TMX Group Inc. (“**TMX Group**”) is knowledgeable about the significant acquisition and this business acquisition report and may be contacted at (416) 947-4700.

2. Details of Acquisition

2.1 Nature of Business Acquired

On December 10, 2007, TSX Group Inc., now known as TMX Group Inc., announced, together with Montréal Exchange Inc. (“**MX**”), that we had agreed to combine our businesses to create TMX Group, a leading, integrated, multi-asset class exchange group. The business combination, completed on May 1, 2008, was effected by a series of amalgamations (the “**Amalgamation**”) whereby TMX Group indirectly acquired all of MX’s outstanding common shares for a total consideration of 15,316,608 TMX Group common shares and \$428.2 million in cash. Upon the completion of the Amalgamation, MX became a direct subsidiary of TMX Group.

MX is the Canadian derivatives exchange and is headquartered in Montreal. MX offers trading in Canadian interest rate, index and equity derivatives. Clearing, settlement and risk management services are provided by MX’s wholly-owned clearing house, the Canadian Derivatives Clearing Corporation. The MX has a 31% ownership interest (which it plans to increase to 53%, subject to U.S. regulatory approval) in the Boston Options Exchange Group LLC (“**BOX**”), a U.S. automated equity options market for which MX is the technical operator.

MX has a 51% ownership in the Montréal Climate Exchange Inc., or MCeX, jointly created with the Chicago Climate Exchange Inc., a market for publicly-traded environmental products in Canada. On May 30, 2008, MCeX launched trading of futures contracts on Canadian carbon dioxide equivalent units.

In addition, together with NYMEX Holdings Inc. (“**NYMEX**”), MX has created a joint venture called Canadian Resources Exchange Inc., or CAREX, that is dedicated to developing the Canadian energy market. MX and NYMEX jointly control CAREX, although voting interests in CAREX are held 51% and 49%, respectively.

2.2 **Date of Acquisition**

May 1, 2008

2.3 **Consideration**

Under the terms of the combination agreement between TMX Group and MX (the “**Combination Agreement**”), MX shareholders could elect to receive 0.7784 of a common share of TMX Group or \$39.00 in cash for each common share of MX subject, in each case, to pro-ration.

As a result of the elections of MX shareholders and subsequent pro-ration, the purchase price was satisfied by the issuance of 15,316,608 common shares of TMX Group and the payment of \$428.2 million to MX shareholders. For those MX shareholders who elected to receive cash or were deemed to have so elected, this represents an amount, for each MX common share, of approximately \$16.26 in cash and 0.4540 of a TMX Group common share. Those who elected to receive shares of TMX Group received 0.7784 of a TMX Group common share for each MX common share. The consideration was distributed to MX shareholders on May 2, 2008.

In connection with the combination with MX, TMX Group established a non-revolving three-year term unsecured credit facility of \$430.0 million with a syndicate of seven financial institutions. In addition, TMX Group also established a revolving three-year unsecured credit facility of \$50.0 million with the same syndicate. TMX Group 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. On April 30, 2008, TMX Group drew \$430.0 million in Canadian dollars on the three-year term facility related to financing the cash consideration of the purchase price for MX.

2.4 **Effect on Financial Position**

The MX common shares were delisted from Toronto Stock Exchange at the close of business on May 2, 2008, and MX has ceased to be a reporting issuer in those jurisdictions in which it was previously a reporting issuer.

TMX Group is currently targeting annual cost synergies of \$25 million, expected to be achieved by reducing corporate costs, rationalizing premises and data centres and optimizing technology. TMX Group intends to partially phase in the cost synergies during 2008, with most of the synergies expected to be realized during 2009. In addition, TMX Group will target revenue synergies by

developing new trading, clearing and market data products, leveraging a broader platform across multiple asset classes, targeting cross-selling opportunities across the combined TMX Group customer base, optimizing clearing models, and expanding the combined customer base globally.

2.5 **Prior Valuations**

No valuation opinion was obtained.

2.6 **Parties to Transaction**

The transaction was not with an informed person, associate or affiliate of TMX Group.

2.7 **Date of Report**

June 25, 2008.

3. **Financial Statements**

3.1 **The following financial statements of MX, filed with securities regulatory authorities in each of the provinces and territories of Canada, are incorporated by reference into and form an integral part of this business acquisition report:**

- (a) the audited annual consolidated financial statements of MX, together with the accompanying reports of the auditors, as at December 31, 2007 and December 31, 2006 and for the years ended December 31, 2007 and 2006; and
- (b) the unaudited interim financial statements of MX as at March 31, 2008 and December 31, 2007 and for the three-month periods ended March 31, 2008 and March 31, 2007, as applicable.

These financial statements are available through www.sedar.com.

TMX Group has not obtained the consent of the auditors of the comparative audited annual financial statements of MX, as incorporated by reference into this report.

3.2 **We include as Schedule A to this business acquisition report, the following unaudited pro forma condensed combined financial information and related notes of TMX Group and MX (the “Pro Forma Financial Statements”):**

- (a) unaudited pro forma condensed combined balance sheet as at March 31, 2008 which is presented as if the Amalgamation occurred on March 31, 2008; and

- (b) unaudited pro forma condensed combined statements of income for the year ended December 31, 2007 and the three months ended March 31, 2008 which are presented as if the Amalgamation occurred on January 1, 2007.

Forward Looking Information, Risks and Uncertainties

Certain statements, specifically those relating to the creation of opportunities to achieve cost and revenue synergies constitute “forward looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, estimates and projections as of the date of this business acquisition report. These statements are subject to significant risks and uncertainties, such as the risk that the cost savings and revenue synergies expected to result from the combination with MX may not be fully realized or may take longer to realize than expected.

This forward looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to the accuracy, timing and ability to realize the projected synergies in respect of expected cash flows, cost savings and profitability, which will be dependent on, but not limited to, such factors as optimizing technology and data centres, reducing corporate costs and rationalizing premises (cost synergies are presented in this report to provide one strategic rationale to support the benefits of a combination with MX and these estimated cost synergies should not be relied on for any other purpose); 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/charges; the impact on TMX Group of various regulations and initiatives; TMX Group’s ongoing relations with their employees; and the extent of any labour, equipment or other disruptions at any of their 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 business acquisition report. 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 or our opportunities to create cost and revenue synergies. Please see the risk factors outlined in materials filed with the securities regulatory authorities in Canada from time to time, including our annual and quarterly Management’s Discussion and Analysis and Annual Information Form.

SCHEDULE A

**UNAUDITED PRO FORMA CONDENSED COMBINED
FINANCIAL INFORMATION OF TMX GROUP**

TMX Group Inc.

Pro Forma Condensed Combined Financial Information (unaudited)
(In thousands of dollars)

	Balance Sheet as at March 31, 2008				
	TSX Group	MX	Combined	Pro Forma Adjustments	Pro Forma Combined
Assets					
Current:					
Cash	63,674	71,136	134,810	430,000 ⁴ (1,983) ⁴ (428,200) ⁴	134,627
Investments and marketable securities	285,323	57,588	342,911		342,911
Restricted cash	-	1,377	1,377		1,377
Accounts receivable	58,343	8,961	67,304		67,304
Energy contracts receivable	779,774	-	779,774		779,774
Fair value of open energy contracts	160,166	-	160,166		160,166
Daily settlements and cash deposits	-	124,728	124,728		124,728
Prepaid expenses	6,360	1,153	7,513		7,513
Income taxes recoverable	1,606	-	1,606		1,606
Future tax assets	24,469	-	24,469		24,469
	<u>1,379,715</u>	<u>264,943</u>	<u>1,644,658</u>	<u>(183)</u>	<u>1,644,475</u>
Long term:					
Premises and equipment	20,030	15,376	35,406		35,406
Future tax assets	130,377	2,019	132,396		132,396
Other assets	26,671	2,075	28,746	(4,907) ⁶ (917) ⁷ (308) ³	22,614
Deferred compensation	-	-	-	1,250 ³	1,250
Investments in affiliates	11,862	11,768	23,630	65,581 ³	89,211
Intangible assets	66,460	-	66,460	789,035 ³	855,495
Goodwill	65,883	-	65,883	463,733 ³	529,616
	<u>1,700,998</u>	<u>296,181</u>	<u>1,997,179</u>	<u>1,313,284</u>	<u>3,310,463</u>
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	42,456	9,121	51,577	8,495 ³ 6,703 ³ (4,907) ⁶	61,868
Obligation under capital lease	48	-	48		48
Energy contracts payable	779,774	-	779,774		779,774
Fair value of open energy contracts	160,166	-	160,166		160,166
Daily settlements and cash deposits	-	124,728	124,728		124,728
Deferred revenue	64,047	-	64,047		64,047
Deferred revenue - initial and additional listing fees	63,915	-	63,915		63,915
Income taxes payable	-	322	322		322
	<u>1,110,406</u>	<u>134,171</u>	<u>1,244,577</u>	<u>10,291</u>	<u>1,254,868</u>
Accrued employee benefits liabilities	12,294	1,069	13,363		13,363
Obligation under capital lease	60	-	60		60
Future tax liabilities	-	1,624	1,624	227,220 ^{3,5}	228,844
Long-term debt	-	-	-	430,000 ⁴ (1,983) ⁴	428,017
Other liabilities	22,061	-	22,061		22,061
Deferred revenue - initial and additional listing fees	370,534	-	370,534		370,534
	<u>1,515,355</u>	<u>136,864</u>	<u>1,652,219</u>	<u>665,528</u>	<u>2,317,747</u>
Shareholders' Equity:					
Share capital	386,526	139,812	526,338	806,573 ³ (139,812) ³	1,193,099
Contributed surplus	-	658	658	(658) ³	-
Share option plan	4,079	-	4,079	1,417	5,496
Retained earnings (deficit)	(204,962)	20,928	(184,034)	(20,928) ³ (917) ⁷	(205,879)
Accumulated other comprehensive income	-	(2,081)	(2,081)	2,081 ³	-
	<u>185,643</u>	<u>159,317</u>	<u>344,960</u>	<u>647,756</u>	<u>992,716</u>
	<u>1,700,998</u>	<u>296,181</u>	<u>1,997,179</u>	<u>1,313,284</u>	<u>3,310,463</u>

See accompanying notes to pro forma condensed combined financial information

TMX Group Inc.

Pro Forma Condensed Combined Financial Information (unaudited)
(In thousands of dollars, except per share amounts)

	Statement of Income - Three Months Ended March 31, 2008				
	<u>TSX Group</u>	<u>MX</u>	<u>Combined</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
Revenue:					
Issuer services	37,639	-	37,639	(28)	37,611
Clearing	-	3,306	3,306		3,306
Trading and related	42,025	9,928	51,953		51,953
Market data	29,120	2,978	32,098	(18)	32,080
Business services and other	3,569	4,467	8,036		8,036
Total revenue	<u>112,353</u>	<u>20,679</u>	<u>133,032</u>	<u>(46)</u>	<u>132,986</u>
Expenses:					
Compensation and benefits	23,411	6,897	30,308	142	30,364
				(86)	
Information and trading systems	7,158	1,292	8,450	(18)	8,432
General and administration	10,243	3,546	13,789	(23)	13,766
Amortization	4,194	872	5,066	1,054	6,120
Total expenses	<u>45,006</u>	<u>12,607</u>	<u>57,613</u>	<u>1,069</u>	<u>58,682</u>
Income from operations	67,347	8,072	75,419	(1,115)	74,304
Income (loss) from investments in affiliates	131	534	665		665
Investment income	4,446	3,239	7,685		7,685
Interest expense	-	-	-	(165)	(4,132)
				(3,967)	
Loss on termination of joint venture	<u>(15,152)</u>	<u>-</u>	<u>(15,152)</u>		<u>(15,152)</u>
Income before income taxes	56,772	11,845	68,617	(5,247)	63,370
Income taxes	<u>24,026</u>	<u>3,470</u>	<u>27,496</u>	<u>(1,627)</u>	<u>25,869</u>
Net income	<u>32,746</u>	<u>8,375</u>	<u>41,121</u>	<u>(3,620)</u>	<u>37,501</u>
Earnings per share (note 9):					
Basic	\$ 0.49				\$ 0.46
Diluted	\$ 0.49				\$ 0.46

See accompanying notes to pro forma condensed combined financial information

TMX Group Inc.

Pro Forma Condensed Combined Financial Information (unaudited)
(In thousands of dollars, except per share amounts)

	Statement of Income - Year ended December 31, 2007				
	<u>TSX Group</u>	<u>MX</u>	<u>Combined</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
Revenue:					
Issuer services	133,939	-	133,939	(88)	133,851
Clearing	-	13,910	13,910		13,910
Trading and related	169,237	42,591	211,828		211,828
Market data	110,241	10,963	121,204	(70)	121,134
Business services and other	11,307	15,583	26,890		26,890
Total revenue	<u>424,724</u>	<u>83,047</u>	<u>507,771</u>	<u>(158)</u>	<u>507,613</u>
Expenses:					
Compensation and benefits	96,251	24,157	120,408	167	120,412
				(163)	
Information and trading systems	26,505	8,033	34,538	(70)	34,468
General and administration	43,006	20,574	63,580	1,167	64,467
				(280)	
Amortization	15,838	3,342	19,180	5,645	24,825
Total expenses	<u>181,600</u>	<u>56,106</u>	<u>237,706</u>	<u>6,466</u>	<u>244,172</u>
Income from operations	243,124	26,941	270,065	(6,624)	263,441
Income (loss) from investments in affiliates	374	3,047	3,421		3,421
Investment income	13,899	6,317	20,216		20,216
Interest expense	-	-	-	(661)	(16,528)
				(15,867)	
Income before income taxes	257,397	36,305	293,702	(23,152)	270,550
Income taxes	108,700	10,598	119,298	(8,103)	111,195
Net income	<u>148,697</u>	<u>25,707</u>	<u>174,404</u>	<u>(15,049)</u>	<u>159,355</u>
Earnings per share (note 9):					
Basic	\$ 2.19				\$ 1.91
Diluted	\$ 2.17				\$ 1.90

See accompanying notes to pro forma condensed combined financial information

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information

1. Description of Transactions:

On May 1, 2008 (the "Effective Date"), pursuant to the Combination Agreement, TSX Group indirectly acquired all of MX's outstanding common shares for a total purchase price estimated at \$1,251,388, as outlined in note 3, including consideration of 15,316,608 TSX Group common shares and \$428,200 in cash. TSX Group financed the cash consideration with a non-revolving three-year term facility of \$430,000. Capitalized terms used but not defined in the unaudited pro forma condensed combined financial information ("Pro Forma Statements") have the meanings given to these terms elsewhere in the Business Acquisition Report.

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)

2. Basis of Presentation:

The unaudited pro forma condensed combined balance sheet as at March 31, 2008 and the unaudited pro forma condensed combined statements of income for the three months ended March 31, 2008 and for the year ended December 31, 2007 (the "Pro Forma Statements") are derived from the historical financial statements of TSX Group and MX and have been prepared in accordance with Canadian Generally Accepted Accounting Principles. The Pro Forma Statements should be read in conjunction with the Combination Agreement, the management proxy circular of MX dated January 10, 2008, which describes the combination, and the annual audited consolidated financial statements and interim unaudited consolidated financial statements of TSX Group and MX, including the accompanying notes, for the year ended December 31, 2007 and the three months ended March 31, 2008. The Pro Forma Statements follow the same accounting policies and their methods of application as TSX Group's consolidated financial statements.

The unaudited pro forma condensed combined balance sheet as at March 31, 2008 is presented as if the Amalgamation occurred on March 31, 2008. The unaudited pro forma condensed combined statements of income for the year ended December 31, 2007 and the three months ended March 31, 2008 are presented as if the Amalgamation occurred on January 1, 2007.

The Pro Forma Statements are not necessarily indicative of the results or financial position that would have been achieved if the Amalgamation had actually occurred on the dates indicated or of the results or financial position of TMX Group that may be achieved in the future. No adjustments have been made to the Pro Forma Statements to reflect operating cost savings or revenue synergies that may be obtained as a result of the Amalgamation described herein.

The purchase price and the purchase price allocation are based on the fair market value of tangible and identifiable intangible assets acquired and liabilities assumed as at the date of preparation of the Pro Forma Statements. The excess of the estimated purchase price over the net tangible and identifiable intangible assets acquired has been recorded as goodwill.

In preparing the Pro Forma Statements, a review was undertaken to identify differences between TSX Group's accounting policies and financial statement presentation and those used by MX where the impact could be material and be reasonably estimated. Certain historical balances have been reclassified to conform to the pro forma condensed combined presentation. Additional accounting policy and financial statement presentation differences may be identified after the Amalgamation becomes effective.

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)

3. Purchase Price and Purchase Price Allocation:

Under the terms of the Combination Agreement, MX shareholders received total consideration of 15,316,608 TSX Group common shares and \$428,200 in cash. In addition, all options to purchase common shares of MX granted under any stock option plans established by MX or any of its subsidiaries that were outstanding immediately before the Effective Date (the "MX share options") were cancelled as of the Effective Date and 208,400 MX share options were exchanged for 162,194 TSX Group share options (note 10).

The estimated purchase price and the allocation of the estimated purchase price are preliminary and will change once the final balances for transaction and restructuring costs, and other factors are known. The estimated purchase price is comprised of the following:

Cash	\$ 428,200
TSX Group common shares (15,316,608 shares x \$52.66 per share)	806,573
Estimated fair value of MX share options exchanged ⁽ⁱ⁾	1,417
Estimated direct transaction costs (note 6)	8,495
Estimated restructuring costs (note 6)	<u>6,703</u>
Total estimated purchase price	<u><u>\$ 1,251,388</u></u>

TSX Group has engaged a third party to assist in the valuation of the identifiable intangible assets acquired. The basis for the valuation of derivative products is a variation of the income approach referred to as the "greenfield" approach. Trading participants have been valued using a multi-period excess earnings approach. The valuation of trade names has been estimated on a relief from royalty basis. The estimated useful lives of derivative products, trade names, and regulatory designation are indefinite as the products of the business are perpetual in nature. The useful life of trading participants has been estimated to be 30 years based on observed historical attrition rates. The estimated useful life of open interests is based on contract terms. Comparable transactions were also considered in the estimate of fair values and the determination of useful lives.

The fair value of MX's 31.37% investment in BOX has been measured to reflect the fair market value of BOX as at March 31, 2008. The Pro Forma Statements have not been adjusted to reflect MX's agreement with certain shareholders of BOX entered into on December 21, 2007 by virtue of which MX agreed to purchase an additional 21.87% ownership in BOX for US \$52,533, subject to regulatory approval.

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)

3. Purchase Price and Purchase Price Allocation (continued):

Excluding MX's investment in BOX, the book value of MX's tangible assets and capitalized software has been determined to approximate their fair value and as such, all remaining incremental fair value has been assigned to identifiable intangible assets and goodwill. The goodwill on MX's consolidated balance sheet of \$308 has been eliminated. The following is the purchase price allocation for purposes of presenting these Pro Forma Statements:

As at March 31, 2008, the fair value of tangible assets acquired and liabilities assumed is:

Cash, restricted cash and temporary investments	\$ 130,101
Capital assets	15,376
Investment in affiliate (BOX)	77,349
Other assets and liabilities, net	1,764
Fair value of identifiable intangible assets acquired:	
Derivatives products	630,926
Trading participants	126,466
Trade names	28,214
Regulatory designation	2,000
Open interest	1,429
Deferred compensation (note 10)	1,250
Future tax liabilities (note 5)	(227,220)
Total tangible and identifiable intangible assets acquired and liabilities assumed	<u>\$ 787,655</u>
Goodwill	463,733
Total estimated purchase price	<u><u>\$ 1,251,388</u></u>

Notes:

- (i) The estimated fair value of the TSX Group share options issued was determined using a share price of \$52.66 and a Black-Scholes valuation model with the following assumptions which are consistent with those used in the TSX Group audited consolidated financial statements for the year ended December 31, 2007: expected life of 7 years; risk-free interest rate of 4.0%; expected volatility of 25%; and a dividend yield of 2.52% (note 10).

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)

4. Pro Forma Adjustments for Financing:

TSX Group financed the \$428,200 cash consideration for the Amalgamation with a non-revolving three-year \$430,000 term facility and also entered into a revolving three-year \$50,000 credit facility. Financing fees of \$1,983 to secure the facilities have been included in the Pro Forma Statements and have been deducted from long term debt under the effective interest method. The financing fees will be amortized to income over the three-year term. A charge of \$165 for the three months ended March 31, 2008 and \$661 for the year ended December 31, 2007 has been included in interest expense. Interest has been estimated at 3.69% per annum and the pro forma interest expense is \$3,967 on the non-revolving three-year term facility for the three months ended March 31, 2008 and \$15,867 for the year ended December 31, 2007. The revolving credit facility is assumed to be un-drawn for purposes of the Pro Forma Statements.

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)

5. Pro Forma Adjustments for Income Taxes:

The increase in the fair value of the net assets and liabilities, including the identifiable intangible assets acquired as detailed in the purchase price allocation (note 3), has been tax effected using an effective statutory future tax rate of 28.8% and is included in future tax liabilities. The effective statutory future tax rate used reflects the provincial tax holiday in the province of Quebec effective until 2010, at which time the provincial tax holiday would expire. Income tax expense has been calculated on the pro forma adjustments to the unaudited pro forma condensed combined statements of income for the three months ended March 31, 2008 and the year ended December 31, 2007 based on blended statutory tax rates of 31% and 35% respectively. The income tax rates used reflect the MX provincial tax holiday in the province of Quebec and the recent substantively enacted federal rate reductions. The pro forma combined income tax expense does not reflect the amounts that would have resulted if TSX Group and MX had been a combined entity during the periods presented.

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)

6. Pro Forma Adjustment for Transaction and Restructuring Costs:

Transaction and restructuring costs which are included in the purchase price have been recognized as accrued liabilities for purposes of preparing the Pro Forma Statements. The transaction costs of \$8,495 represent an estimate of TSX Group's legal, accounting and investment banking fees which will be directly incurred for the Amalgamation. The restructuring costs of \$6,703 represent an estimate of severance and other costs expected to be incurred to realize efficiencies from the Amalgamation.

In addition, in connection with the Amalgamation, TSX Group and MX may incur approximately \$31,340 for certain transaction costs including investment banking and legal fees of MX and contract termination and employment costs of TSX Group which have not been included in the estimated purchase price.

The pro forma condensed combined statements of income for the three months ended March 31, 2008 and the year ended December 31, 2007 reflect \$16,262 and \$2,312 respectively of these transaction costs. In addition, Other assets of \$4,907 on the consolidated balance sheet of TSX Group as at March 31, 2008, which represent accrued transaction costs, have been reclassified to Goodwill.

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)

7. Pro Forma Adjustment for Inter-Company Transactions:

Fees paid by MX to TSX Group for listing on Toronto Stock Exchange as well as for the purchase of market data have been eliminated from the unaudited pro forma condensed combined statements of income for the three months ended March 31, 2008 and the year ended December 31, 2007. For the three months ended March 31, 2008 MX paid TSX Group \$90 (of which \$28 was recognized as issuer services revenue and the remainder was deferred to future periods) for issuer services and \$18 for market data. For the 12 months ended December 31, 2007 MX paid TSX Group \$280 (of which \$88 was recognized as issuer services revenue and the remainder was deferred to future periods) for issuer services and \$70 for market data.

In addition, Other assets of \$917 on the consolidated balance sheet of TSX Group as at March 31, 2008 for a payment to MX relating to the purchase of NGX in 2004 has been eliminated for purposes of the Pro Forma Statements. The related expense of \$1,167 for the write-off of the Other asset has been included in the pro forma condensed combined statement of income for the year ended December 31, 2007. The related revenue for MX was recognized as revenue in 2004.

TMX GROUP INC.**Pro Forma Condensed Combined Financial Information (unaudited)**

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)**8. Pro Forma Adjustments for Amortization of Identifiable Intangible Assets:**

Fair values and the useful lives for identifiable intangible assets are based on the valuation as outlined in note 3. Amortization expense has been calculated using a straight-line method over the useful life. The pro forma amortization expense for the three months ended March 31, 2008 and the year ended December 31, 2007 has been determined as follows:

	<u>Fair Value</u>	<u>Useful Life (in years)</u>	<u>Amortization</u>	
			<u>Three Months Ended March 31, 2008</u>	<u>Year Ended December 31, 2007</u>
Derivatives products	\$ 630,926	Indefinite	\$ -	\$ -
Trading participants	126,466	30	1,054	4,216
Trade names	28,214	Indefinite	-	-
Regulatory designation	2,000	Indefinite	-	-
Open interest ⁽ⁱ⁾	1,429	0.5	-	1,429
Total Pro Forma Amortization			<u>\$ 1,054</u>	<u>\$ 5,645</u>

⁽ⁱ⁾ The fair value of open interest has been fully amortized in the unaudited pro forma condensed combined statement of income for the year ended December 31, 2007.

TMX GROUP INC.**Pro Forma Condensed Combined Financial Information (unaudited)**

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)**9. Pro Forma Adjustments for Weighted Average Number of Common Shares Outstanding:**

With the exception of TSX Group share options issued in connection with the Amalgamation, there are no additional dilutive factors expected to impact TSX Group's common shares. The following table demonstrates the impact of the common shares and the share options issued in connection with the Combination Agreement.

	Three Months Ended March 31, 2008	Year Ended December 31, 2007
TSX Group weighted average common shares - basic	66,294,636	67,970,365
Pro forma TSX Group common shares issued (note 3)	15,316,608	15,316,608
TSX Group pro forma weighted average common shares - basic	<u>81,611,244</u>	<u>83,286,973</u>
TSX Group weighted average common shares - diluted	66,828,979	68,464,095
Pro forma TSX Group common shares issued (note 3)	15,316,608	15,316,608
Pro forma TSX Group share options (note 10)	2,204	5,727
TSX Group pro forma weighted average common shares - diluted	<u>82,147,791</u>	<u>83,786,430</u>

TMX GROUP INC.

Pro Forma Condensed Combined Financial Information (unaudited)

(in thousands of dollars, except share amounts)

Notes to the Pro Forma Condensed Combined Financial Information (continued)

10. Pro Forma Adjustments for Share Options:

Under the terms of the Combination Agreement, TSX Group issued TSX Group share options to holders of MX share options using an exchange ratio of 0.7784 for each MX share option exchanged. TSX Group issued 162,194 TSX Group share options in exchange for 208,400 MX share options. Other than the exercise price and number of underlying options, the TSX Group share options have terms and conditions identical to those of the MX share options. Under the MX share option plan, 50% of MX share options granted to the former MX share option holders vest subject to passage of time (four years) and 50% of MX share options vest upon achieving certain performance criteria over the four year period.

For the purposes of the Pro Forma Statements, 107,740 TSX Group share options have been included in the estimated purchase price. These options represent the TSX Group share options issued that are not subject to the performance criteria and will vest solely based on the passage of time over a four year period. The fair value of the TSX Group share options is based on a Black-Scholes valuation, as described in note 3(i). The remaining 54,453 TSX Group share options that are subject to certain performance criteria have been determined to have no value.

The unaudited pro forma condensed statements of income for the three months ended March 31, 2008 and the year ended December 31, 2007 include estimated compensation expense for the unvested TSX Group share options to be issued of \$142 and \$167 respectively, offset by the elimination of MX stock option compensation costs during this period for MX options cancelled of \$86 and \$163, respectively.