

Interim Consolidated Financial Statements of

**TMX GROUP INC.**

Nine months ended September 30, 2009 and 2008

(in thousands of Canadian dollars, unless otherwise stated)

(Unaudited)

# TMX GROUP INC.

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

	September 30, 2009	December 31, 2008 (audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 87,412	\$ 102,442
Marketable securities	84,895	96,251
Restricted cash	1,039	1,454
Accounts receivable	79,771	63,755
Energy contracts receivable	487,546	976,431
Fair value of open energy contracts	247,121	155,331
Daily settlements and cash deposits	610,111	497,312
Prepaid expenses	6,378	9,050
Income taxes recoverable	4,803	599
Future income tax assets	28,353	30,529
	<u>1,637,429</u>	<u>1,933,154</u>
Premises and equipment	22,739	27,505
Future income tax assets	156,301	151,960
Other assets	26,243	21,072
Investment in affiliate, at equity	12,597	12,424
Intangible assets	934,876	891,976
Goodwill	662,844	650,554
<b>Total Assets</b>	<b>\$ 3,453,029</b>	<b>\$ 3,688,645</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 41,968	\$ 59,311
Energy contracts payable	487,546	976,431
Fair value of open energy contracts	247,121	155,331
Daily settlements and cash deposits	610,111	497,312
Deferred revenue	42,986	12,353
Deferred revenue – initial and additional listing fees	75,013	69,540
Fair value of interest rate swaps (note 6)	2,772	1,787
Future income tax liabilities	106	66
Income taxes payable	1,473	14,121
	<u>1,509,096</u>	<u>1,786,252</u>
Accrued employee benefits payable	13,407	12,916
Future income tax liabilities	242,101	236,995
Other liabilities	23,480	17,482
Deferred revenue	1,006	718
Deferred revenue – initial and additional listing fees	392,231	383,315
Fair value of interest rate swaps (note 6)	4,061	10,690
Term loan (note 5)	428,831	428,278
<b>Total Liabilities</b>	<b>2,614,213</b>	<b>2,876,646</b>
<b>Non-controlling Interests</b>	<b>12,330</b>	<b>17,370</b>
<b>Shareholders' Equity:</b>		
Share capital (note 7)	1,102,417	1,084,399
Share option plan (note 8)	7,995	5,969
Deficit	(288,902)	(319,843)
Accumulated other comprehensive income	4,976	24,104
<b>Total Shareholders' Equity</b>	<b>826,486</b>	<b>794,629</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,453,029</b>	<b>\$ 3,688,645</b>

See accompanying notes to interim consolidated financial statements.

# TMX GROUP INC.

Interim Consolidated Statements of Income  
(In thousands of Canadian dollars, except per share amounts)  
(Unaudited)

	Three months ended September 30, 2009		Nine months ended September 30, 2009	
	2009	2008	2009	2008
<b>Revenue:</b>				
Issuer services	\$ 35,108	\$ 38,024	\$ 105,588	\$ 113,936
Trading, clearing and related	56,383	58,883	176,516	153,615
Market data	34,477	35,288	109,141	97,430
Business services and other	4,275	6,988	12,097	16,583
<b>Total revenue</b>	<b>130,243</b>	<b>139,183</b>	<b>403,342</b>	<b>381,564</b>
<b>Expenses:</b>				
Compensation and benefits	32,490	32,098	97,446	81,419
Information and trading systems	12,105	9,178	34,952	24,987
General and administration	16,167	13,845	50,964	38,012
Amortization	7,607	7,031	22,157	17,258
<b>Total operating expenses</b>	<b>68,369</b>	<b>62,152</b>	<b>205,519</b>	<b>161,676</b>
<b>Income from operations</b>	<b>61,874</b>	<b>77,031</b>	<b>197,823</b>	<b>219,888</b>
(Loss) Income from investments in affiliates	(34)	503	172	1,002
Investment income	1,341	2,886	4,293	10,703
Interest expense	(1,279)	(4,260)	(4,667)	(7,055)
Net mark to market on interest rate swaps (note 6)	(61)	-	(836)	-
Other acquisition related expenses	-	-	-	(15,902)
<b>Income before income taxes</b>	<b>61,841</b>	<b>76,160</b>	<b>196,785</b>	<b>208,636</b>
Income taxes	19,383	24,765	62,217	75,268
<b>Net income before non-controlling interests</b>	<b>42,458</b>	<b>51,395</b>	<b>134,568</b>	<b>133,368</b>
Non-controlling interests	709	451	3,030	451
<b>Net income</b>	<b>\$ 41,749</b>	<b>\$ 50,944</b>	<b>\$ 131,538</b>	<b>\$ 132,917</b>
<b>Earnings per share (note 9):</b>				
Basic	\$ 0.56	\$ 0.66	\$ 1.78	\$ 1.82
Diluted	\$ 0.56	\$ 0.66	\$ 1.77	\$ 1.82

See accompanying notes to interim consolidated financial statements.

# TMX GROUP INC.

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
<b>Net income</b>	<b>\$ 41,749</b>	<b>\$ 50,944</b>	<b>\$ 131,538</b>	<b>\$ 132,917</b>
Other comprehensive income (loss):				
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations	<b>(11,947)</b>	3,368	<b>(19,128)</b>	4,315
Unrealized fair value (loss) on the interest rate swaps designated as cash flow hedges (net of tax) (note 6)	-	(2,277)	-	(2,277)
<b>Comprehensive income</b>	<b>\$ 29,802</b>	<b>\$ 52,035</b>	<b>\$ 112,410</b>	<b>\$ 134,955</b>

See accompanying notes to interim consolidated financial statements.

# TMX GROUP INC.

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

	Nine months ended September 30,	
	2009	2008
<b>Common shares:</b>		
Balance, beginning of period	\$ 1,084,399	\$ 379,370
Issuance of common shares	32,052	806,573
Proceeds from options exercised	503	6,959
Cost of exercised options	38	1,731
Purchased under normal course issuer bid (note 7)	(14,575)	(95,969)
Balance, end of period	1,102,417	1,098,664
<b>Share option plan:</b>		
Balance, beginning of period	5,969	5,060
Cost of exercised options	(38)	(1,731)
Cost of share option plan	2,064	1,912
Balance, end of period	7,995	5,241
<b>Deficit:</b>		
Balance, beginning of period	(319,843)	(212,520)
Net income	131,538	132,917
Dividends on common shares	(84,737)	(85,591)
Shares purchased under normal course issuer bid (note 7)	(15,860)	(161,636)
Balance, end of period	(288,902)	(326,830)
<b>Accumulated other comprehensive income:</b>		
Balance, beginning of period	24,104	-
Unrealized (loss) gain on translating financial statements of self-sustaining foreign operations	(19,128)	4,315
Unrealized fair value (loss) on the interest rate swaps designated as cash flow hedges (net of tax) (note 6)	-	(2,277)
Balance, end of period	4,976	2,038
<b>Shareholders' equity, end of period</b>	<b>\$ 826,486</b>	<b>\$ 779,113</b>

See accompanying notes to interim consolidated financial statements.

# TMX GROUP INC.

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

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
<b>Cash flows from (used in) operating activities:</b>				
Net income	\$ 41,749	\$ 50,944	\$ 131,538	\$ 132,917
Adjustments to determine net cash flows:				
Amortization	7,607	7,031	22,157	17,258
Unrealized (gain) loss on marketable securities	(590)	685	(278)	(157)
Loss (income) from investments in affiliates, at equity	34	(503)	(172)	(1,002)
Cost of share option plan	558	700	2,064	1,745
Payment on termination of joint venture	-	-	-	15,152
Amortized financing fees	185	197	554	307
Non-controlling interests	709	451	3,030	451
Unrealized (gain) on interest rate swaps (note 6)	(2,176)	-	(5,644)	-
Unrealized foreign exchange loss	40	-	38	-
Future income taxes, net	(2,589)	(1,309)	(2,604)	(5,248)
Accounts receivable and prepaid expenses	(9,321)	8,576	(13,085)	(15)
Other assets	(861)	1,306	(7,723)	5,076
Accounts payable and accrued liabilities	2,893	1,996	(16,329)	(25,400)
Long-term accrued and other liabilities	1,902	(4,538)	6,481	(10,425)
Deferred revenue	(1,913)	(13,188)	45,310	52,073
Income taxes	(805)	2,219	(16,963)	531
	<b>37,422</b>	<b>54,567</b>	<b>148,374</b>	<b>183,263</b>
<b>Cash flows from (used in) financing activities:</b>				
Restricted cash	22	3	415	(71)
Proceeds from exercised options	374	713	503	6,959
Dividends on common shares	(28,232)	(29,433)	(84,737)	(85,591)
Shares purchased under normal course issuer bid (note 7)	-	(123,233)	(30,435)	(257,605)
Proceeds from term loan, net	-	(231)	-	427,786
Dividends paid to non-controlling interests	(1,143)	-	(6,353)	-
	<b>(28,979)</b>	<b>(152,181)</b>	<b>(120,607)</b>	<b>91,478</b>
<b>Cash flows from (used in) investing activities:</b>				
Additions to premises and equipment	(2,472)	(1,568)	(4,597)	(4,833)
Additions to intangible assets	(1,899)	(1,597)	(10,395)	(5,648)
Marketable securities	4,312	115,766	11,634	188,269
Payment on termination of joint venture	-	-	-	(15,152)
Cost of acquisitions and investments, net of cash acquired	(3,282)	(56,022)	(37,101)	(413,157)
	<b>(3,341)</b>	<b>56,579</b>	<b>(40,459)</b>	<b>(250,521)</b>
Unrealized foreign exchange (loss) on cash and cash equivalents held in foreign subsidiaries	(1,465)	-	(2,338)	-
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,637</b>	<b>(41,035)</b>	<b>(15,030)</b>	<b>24,220</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>83,775</b>	<b>118,653</b>	<b>102,442</b>	<b>53,398</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 87,412</b>	<b>\$ 77,618</b>	<b>\$ 87,412</b>	<b>\$ 77,618</b>
Supplemental cash flow information:				
Interest paid	\$ 943	\$ 2,904	\$ 3,400	\$ 8,044
Interest received	616	2,405	3,422	8,837
Income taxes paid	23,348	24,636	82,851	81,508

See accompanying notes to interim consolidated financial statements.

# TMX GROUP INC.

Notes to Interim Consolidated Financial Statements  
(In thousands of Canadian dollars, except per share amounts)

Nine months ended September 30, 2009 and 2008  
(Unaudited)

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## 1. Basis of presentation:

The unaudited interim consolidated financial statements (the “financial statements”) have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) and the requirements of The Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1751, “Interim Financial Statements”. The financial statements include the accounts of TMX Group Inc. (“TMX Group”) and its wholly owned subsidiaries, TSX Inc. (“TSX”), Montréal Exchange Inc. (“MX”) from May 1, 2008, Natural Gas Exchange Inc. (“NGX”), Shorcan Brokers Limited (“Shorcan”), The Equicom Group Inc. (“Equicom”), CDEX Inc. (“CDEX”), NetThruPut Inc. (“NTP”) from May 1, 2009, and the wholly-owned or controlled subsidiaries of TSX, MX, and NGX, collectively referred to as the “Company”. These financial statements do not contain all disclosures required by Canadian GAAP for annual financial statements, and accordingly, the financial statements should be read in conjunction with the most recently prepared audited annual financial statements of the Company for the year ended December 31, 2008, contained in our 2008 Annual Report.

The preparation of the financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

## 2. Changes in accounting policies:

These financial statements follow the same accounting policies and their methods of application as the Company’s audited consolidated financial statements for the year ended December 31, 2008, except as described below.

### (a) Goodwill and intangible assets:

Effective January 1, 2009, the Company adopted CICA Handbook Section 3064, “Goodwill and Intangible Assets”, which replaces CICA Handbook Section 3062, “Goodwill and Other Intangible Assets” as well as CICA Handbook Section 3450, “Research and Development”. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets, and has been applied retrospectively. Implementation of this new standard had no significant impact on the Company’s financial statements and disclosures.

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Notes to Interim Consolidated Financial Statements  
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## (b) Financial instruments – disclosures:

In June 2009, the CICA amended CICA Handbook Section 3862, “Financial Instruments – Disclosures”, to include additional disclosure requirements primarily around the fair value measurement of financial instruments. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements. Level 1 represents assets and liabilities whose fair values are determined by reference to quoted prices in active markets for identical assets and liabilities. Level 2 represents assets and liabilities whose valuations use inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 represents assets and liabilities whose valuations use inputs that are not based on observable market data. These amendments to Section 3862 will apply to the Company’s annual financial statements for 2009.

## (c) Future accounting changes:

### (i) International Financial Reporting Standards (“IFRS”):

In March 2009, the Canadian Accounting Standards Board reconfirmed in its second omnibus Exposure Draft that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company’s reporting for the first quarter of 2011, for which current and comparative information will be prepared under IFRS. The Company commenced its IFRS conversion project in 2008, and a project management structure has been put in place to ensure a timely transition.

## 3. Business acquisition:

On May 1, 2009, the Company acquired 100% of the outstanding common shares of NTP. The principal business activity of NTP is to provide an electronic trading platform and clearing facility for physical crude oil products. The aggregate estimated purchase price consisted of:

Common shares of TMX Group (878,059 shares issued)	\$	32,052
Cash		23,680
Book value of the option to acquire NTP		9,500
Estimated direct transaction costs		1,242
Estimated restructuring costs		691
<b>Aggregate estimated purchase price</b>	<b>\$</b>	<b>67,165</b>

# TMX GROUP INC.

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The acquisition was accounted for under the purchase method and the results of operations have been included in the consolidated statements of income from the date of acquisition.

The purchase price and the purchase price allocation are estimated at this time and will be finalized in the upcoming months as the estimates for direct transaction costs and restructuring costs become final. The estimated restructuring costs primarily relate to the costs of consolidating NGX and NTP's technology services and offices.

The TMX Group common shares issued as part of the transaction were valued at \$36.50 per share. The \$36.50 per share represents the volume weighted average market price of TMX Group common shares over a reasonable period before and after April 1, 2009, the day the Company exercised its option to acquire NTP. The estimated purchase price has been allocated to the fair values of the assets acquired and liabilities assumed as follows:

	<b>Net assets acquired</b>
Cash and cash equivalents	\$ 643
Energy contracts receivable	363,140
Fair value of open energy contracts	4,297
Other current assets	4,012
Premises and equipment	25
Future income tax asset	807
Intangible assets	49,620
Goodwill	30,871
<b>Net tangible and intangible assets acquired</b>	<b>453,415</b>
Less liabilities assumed:	
Current liabilities	4,301
Energy contracts payable	363,140
Fair value of open energy contracts	4,297
Other liabilities	8
Future income tax liability	14,504
<b>Total net assets acquired</b>	<b>\$ 67,165</b>

The Company recognized \$80,491 of goodwill and intangible assets as part of the acquisition. The details of these assets are as follows:

# TMX GROUP INC.

Notes to Interim Consolidated Financial Statements  
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Description	Amortization Period	Amount
Goodwill	n/a	\$ 30,871
<b>Indefinite life intangible assets:</b>		
Product list	Not amortized	14,863
Index licences	Not amortized	1,854
<b>Definite life intangible assets:</b>		
Customer list	22 years	32,828
Capitalized software	1 year	75
<b>Total goodwill and intangible assets</b>		<b>\$ 80,491</b>

The goodwill acquired is not deductible for tax purposes.

The Company is exposed to credit risk in the event that NTP's contracting parties, who entered into transactions prior to the Company's acquisition of NTP on May 1, 2009 but that clear and settle after May 1, 2009 ("Legacy transactions"), fail to settle on the contracted settlement date. Legacy transactions are guaranteed by the previous owners, for which a fee is paid. As at September 30, 2009, all of these legacy transactions have settled. Crude oil contracts, entered into on or after May 1, 2009, transact through NGX and follow NGX's collateral model, where each contracting party is required to provide sufficient collateral, in the form of cash or letters of credit, to exceed its outstanding credit exposure as determined by NGX in accordance with its margining methodology.

#### 4. Segmented information:

The Company operates in three reportable segments: the Cash Markets ("Cash") segment, the Derivatives Markets ("Derivatives") segment, and the Energy Markets ("Energy") segment. In the Cash segment, the Company owns and operates Canada's two national stock exchanges, Toronto Stock Exchange and TSX Venture Exchange, Shorcan, a fixed income inter-dealer broker, and Equicom, an investor relations and corporate communications services provider. In the nine months ended September 30, 2008, the Cash segment also included a \$15,152 loss on termination of a derivatives joint venture. The Derivatives segment provides markets for trading derivatives, clearing options and futures contracts and certain over-the-counter ("OTC") products through MX and its subsidiaries, Canadian Derivatives Clearing Corporation ("CDCC"), Montréal Climate Exchange Inc. ("MCeX"), and Boston Options Exchange Group, LLC ("BOX"). The Energy segment provides a marketplace for the trading and clearing of natural gas, electricity and crude oil contracts through NGX.

# TMX GROUP INC.

Notes to Interim Consolidated Financial Statements  
(In thousands of Canadian dollars, except per share amounts)

Nine months ended September 30, 2009 and 2008  
(Unaudited)

## Three months ended September 30\*

	Cash	Derivatives	Energy	Total
<b>2009</b>				
Issuer services	\$ 35,108	\$ -	\$ -	\$ 35,108
Trading, clearing and related	26,672	19,360	10,351	56,383
Market data	30,691	3,727	59	34,477
Business services and other	2,783	1,744	(252)	4,275
<b>Total revenue</b>	<b>95,254</b>	<b>24,831</b>	<b>10,158</b>	<b>130,243</b>
<b>Net income</b>	<b>33,565</b>	<b>5,307</b>	<b>2,877</b>	<b>41,749</b>
<b>Goodwill</b>	<b>116,912</b>	<b>493,782</b>	<b>52,150</b>	<b>662,844</b>
<b>Total assets</b>	<b>500,444</b>	<b>2,069,633</b>	<b>882,952</b>	<b>3,453,029</b>
<b>2008</b>				
Issuer services	\$ 38,024	\$ -	\$ -	\$ 38,024
Trading, clearing and related	34,450	16,839	7,594	58,883
Market data	31,924	3,364	-	35,288
Business services and other	3,837	3,082	69	6,988
<b>Total revenue</b>	<b>108,235</b>	<b>23,285</b>	<b>7,663</b>	<b>139,183</b>
<b>Net income</b>	<b>41,912</b>	<b>6,867</b>	<b>2,165</b>	<b>50,944</b>
<b>Goodwill</b>	<b>46,746</b>	<b>567,129</b>	<b>21,279</b>	<b>635,154</b>
<b>Total assets</b>	<b>452,502</b>	<b>2,009,582</b>	<b>1,020,854</b>	<b>3,482,938</b>

\* Includes results from dates of acquisitions in the year

## Nine months ended September 30\*

	Cash	Derivatives	Energy	Total
<b>2009</b>				
Issuer services	\$ 105,588	\$ -	\$ -	\$ 105,588
Trading, clearing and related	85,823	61,313	29,380	176,516
Market data	96,382	12,658	101	109,141
Business services and other	8,233	4,160	(296)	12,097
<b>Total revenue</b>	<b>296,026</b>	<b>78,131</b>	<b>29,185</b>	<b>403,342</b>
<b>Net income</b>	<b>107,869</b>	<b>14,804</b>	<b>8,865</b>	<b>131,538</b>
<b>Goodwill</b>	<b>116,912</b>	<b>493,782</b>	<b>52,150</b>	<b>662,844</b>
<b>Total assets</b>	<b>500,444</b>	<b>2,069,633</b>	<b>882,952</b>	<b>3,453,029</b>
<b>2008</b>				
Issuer services	\$ 113,936	\$ -	\$ -	\$ 113,936
Trading, clearing and related	106,332	25,824	21,459	153,615
Market data	92,041	5,319	70	97,430
Business services and other	10,437	6,023	123	16,583
<b>Total revenue</b>	<b>322,746</b>	<b>37,166</b>	<b>21,652</b>	<b>381,564</b>
<b>Net income</b>	<b>116,853</b>	<b>10,734</b>	<b>5,330</b>	<b>132,917</b>
<b>Goodwill</b>	<b>46,746</b>	<b>567,129</b>	<b>21,279</b>	<b>635,154</b>
<b>Total assets</b>	<b>452,502</b>	<b>2,009,582</b>	<b>1,020,854</b>	<b>3,482,938</b>

\* Includes results from dates of acquisitions in the year

# TMX GROUP INC.

Notes to Interim Consolidated Financial Statements  
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## 5. Credit facilities

The Company has the following credit facilities:

	Interest rate	Year of maturity	Authorized	Amount drawn at September 30, 2009
TMX Group non-revolving three year term facility	30 day B.A. + 45 bps	2011	\$ 430,000	\$ 430,000
TMX Group revolving three year term facility	-	2011	50,000	-
MX operating line of credit	-	N/A	3,000	-
GDCC revolving standby credit facility	-	N/A	30,000	-
NGX overdraft facility	-	N/A	20,000	-
NGX EFT Daylight facility	-	N/A	300,000	-
NGX letter of credit	-	N/A	US\$100,000	-
<b>Total credit facilities</b>				<b>\$ 430,000</b>

In connection with the acquisition of MX in 2008, the Company established, and drew on, a non-revolving three-year term credit facility of \$430,000 on April 30, 2008. As at September 30, 2009, the Company has prepaid \$1,169 of financing fees in relation to this loan, which leaves a net credit facility liability of \$428,831. These financing fees are being amortized over the remaining term of the loan.

## 6. Interest rate swaps:

Effective August 28, 2008, the Company entered into a series of interest rate swap agreements to partially manage its exposure to interest rate fluctuations on its \$430,000 non-revolving three year term facility. The interest rate swaps are as follows:

Swap number	Notional value	Maturity date	Interest rate the Company will receive	Interest rate the Company will pay	Fair value unrealized gain/(loss) at September 30, 2009	Fair value unrealized gain/(loss) at September 30, 2008
#1	\$ 100,000	August 31, 2009	30 day B.A.	3.496%	\$ -	\$ (458)
#2	100,000	August 31, 2010	30 day B.A.	3.749%	(2,772)	(1,316)
#3	100,000	April 18, 2011	30 day B.A.	3.829%	(4,061)	(1,650)
<b>Total</b>	<b>\$ 300,000</b>				<b>\$ (6,833)</b>	<b>\$ (3,424)</b>

# TMX GROUP INC.

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(Unaudited)

As at September 30, 2008, the Company had designated these interest rate swaps as cash flow hedges. During the three and nine months ended September 30, 2008, the hedges were determined to be effective, and the Company paid and recognized \$155 as interest expense within net income, and \$3,424 (\$2,277 net of tax) of unrealized fair value losses within other comprehensive income.

In December 2008, the Company determined that, even though the hedges continued to be effective from an economic perspective, it was no longer appropriate to designate them as cash flow hedges for accounting purposes. As a result, the Company marks to market the value of these interest rate swaps, including a credit valuation adjustment as required under the CICA's Emerging Issues Committee ("EIC") Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", as an adjustment to income. During the three months ended September 30, 2009, unrealized gains of \$2,176 and realized losses of \$2,237 have been reflected in net income. During the nine months ended September 30, 2009, unrealized gains of \$5,644 and realized losses of \$6,480 have been reflected in net income. Both amounts have been included within net mark to market on interest rate swaps on the income statement.

## 7. Share capital:

The following transactions occurred with respect to the Company's common shares:

	Three months ended September 30, 2009		Nine months ended September 30, 2009	
	Number of common shares	\$	Number of common shares	\$
Beginning of the period	74,290,113	\$ 1,102,043	74,403,577	\$ 1,084,399
Repurchased and cancelled	-	-	(1,000,000)	(14,575)
Issued (note 3)	-	-	878,059	32,052
Options exercised	14,064	374	22,541	541
<b>End of the period</b>	<b>74,304,177</b>	<b>\$ 1,102,417</b>	<b>74,304,177</b>	<b>\$ 1,102,417</b>

On August 14, 2008, the Company received approval from Toronto Stock Exchange to repurchase up to 7,595,585 of its common shares pursuant to a normal course issuer bid ("NCIB"). Common shares purchased under the NCIB are cancelled, and purchases could be made over a one year period ending August 17, 2009, or such earlier date as the Company completed its purchases. In connection with this NCIB, the Company entered into two private agreements with a shareholder in February to repurchase a pre-defined number of shares. Under these agreements, the Company repurchased 1,000,000 common shares at an aggregate cost of \$30,435 of which \$14,575 was charged to share capital and the excess of the cost of the NCIB over the stated value of the common shares of \$15,860 was charged to deficit.

# TMX GROUP INC.

Notes to Interim Consolidated Financial Statements  
(In thousands of Canadian dollars, except per share amounts)

Nine months ended September 30, 2009 and 2008  
(Unaudited)

## 8. Share option plan:

The Company established a share option plan in 2002, the year of its initial public offering. All employees of the Company and those of its designated subsidiaries at or above the director level, and other designated individuals, are eligible to be granted share options under the share option plan.

According to the terms of the Company's plan, under no circumstances may any one person's share options and all other share compensation arrangements exceed 5% of the issued and outstanding common shares of the Company. 4,229,755 common shares of the Company remain reserved for issuance upon exercise of share options granted under the plan, representing approximately 6% of the outstanding common shares of the Company.

The fair value of each share option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants in 2009: dividend yield of 3.5% (2008 – 2.9%); expected volatility of 26.8% (2008 – 23.6%); risk-free interest rate of 4.0% (2008 – 4.1%) and expected life of 7 years (2008 – 7 years).

Options granted will expire in 2012, 2013, 2014, 2015 and 2016.

Share options:

	Three months ended September 30, 2009		Three months ended September 30, 2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	1,454,466	\$ 35.88	982,923	\$ 39.90
Granted	10,000	34.24	150,000	36.46
Forfeited	(43,848)	48.93	(75,736)	49.95
Exercised	(14,064)	26.59	(31,446)	22.70
<b>Outstanding, end of the period</b>	<b>1,406,554</b>	<b>\$ 35.55</b>	<b>1,025,741</b>	<b>\$ 39.18</b>

# TMX GROUP INC.

Notes to Interim Consolidated Financial Statements  
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Nine months ended September 30, 2009 and 2008  
(Unaudited)

	Nine months ended September 30, 2009		Nine months ended September 30, 2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	1,021,819	\$ 39.14	973,522	\$ 31.64
Granted	635,717	31.63	526,228	44.71
Forfeited	(228,441)	42.02	(142,161)	50.52
Exercised	(22,541)	22.32	(331,848)	20.97
<b>Outstanding, end of the period</b>	<b>1,406,554</b>	<b>\$ 35.55</b>	<b>1,025,741</b>	<b>\$ 39.18</b>

At September 30, 2009, 536,068 options were fully vested and exercisable at strike prices in the range of \$10.53 to \$54.50. During the three months and nine months ended September 30, 2009, the Company recognized compensation costs of \$557 and \$2,063 in relation to its share option plan (three months and nine months ended September 30, 2008 - \$677 and \$1,723).

## 9. Earnings per share:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net income	\$ 41,749	\$ 50,944	\$ 131,538	\$ 132,917
Weighted average number of common shares outstanding	74,298,278	77,025,461	74,076,037	73,017,868
Basic earnings per share	\$ 0.56	\$ 0.66	\$ 1.78	\$ 1.82
Diluted weighted average number of common shares outstanding	74,486,068	77,119,217	74,260,586	73,142,735
Diluted earnings per share	\$ 0.56	\$ 0.66	\$ 1.77	\$ 1.82

## 10. Employee future benefits:

Total defined benefit cost recognized for the three and nine months ended September 30, 2009 was \$445 and \$1,577 (three and nine months ended September 30, 2008 - \$599 and \$1,763).

# **TMX GROUP INC.**

Notes to Interim Consolidated Financial Statements  
(In thousands of Canadian dollars, except per share amounts)

Nine months ended September 30, 2009 and 2008  
(Unaudited)

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## **11. Comparative figures:**

Certain comparative figures have been reclassified to conform to the financial presentation adopted in the current period.