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Q3

2008 Third Quarter Report
to Shareholders

CEO's Letter to Shareholders

Markets around the world are experiencing significant volatility. This is the result of a significant period of over-extended financing, fuelled by a prolonged period of low interest rates, principally in the United States. Supporting this overlevering was a securitization of assets, including these mortgages, which has ultimately damaged the larger credit markets.

Yet regulated, transparent exchanges, such as ours, continue to function while certain parts of the decentralized and unlisted over the counter market have begun to erode.

As our markets remain transparent, liquid and price forming, we continue to provide our customers with efficient, flexible markets that are responsive to their needs. Bringing buyers and sellers together across multiple asset classes is our primary mission and one that is essential to our economy's growth.

Despite these extraordinary market events, I am pleased to report positive results for TMX Group in the third quarter of 2008. I am also encouraged by the steps that we've taken in recent months to advance our initiatives.

Revenue for TMX Group's third quarter of 2008 was \$139.4 million, a 32% increase over the third quarter of last year. The increase largely reflected the addition of revenue from the business operations of the Montreal Exchange ("MX"), following our combination on May 1, and the Boston Options Exchange ("BOX"), following the acquisition of a controlling interest on August 29.

In addition, we had higher revenue from issuer services and market data. Operating expenses were \$62.3 million, a 40% increase over the third quarter of 2007, also primarily due to the inclusion of MX and BOX expenses. We continue to focus on ways to realize cost savings across our business and particularly now as we move forward with the integration of MX. Net income in the third quarter of 2008 was \$50.9 million, an increase of 19% over 2007.

Amidst severe market turbulence, there were some positive signs in our statistics. During the quarter, although overall equity and derivatives trading volumes were down slightly compared with last year, trading volumes on Toronto Stock Exchange were up 12% over the third quarter of last year. In fact, transactions were up 50% on Toronto Stock Exchange over the same quarter last year. To us, that suggests increased levels of program and algorithmic trading in the Canadian market, a customer set that we continue to target with various initiatives.

In cash equities trading, we are continuing with our proven strategy of offering leading-edge technology, innovative products and very competitive pricing. We are on track to launch a smart order routing solution powered by Lava ColorBook® II technology. Consistent with our commitment to provide value to our clients, on October 29 we announced that we are revising our equity trading fee structure, effective January 1, 2009. The fee changes are designed to attract additional market participants and more liquidity to our marketplace.

One of the strongest areas of growth in our business this past quarter was market data, as we work to deliver innovative solutions for our wide range of customers. Market data revenue for the third quarter was up 28% over last year. Continuing a tradition of market transparency, in August we became the first North American exchange to offer a daily summary of insider buying and selling with the launch of the Insider Trade Marker Report, which provides information for all Toronto Stock Exchange and TSX Venture Exchange issuers.

In our listings operations, the 2008 U.S. business development campaign continues. So far this year, our team has been to Denver, Houston, Minneapolis, Phoenix and San Diego, with stops in Atlanta and Raleigh also planned for this month. As we continue to travel around the U.S. on this campaign, the pipeline for more new listings is growing. I am confident our efforts will pay off down the road.

We also remain committed to further establishing our markets in China, as our listings roadshow visited Beijing, Shanghai and Qingdao in October. Despite the challenging market environment, the seminars were very well attended and generated significant interest from participants and business professionals.

I want to emphasize what I think is fundamental to our success now and in the future – that we are not just a cash equities marketplace. We are beginning to reap some of the benefits of our continuous efforts to diversify our business and we will continue to broaden our revenue base with the introduction of new products and services.

Our energy business, NGX, continued its strong growth in the third quarter with trading revenue up 29% over the third quarter of 2007. This growth is as a result of enhancements to our clearing facility and our successful alliance with ICE, launched in February of this year. We currently provide physical natural gas clearing and settlement services for eight ICE listed U.S. hubs and have five employees in the U.S., which positions us well for continued growth in this area.

As I mentioned, we further expanded our derivatives business by acquiring an additional interest in BOX, giving us a majority ownership. BOX continues to grow its business, and in September they achieved new milestones with a single day record of over 1.7 million contracts executed on September 18, and a record week from September 15 through 19 with an average daily volume of almost 1.3 million contracts executed.

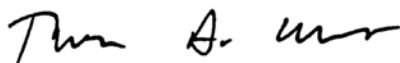
In terms of the ongoing project to integrate MX, bringing together Canadian equities and derivatives markets, we announced an important phase in our plan to achieve the benefits from the combination of TSX Group and MX.

Our integration plan includes the investment in new business and product initiatives to better serve our customers' needs, particularly in the derivatives sector, while at the same time, achieving cost synergies by realizing efficiencies in data centre operations and corporate support functions. While it is unfortunate that we cannot retain all of our employees in the combined organization, I am confident that we have developed the best structure to ensure the success of TMX Group going forward.

We plan to grow our business by adding new products such as a futures contract based on a Canadian volatility index and mini-sized equity index futures contracts. In addition, our plans call for the expansion of clearing of over-the-counter derivatives and further development of the SOLA[®] technology platform. These initiatives are anticipated to eventually generate more than \$10 million annually in new revenue and will require us to enhance our pool of expertise by adding approximately 30 highly skilled, value-added jobs in clearing, technology application development and product and services development at the MX office in Montreal*.

We also remain on track to achieve \$25 million of cost synergies on a run rate basis by the fourth quarter of 2009*. As part of the plan, our offices and data centers will be consolidated and we will eliminate 85 corporate support and operational positions, or approximately 10% of our workforce, over a period of 14 months. The rationalization of data centres will enable customers to consolidate their connectivity networks and co-locate at one location which will greatly reduce their technology and communication expenditures.

As you can see, our team has clear priorities for growing our business. I look forward to updating you on our progress in early 2009.



Thomas Kloet
Chief Executive Officer
TMX Group Inc.

November 4, 2008

* Please refer to Forward Looking Information in the Investor Contact Information Section.

Q3-2008 Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) of TMX Group Inc.'s (TMX Group)¹, formerly TSX Group Inc.'s, financial condition and results of operations is provided to enable a reader to assess our financial condition, material changes in our financial condition and our results of operations, including our liquidity and capital resources, for the quarter and nine months ended September 30, 2008, compared with the quarter and nine months ended September 30, 2007, or the year ended December 31, 2007, as applicable. This MD&A is dated October 29, 2008 and should be read carefully together with our Q3/08 unaudited interim consolidated financial statements and related notes for the corresponding period as well as our 2007 MD&A and audited annual financial statements, including notes, which are prepared in accordance with Canadian generally accepted accounting principles (GAAP). Each of these documents is filed with Canadian securities regulators and can be accessed through www.sedar.com, or our website at www.tsx.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with Canadian GAAP, unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

On May 1, 2008, TMX Group and Montréal Exchange Inc. (MX) combined their businesses and, accordingly, the results of MX are included in TMX Group's consolidated results from May 1, 2008. On August 29, 2008, MX acquired an additional 21.9% interest in the Boston Options Exchange Group, LLC (BOX) from the Boston Stock Exchange (BSE), giving MX a majority ownership interest of 53.3% in, and control of, the U.S. equity option exchange. Prior to the completion of this transaction, MX's 31.4% investment in BOX was accounted for under the equity method under which our 31.4% of the earnings from BOX was reported as income from investment in an affiliate. Upon acquisition of control, the results of BOX have been fully consolidated into TMX Group's consolidated results from August 29, 2008, with an adjustment made for the non-controlling interests.

Certain comparative figures have been reclassified in order to conform with the financial presentation adopted in the current year.

Additional information about TMX Group, including our most recent Annual Information Form is available through www.sedar.com and on our website www.tsx.com. We are not incorporating information contained on the website in this MD&A.

Non-GAAP Financial Measures

Toronto Stock Exchange customers are billed for initial and additional listing fees, and with this system, 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 have adopted the terms issuer services fees billed, initial listing fees billed and additional listing fees billed. These terms replace "*listing fees received*", "*initial listing fees received*" and "*additional listing fees received*", which have been used in previous financial reporting. The composition of these measures, however, is unchanged.

Certain measures used in this MD&A, specifically issuer services fees billed, initial listing fees billed and additional listing fees billed do not have standardized meanings prescribed by Canadian GAAP and therefore are unlikely to be comparable to similar measures presented by other issuers. We present these measures as 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. Management uses these measures to assess the effectiveness of our strategy to serve our listed issuers and grow the listings portion of our business.

We present adjusted earnings per share prior to loss on termination of joint venture as an indication of operating performance exclusive of the payment made on April 1, 2008 to ISE Ventures, LLC (ISE Ventures), a wholly-owned subsidiary of International Securities Exchange Holdings, Inc. (ISE), related to terminating our proposed derivatives joint venture. This measure does not have a standardized meaning prescribed by Canadian GAAP and therefore is unlikely to be comparable to similar measures presented by other issuers. Management believes this measure allows it to assess operating performance excluding this type of payment.

Strategy Update²

Derivatives: Completion of Combination with MX

On May 1, 2008, we completed our business combination with MX to create TMX Group, a leading, integrated, multi-asset class exchange group. The business combination was completed by TMX Group acquiring all of MX's outstanding common shares for a total consideration of 15.3 million TMX Group common shares and \$428.2 million in cash. 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 \$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.

1 Following shareholder approval on June 11, 2008, our Restated Articles of Incorporation were amended to change our name from TSX Group Inc./Groupe TSX Inc. to TMX Group Inc./Groupe TMX Inc.

2 The "Strategy Update" section above contains certain forward-looking statements. Please refer to "Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

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 (CDCC). MX has an approximate 53% ownership interest in BOX, a U.S. automated equity options market for which MX is the technical operator and technology developer.

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.

TMX Group was created with the goal of realizing a number of benefits:

- *Improved positioning in light of global exchange consolidation trends.* The combination creates a substantially larger entity that is better positioned to compete and grow.
- *Greater product offering.* TMX Group offers a broad range of cash and derivatives products, including products based on interest rates, equities, equity indices, foreign exchange, energy and environmental financial products. TMX Group is well positioned to compete against other exchanges, alternative trading systems (ATs) and the over-the-counter (OTC) market in an evolving industry.
- *More diversified revenue base.* The combination allows us to further diversify our revenue base by including revenue from trading and clearing derivatives as well as by distributing MX market data.
- *Combination creates opportunity to achieve meaningful synergies.* The combination is anticipated to create value for our shareholders through TMX Group's enhanced growth profile and opportunity to realize meaningful synergies. We are currently targeting annual cost synergies of \$25.0 million, expected to be achieved by rationalizing premises and data centres, reducing corporate costs and optimizing technology. Synergies will be partially phased in during 2008, and we expect to see most of the synergies being realized during 2009. By the fourth quarter of 2009, we expect to achieve these \$25.0 million of cost synergies on a run rate basis when compared with the business plans of the separate organizations. In addition, we 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 over the combined customer base, optimizing clearing models, promoting greater use of derivatives in Canada and expanding the combined customer base globally.
- *Combination creates opportunities to accelerate growth strategies.* By bringing together the strong markets, teams and expertise of both organizations, TMX Group is well positioned to grow trading volumes, including by developing and launching new products, and will have the resources and scale to develop new high-value data services and offer an integrated clearing solution to an enlarged and international customer base. Furthermore, the combination allows TMX Group to generate growth prospects and strategies, including growth strategies outside of Canada, particularly in the U.S. through MX's majority interest in BOX.

Leading Global Resource Exchange Group

We will continue to expand our unique platform and differentiate ourselves globally by leveraging our strengths in natural resources. At December 31, 2007, 57% of the world's public mining companies and almost 50% of the world's public oil & gas companies were listed on Toronto Stock Exchange and TSX Venture Exchange. Implementation of this strategy will include providing listings, trading and clearing of equities, fixed income, options and futures for natural resource companies and the underlying commodity products. We believe resource companies and investors value our comprehensive integrated resource offerings, deep liquidity, and attractive economics. This strategy will capitalize on Canada's evolving position as a leading energy supplier. Our current base of resource listings, together with our ownership of Natural Gas Exchange Inc. (NGX), provides us with a strong base upon which to build.

On March 28, 2007, we announced an arrangement to combine NGX's strengths in physical clearing with the advanced transaction matching technology of IntercontinentalExchange Inc. (ICE). Launched on February 9, 2008, this arrangement, whereby NGX provides the marketplace with a clearinghouse for physical gas transactions across North America and ICE offers NGX access to thousands of trading desks, has been an immediate success, and NGX has now established a continental footprint for its gas and electricity contracts.

In September 2007, we took another key step toward expanding our presence in the critical energy space when we purchased an option from Enbridge Inc. (Enbridge) and Circuit Technology Ltd. (Circuit Technology) to acquire all the shares of NetThruPut Inc. (NTP), the leading Canadian electronic platform and clearing facility for crude oil. The option is exercisable after March 15, 2009.

Leading North American Exchange for SMEs

We are a leading exchange for small to medium-sized enterprises (SMEs), and we intend to expand this platform to attract North American and international listings. The SME market globally, and especially in the United States, is large and potentially underserved.

In the highly competitive environment for listings, our business development efforts have taken us world-wide. We have focused on entrenching our position as a preeminent global resource exchange group and a leading international exchange group for SMEs. We are actively pursuing listing opportunities in the key markets of the United States, Australia, South Africa, and South America, as well as in emerging new economic powers such as China and Brazil.

TMX Group added 28 new international listings in the first nine months of 2008 and 4 TSX Venture Exchange international listings graduated to Toronto Stock Exchange.

Update on Overview of the Business

Derivatives Markets

In addition to owning and operating equity, energy and fixed income markets in Canada, we own and operate the Montréal Exchange, Canada's only derivatives exchange. In addition, we own approximately 53% of BOX, a U.S. automated equity options market. Our derivatives markets derive revenue from MX's trading, clearing, market data and business services activities as well as from trading on BOX.

Derivatives Trading

MX is Canada's only standardized financial derivatives exchange, offering interest rate, index and equity derivatives. Currently, the most important of these products are the Three-Month Canadian Bankers' Acceptance Futures contract (BAX), the Ten-Year Government of Canada Bond Futures contract (CGB) and the S&P Canada 60 Index Futures contract (SXF). We connect participants to our derivatives markets, build business relationships with them and work with them to ensure that our derivatives offerings meet investor needs. Participants are charged fees for buying and selling derivatives products on a per transaction basis, determined principally by contract type and participant status. Since MX trading fee rates are charged on a per transaction basis, this trading revenue is directly correlated to the volume of contracts traded on our derivatives market. Derivatives trading revenue is recognized on the transaction date of the related transaction.

BOX is one of the seven option exchanges in the U.S., offering an electronic equity derivatives market on almost 1,500 options classes. All transaction revenues are recognized as earned. BOX is regulated by the Securities and Exchange Commission (SEC) of U.S. and its products are cleared through the Options Clearing Corporation (OCC).

Derivatives Clearing

Through CDCC, MX's wholly-owned subsidiary, we generate revenue from clearing and settlement, as well as from options and futures exercise activities. CDCC is the central counterparty and guarantor of all transactions carried out on MX's markets and on some OTC products. In addition, CDCC is the issuer of options traded on MX markets and the clearing house and guarantor for options and futures contracts traded on MX markets and on the OTC market. CDCC reduces investor risk by guaranteeing all contractual commitments made between parties for transactions executed on our markets.

Participants are charged fees for the clearing and settlement of MX products on a per contract basis. These fees are charged at various rates based on the type of customer or member. Clearing and settlement revenues are correlated to the trading volume of such products and therefore fluctuate based on the same factors that affect our derivatives trading volume. Derivatives clearing revenue is recognized on the settlement date of the related transaction.

Derivatives Market Data

MX sells real-time trading and quotation data (quotes, prices, size and trades) and historical data to market participants on a global basis. Revenue from the sales of MX market data is principally dependant upon the number of data subscriptions, which is driven by MX's network of brokers and the extent of MX's client base, as well as MX's ability to remain a principal market and to respond to innovations in technology that may affect the availability, reliability and price of market data. Market data revenue is also generated by the sale of data to resellers of information as well as the sale of individual quotes via the Internet. As of September 30, 2008, there were over 28,000 subscriptions to MX's market data. Derivatives market data revenue is recognized based on usage as reported by customers and vendors.

BOX also resells its market data. Like the other U.S. options exchanges, it resells such data through a marketplace service known as OPRA (Options Price Reporting Authority), which collects data from the options exchanges and disseminates it to entities which then resell it.

Business Services

Business services revenue includes revenue from BOX for the four months prior to August 29, 2008. Revenue from BOX from August 29, 2008 to September 30, 2008 is eliminated upon the consolidation of BOX.

MX offers professional services to BOX, which include the technical operation and maintenance of its electronic trading, clearing and surveillance platforms as well as the development of technology solutions for use both internally and by third parties. MX developed a state-of-the-art electronic trading platform, called SOLA[®], currently in use at MX and at BOX. MX entered into technical operational services agreements with BOX pursuant to which MX provides the technical operations services related to BOX's trading and surveillance platforms. MX charges BOX for salaries, telecommunication services, computer equipment and other services at rates set out in its agreement with BOX. These transactions are undertaken in the ordinary course of business.

Regulation Activities

MX is a self-regulatory organization (SRO) that has a major responsibility for maintaining the transparency, credibility and integrity of the exchange-traded derivatives market in Canada. MX's Regulatory Division, which is operated independently of its other operations, is responsible for the regulation of its markets and its trading participants. The Regulatory Division is subject to the sole internal oversight of MX's Special Committee – Regulatory Division. The Special Committee – Regulatory Division, which is appointed by the Board of Directors of MX, is composed of a majority of independent members, none of whom is a member of the Board of Directors of MX or CDCC. The Regulatory Division operates on a non-profit/cost-recovery basis.

Revenues generated by the Regulatory Division are from two sources: (1) regulatory fees, which are principally comprised of market surveillance fees collected by MX on behalf of its Regulatory Division, and (2) regulatory fine revenues, which are generated from fines levied by our Regulatory Division. Market regulation fees are recognized in the month in which the services are provided.

Any surplus in the Regulatory Division must be redistributed to our participants (excluding regulatory fine revenues, which cannot be redistributed) and any shortfall must be made up by a special assessment by MX's participants or by MX upon recommendation of the Special Committee – Regulatory Division. Regulatory fine revenues are used for specific regulatory purposes and are not refunded to participants. Regulatory fine revenues are reflected in **Trading, Clearing and Related Revenue**.

MX Initiatives

Canadian Derivatives Clearing Corporation (CDCC)

On June 16, 2008, the MX Information Technology Services team released the first stages of SOLA[®] Clearing, the most recent addition to SOLA[®] software products. SOLA[®] Clearing is now operating in a parallel testing environment and is expected to go into commercial production before the end of 2008. SOLA[®] Clearing is intended to provide increased performance and functionality to CDCC and its members.

BOX

On August 29, 2008, MX increased its holdings in BOX when it completed an acquisition giving it a majority ownership interest of 53.3% in, and control of, BOX. MX acquired a 21.9% ownership position from another senior BOX partner, the BSE, as agreed in December 2007. Under the terms of the agreement with the BSE, MX paid US\$52.5 million in cash for the 21.9% partnership interest in BOX held by the BSE. This transaction was financed with existing cash resources. The principal business activity of BOX is to provide an electronic equity options market, for which MX is the technical operator and technology developer.

Montréal Climate Exchange Inc. (MCeX)

On May 30, 2008, MCeX, the first regulated environmental market in Canada officially launched trading of a new futures contract on Canada carbon dioxide equivalent (CO₂e) units. Our goal is to lead the growth in Canadian environmental markets and deliver market solutions to help Canadian industries efficiently manage greenhouse gas emissions. MX has a 51% interest in MCeX.

Equity Trading: Update to Regulation Services Provider for Toronto Stock Exchange and TSX Venture Exchange

Market Regulation Services Inc. (RS), the regulation services provider to each of Toronto Stock Exchange and TSX Venture Exchange underwent a corporate reorganization whereby on June 1, 2008, it combined with the Investment Dealers Association of Canada (IDA) to form the Investment Industry Regulatory Organization of Canada (IIROC). Prior to June 1, 2008, RS was owned 50% by TSX Inc. and 50% by the IDA. Effective June 1, 2008, IIROC is the SRO that provides regulation services to both Toronto Stock Exchange and TSX Venture Exchange, monitoring and enforcing compliance with the Universal Market Integrity Rules.

TSX Inc. has no share ownership interest in IIROC; it is however, entitled to nominate one of the 15 directors of IIROC.

We provide IIROC with technology and related services necessary for it to conduct its review and real time monitoring of trading on Canadian equity marketplaces. IIROC pays us a fee for these services in accordance with an agreement which also details service levels.

Quarter Ended September 30, 2008 Compared with Quarter Ended September 30, 2007

Net income was \$50.9 million, or 66 cents per common share on a basic and diluted basis for Q3/08, compared with net income of \$42.7 million, or 63 cents per common share (62 cents on a diluted basis) for the same period in 2007. Net income for Q3/08 increased by 19% over Q3/07, reflecting revenue related to the business operations of MX which were combined with TMX Group on May 1, 2008, revenue from the operations of BOX from August 29, 2008 as well as increased issuer services and market data revenue. The impact of the higher revenue was somewhat offset by an increase in overall expenses, including interest expense.

Revenue

Revenue in Q3/08 was \$139.4 million, up \$33.5 million, or 32% as compared with \$105.9 million in Q3/07 primarily reflecting \$23.3 million in revenue related to the business operations of MX which were combined with TMX Group on May 1, 2008, revenue related to the operations of BOX from August 29, 2008, as well as increased issuer services and market data revenue.

Issuer Services Revenue

The following is a summary of issuer services revenue reported and issuer services fees billed* (reconciled below in this section) in Q3/08 and Q3/07.

<i>(in millions of dollars)</i>	Reported				Billed*			
	Q3/08	Q3/07	\$ increase	% increase	Q3/08	Q3/07	\$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	\$ 4.1	\$ 3.5	\$ 0.6	17%	\$ 4.3	\$ 7.2	\$ (2.9)	(40%)
Additional listing fees	\$ 13.1	\$ 11.4	\$ 1.7	15%	\$ 17.2	\$ 23.2	\$ (6.0)	(26%)
Sustaining listing fees**	\$ 17.5	\$ 16.8	\$ 0.7	4%	\$ 17.5	\$ 16.8	\$ 0.7	4%
Other issuer services	\$ 3.5	\$ 3.1	\$ 0.4	13%	\$ 3.5	\$ 3.1	\$ 0.4	13%
Total listing fees	\$ 38.2	\$ 34.8	\$ 3.4	10%	\$ 42.5	\$ 50.3	\$ (7.8)	(16%)

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 with this system, 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:

<i>Initial Listing Fees (in millions of dollars)</i>	Q3/08	Q3/07
Initial listing fees billed*	\$ 4.3	\$ 7.2
Initial listing fees billed* and deferred to future periods	\$ (4.2)	\$ (7.1)
Recognition of initial listing fees billed* and previously included in deferred revenue	\$ 4.0	\$ 3.4
Initial listing fee revenue reported	\$ 4.1	\$ 3.5
<i>Additional Listing Fees (in millions of dollars)</i>	Q3/08	Q3/07
Additional listing fees billed*	\$ 17.2	\$ 23.2
Additional listing fees billed* and deferred to future periods	\$ (16.7)	\$ (22.8)
Recognition of additional listing fees billed* and previously included in deferred revenue	\$ 12.6	\$ 11.0
Additional listing fee revenue reported	\$ 13.1	\$ 11.4

- Initial and additional listing fees reported increased due to capital market activity and listing fee price increases during the period from October 1, 1998 to September 30, 2008 compared with the period from October 1, 1997 to September 30, 2007. Initial and additional listing fees billed* in Q3/08, as compared with Q3/07, reflect a decline in the value of securities issued and reserved, somewhat offset by changes to the pricing model for each equity exchange that were effective January 1, 2008.

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

** Sustaining listing fees billed, as shown in this table, represents the amount recognized for accounting purposes during the quarter. Sustaining listing fees are billed during the first quarter of the year, recorded as deferred revenue and amortized over the year on a straight-line basis.

- 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 fee increases on TSX Venture Exchange that were effective January 1, 2008, and the overall higher market capitalization of listed issuers at the end of 2007 compared with the end of 2006, partially offset by a decrease in *sustaining listing fees* from issuers listed on Toronto Stock Exchange.
- *Other issuer services* includes revenue of \$3.2 million from The Equicom Group Inc. (Equicom) in Q3/08, compared with \$3.1 million in Q3/07.

Trading, Clearing and Related Revenue

(in millions of dollars)

	Q3/08	Q3/07	\$ increase/ (decrease)	% increase/ (decrease)
<i>Cash markets:</i>				
• Toronto Stock Exchange	\$ 26.0	\$ 25.3	\$ 0.7	3%
• TSX Venture Exchange	\$ 5.6	\$ 6.8	\$ (1.2)	(18%)
	\$ 31.6	\$ 32.1	\$ (0.5)	(2%)
• Shorcan	\$ 2.8	\$ 3.5	\$ (0.7)	(20%)
<i>Cash markets revenue</i>	\$ 34.4	\$ 35.6	\$ (1.2)	(3%)
<i>Energy markets revenue</i>	\$ 7.6	\$ 5.9	\$ 1.7	29%
<i>Derivatives markets revenue</i>	\$ 17.0	\$ -	\$ 17.0	-
<i>Total trading, clearing and related revenue</i>	\$ 59.0	\$ 41.5	\$ 17.5	42%

Cash Markets

- *Cash markets* equity trading revenue from Toronto Stock Exchange increased due to a 12% increase in the volume of securities traded in Q3/08 over Q3/07 (25.7 billion securities in Q3/08 versus 22.9 billion securities in Q3/07), partially offset by the impact of changes in our pricing model, which were effective November 1, 2007, as well as changes in trading activity, patterns and product mix.
- *Cash markets* equity trading revenue from TSX Venture Exchange decreased as a result of a 28% decrease in the volume of securities traded in Q3/08 over Q3/07 (8.0 billion securities in Q3/08 versus 11.1 billion securities in Q3/07), somewhat offset by the impact of changes in our pricing model, which were effective November 1, 2007, as well as changes in trading activity, patterns and product mix.
- The decrease in revenue from Shorcan Brokers Limited (Shorcan) primarily reflects a decrease in trading in Government of Canada and provincial bonds in Q3/08 versus Q3/07.

Equities Trading Fee Revisions³

We are changing our trading fee structure, effective January 1, 2009.

The fee changes are designed to provide savings for market participants and are intended to attract additional participants and volume to our marketplaces by introducing further incentives for adding liquidity to Toronto Stock Exchange and TSX Venture Exchange central limit order books. In addition, revised pricing models for Toronto Stock Exchange market makers and exchange traded funds are expected to improve liquidity and promote trading growth in these areas.

Given that many of the changes are structured to respond to customer needs, it is expected that the impact of the proposed changes will be to improve TMX Group's competitive position in North America. Based on historical trading activity, patterns, and product mix, changes to the trading fee structure could reduce trading revenue by approximately \$11 to \$14 million on an annual basis if offsetting benefits, including increased volumes, are not realized. However, actual trading revenue will depend on future trading activity, patterns and product mix.

Energy Markets

- In Q3/08, the volumes of natural gas and electricity contracts traded or cleared on NGX increased by 29% over Q3/07 (3.6 million terajoules in Q3/08 versus 2.8 million terajoules in Q3/07). This excludes the Alberta Watt Exchange Limited (Watt-Ex) volumes, which represent electric operating reserve procurement for the Alberta Electric System Operator.
- The increased volumes reflect the successful launch of our arrangement with ICE on February 9, 2008, which provided us with access to substantially more customers and included the launch of new products in Canada and the US.
- The increase in revenue also reflects price increases that were effective in January 2008.

³ The "Equities Trading Fee Revisions" section above contains certain forward looking statements. Please refer to "Forward Looking Information" for a discussion of risks and uncertainties related to such statements.

Derivatives Markets

- Derivatives markets revenue includes \$13.7 million in trading revenue from MX (which was combined with TMX Group on May 1, 2008) and BOX (following the increase in our ownership interest from 31.4% to 53.3% on August 29, 2008). In addition, we received \$3.3 million in clearing revenue related to MX.
- MX volumes decreased by 1% (9.9 million contracts traded in Q3/08 versus 10.0 million contracts traded in Q3/07).
- BOX volumes increased by 100% (18.2 million contracts traded in September 2008 versus 9.1 million contracts traded in September 2007).

Market Data Revenue

(in millions of dollars)

	Q3/08	Q3/07	\$ increase	% increase
	\$ 35.3	\$ 27.5	\$ 7.8	28%

- Market data revenue increased partly due to a 6% increase in the number of professional and equivalent real-time market data subscriptions to TSX Datalinx products (over 165,000 at September 30, 2008 versus over 155,000 at September 30, 2007). This increase reflects increased sales to both Canadian and U.S. customers.
- Market data revenue also includes \$3.4 million in market data revenue related to MX, acquired on May 1, 2008 and BOX, following the increase in our ownership interest from 31.4% to 53.3% on August 29, 2008. There were over 28,000 MX market data subscriptions at September 30, 2008 and at September 30, 2007.
- The increase was also attributable to higher direct feed revenues, increased revenue recoveries related to under-reported usage of real-time quotes and fee changes that were effective January 1, 2008.

Changes to Market Data Pricing for 2009⁴

There will be changes to MX and TSX Datalinx market data prices effective January 1, 2009. This decision followed a review of market data fees on other major global exchanges. Based on subscriptions at June 30, 2008, it is anticipated that total market data revenue would have increased by approximately \$4 to \$6 million on an annual basis. However, future product mix and usage may vary, which could impact market data revenue.

Business Services and Other Revenue

(in millions of dollars)

	Q3/08	Q3/07	\$ increase	% increase
	\$ 6.8	\$ 2.0	\$ 4.8	240%

- Business services revenue includes \$3.0 million in revenue related to the business operations of MX, of which \$2.5 million was attributable to technology and other related services provided to BOX for the period from July 1, 2008 to August 28, 2008, prior to BOX becoming a subsidiary of MX. Revenue from BOX from August 29, 2008 to September 30, 2008 is eliminated on the consolidation of BOX.
- The increase was also due to unrealized foreign exchange gains on U.S. dollar receivables due to the positive impact of the depreciation of the Canadian dollar against the U.S. dollar in Q3/08, compared with unrealized foreign exchange losses on U.S. dollar receivables due to the negative impact of the appreciation of the Canadian dollar against the U.S. dollar in Q3/07.

Expenses

Operating expenses in Q3/08 were \$62.3 million, an increase of \$17.9 million, or 40%, as compared with \$44.4 million in Q3/07. The increase was primarily due to the inclusion of \$15.7 million of expenses related to the business operations of MX, following the combination with TMX Group on May 1, 2008 and the operations of BOX from August 29, 2008.

⁴ The "Changes to Market Data Pricing for 2009" section above contains certain forward looking statements. Please refer to "Forward Looking Information" for a discussion of risks and uncertainties related to such statements.

Compensation and Benefits

(in millions of dollars)

	Q3/08	Q3/07	\$ increase	% increase
	\$ 32.1	\$ 23.5	\$ 8.6	37%

- Compensation and benefits costs increased primarily due to the inclusion of \$6.4 million in costs related to the business operations of MX and BOX.
- The increase was also due to higher organizational transition costs.
- We capitalized \$0.2 million of internal development costs related to the TSX Quantum gateway and \$1.2 million related to SOLA in Q3/08 compared with \$1.4 million related to the TSX Quantum trading engine in Q3/07.
- There were 850 employees at September 30, 2008, which included 225 MX employees and 24 BOX employees, versus 610 at September 30, 2007. This increase in employees was partially offset by a net reduction of nine employees.

Information and Trading Systems

(in millions of dollars)

	Q3/08	Q3/07	\$ increase	% increase
	\$ 9.4	\$ 6.8	\$ 2.6	38%

- Information and trading systems costs included \$1.7 million in costs related to the business operations of MX and BOX.
- Information and trading systems costs also increased due to ongoing expenses primarily related to NGX's initiative with ICE.

General and Administration

(in millions of dollars)

	Q3/08	Q3/07	\$ increase	% increase
	\$ 13.9	\$ 10.0	\$ 3.9	39%

- General and administration costs included \$4.4 million in costs related to the business operations of MX and BOX.
- General and administration costs were partially offset by a decrease in fees paid to external advisors.

Amortization

(in millions of dollars)

	Q3/08	Q3/07	\$ increase	% increase
	\$ 7.0	\$ 4.1	\$ 2.9	71%

- Amortization costs included \$3.3 million in costs related to MX and BOX.

Income from Investments in Affiliates

(in millions of dollars)

	Q3/08	Q3/07	\$ increase
	\$ 0.5	\$ 0.1	\$ 0.4

- Income from investments in affiliates includes \$0.5 million representing MX's share of BOX income based on a 31.4% interest in BOX from July 1, 2008 to August 29, 2008. BOX volumes increased by 9% from July 1, 2008 to August 29, 2008 compared with July 1, 2007 to August 29, 2007 (30.6 million contracts traded from July 1, 2008 to August 29, 2008 versus 28.1 million contracts traded from July 1, 2007 to August 29, 2007).
- Our 47% share of the income from CanDeal.ca Inc. (CanDeal) was nil, compared with \$0.1 million in Q3/07.

Investment Income

(in millions of dollars)

	Q3/08	Q3/07	\$ (decrease)	% (decrease)
	\$ 2.9	\$ 4.9	\$ (2.0)	(41%)

- Investment income decreased due to a decrease in cash available for investment. In addition, there were lower returns on short-term bond fund investments during Q3/08 versus Q3/07.
- The decrease was partially offset by the inclusion of \$1.9 million of investment income earned by MX in Q3/08.

Interest Expense

(in millions of dollars)

	Q3/08	Q3/07	\$ increase	% increase
	\$ 4.3	\$ 0.0	\$ 4.3	-

- Interest expense increased as a result of financing a portion of the purchase price related to the business combination with MX. On April 30, 2008, we drew down \$430.0 million in Canadian funds on a three-year term facility related to financing the cash consideration of the purchase price for MX (see **Long-term Debt**).

Income Taxes

(in millions of dollars)

	Q3/08	Q3/07	Effective tax rate (%)	
			Q3/08	Q3/07
	\$ 24.8	\$ 23.9	33%	36%

- The effective tax rate of 33% in Q3/08 was lower than the effective tax rate of 36% in Q3/07 primarily due to a lower federal tax rate and lower adjustments to the value of the future income tax asset.

Nine Months Ended September 30, 2008 Compared with Nine Months Ended September 30, 2007

Net income was \$132.9 million or \$1.82 per common share on a basic and diluted basis for the first nine months of 2008, compared with net income of \$118.3 million, or \$1.73 per common share (\$1.72 on a diluted basis) for the same period in 2007, representing an increase of 12%. This increase was largely due to higher revenue as a result of the combination with MX, partially offset by higher overall expenses, higher income taxes, and acquisition related expenses, primarily relating to a \$15.2 million payment to ISE Ventures with respect to the termination of our derivatives joint venture. The impact of this charge, which is not being deducted for income tax purposes, somewhat offset the positive impact of increased revenue in the first nine months of 2008 compared with the first nine months of 2007. Adjusted earnings per share prior to loss on termination of joint venture* for the first nine months of 2008 was \$2.03 per common share (\$2.02 on a diluted basis).

The following is a reconciliation of earnings per share to adjusted earnings per share prior to loss on termination of joint venture*:

Reconciliation for Nine Months Ended September 30, 2008 and September 30, 2007

	Nine months ended			
	Sept. 30/08		Sept. 30/07	
	Basic	Diluted	Basic	Diluted
Earnings per share	\$ 1.82	\$ 1.82	\$ 1.73	\$ 1.72
Adjustment related to loss on termination of joint venture	\$ 0.21	\$ 0.20	-	-
Adjusted earnings per share prior to loss on termination of joint venture*	\$ 2.03	\$ 2.02	\$ 1.73	\$ 1.72

Revenue

Revenue was \$381.8 million for the first nine months of 2008, up \$68.4 million, or 22% compared with \$313.4 million for the first nine months of 2007 reflecting \$37.2 million in revenue related to the business operations of MX which were combined with TMX Group on May 1, 2008, revenue from the operations of BOX from August 29, 2008 and increased issuer services and market data revenue. In addition, revenue in the first nine months of 2008 included \$11.1 million from Equicom, acquired June 1, 2007, compared with \$4.2 million in the first nine months of 2007.

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

Issuer Services Revenue

The following is a summary of issuer services revenue reported and issuer services fees billed* (reconciled below in this section) in the first nine months of 2008 and the first nine months of 2007.

(in millions of dollars)	Reported				Billed*			
	Nine months ended				Nine months ended		\$ increase/ (decrease)	% increase/ (decrease)
	Sept. 30/08	Sept. 30/07	\$ increase	% increase	Sept. 30/08	Sept. 30/07		
Initial listing fees	\$ 11.9	\$ 10.1	\$ 1.8	18%	\$ 15.4	\$ 22.3	\$ (6.9)	(31%)
Additional listing fees	\$ 37.9	\$ 32.2	\$ 5.7	18%	\$ 61.1	\$ 81.7	\$ (20.6)	(25%)
Sustaining listing fees**	\$ 52.1	\$ 50.7	\$ 1.4	3%	\$ 52.1	\$ 50.7	\$ 1.4	3%
Other issuer services	\$ 12.2	\$ 4.2	\$ 8.0	190%	\$ 12.2	\$ 4.2	\$ 8.0	190%
Total listing fees	\$ 114.1	\$ 97.2	\$ 16.9	17%	\$ 140.8	\$ 158.9	\$ (18.1)	(11%)

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 with this system, 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:

Initial Listing Fees (in millions of dollars)	Nine months ended	
	Sept. 30/08	Sept. 30/07
Initial listing fees billed*	\$ 15.4	\$ 22.3
Initial listing fees billed* and deferred to future periods	\$ (15.1)	\$ (22.0)
Recognition of initial listing fees billed* and previously included in deferred revenue	\$ 11.6	\$ 9.8
Initial listing fee revenue reported	\$ 11.9	\$ 10.1

Additional Listing Fees (in millions of dollars)	Nine months ended	
	Sept. 30/08	Sept. 30/07
Additional listing fees billed*	\$ 61.1	\$ 81.7
Additional listing fees billed* and deferred to future periods	\$ (60.0)	\$ (80.4)
Recognition of additional listing fees billed* and previously included in deferred revenue	\$ 36.8	\$ 30.9
Additional listing fee revenue reported	\$ 37.9	\$ 32.2

- *Initial and additional listing fees reported* increased due to capital market activity and listing fee price increases during the period from April 1, 1998 to September 30, 2008 compared with the period from April 1, 1997 to September 30, 2007. *Initial and additional listing fees billed** in the first nine months of 2008, as compared with the first nine months of 2007, reflect a decline in the value of securities issued and reserved, somewhat offset by changes to the pricing model for each equity exchange that were effective January 1, 2008.
- 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 fee increases on TSX Venture Exchange that were effective January 1, 2008, and the overall higher market capitalization of listed issuers at the end of 2007 compared with the end of 2006, partially offset by a decrease in *sustaining listing fees* from issuers listed on Toronto Stock Exchange.
- *Other issuer services* includes revenue of \$11.1 million from Equicom, compared with \$4.2 million in the first nine months of 2007. Equicom was acquired June 1, 2007 and provides investor relations and related corporate communications services to public issuers in Canada.

Trading, Clearing and Related Revenue

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

** Sustaining listing fees billed, as shown in this table, represents the amount recognized for accounting purposes during the period. Sustaining listing fees are billed during the first quarter of the year, recorded as deferred revenue and amortized over the year on a straight-line basis.

(in millions of dollars)

	Nine months ended		\$ increase/ (decrease)	% increase/ (decrease)
	Sept. 30/08	Sept. 30/07		
Cash markets:				
• Toronto Stock Exchange	\$ 74.3	\$ 77.4	\$ (3.1)	(4%)
• TSX Venture Exchange	\$ 22.8	\$ 23.4	\$ (0.6)	(3%)
	\$ 97.1	\$ 100.8	\$ (3.7)	(4%)
• Shorcan	\$ 9.2	\$ 10.2	\$ (1.0)	(10%)
Cash markets revenue	\$ 106.3	\$ 111.0	\$ (4.7)	(4%)
Energy markets revenue	\$ 21.5	\$ 15.5	\$ 6.0	39%
Derivatives markets revenue	\$ 26.0	–	\$ 26.0	–
Total trading, clearing and related revenue	\$ 153.8	\$ 126.5	\$ 27.3	22%

Cash Markets

- Cash markets equity trading revenue from Toronto Stock Exchange decreased as a result of changes in our pricing model, which were effective November 1, 2007, as well as changes in trading activity, patterns and product mix. The impact was partially offset by a 7% increase in the volume of securities traded on Toronto Stock Exchange in the first nine months of 2008 over the first nine months of 2007 (76.2 billion securities in the first nine months of 2008 versus 71.4 billion securities in the first nine months of 2007).
- Cash markets equity trading revenue from TSX Venture Exchange decreased due to a 12% decrease in the volume of securities traded in the first nine months of 2008 over the first nine months of 2007 (33.3 billion securities in the first nine months of 2008 versus 38.0 billion securities in the first nine months of 2007). This was partially offset by the impact of changes in our pricing model, which were effective November 1, 2007, as well as changes in trading activity, patterns and product mix.
- The decrease in revenue from Shorcan primarily reflects a decrease in trading in Government of Canada and provincial bonds in the first nine months of 2008 versus the first nine months of 2007.

Energy Markets

- In the first nine months of 2008, the volumes of natural gas and electricity contracts traded or cleared on NGX increased by 36% over the first nine months of 2007 (11.0 million terajoules in the first nine months of 2008 versus 8.1 million terajoules in the first nine months of 2007). This excludes the Watt-Ex volumes, which represent electric operating reserve procurement for the Alberta Electric System Operator.
- The increased volumes reflect the launch of our arrangement with ICE on February 9, 2008 which provided us with access to substantially more customers and included the launch of new products in Canada and the US.
- The increase in revenue also reflects price increases that were effective in January 2008.
- In the first nine months of 2008, on a net basis, NGX deferred \$0.9 million more revenue than in the first nine months of 2007, which somewhat offset the increase in revenue.

Derivatives Markets

- Derivatives markets revenue includes \$20.5 million in trading revenue from MX (which was combined with TMX Group on May 1, 2008) and BOX (following the increase in our ownership interest from 31.4% to 53.3% on August 29, 2008). In addition, we received \$5.5 million in clearing revenue related to MX.
- MX volumes decreased by 10% (16.5 million contracts traded from May 1, 2008 – September 30, 2008 versus 18.3 million contracts traded from May 1, 2007 – September 30, 2007).
- BOX volumes increased by 100% (18.2 million contracts traded in September 2008 versus 9.1 million contracts traded in September 2007).

Market Data Revenue

(in millions of dollars)

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
	\$ 97.5	\$ 81.9	\$ 15.6	19%

- Market data revenue increased partly due to a 6% increase in the number of professional and equivalent real-time market data subscriptions to TSX Datalinx products (over 165,000 at September 30, 2008 versus over 155,000 at September 30, 2007). This increase reflects increased sales to both Canadian and U.S. customers.
- Market data revenue included \$5.3 million in revenue related to the business operations of MX from May 1, 2008 and BOX, following the increase in our ownership interest from 31.4% to 53.3% on August 29, 2008. There were over 28,000 MX market data subscriptions at September 30, 2008 and at September 30, 2007.
- The increase was also attributable to higher direct feed revenues, increased revenue recoveries related to under-reported usage of real-time quotes and fee changes that were effective January 1, 2008.
- The increase was partially offset by the impact of the appreciation of the Canadian dollar against the U.S. dollar for the period from January 1, 2008 to September 30, 2008 compared with January 1, 2007 to September 30, 2007.

Business Services and Other Revenue

(in millions of dollars)

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
	\$ 16.4	\$ 7.7	\$ 8.7	113%

- Business Services revenue includes \$5.9 million in revenue related to the business operations of MX from May 1, 2008, of which \$5.0 million was attributable to technology and other related services provided to BOX from May 1, 2008 to August 28, 2008, prior to BOX becoming a subsidiary of MX. Revenue from BOX from August 29, 2008 to September 30, 2008 is eliminated on the consolidation of BOX.
- The increase was also due to unrealized foreign exchange gains on U.S. dollar receivables due to the positive impact of the depreciation of the Canadian dollar against the U.S. dollar in the first nine months of 2008, compared with unrealized foreign exchange losses on U.S. dollar receivables due to the negative impact of the appreciation of the Canadian dollar against the U.S. dollar in the first nine months of 2007.

Expenses

Operating expenses in the first nine months of 2008 were \$161.9 million, an increase of \$27.5 million, or 20%, as compared with \$134.4 million in the first nine months of 2007. The increase was primarily due to the inclusion of \$25.4 million of expenses related to the business operations of MX, following the combination with TMX Group on May 1, 2008 and the operations of BOX from August 29, 2008. In addition, there were \$8.7 million of expenses related to the business operations of Equicom, acquired June 1, 2007, in the first nine months of 2008 compared with \$3.8 million in the first nine months of 2007. The overall increase was somewhat offset by lower compensation and benefits costs related to the long-term incentive plan, pension costs and organizational transition expenses.

Compensation and Benefits

(in millions of dollars)

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
	\$ 81.4	\$ 71.6	\$ 9.8	14%

- Compensation and benefits costs increased primarily due to the inclusion of \$10.6 million in costs related to MX and BOX. There were \$4.4 million in costs related to the business operations of Equicom, acquired on June 1, 2007, in the first nine months of 2008 compared with \$2.1 million in the first nine months of 2007.
- The increase was partially offset by lower organizational transition costs, lower expenses associated with the long-term incentive plan and lower pension costs.
- We capitalized \$2.4 million of internal development costs related to the TSX Quantum trading engine and gateway and \$2.0 million related to SOLA in the first nine months of 2008 compared with \$3.2 million related to the TSX Quantum trading engine in the first nine months of 2007.

- There were 850 employees at September 30, 2008, which included 225 MX employees and 24 BOX employees, versus 610 at September 30, 2007. This increase in employees was partially offset by a net reduction of nine employees.

Information and Trading Systems

(in millions of dollars)

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
	\$ 25.2	\$ 19.9	\$ 5.3	27%

- *Information and trading systems* costs included \$2.6 million in costs related to MX and BOX. There were also \$0.2 million in costs associated with the business of Equicom, which was acquired June 1, 2007, in the first nine months of 2008 compared with \$0.1 million in the first nine months of 2007.
- *Information and trading systems* costs also increased due to ongoing expenses primarily related to NGX's initiative with ICE.

General and Administration

(in millions of dollars)

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
	\$ 38.1	\$ 31.3	\$ 6.8	22%

- *General and administration* costs included \$6.9 million in costs related to MX and BOX. There were also \$4.0 million in costs associated with the business operations of Equicom, which was acquired June 1, 2007, in the first nine months of 2008 compared with \$1.6 million in the first nine months of 2007.
- *General and administration* costs increased as a result of paying higher fees to RS and IROC for regulation services, which were more than offset by a decrease in fees paid to external advisors and lower capital expense.

Amortization

(in millions of dollars)

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
	\$ 17.3	\$ 11.6	\$ 5.7	49%

- *Amortization* costs increased reflecting amortization of \$5.3 million related to MX and BOX, and increased amortization from intangible assets primarily related to TSX Quantum. There were also \$0.8 million in depreciation and amortization costs associated with the business operations of Equicom, which was acquired June 1, 2007, in the first nine months of 2008 compared with \$0.3 million in the first nine months of 2007.

Income from Investments in Affiliates

(in millions of dollars)

	Nine months ended		\$ increase
	Sept. 30/08	Sept. 30/07	
	\$ 1.0	\$ 0.2	\$ 0.8

- *Income from investments in affiliates* includes \$0.7 million representing MX's share of BOX income based on a 31.4% interest in BOX from May 1, 2008 to August 29, 2008. BOX volumes increased by 26% from May 1, 2008 to August 29, 2008, compared with May 1, 2007 to August 29, 2007 (59.9 million contracts traded from May 1, 2008 to August 29, 2008 versus 47.6 million contracts traded from May 1, 2007 to August 29, 2007).
- *Income from investments in affiliates* also includes \$0.3 million, representing TSX Inc.'s share of CanDeal income for the first nine months of 2008 based on a 47% interest in CanDeal, compared with \$0.2 million for the first nine months of 2007.

Investment Income

(in millions of dollars)

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
	\$ 10.7	\$ 10.0	\$ 0.7	7%

- Investment income increased due to the inclusion of \$2.7 million of investment income earned by MX since May 1, 2008.
- The increase was largely offset by lower investment income due to a decrease in cash available for investment and lower returns on short-term bond fund investments during the first nine months of 2008 compared with the first nine months of 2007.

Interest Expense

(in millions of dollars)

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
	\$ 7.1	\$ 0.0	\$ 7.1	-

- Interest expense increased as a result of financing a portion of the purchase price related to the business combination with MX. On April 30, 2008, we drew down \$430.0 million in Canadian funds on a three-year term facility related to financing the cash consideration of the purchase price for MX (see **Long-term Debt**).

Other Acquisition Related Expenses

(in millions of dollars)

	Nine months ended		\$ increase
	Sept. 30/08	Sept. 30/07	
	\$ 15.9	\$ -	\$ 15.9

- In August 2007, TMX Group and ISE Ventures announced the execution of a shareholders' agreement for CDEX Inc. (CDEX), which was created to operate DEX, a new Canadian derivatives exchange scheduled to begin operations in March 2009. In connection with the agreement to combine with MX, we provided ISE Ventures with a notice of a competing transaction as required under the terms of the CDEX shareholders' agreement, and subsequently paid ISE Ventures \$15.2 million on April 1, 2008, which was accrued in Q1/08.
- When we acquired NGX in 2004, TMX Group entered into an arrangement with MX and paid MX \$5.0 million. We amortized this amount over five years, the remaining term in the 1999 Memorandum of Agreement with MX, or \$1.0 million per annum. As a result of the May 1, 2008 business combination, we have now expensed the remaining balance in Other Assets of \$0.7 million.

Income Taxes

(in millions of dollars)

	Nine months ended		Effective tax rate (%)	
	Sept. 30/08	Sept. 30/07	Sept. 30/08	Sept. 30/07
		\$ 75.3	\$ 70.9	36%

- The effective tax rate for the first nine months of 2008 was lower than that for 2007 partially due to a lower federal tax rate.
- The effective tax rate in the first nine months of 2008 was higher than our statutory rate of 33% primarily due to making a payment of \$15.2 million to ISE Ventures, which is not being deducted for tax purposes.
- The effective tax rate in the first nine months of 2007 was somewhat higher than our statutory tax rate of 35% for 2007 partially due to adjustments to the value of the future income tax asset.

Non-controlling Interest

Upon the acquisition of control of BOX on August 29, 2008, with a 53.3% share, the results of BOX have been fully consolidated into our consolidated statements of income. The non-controlling interests represent the other BOX shareholders' 46.7% share of net income.

Comprehensive Income

As a result of our combination with MX on May 1, 2008, our consolidated financial statements include Statements of Comprehensive Income not previously included in our consolidated financial statements and accompanying notes for the year ended December 31, 2007.

Comprehensive Income was \$52.0 million for Q3/08 and is comprised of Net Income of \$50.9 million and Other Comprehensive Income of \$1.1 million.

Other comprehensive income includes:

- The unrealized gain on the foreign currency translation of BOX, a self-sustaining foreign operation, which amounted to \$3.4 million for Q3/08; and
- the unrealized fair value loss on the interest rate swaps designated as cash flow hedges, which amounted to \$2.3 million for Q3/08.

Comprehensive Income was \$135.0 million for the first nine months of 2008 and is comprised of Net Income of \$132.9 million and Other Comprehensive Income of \$2.0 million.

Other comprehensive income includes:

- The unrealized gain on the foreign currency translation of BOX, a self-sustaining foreign operation, which amounted to \$4.3 million the first nine months of 2008; and
- the unrealized fair value loss on the interest rate swaps designated as cash flow hedges, which amounted to \$2.3 million for the first nine months of 2008.

Our Accumulated Other Comprehensive Income of \$2.0 million as at September 30, 2008 is included as a component of **Shareholders' Equity**.

Related Party Transactions

In 2001, MX signed an agreement with BOX to provide, for a fee, the technology and related services required for its electronic trading system. In addition, beginning in February 2004, MX became an official supplier to BOX and charges at the exchange amount, being the amount established and agreed to by BOX, salaries, telecommunication services, computer equipment, and other services. On August 29, 2008, BOX became a subsidiary of MX.

Amounts invoiced for the three months ended September 30, 2008 and from May 1, 2008 to August 29, 2008, covering the period before BOX became a subsidiary, are \$2.5 million and \$5.0 million. These transactions were undertaken in the normal course of business.

Segment Analysis

Cash Markets – Equities and Fixed Income

	Q3/08	Q3/07	\$ increase	% increase
Revenue	\$ 108.4	\$ 100.5	\$ 7.9	8%
Net Income	\$ 41.9	\$ 41.4	\$ 0.5	1%

The increase in revenue primarily reflects higher issuer services and market data revenue partially offset by a decline in trading revenue related to TSX Venture Exchange and Shorcan. The increase in net income reflects the increased revenue, somewhat offset by higher overall expenses including interest expense of \$4.3 million.

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
Revenue	\$ 322.9	\$ 297.7	\$ 25.2	8%
Net Income	\$ 116.9	\$ 115.5	\$ 1.4	1%

The increase in revenue primarily reflects higher issuer services and market data revenue partially offset by a decline in both equity and fixed income trading revenue. Net income increased as a result of higher revenue, somewhat offset by higher interest expense of \$7.1 million and higher income taxes as well as by the \$15.2 million payment to ISE Ventures with respect to the termination of our derivatives joint venture.

	September 30, 2008	September 30, 2007	\$ increase/ (decrease)
Goodwill	\$ 46.7	\$ 44.6	\$ 2.1
Total Assets	\$ 452.5	\$ 664.5	\$ (212.0)

The decrease in Total Assets at September 30, 2008 primarily reflects decreased cash and marketable securities due to the repurchase of common shares under our normal course issuer bid (NCIB).

Energy Markets – NGX

	Q3/08	Q3/07	\$ increase	% increase
Revenue	\$ 7.7	\$ 5.5	\$ 2.2	40%
Net Income	\$ 2.2	\$ 1.3	\$ 0.9	69%

The increase in revenue primarily reflects increased volumes following the successful launch of our arrangement with ICE on February 9, 2008, which provided us with access to substantially more customers and included the launch of new products and price increases that were effective in January 2008. The increase in net income reflects the higher revenue somewhat offset by higher expenses.

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
Revenue	\$ 21.7	\$ 15.7	\$ 6.0	38%
Net Income	\$ 5.3	\$ 2.8	\$ 2.5	89%

The increase in revenue primarily reflects increased volumes following the successful launch of our arrangement with ICE on February 9, 2008 which provided us with access to substantially more customers and included the launch of new products and price increases that were effective in January 2008. The increase in net income reflects the higher revenue somewhat offset by higher expenses.

	September 30, 2008	September 30, 2007	\$ increase
Goodwill	\$ 21.3	\$ 21.3	–
Total Assets	\$ 1,020.9	\$ 615.4	\$ 405.5

Total Assets increased due to an increase in energy contracts receivable of \$361.5 million and an increase of \$38.9 million in the fair value of open energy contracts. The increase reflects higher natural gas prices at the end of September 2008 compared with the end of September 2007.

Derivative Markets – MX and BOX

	Q3/08	Q3/07	\$ increase	% increase
Revenue	\$ 23.3	–	\$ 23.3	100%
Net Income	\$ 6.9	–	\$ 6.9	100%

The increase in revenue and net income relates to the inclusion of the operations of MX which were combined with TMX Group on May 1, 2008 and BOX from August 29, 2008, following acquisition of control.

	Nine months ended		\$ increase	% increase
	Sept. 30/08	Sept. 30/07		
Revenue	\$ 37.2	–	\$ 37.2	100%
Net Income	\$ 10.7	–	\$ 10.7	100%

The increase in revenue and net income relates to the inclusion of the operations of MX which were combined with TMX Group on May 1, 2008 and BOX from August 29, 2008, following acquisition of control.

	September 30, 2008	September 30, 2007	\$ increase
Goodwill	\$ 567.1	–	\$ 567.1
Total Assets	\$ 2,009.6	–	\$ 2,009.6

Total Assets increased due to inclusion of the operations of MX which were combined with TMX Group on May 1, 2008 and BOX from August 29, 2008, following acquisition of control. The increase included Goodwill of \$567.1 million and Intangible Assets of \$824.2 million, primarily comprised of derivatives products and trading participants in the amount of \$630.9 million and \$146.3 million, respectively. Also included were Daily Settlements and Cash Deposits of \$498.2 million and Cash and Cash Equivalents and Marketable securities of \$87.2 million.

Liquidity and Capital Resources

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)

	September 30, 2008	December 31, 2007	\$ (decrease)
	\$ 203.7	\$ 302.8	\$ (99.1)

- The decrease was due to three dividend payments of \$0.38 per common share, or \$85.6 million in aggregate, as well as to payments totalling \$257.6 million relating to the repurchase of 6,523,249 common shares under our normal course issuer bid (NCIB) in the first nine months of 2008.
- In addition, the decrease was due to a payment of \$15.2 million to ISE Ventures relating to the termination of our previously announced derivatives joint venture, additions to intangible assets of \$5.7 million related to TSX Quantum and SOLA internal development costs as well as capital expenditures of \$4.8 million.
- While the combination with MX was financed with long-term debt and common shares, we did acquire cash and marketable securities when we combined with MX. At September 30, 2008, MX had \$87.2 million of cash and cash equivalents and marketable securities, after paying \$57.9 million for the increased investment in BOX on August 29, 2008.
- The decrease was also partially offset by cash generated from operating activities of \$183.4 million.

Total Assets

(in millions of dollars)

	September 30, 2008	December 31, 2007	\$ increase
	\$ 3,482.9	\$ 1,523.9	\$ 1,959.0

- *Total assets* primarily increased due to recording \$824.2 million of intangible assets and \$567.1 million of goodwill related to both the combination with MX on May 1, 2008 and the acquisition of control of BOX on August 29, 2008.
- *Total assets* also increased due to the inclusion of MX daily settlements and cash deposits receivable of \$498.2 million as at September 30, 2008 related to MX's clearing operations. MX also carried offsetting liabilities related to daily settlements and cash deposits which were \$498.2 million at September 30, 2008. 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 option transactions each day that are required to be collected from/paid to clearing members prior to the commencement of the next trading day.
- The overall increase was also due to higher energy contracts receivable of \$841.0 million at September 30, 2008 related to the clearing operations of NGX, compared with \$745.4 million at the end of 2007. The higher level of receivables reflected higher natural gas prices at the end of September 2008 compared with the end of December 2007 and higher volumes. As the clearing counterparty to every trade, NGX also carries offsetting liabilities in the form of energy contracts payable, which were \$841.0 million at September 30, 2008 compared with \$745.4 million at the end of 2007.
- The overall increase also reflected an increase in current assets related to the fair value of open energy contracts (\$120.0 million as at September 30, 2008, compared with \$74.9 million at December 31, 2007). The higher level of receivables reflected higher natural gas prices at the end of September 2008 compared with the end of December 2007. NGX also carried offsetting liabilities related to the fair value of open energy contracts which were \$120.0 million at September 30, 2008 compared with \$74.9 million at December 31, 2007.
- *Total assets* included a decrease in cash and cash equivalents and marketable securities of \$99.1 million.

Credit Facilities and Guarantee

Long-term Debt

(in millions of dollars)

	September 30, 2008	December 31, 2007	\$ increase
	\$ 428.1	\$ -	\$ 428.1

- In connection with the combination with MX, we established a non-revolving three-year term unsecured credit facility of \$430.0 million with a syndicate of seven financial institutions. In addition, we 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. Currently, the acceptance fee rate for Bankers' Acceptances and margin for LIBOR loans is 0.45%. On April 30, 2008, we drew down \$430.0 million in Canadian funds on the three-year term facility to satisfy the cash consideration of the purchase price for MX. 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 by fixing the interest rate relating to \$300.0 million of principal as follows:

	Notional value (in millions of dollars)	Interest rate we will pay under swap (excludes 0.45% fee)	Maturity date of swap
	Swap #1 – \$100.0	3.496%	August 31, 2009
	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, depreciation and amortization, all determined in accordance with 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 September 30, 2008, all covenants were met.

Other Credit Facility and Guarantee

NGX maintains an unsecured clearing backstop fund of U.S. \$100.0 million. We are the guarantor of this fund on an unsecured basis.

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. Borrowings under the facilities, which are required to be collateralized, bear interest based on the bank's prime rate plus 0.75%.

These facilities have not been drawn upon at September 30, 2008.

Shareholders' Equity

(in millions of dollars)

	September 30, 2008	December 31, 2007	\$ increase
	\$ 779.1	\$ 171.9	\$ 607.2

- Shareholders' equity increased primarily due to an increase in share capital of \$806.6 million relating to the issuance of 15.3 million shares upon our combination with MX. We earned \$132.9 million of net income in the first nine months of 2008. In addition, proceeds of \$7.0 million were received on the exercise of options in the first nine months of 2008.
- The increase in shareholders' equity was partially offset by the repurchase of shares in connection with our NCIB announced on August 1, 2007. Under the expired NCIB, we purchased 6,841,051 shares for cancellation at a weighted average price per share of \$42.79, which was the maximum allowable under the plan. From May 2, 2008 to July 22 2008, we repurchased 4,441,189 common shares at a cost of \$185.2 million under our original NCIB.

- We have received Toronto Stock Exchange approval to renew our NCIB and purchase up to 7,595,585 of our common shares through the facilities of Toronto Stock Exchange or other Canadian marketplaces. We may also enter into one or more private agreements to purchase common shares, provided that we first obtain an order from the relevant securities regulatory authority to permit such agreements. These purchases will terminate on August 17, 2009 or such earlier date as we complete our permitted purchases. We will make our purchases in accordance with Toronto Stock Exchange requirements and the price we pay for any such common shares will be the market price of such shares at the time of acquisition. All shares purchased by TMX Group under the NCIB will be cancelled. We entered into a pre-defined plan with our designated broker to allow for the repurchase of common shares at times when we would not ordinarily be active in the market due to our own internal trading blackout periods, insider trading rules or otherwise. From August 18, 2008 to September 12, 2008, we repurchased 2,082,060 common shares at a cost of \$72.4 million under our new NCIB.
- In addition, we paid \$85.6 million in dividends during the first nine months of 2008.
- In connection with the combination with MX, on May 1, 2008, we issued 162,194 share options in exchange for 208,400 MX share options.
- We have obtained approval from Toronto Stock Exchange to issue up to 1.5 million common shares to satisfy the purchase price payable for NTP if we acquire NTP from Enbridge and Circuit Technology.
- At September 30, 2008, there were 75,403,577 common shares issued and outstanding. In the first nine months of 2008, 331,848 common shares were issued on the exercise of share options. At September 30, 2008, 4,252,296 common shares were reserved for issuance upon the exercise of options granted under the share option plan. At September 30, 2008, there were 1,025,741 options outstanding.
- At October 28, 2008, there were 75,403,577 common shares issued and outstanding and 1,024,015 options outstanding under the share option plan.

Cash Flows from Operating Activities

<i>(in millions of dollars)</i>	Q3/08	Q3/07	(Decrease) in cash
Cash Flows from Operating Activities	\$ 54.6	\$ 55.1	\$ (0.5)

Cash Flows from Operating Activities were \$0.5 million lower in Q3/08 compared with Q3/07 due to:

<i>(in millions of dollars)</i>	Q3/08	Q3/07	Increase/ (decrease) in cash
Net income	\$ 50.9	\$ 42.7	\$ 8.2
Amortization	\$ 7.0	\$ 4.1	\$ 2.9
Unrealized (gain) loss on marketable securities	\$ 0.7	\$ (0.8)	\$ 1.5
(Increase) in future income tax asset	\$ (1.3)	\$ (3.2)	\$ 1.9
Decrease in accounts receivable and prepaid expenses	\$ 8.6	\$ 7.5	\$ 1.1
(Increase)/decrease in other assets	\$ 1.3	\$ (1.1)	\$ 2.4
Net increase/(decrease) in accounts payable and accrued liabilities	\$ (2.5)	\$ 6.4	\$ (8.9)
(Decrease) in deferred revenue	\$ (13.2)	\$ (2.5)	\$ (10.7)
Net increase in income taxes payable	\$ 2.2	\$ 1.5	\$ 0.7
Net increase in other items	\$ 0.9	\$ 0.5	\$ 0.4
Cash Flows from Operating Activities	\$ 54.6	\$ 55.1	\$ (0.5)

<i>(in millions of dollars)</i>	Nine months ended		Increase in cash
	Sept. 30/08	Sept. 30/07	
Cash Flows from Operating Activities	\$ 183.4	\$ 168.5	\$ 14.9

Cash Flows from Operating Activities were \$14.9 million higher in the first nine months of 2008 compared with the first nine months of 2007 due to:

(in millions of dollars)

	Nine months ended		Increase/ (decrease) in cash
	Sept. 30/08	Sept. 30/07	
Net income	\$ 132.9	\$ 118.3	\$ 14.6
Amortization	\$ 17.3	\$ 11.6	\$ 5.7
Unrealized (gain) loss on marketable securities	\$ (0.2)	\$ 3.0	\$ (3.2)
(Increase) in future income tax asset	\$ (5.2)	\$ (13.3)	\$ 8.1
Payment to ISE Ventures related to termination of joint venture	\$ 15.2	-	\$ 15.2
(Increase) in accounts receivable and prepaid expenses	-	\$ (13.2)	\$ 13.2
(Increase)/decrease in other assets	\$ 5.1	\$ (0.2)	\$ 5.3
Net (decrease) in accounts payable and accrued liabilities	\$ (35.7)	\$ (5.4)	\$ (30.3)
Increase in deferred revenue	\$ 52.1	\$ 79.6	\$ (27.5)
Net increase/(decrease) in income taxes payable	\$ 0.5	\$ (13.4)	\$ 13.9
Net increase in other items	\$ 1.4	\$ 1.5	\$ (0.1)
Cash Flows from Operating Activities	\$ 183.4	\$ 168.5	\$ 14.9

Cash Flows from (used in) Financing Activities

(in millions of dollars)

	Q3/08	Q3/07	(Decrease) in cash
Cash Flows from (used in) Financing Activities	\$ (152.2)	\$ (98.9)	\$ (53.3)

Cash Flows used in Financing Activities were \$53.3 million higher in Q3/08 compared with Q3/07 due to:

(in millions of dollars)

	Q3/08	Q3/07	Increase/ (decrease) in cash
Dividends paid on common shares	\$ (29.4)	\$ (26.0)	\$ (3.4)
Repurchase of common shares under NCIB	\$ (123.2)	\$ (73.8)	\$ (49.4)
Net increase in other items	\$ 0.4	\$ 0.9	\$ (0.5)
Cash Flows from (used in) Financing Activities	\$ (152.2)	\$ (98.9)	\$ (53.3)

(in millions of dollars)

	Nine months ended		Increase in cash
	Sept. 30/08	Sept. 30/07	
Cash Flows from (used in) Financing Activities	\$ 91.3	\$ (148.2)	\$ 239.5

Cash Flows from Financing Activities were \$239.5 million higher in the first nine months of 2008 compared with the first nine months of 2007 due to:

(in millions of dollars)

	Nine months ended		Increase/ (decrease) in cash
	Sept. 30/08	Sept. 30/07	
Net proceeds on term loan used to finance cash portion of purchase price for MX	\$ 427.8	-	\$ 427.8
Dividends paid on common shares	\$ (85.6)	\$ (78.1)	\$ (7.5)
Repurchase of common shares under NCIB	\$ (257.6)	\$ (73.8)	\$ (183.8)
Proceeds from exercised options	\$ 7.0	\$ 4.4	\$ 2.6
Net (decrease) in other items	\$ (0.3)	\$ (0.7)	\$ 0.4
Cash Flows from (used in) Financing Activities	\$ 91.3	\$ (148.2)	\$ 239.5

Cash Flows from (used in) Investing Activities

(in millions of dollars)

	Q3/08	Q3/07	Increase in cash
Cash Flows from (used in) Investing Activities	\$ 56.6	\$ 53.2	\$ 3.4

Cash Flows from Investing Activities were \$3.4 million higher in Q3/08 compared with Q3/07 due to:

(in millions of dollars)

	Q3/08	Q3/07	Increase/ (decrease) in cash
Acquisition of controlling interest in BOX, net of cash	\$ (56.0)	-	\$ (56.0)
Payments related to option to purchase NetThruPut Inc. shares	-	\$ (10.3)	\$ 10.3
Capital expenditures primarily related to technology investments and leasehold improvements	\$ (1.6)	\$ (2.4)	\$ 0.8
Additions to intangible assets including TSX Quantum and SOLA internal development costs	\$ (1.6)	\$ (2.1)	\$ 0.5
Net sale of marketable securities	\$ 115.8	\$ 68.0	\$ 47.8
Cash Flows from (used in) Investing Activities	\$ 56.6	\$ 53.2	\$ 3.4

(in millions of dollars)

	Nine months ended		(Decrease) in cash
	Sept. 30/08	Sept. 30/07	
Cash Flows from (used in) Investing Activities	\$ (250.5)	\$ (11.3)	\$ (239.2)

Cash Flows (used in) Investing Activities were \$239.2 million higher in the first nine months of 2008 compared with the first nine months of 2007 due to:

(in millions of dollars)

	Nine months ended		Increase/ (decrease) in cash
	Sept. 30/08	Sept. 30/07	
Acquisitions of MX, controlling interest in BOX, and Equicom (2007) net of cash	\$ (411.0)	\$ (8.1)	\$ (402.9)
Payment to ISE Ventures related to termination of joint venture	\$ (15.2)	-	\$ (15.2)
Payments related to option to purchase NetThruPut Inc. shares	-	\$ (10.3)	\$ 10.3
Capital expenditures primarily related to technology investments	\$ (4.8)	\$ (4.6)	\$ (0.2)
Additions to intangible assets including TSX Quantum and SOLA internal development costs	\$ (5.7)	\$ (4.0)	\$ (1.7)
Additions to goodwill related to Equicom	\$ (2.1)	-	\$ (2.1)
Net sale of marketable securities	\$ 188.3	\$ 15.7	\$ 172.6
Cash Flows from (used in) Investing Activities	\$ (250.5)	\$ (11.3)	\$ (239.2)

Financial Instruments

Cash, Cash Equivalents and Marketable Securities

Our financial instruments include cash, cash equivalents and investments in marketable securities. This includes units in a money market fund and a short-term bond and mortgage fund. Marketable securities also includes the investment portfolio of MX, which is managed by an external advisor, which includes federal, provincial and corporate bonds as well as bank backed asset backed debt securities. The primary risks related to these marketable securities are variation in interest rates and credit risk. For a description of these risks, please refer to "Credit Risk – Marketable Securities" and "Interest Rate Risk – Marketable Securities".

These investments are recorded at fair value and the unrealized losses of \$0.7 million and unrealized gains of \$0.2 million were recorded in investment income in Q3/08 and the first nine months of 2008 respectively, compared with unrealized gains of \$0.8 million and unrealized losses of \$3.0 million in Q3/07 and the first nine months of 2007 respectively.

CDCC – Daily Settlements and Cash Deposits

Amounts due from and to clearing members as a result of marking open futures positions to market and settling option transactions each day are required to be collected from or paid to clearing members prior to the commencement of trading the next day. The amounts due from and due to clearing members are recognized in the consolidated assets and liabilities as daily settlements and cash deposits. There is no impact on the consolidated statement of income. The primary risks associated with these financial instruments are credit risk and market risk. For a description of these risks, please refer to “*Credit Risk – CDCC*” and “*Market Risk – CDCC*”.

Long-term Debt

In connection with the combination with MX, we established a non-revolving three-year term unsecured credit facility of \$430.0 million. In addition, we also established a revolving three-year unsecured credit facility of \$50.0 million with the same syndicate (see **Long-term Debt**). The long-term debt is subject to interest rate risk. For a description of this risk, please refer to “*Interest Rate Risk – Long-term Debt*”.

Derivative Financial Instruments

Total Return Swaps

We have entered into a series of total return swaps (TRSs) which synthetically replicate the economics of TSX Inc. purchasing our shares as a partial fair value hedge to the share appreciation rights of deferred share units (DSUs) and restricted share units (RSUs) that are awarded to our directors and employees. We mark to market the fair value of the TRSs as an adjustment to income, and simultaneously mark to market the liability to holders of the share units as an adjustment to income. These total return swaps are subject to credit risk and market risk. For a description of these risks, please refer to “*Credit Risk – Total Return and Interest Rate Swaps*” and “*Market Risk – Total Return Swaps*”. The fair value of the TRSs is based upon the excess or deficit of the volume weighted average price of our shares for the last five trading days of the month compared with our share price at the date of entering into the TRSs. The fair value of the TRSs and the obligation to unit holders are reflected on the balance sheet. The contracts are settled in cash upon maturity.

The fair values of the total return swaps were a liability of \$4.0 million at September 30, 2008 and an asset of \$1.1 million at September 30, 2007. During Q3/08, unrealized losses of \$4.3 million were reflected as an increase in compensation and benefits costs and general and administration costs. During Q3/07, unrealized gains of \$2.2 million were reflected as a decrease in compensation and benefits costs and general and administration costs. During the first nine months of 2008, unrealized losses of \$7.9 million were reflected as an increase in compensation and benefits costs and general and administration costs. During the first nine months of 2007, unrealized losses of \$nil were reflected as an increase in compensation and benefits costs and general and administration costs.

NGX – Fair Value of Open Energy Contracts

As part of its clearing operations, NGX becomes the central counterparty to each transaction. We record NGX’s energy contract receivables and offsetting payables for all contracts where physical delivery has occurred or financial settlement amounts have been determined prior to the period end but payments have not been made. The fair value at the balance sheet date of the undelivered physically settled trading contracts and the forward financially settled trading contracts is recognized in the consolidated assets and liabilities as open energy contracts. There is no impact on the consolidated statement of income. The primary risks related to these financial instruments are credit risk and market risk. For a description of these risks, please refer to “*Credit Risk – NGX*” and “*Market Risk – NGX*”.

Interest Rate Swaps

We entered into a series of interest rate swap agreements which took effect on August 28, 2008, to partially manage our exposure to interest rate fluctuations on the non-revolving three-year term facility. These interest rate swaps are subject to credit risk. For a description of this risk, please refer to “*Credit Risk – Total Return and Interest Rate Swaps*”. We mark to market the fair value of the interest rate swaps as an adjustment to comprehensive income. During Q3/08 and the first nine months of 2008, unrealized losses of \$3.4 million were reflected in other comprehensive income, compared with \$nil during Q3/07 and the first nine months of 2007. During Q3/08 and the first nine months of 2008, interest paid of \$0.2 million was reflected in net income, compared with \$nil during Q3/07 and the first nine months of 2007.

Option to Acquire NTP

On September 6, 2007, we entered into an agreement with Enbridge and Circuit Technology granting us the option to acquire all the shares of NTP, at a time after March 15, 2009, for a price between \$40.0 million and \$95.0 million, subject to certain closing conditions. This agreement also provides Enbridge and Circuit with the right to sell all the shares of NTP under the same terms to the Company, subject to certain closing conditions. The fair value of this option at September 30, 2008 is considered to approximate its carrying value.

+ Revenue adjusted to reflect reclassification of interest income from Business Services and Other Revenue to Investment income.

Quarterly Information

(in thousands of dollars except per share amounts)

	Sept. 30 /08	June 30/08	Mar. 31 /08	Dec. 31 /07	Sept. 30 /07	June 30/07	Mar. 31 /07	Dec. 31 /06
Revenue	\$ 139,364	\$ 130,077	\$ 112,353	\$ 111,191	\$ 105,930 ⁺	\$ 106,364 ⁺	\$ 101,102 ⁺	\$ 91,025
Net Income	50,944	49,227	32,746	30,439	42,682	39,128	36,448	35,116
<i>Earnings per share:</i>								
Basic	0.66	0.65	0.49	0.46	0.63	0.57	0.53	0.51
Diluted	0.66	0.65	0.49	0.45	0.62	0.57	0.53	0.51

2007

- Revenue in Q1/07 improved over revenue in Q4/06 primarily due to higher market data and issuer services revenue. Net income for Q1/07 increased over Q4/06 primarily due to the increased revenue partially offset by higher overall expenses.
- Revenue in Q2/07 improved over revenue in Q1/07 primarily due to higher issuer services, trading and market data revenue. Net income for Q2/07 increased over Q1/07 primarily due to the increased revenue and lower overall expenses, somewhat offset by lower investment income.
- Revenue in Q3/07 declined slightly over revenue in Q2/07. Increased revenue from issuer services was more than offset by decreases in other sources of revenue. Net income for Q3/07 increased over Q2/07 primarily due to higher investment income and lower income taxes.
- Revenue in Q4/07 increased over revenue in Q3/07 primarily due to higher issuer services, trading and market data revenue. Net income for Q4/07 decreased over Q3/07 primarily due to increased income taxes as a result of a \$13.3 million reduction to the value of the future income tax asset and increased expenses which more than offset the higher revenue.

2008

- Revenue in Q1/08 increased over revenue in Q4/07 primarily due to higher market data and issuer services revenue. Net income for Q1/08 increased over Q4/07 primarily due to a decrease in expenses and higher revenue. Net income for Q1/08 was reduced due to a payment of \$15.2 million to ISE Ventures related to exiting our previously announced joint venture to operate DEX, whereas in Q4/07, net income was reduced due to increased income taxes as a result of a \$13.3 million reduction to the value of the future income tax asset.
- Revenue in Q2/08 improved over revenue in Q1/08 primarily due to revenue associated with the combination with MX and increased issuer services and market data revenue. Net income for Q2/08 increased over Q1/08 primarily due to the increase in revenue, somewhat offset by an increase in expenses, including interest expense, and a decrease in investment income.
- Revenue in Q3/08 improved over revenue in Q2/08 primarily due to a full quarter of revenue from the combination with MX, compared with the inclusion of two months of revenue from MX in Q2/08 following the combination on May 1, 2008. In addition, 100% of BOX's revenue is consolidated from acquisition of control on August 29, 2008, with an adjustment made for non-controlling interests. Net income for Q3/08 increased over Q2/08 primarily due to the increase in revenue, somewhat offset by an increase in expenses related to MX and BOX, interest expense, and a decrease in investment income.

Adoption of Accounting Policies

Capital Disclosures

On January 1, 2008, we adopted standards set by the Canadian Institute of Chartered Accountants (CICA) in Handbook Section 1535 "Capital Disclosures", which establishes standards for disclosing an entity's objectives, policies and processes for managing capital.

Our primary objectives in managing capital, which we define to include our share capital and various credit facilities, include:

- Maintaining sufficient capital for operations to ensure market confidence. We do this by managing our capital subject to capital maintenance requirements imposed on our subsidiaries:
 - In respect of Toronto Stock Exchange, as required by the Ontario Securities Commission (OSC) to maintain certain regulatory ratios as defined in the OSC recognition order, as follows:
 - a current ratio not less than 1.1:1;
 - a debt to cash flow ratio not greater than 4:1; and
 - a financial leverage ratio consisting of adjusted total assets to adjusted shareholders' equity not greater than 4:1.

We have complied with these externally imposed capital requirements.

- In respect of TSX Venture Exchange, as required by various provincial securities commissions to maintain adequate financial resources.

We have complied with these externally imposed capital requirements.

- In respect of NGX, to:
 - maintain adequate financial resources, as required by the Alberta Securities Commission; and
 - maintain a current ratio of no less than 1:1 and a tangible net worth of not less than \$9.0 million, as required by a major Canadian chartered bank.

We have complied with these externally imposed capital requirements.

- In respect of Shorcan, by IIROC which requires Shorcan to maintain a minimum level of shareholder's equity of \$0.5 million.

We have complied with this externally imposed capital requirement.

- In respect of MX, as required by the Autorité des marchés financiers (AMF) to maintain certain regulatory ratios as defined in the AMF recognition order, as follows:
 - a working capital ratio of not less than 1.5:1;
 - a cash flow to total debt ratio of more than 20%; and
 - a financial leverage ratio consisting of total assets to shareholders' equity of less than 4:1.

We have complied with these externally imposed capital requirements.

- Providing sufficient capital to meet the covenants imposed in connection with our long-term debt (see Long-term Debt).
- Retaining sufficient capital to invest in, and continue to grow, our business both organically and through acquisitions.
- Increasing total returns to shareholders through methods such as dividends and purchasing shares for cancellation pursuant to normal course issuer bids.

Financial Instruments Disclosure and Presentation

On January 1, 2008, we adopted standards set by the CICA in Handbook Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation". These sections enhance disclosure requirements on the nature and extent of risks arising from financial instruments and how the entity manages these risks.

Credit Risk

Credit risk is the risk of financial loss associated with a counterparty's failure to fulfill its financial obligations and arises principally from investments in marketable securities, total return swaps, interest rate swaps, accounts receivable and the clearing and/or brokerage operations of Shorcan, NGX and CDCC.

Credit Risk – Marketable Securities

TMX Group, excluding MX, manages exposure to credit risk arising from investments in marketable securities by limiting the investment in short-term bond and mortgage funds to a maximum of 70% of the investment portfolio. Corporate bonds must have a minimum credit rating of BBB by DBRS Limited. Mortgages may not comprise more than 40% of the portfolio and must be either multi-residential conventional first mortgages or multi-residential government guaranteed mortgages. TMX Group does not have any investments in non-bank, asset-backed commercial paper. At September 30, 2008, the investment portfolio was comprised of 43% in short-term bond and mortgage funds and 57% in money market funds, compared with 34% in short-term bond and mortgage funds and 66% in money market funds at September 30, 2007.

MX manages exposure to credit risk arising from investments in marketable securities by limiting total short term investment in bonds to a maximum of 30% in Schedule A Canadian chartered banks (Bank bonds) with the balance in Federal and Provincial bonds, while limiting total medium-term investment in corporate bonds to a maximum of 35% with the balance in Federal and Provincial bonds. Corporate bonds must have a minimum credit rating of AAA by DBRS Limited. At September 30, 2008, the MX investment portfolio was comprised of 6% in Bank bonds, 81% in Federal and Provincial bonds and 13% in Corporate Bonds. At September 30, 2008, MX did not have any investments in non-bank, asset-backed commercial paper.

Credit Risk – Total Return and Interest Rate Swaps

We have entered into total return swaps which synthetically replicate the economics of TSX Inc. purchasing our shares as a partial economic hedge to the share appreciation rights of DSUs and RSUs that are awarded to our directors and employees. The contracts are settled in cash upon maturity. The obligation to unit holders is reflected on the balance sheet. In addition, we entered into interest rate swaps, which took effect on August 28, 2008, in order to partially manage our exposure to interest rate fluctuations on our non-revolving term loan (see **Long-term Debt**). To manage credit risk, we entered into these total return and interest rate swaps with major Canadian chartered banks.

Credit Risk – NGX, Shorcan and CDCC

We are exposed to credit risk in the event that customers, in the case of Shorcan, contracting parties, in the case of NGX, or clearing members, in the case of CDCC, fail to settle on the contracted settlement date.

Shorcan's risk is limited by its status as an agent, in that it does not purchase or sell securities for its own account. As agent, in the event of a failed trade, Shorcan has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

NGX requires each contracting party 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. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. This collateral may be accessed by NGX in the event of default by a contracting party. NGX measures total potential exposure for both credit and market risk for each contracting party on a real-time basis as the aggregate of:

- outstanding energy contracts receivable;
- "Variation Margin", comprised of the aggregate "mark to market" exposure for all forward purchase and sale contracts with an adverse value from the perspective of the customer; and
- "Initial Margin", an amount that estimates the worst expected loss that a contract might incur under normal market conditions during a liquidation period.

As a result of these calculations of contracting party exposure, at September 30, 2008 NGX held cash collateral deposits of \$449.1 million and letters of credit of \$2,491.6 million, compared with cash collateral deposits of \$271.8 million and letters of credit of \$1,734.9 million at September 30, 2007. These amounts are not included in our consolidated balance sheet.

NGX also maintains an unsecured clearing backstop fund of U.S. \$100.0 million. TMX Group is the unsecured guarantor of this fund. This facility has not been drawn upon at September 30, 2008.

Credit Risk – CDCC

CDCC is exposed to the risk of default of its clearing members. CDCC is the central counterparty and guarantor of all transactions carried out on MX's markets and on some OTC products. It primarily supports the risk of one or more counterparties, meeting strict financial and regulatory criteria, defaulting on their obligations, in which case the obligations of that counterparty would become the responsibility of CDCC. This risk is greater if market conditions are unfavourable at the time of the default.

In order to manage the risks associated with the default of its clearing members, CDCC's principal technique is the collection of risk-based margin deposits in the form of cash, letters of credit, equities and liquid government securities. Should a clearing member fail to meet a daily margin call or otherwise not honour their obligations under open futures and options contracts, margin deposits would be available to apply against the costs incurred to liquidate or transfer the clearing member's positions.

CDCC's margining system is complemented by a stress reporting system. This process evaluates the financial strength of a clearing member to meet margin requirements that might result from a sudden adverse change in the market. Clearing members who fail to meet the criteria are required to deposit a stress margin.

CDCC also maintains a clearing fund through deposits of cash and securities from all clearing members. The aggregate level of clearing funds required from all clearing members must cover the worst loss that CDCC could face if one counterparty was failing under various extreme but plausible market conditions. Each clearing member contributes to the clearing fund in proportion to its margin requirements. If, by a clearing member's default, further funding is necessary to complete a liquidation, CDCC has the right to require other clearing members to contribute additional amounts equal to their previous contribution to the clearing fund.

CDCC's margin collateral deposits and clearing fund deposits are held by approved depositories under irrevocable agreements. This collateral may be accessed by CDCC in the event of default by a clearing member. As a result of these calculations of clearing member exposure at September 30, 2008, CDCC held margin collateral deposits of \$3,511.9 million and clearing fund deposits of \$296.1 million. These amounts are not included in our consolidated balance sheet.

CDCC maintains \$30 million in revolving standby credit facilities in the event of default by a clearing member. Borrowings under these facilities would be required to be collateralized. This facility has not been drawn upon at September 30, 2008.

Credit Risk – Accounts Receivable

Our exposure to credit risk resulting from uncollectable accounts is influenced by the individual characteristics of our customers, many of whom are banks and financial institutions. There is no concentration of credit risk attributable to transactions with a single customer. In addition, customers that fail to maintain their account in good standing risk loss of listing or trading privileges.

Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect our income or the value of our holdings of financial instruments.

Market Risk – Total Return Swaps

We are exposed to market risk arising from our utilization of total return swaps to partially hedge the share appreciation rights of DSUs and RSUs that are awarded to our directors and employees. The fair value of the total return swaps is based upon the excess or deficit of the volume weighted average price of our shares for the last five trading days of the month compared with our share price at the date of entering into the total return swaps. The change in the fair value of the total return swaps is offset by the change in the obligation to DSU and RSU holders.

Interest Rate Risk – Marketable Securities

We are exposed to interest rate risk on our marketable securities. We have engaged external investment fund managers to manage the asset mix and the risks associated with these investments. At September 30, 2008, we held \$126.1 million in these funds, compared with \$267.1 million at September 30, 2007. The approximate impact of a 1% rise in interest rates is a decrease of \$1.8 million on the carrying value of these investments and the approximate impact of a 1% fall in interest rates is an increase of \$1.8 million on the carrying value of these investments.

Interest Rate Risk – Long-term Debt

We are exposed to interest rate risk on our long-term debt. In order to partially manage our exposure to interest rate fluctuations, we have entered into a series of interest rate swap agreements which took effect on August 28, 2008, which fix the interest rate relating to \$300.0 million of the principal amount.

Foreign Currency Risk – Market Data and NGX

We are exposed to foreign currency risk on revenue, cash and cash equivalents, marketable securities and accounts receivable principally denominated in U.S. dollars. At September 30, 2008, cash and cash equivalents and accounts receivable excluding BOX, include U.S.\$13.1 million, compared with U.S.\$11.0 million at September 30, 2007, which are exposed to changes in the U.S. – Canadian dollar exchange rate. The approximate impact of a 1% rise in the Canadian dollar compared to the US dollar on these exposed balances at September 30, 2008 is a \$0.1 million decrease in net income. The approximate impact of a 1% decline in the Canadian dollar compared to the US dollar on these exposed balances at September 30, 2008 is a \$0.1 million increase in net income. In addition, the net assets of BOX are denominated in U.S. dollars, and the effect of exchange rate movements on MX's share of the net assets is included within Other Comprehensive Income.

Other Market Price Risk – NGX, Shorcan and CDCC

We are exposed to other market price risk from the activities of Shorcan, NGX and CDCC if a customer, contracting party or clearing member, as the case may be, fails to take or deliver either securities, energy products or derivatives products on the contracted settlement date where the contracted price is less favourable than the current market price.

Shorcan's risk is limited by its status as an agent, in that it does not purchase or sell securities for its own account, the short period of time between trade date and settlement date and the defaulting customer's liability for any difference between the amounts received upon sale of the securities and the amount paid to acquire the securities.

Both NGX's and CDCC's measure of total potential exposure, as described previously, includes measures of market risk which are factored into the collateral required from each contracting party or clearing member.

We are also exposed to other market price risk on a portion of our sustaining listing fee revenue, which is based on the quoted market values of listed issuers as at December 31 of the previous year.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due.

We manage liquidity risk through the management of our revolving and non revolving credit facilities (see **Long-term Debt**) and capital.

Interest Rate Swaps

We have entered into a series of interest rate swap agreements to partially manage our exposure to interest rate fluctuations on the non-revolving three year term facility, effective August 28, 2008 (see **Long-term Debt**).

We have designated these interest rate swaps as cash flow hedges, in accordance with Section 3865 of the CICA Handbook. These instruments are intended to partially hedge the interest rate risk that is present within the non-revolving term loan that was put in place in connection with the combination with MX and drawn down on April 30, 2008.

During Q3/08, we determined that the hedges were effective and paid and recognized interest expense of \$0.2 million, representing the net amount owing on the interest rate swaps. In addition, we recognized an unrealized fair value loss on the swaps of \$3.4 million (\$2.3 million net of tax) in Other comprehensive income.

As an alternative, we could have recorded the loss of \$3.4 million (\$2.3 million net of tax) as a reduction of net income in Q3/08. However, we concluded that using hedge accounting will better reflect the actual interest costs in future reporting periods.

Future Accounting Changes

Goodwill and Intangible Assets

In February 2008, the CICA issued CICA Handbook Section 3064 – Goodwill and Intangible Assets, which replaces CICA HB 3062 – Goodwill and Other Intangible Assets and CICA Handbook Section 3450 – Research and Development. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. As this standard applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2008, we will adopt this new standard effective January 1, 2009 retrospectively with a restatement of prior periods.

International Financial Reporting Standards (IFRS)

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to our financial reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. We are currently assessing the impact of adopting IFRS. If we decide to proceed with early adoption of IFRS, which would not be prior to January 1, 2010, we would be required to obtain exemptive relief from Canadian securities regulators.

Contractual Obligations

MX's material contractual obligations under firm contractual arrangements include operating lease agreements expiring between 2008 and 2015 for our premises and equipment, and licence and maintenance agreements until 2011.

Update to Risks and Uncertainties

We face risks associated with severe capital market downturns and extreme volatility in our cash and derivatives markets. These risks, among others, are outlined in our 2007 Annual MD&A under the headings **We Depend on the Economy of Canada**, **Our Trading Operations Depend Primarily on a Small Number of Clients** and **We Depend on Market Activity that is Outside of Our Control**.

Following the combination with MX, we also face, among others, the following risks and uncertainties with respect to MX's derivatives and clearing operations and BOX's trading operations, in addition to those outlined in the section above under the heading *Financial Instruments Disclosure and Presentation*.

We Face Risks Associated With Integrating the Operations, Systems and Personnel of MX within TMX Group

The success of the combination will depend in large part on the success of the management of TMX Group in integrating the operations and systems of MX, as well as retaining and integrating key personnel of MX. The failure to successfully integrate the operations of TMX Group and MX, or otherwise to realize any of the anticipated benefits of the combination, could impair the operating results, profitability and financial results of TMX Group. In particular, a failure to realize the cost synergies in whole or in part, and the enhanced growth opportunities described above under the section **Strategy Update** could materially adversely affect TMX Group's operating results. Realization of the anticipated benefits of the combination will depend in part on whether the operations, systems and personnel can be completely integrated in an efficient and effective manner. Moreover, the overall integration of the companies may result in unanticipated operational issues, expenses and liabilities.

MX and BOX Face Competition from Other Marketplaces

MX and BOX are in direct competition with, among others, securities, options and other derivatives exchanges as well as alternative trading systems or electronic communication networks (ECNs, as they are known in the United States) and other trading and crossing venues, some of our clearing member firms and interdealer brokerage firms. This competition exists particularly in the United States, but also in Europe and Asia. These competitors may, among other things, respond more quickly to competitive pressures, develop similar products to those MX and BOX offer that are preferred by customers or they may develop alternative competitive products, they may price their products more competitively and use better, more user friendly and reliable technology. Increased competition could lead to reduced interest in MX's and BOX's products and pressure on transaction prices, among other things, which could materially adversely affect our business and operating results.

MX and BOX Depend Heavily on Information Technology which could Fail or Malfunction

MX is entirely automated, and therefore MX is highly dependent on its information technology systems. SOLA, the MX proprietary trading system, is currently in use at BOX. In addition, MX provides the technical operations services related to BOX's trading and surveillance platform. MX has implemented fully-redundant parallel processing back-up systems and fail-safes to minimize the risk of system interruptions or outages that could affect MX's trading and clearing operations. In addition, in June 2007, MX completed BOX's full redundancy and back-up systems. If these systems are significantly compromised or disrupted or if the systems suffer repeated failures, this could interrupt MX's trading and clearing services, including the services it provides to BOX; cause delays in settlement, cause MX to lose data; corrupt MX's and BOX's trading and clearing operations, data and records; or disrupt its and BOX's business operations. This could undermine confidence in MX's trading and clearing systems and materially adversely affect our reputation or operating results, and may lead to customer claims, litigation and regulatory sanctions.

MX and BOX are Subject to Significant Regulatory Constraints

MX is subject to numerous regulatory requirements governing its activities. MX carries on these activities in accordance with the regulations of securities regulators in Canada, the U.S., France and the U.K., and, given our development plans, could eventually be subject to the regulations of other jurisdictions. BOX carries on its activities in accordance with the securities regulators in the U.S. Regulatory trends are not always predictable. Unexpected and new regulatory requirements could materially adversely affect our organization, customers, market position and results.

Our Derivatives Business Could be Harmed by a Systemic Market Event

Some MX market participants could be overleveraged. In case of sudden, large price movements, such market participants may not be able to meet their obligations to brokers who, in turn, may not be able to meet their obligations to their counterparties. The impact of such an event could have a material adverse effect on our business.

In such cases, it could be possible that clearing members default with the CDCC. As referred to in the "*Credit Risk – CDCC*" section, CDCC would use its risk management mechanisms to manage such a default. In extreme situations such as large scale market price moves or multiple defaults occurring at the same time, all these mechanisms may prove insufficient to cover losses and this would result in a loss.

Internal Control over Financial Reporting

As outlined above under **Strategy Update**, on May 1, 2008, we completed our business combination with MX, previously a reporting issuer subject to the certification requirements of Canadian securities legislation. Following the combination, we have extended our compliance program to include internal control over financial reporting of MX. There were no changes to internal control over financial reporting during the quarter ended September 30, 2008 that materially affected, or are reasonable likely to materially affect our internal control over financial reporting.

Forward-Looking Information

This MD&A contains “forward looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, estimates and projections as of the date of this MD&A. 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 involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of TMX Group to be materially different from any future results, performance or achievements expressed or implied by the forward looking information in this MD&A.

Examples of such forward looking information in this MD&A include, but are not limited to factors relating to stock and derivatives exchanges and the business, financial position, operations and prospects of TMX Group, including the creation (through the combination with MX) of opportunities to create cost and revenue synergies, which are subject to significant risks and uncertainties, including competition from other exchanges or marketplaces, including alternative trading systems, new technologies and other sources, on a national or international basis; dependence on the economy of Canada; failure to retain and attract qualified personnel; geopolitical factors which could cause business interruption; dependence on information technology; failure to implement our strategies; changes in regulation; risks of litigation; failure to develop or gain acceptance of new products; adverse effect of new business activities; dependence of trading operations on a small number of clients; the risks associated with NGX’s and MX’s clearing operations; adverse effect of a systemic market event on our derivatives business; the risks associated with the credit of customers; cost structures being largely fixed; the risks associated with integrating the operations, systems, and personnel of MX within TMX Group; and dependence on market activity that cannot be controlled; and the risk that the cost savings, growth prospects and any other synergies expected to result from the combination with MX may not be fully realized or may take longer to materialize than expected. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking information contained in this MD&A.

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 exchanges by creating through the combination with MX an enterprise of increased scale; 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 MD&A to provide one strategic rationale to support the benefits of the 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 MD&A. 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 and additional risk factors are discussed in TMX Group’s materials, including our 2007 Annual MD&A and Annual Information Form. Please see the risk factors outlined in the previously mentioned documents, which risk factors are specifically incorporated by reference, filed with the securities regulatory authorities in Canada from time to time, and the impact upon them of subsequently reported items.

October 29, 2008

Interim Consolidated Balance Sheets

(In thousands of dollars) (Unaudited)

	September 30, 2008	December 31, 2007 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 77,618	\$ 53,398
Marketable securities (note 11)	126,122	249,399
Restricted cash (note 1)	1,478	-
Accounts receivable	56,326	48,438
Energy contracts receivable (note 11)	841,038	745,378
Fair value of open energy contracts (note 11)	120,018	74,907
Daily settlements and cash deposits (note 11)	498,155	-
Prepaid expenses	10,533	6,561
Future income tax asset	30,327	22,840
	1,761,615	1,200,921
Premises and equipment	29,900	21,324
Future income tax asset	133,556	131,613
Other assets	20,930	25,869
Investments in affiliates	12,000	11,731
Intangible assets (note 2)	889,783	66,578
Goodwill (note 2)	635,154	65,883
Total Assets	\$ 3,482,938	\$ 1,523,919
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 55,614	\$ 48,175
Energy contracts payable (note 11)	841,038	745,378
Fair value of open energy contracts (note 11)	120,018	74,907
Daily settlements and cash deposits (note 11)	498,155	-
Deferred revenue	32,024	6,484
Deferred revenue – initial and additional listing fees	68,092	61,820
Obligation under capital lease	42	152
Income taxes payable	9,052	9,724
	1,624,035	946,640
Accrued employee benefits payable	12,655	12,113
Future income tax liability (note 2)	220,287	-
Obligation under capital lease	39	71
Other liabilities	19,364	30,331
Deferred revenue – initial and additional listing fees	383,317	362,854
Term loan (note 4)	428,093	-
Total Liabilities	2,687,790	1,352,009
Non-controlling Interests (note 2)	16,035	-
Shareholders' Equity:		
Share capital (note 8)	1,098,664	379,370
Share option plan (note 6)	5,241	5,060
Deficit	(326,830)	(212,520)
Accumulated other comprehensive income (note 1)	2,038	-
Total Shareholders' Equity	779,113	171,910
Total Liabilities and Shareholders' Equity	\$ 3,482,938	\$ 1,523,919

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Income

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

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Revenue:				
Issuer services	\$ 38,174	\$ 34,843	\$ 114,130	\$ 97,239
Trading, clearing and related	59,031	41,513	153,784	126,508
Market data	35,319	27,538	97,524	81,916
Business services and other	6,840	2,036	16,356	7,733
Total revenue	139,364	105,930	381,794	313,396
Expenses:				
Compensation and benefits	32,059	23,466	81,363	71,582
Information and trading systems	9,361	6,813	25,191	19,939
General and administration	13,880	10,000	38,092	31,269
Amortization	7,031	4,078	17,258	11,590
Total operating expenses	62,331	44,357	161,904	134,380
Income from operations	77,033	61,573	219,890	179,016
Income from investments in affiliates (note 2)	503	130	1,002	192
Investment income	2,884	4,923	10,701	10,032
Interest expense (note 4)	(4,260)	(15)	(7,055)	(42)
Other acquisition related expenses (note 2)	-	-	(15,902)	-
Income before income taxes	76,160	66,611	208,636	189,198
Income taxes	24,765	23,929	75,268	70,940
Net income before non-controlling interests	51,395	42,682	133,368	118,258
Non-controlling interests (note 2)	451	-	451	-
Net income	\$ 50,944	\$ 42,682	\$ 132,917	\$ 118,258
Earnings per share (note 9):				
Basic	\$ 0.66	\$ 0.63	\$ 1.82	\$ 1.73
Diluted	0.66	0.62	1.82	1.72

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

(In thousands of dollars) (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income	\$ 50,944	\$ 42,682	\$ 132,917	\$ 118,258
Other comprehensive income				
Unrealized gain on translating financial statements of a self-sustaining foreign operation (note 1)	3,368	-	4,315	-
Unrealized fair value (loss) on the interest rate swaps designated as cash flow hedges (net of tax) (note 5)	(2,277)	-	(2,277)	-
Comprehensive income	\$ 52,035	\$ 42,682	\$ 134,955	\$ 118,258

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Changes in Shareholders' Equity

(In thousands of dollars) (Unaudited)

	Nine months ended September 30	
	2008	2007
Common shares:		
Balance, beginning of period	\$ 379,370	\$ 387,501
Issuance of common shares (note 2)	806,573	-
Shares purchased under normal course issuer bid (note 7)	(95,969)	(9,766)
Proceeds from options exercised	6,959	4,360
Cost of exercised options	1,731	1,150
Balance, end of period	1,098,664	383,245
Share option plan:		
Balance, beginning of period	5,060	3,942
Cost of exercised options	(1,731)	(1,150)
Cost of share option plan	1,390	1,739
Options issued (note 2)	522	-
Balance, end of period	5,241	4,531
Deficit:		
Balance, beginning of period	(212,520)	(164,488)
Transitional adjustment	-	621
Net income	132,917	118,258
Dividends on common shares	(85,591)	(78,113)
Shares purchased under normal course issuer bid (note 7)	(161,636)	(64,038)
Balance, end of period	(326,830)	(187,760)
Accumulated other comprehensive income:		
Balance, beginning of period	-	-
Unrealized gain on translating financial statements of a self-sustaining foreign operation (note 1)	4,315	-
Unrealized fair value (loss) on the interest rate swaps designated as cash flow hedges (net of tax) (note 5)	(2,277)	-
Balance, end of period	2,038	-
Shareholders' equity, end of period	\$ 779,113	\$ 200,016

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(In thousands of dollars) (Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Cash flows from (used in) operating activities:				
Net income	\$ 50,944	\$ 42,682	\$ 132,917	\$ 118,258
Adjustments to determine net cash flows:				
Amortization	7,031	4,078	17,258	11,590
Unrealized (gain) loss on marketable securities	685	(829)	(157)	2,957
(Income) from investments in affiliates	(503)	(130)	(1,002)	(192)
Cost of share option plan	487	578	1,390	1,739
Cost of options issued on acquisition	213	-	355	-
Payment on termination of joint venture (note 2)	-	-	15,152	-
Amortized financing fees	197	-	307	-
Non-controlling interest	451	-	451	-
Future income tax asset	(1,309)	(3,221)	(5,248)	(13,321)
Accounts receivable and prepaid expenses	8,576	7,545	(15)	(13,171)
Other assets	1,306	(1,050)	5,076	(193)
Accounts payable and accrued liabilities	2,008	6,478	(25,233)	(2,614)
Long-term accrued and other liabilities	(4,538)	(35)	(10,425)	(2,825)
Deferred revenue	(13,188)	(2,541)	52,073	79,600
Income taxes payable, net	2,219	1,547	531	(13,373)
	54,579	55,102	183,430	168,455
Cash flows from (used in) financing activities:				
Restricted cash	3	-	(71)	-
Reduction in obligation under capital lease	(12)	(182)	(167)	(612)
Proceeds from exercised options	713	1,016	6,959	4,360
Dividends on common shares	(29,433)	(25,971)	(85,591)	(78,113)
Shares purchased under normal course issuer bid	(123,233)	(73,804)	(257,605)	(73,804)
Proceeds from term loan, net	(231)	-	427,786	-
	(152,193)	(98,941)	91,311	(148,169)
Cash flows from (used in) investing activities:				
Additions to goodwill	-	-	(2,142)	-
Additions to premises and equipment	(1,568)	(2,424)	(4,833)	(4,631)
Additions to intangible assets	(1,597)	(2,105)	(5,648)	(4,030)
Payment on termination of joint venture (note 2)	-	-	(15,152)	-
Marketable securities	115,766	67,968	188,269	15,745
Acquisitions, net of cash acquired (note 2)	(56,022)	-	(411,015)	(8,142)
Purchase of option to acquire NetThruPut Inc.	-	(10,265)	-	(10,265)
	56,579	53,174	(250,521)	(11,323)
Increase (decrease) in cash and cash equivalents	(41,035)	9,335	24,220	8,963
Cash and cash equivalents, beginning of period	118,653	36,646	53,398	37,018
Cash and cash equivalents, end of period	\$ 77,618	\$ 45,981	\$ 77,618	\$ 45,981
Supplemental cash flow information:				
Interest paid	\$ 2,904	\$ 12	\$ 8,044	\$ 39
Interest received	3,233	4,119	9,944	12,211
Income taxes paid	24,636	25,992	81,508	97,337

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements

Nine months ended September 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

These 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. (following shareholder approval on June 11, 2008 to reflect the business acquisition of Montréal Exchange Inc. on May 1, 2008, the restated Articles of Incorporation were amended to change the name TSX Group Inc./Groupe TSX Inc. to TMX Group Inc./Groupe TMX Inc.) and its subsidiaries, 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 annual financial statements of the Company for the year ended December 31, 2007 contained in our 2007 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.

These financial statements follow the same accounting policies and their methods of application as the Company’s consolidated financial statements for the year ended December 31, 2007 except as described in note 1 below.

1. Changes in Accounting Policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Company’s wholly-owned subsidiaries, TSX Inc. (“TSX”), Montréal Exchange Inc. (“MX”) from May 1, 2008 (note 2), Natural Gas Exchange Inc. (“NGX”), Shorcan Brokers Limited (“Shorcan”), The Equicom Group Inc. (“Equicom”) from June 1, 2007, CDEX Inc. (“CDEX”) from August 14, 2007, and the wholly-owned or controlled subsidiaries of TSX, MX, TSX Venture Exchange Inc. (“TSX Venture”), and NGX.

(b) Capital maintenance and financial instruments:

Effective January 1, 2008, the Company adopted the new recommendations of the CICA Handbook Section 1535, “Capital Disclosures”, which establishes standards for disclosing an entity’s objectives, policies and processes for managing capital, Section 3862, “Financial Instruments – Disclosure” and Section 3863, “Financial Instruments – Presentation”.

The adoption of these new recommendations had no significant impact on the Company’s financial accounting policies, however additional financial disclosure related to the nature and risks arising from financial instruments have been included in notes 11, 12 and 13.

(c) MX acquisition:

As a result of the Company’s acquisition of MX on May 1, 2008 (note 2), the accompanying consolidated financial statements of the Company include certain accounting policies and disclosures not previously included in the Company’s consolidated financial statements and accompanying notes for the year ended December 31, 2007 as follows:

(i) Other comprehensive income or loss:

Other comprehensive income or loss includes the unrealized gain or loss on the foreign currency translation of Boston Options Exchange Group LLC (“BOX”), a self-sustaining foreign operation, and the unrealized fair value gain or loss on the interest rate swaps (note 5).

(ii) Cash and cash equivalents:

Cash and cash equivalents consist of liquid investments having an original maturity of three months or less and are carried at their estimated fair values with changes in their fair values being recorded in net income in the period in which they occur. Estimated fair values are determined based on quoted market values.

(iii) Restricted cash:

MX operates a separate regulatory division, responsible for the approval of participants and market regulation, and which operates on a cost recovery basis. Restricted cash represents the surplus of this regulatory division. An equivalent and off-setting amount is included in accounts payable and accrued liabilities.

Notes to Interim Consolidated Financial Statements

Nine months ended September 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

(iv) MX revenue recognition:

- Derivatives trading revenue is recognized on the transaction date of the related transaction.
- Derivatives clearing revenue is recognized on the settlement date of the related transaction.
- Revenue from arrangements provided on a time and materials basis is recognized as the services are provided at the contractual stated price.
- Revenue from licence fees and maintenance services for licences is recognized on a straight-line basis over the term of the contract.
- Derivatives market data revenue is recognized based on usage as reported by customers and vendors. BOX's revenue from the Options Price Reporting Authority (OPRA) is received quarterly based on its pro-rata share of industry trade (not contract) volume. Estimates of OPRA's quarterly revenue are made and accrued each month.
- Market regulation fees are recognized in the month in which the services are provided.

(v) Foreign currency translation:

MX holds a majority ownership interest in BOX, a company located in the United States, which is considered to be a self-sustaining foreign operation. Accordingly, this investment is translated into Canadian dollars at the rate of exchange in effect at the balance sheet date, and the resulting unrealized exchange gain or loss is included in accumulated other comprehensive income in shareholders' equity.

(d) Future accounting changes:

(i) Goodwill and intangible assets:

In February 2008, the CICA issued 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. As this standard applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2008, the Company will adopt this new standard effective January 1, 2009 (the first day of the Company's 2009 fiscal year) retrospectively with a restatement of prior periods. The Company is currently examining the impact this new standard will have on its financial statements and disclosures.

(ii) International Financial Reporting Standards ("IFRS"):

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company is currently assessing the impact of the transition to IFRS. If the Company decides to proceed with early adoption of IFRS, which would not be prior to January 1, 2010, the Company would be required to obtain exemptive relief from Canadian Securities regulators.

2. Business acquisitions:

a) On May 1, 2008, the Company acquired 100% of the outstanding common shares of MX. The principal business activity of MX is to provide markets for the buying and selling of derivative products. Its subsidiary, Canadian Derivatives Clearing Corporation ("CDCC"), is the issuer, clearing house and guarantor for options and futures contracts traded at MX as well as certain other over-the-counter (OTC) products. In addition to CDCC, as at May 1, 2008, MX also held a 51% interest in Montréal Climate Exchange Inc. ("MCeX"), which was created in partnership with the Chicago Climate Exchange Inc., a 50% interest in Canadian Resources Exchange Inc. ("CAREX") (note 2c), a joint venture created with NYMEX Holdings Inc. (now CME NYMEX Holdings Inc. or "CME") and a 31.4% interest in BOX (note 2b), a U.S. automated equity options market for which MX is the technical operator. The aggregate estimated purchase price consisted of:

Common shares of TMX Group (15,316,608 shares issued)	\$	806,573
Cash		428,200
Estimated direct transaction costs		8,129
Estimated restructuring costs		11,355
Fair value of MX share options exchanged		1,417
Aggregate estimated purchase price	\$	1,255,674

The acquisition was accounted for under the purchase method and the results of operations have been included in the consolidated statement 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 employee termination costs, and the costs associated with the consolidation of the Company's technology data centres.

The TMX Group shares issued as part of the transaction were valued at \$52.66 per share. The \$52.66 per share represents the volume weighted average market price of TMX Group common shares over a reasonable period before and after December 10, 2007, the day the acquisition of MX was announced. The estimated purchase price has been allocated to the fair values of the assets acquired and liabilities assumed as follows:

	Net assets acquired
Cash and cash equivalents	\$ 81,307
Marketable securities	49,192
Restricted cash	1,407
Daily settlements and cash deposits	193,117
Other current assets	11,357
Premises and equipment	7,186
Investment in affiliate	75,895
Other assets	190
Future income tax asset	3,786
Intangible assets	796,977
Goodwill	460,207
Net tangible and intangible assets acquired	1,680,621
Less liabilities assumed:	
Current liabilities	19,118
Daily settlements and cash deposits	193,117
Future income tax liability	212,712
Total net assets acquired	\$ 1,255,674

The Company recognized \$1,270,156 of goodwill and intangible assets as part of the acquisition. The details of these assets are as follows:

Description	Amortization Period	Amount
Goodwill	n/a	\$ 460,207
Indefinite life intangible assets:		
Derivative products	Not amortized	630,926
Trade names	Not amortized	28,214
Regulatory designation	Not amortized	2,000
Definite life intangible assets:		
MX trading participants	30 years	126,466
BOX trading participants (included in investment in affiliate)	30 years	12,972
Capitalized software	5 years	7,942
Open interest	6 months	1,429
Total goodwill and intangible assets		\$ 1,270,156

During the three months and nine months ended September 30, 2008, the Company recognized amortization expense of \$2,049 and \$3,779 respectively (three months and nine months ended September 30, 2007 – \$Nil).

The goodwill acquired is not deductible for tax purposes.

Other acquisition related expenses represent non-recurring costs associated with the acquisition of MX. During the three months and nine months ended September 30, 2008, the Company recognized \$0 and \$15,902 respectively in non-recurring costs, which includes a loss on termination of joint venture of \$15,152.

In connection with the acquisition of MX, the Company provided ISE Ventures, LLC ("Ventures") with a notice of a competing transaction as required under the terms of the CDEX shareholders' agreement, which was created to operate DEX™, a new derivatives exchange. As the parties were unable to agree to an alternative business arrangement, originally by January 10, 2008 and subsequently extended to March 31, 2008 through an amending agreement, the Company acquired 100% ownership of CDEX and paid Ventures \$15,152 on April 1, 2008.

Notes to Interim Consolidated Financial Statements

Nine months ended September 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

b) On August 29, 2008, MX acquired an additional 21.9% interest in BOX, giving it a majority ownership interest of 53.3% in, and control of, BOX.

Prior to this transaction, MX held 31.4% of the common shares and did not control BOX. The investment was previously accounted for under the equity method, according to which the initial cost of the investment was adjusted to include MX's proportionate share of post-acquisition net earnings or losses, less dividends and distributions.

As a consequence of the additional investment, BOX is now being accounted for under the purchase method.

Prior to August 29, 2008, the results of operations were included as income from investments in affiliates in the consolidated statement of income. From August 29, 2008, the day on which control was acquired, the results have been fully consolidated within the consolidated statement of income, with an adjustment made for minority interests.

The aggregate estimated purchase price for the 21.9% of the common shares consisted of:

Cash (US\$52,533 at an exchange rate of 1.0626)	\$ 55,821
Estimated direct transaction costs	2,124
Aggregate estimated purchase price	57,945

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 become final.

The estimated purchase price has been allocated to the respective fair values of the assets acquired and liabilities assumed as follows:

	Net assets acquired
Cash and cash equivalents	\$ 1,032
Marketable securities	15,619
Other current assets	6,354
Capital assets	5,324
Intangible assets – development costs	7,165
Intangible assets – trading participants	37,750
100% of the tangible and intangible assets	73,244
Less liabilities:	
Current liabilities	2,221
Future income tax liability	14,417
100% of the net tangible and intangible assets	56,606
21.9% of the net tangible and intangible assets acquired	12,380
Goodwill	45,565
Total net assets acquired	57,945

This acquisition was part of a two step acquisition. The first step of the acquisition occurred on May 1, 2008, when the Company acquired 31.4% of BOX at a fair value of \$75,895. The second step of the acquisition occurred on August 29, 2008 when the Company acquired an additional 21.9% interest in BOX and acquired control of the company.

As a result of the second step of the acquisition and the change in control, the Company reclassified the goodwill and intangible assets previously recognized within the investment in affiliate on May 1, 2008 when the first step of the acquisition was completed. As a result, an additional \$61,185 of goodwill was reflected in the Consolidated Balance Sheet of the Company.

The Company recognized \$135,549 of goodwill and intangible assets as part of the acquisition. The details of these assets are as follows:

Description	Amortization Period	Amount
Goodwill	n/a	106,750
Definite life intangible assets:		
BOX trading participants	30 years	21,634
Capitalized software	5 years	7,165
Total goodwill and intangible assets		135,549

During the three months and nine months ended September 30, 2008, the Company recognized amortization expenses of \$198 in respect of these intangible assets (three months and nine months ended September 30, 2007 – \$Nil).

The goodwill acquired is not deductible for tax purposes.

c) In March 2007, MX and CME announced the creation of CAREX, a new business venture dedicated to the Canadian energy market. Following the Company's combination with MX, MX entered into discussions with CME about terminating the business venture. These discussions ultimately resulted in MX acquiring 100% of CAREX on September 26, 2008 for \$925.

Prior to this transaction, MX owned 50% of CAREX, a joint venture that was accounted for using proportionate consolidation. As a consequence of the additional investment, CAREX is now being accounted for under the purchase method, and the results of operations have been fully consolidated within the consolidated statement of income from September 26, 2008.

As of May 1, 2008, the Company planned to wind-up the operations of CAREX and to dispose of the net assets of the entity. As a result, the net assets of CAREX were fair valued as part of the acquisition of MX. The fair value of the net assets as of May 1, 2008 was equivalent to the liquidation value of the assets.

3. Segmented information:

The Company operates in three reportable segments: the Cash Markets ("Cash") segment, the Energy Markets ("Energy") segment and the Derivatives Markets ("Derivatives") 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. The Energy segment provides a marketplace for the trading and clearing of natural gas and electricity contracts through NGX. The Derivatives segment provides markets for trading derivatives, clearing options and futures contracts and certain over-the-counter products through MX and its subsidiaries, CDCC, BOX, MCEX, and CAREX.

Three months ended September 30, *				
	Cash	Energy	Derivatives	Total
2008				
Issuer services	38,174	-	-	38,174
Trading, clearing and related	34,452	7,594	16,985	59,031
Market data	31,955	-	3,364	35,319
Business services and other	3,808	69	2,963	6,840
Total revenues	108,389	7,663	23,312	139,364
Net income	41,912	2,165	6,867	50,944
Goodwill	46,746	21,279	567,129	635,154
Total assets	452,502	1,020,854	2,009,582	3,482,938
2007				
Issuer services	34,843	-	-	34,843
Trading, clearing and related	35,656	5,857	-	41,513
Market data	27,370	168	-	27,538
Business services and other	2,596	(560)	-	2,036
Total revenues	100,465	5,465	-	105,930
Net income	41,404	1,278	-	42,682
Goodwill	44,592	21,279	-	65,871
Total assets	664,469	615,420	-	1,279,889

* Includes results from dates of acquisitions in the year

Notes to Interim Consolidated Financial Statements

Nine months ended September 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

Nine months ended September 30, *

	Cash	Energy	Derivatives	Total
2008				
Issuer services	114,130	-	-	114,130
Trading, clearing and related	106,335	21,459	25,990	153,784
Market data	92,135	70	5,319	97,524
Business services and other	10,343	123	5,890	16,356
Total revenue	322,943	21,652	37,199	381,794
Net income	116,853	5,330	10,734	132,917
Goodwill	46,746	21,279	567,129	635,154
Total assets	452,502	1,020,854	2,009,582	3,482,938
2007				
Issuer services	97,239	-	-	97,239
Trading, clearing and related	110,966	15,542	-	126,508
Market data	81,420	496	-	81,916
Business services and other	8,060	(327)	-	7,733
Total revenue	297,685	15,711	-	313,396
Net income	115,467	2,791	-	118,258
Goodwill	44,592	21,279	-	65,871
Total assets	664,469	615,420	-	1,279,889

* Includes results from dates of acquisitions in the year

4. Credit facilities:

As a result of the acquisition of MX, the Company has entered into the following credit facilities:

	Interest rate	Year of maturity	Authorized	Amount drawn at September 30, 2008
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	-
CDCC revolving standby credit facility	-	N/A	30,000	-
Total credit facilities			\$ 513,000	\$ 430,000

In connection with the acquisition of MX, the Company established a non-revolving three-year term credit facility of \$430,000 and a revolving three-year credit facility of \$50,000. The Company may draw on these facilities in Canadian dollars by way of prime rate loans and/or Bankers' Acceptances ("B.A.") or in U.S. dollars by way of LIBOR loans and/or U.S. base rate loans. On April 30, 2008, the Company drew \$430,000. As of September 30, 2008, the Company has prepaid \$1,907 of financing fees, which leaves a net credit facility liability of \$428,093. These financing fees will be amortized over the remaining term of the loan.

MX has an outstanding letter of credit for \$2,120 issued against the MX operating line of credit. This letter of credit has been issued as a guarantee to the trustee under the MX employee future benefit plan in respect of accrued future employee benefits.

The credit facilities are unsecured and include certain covenants that the Company must maintain (note 13). The Company was in compliance with these covenants at September 30, 2008.

During the three months ended September 30, 2008, the Company recognized interest expense on the facilities of \$4,105 (three months ended September 30, 2007 - \$Nil) which included \$197 of amortized financing fees. For the nine months ended September 30, 2008, the Company recognized interest expense on the facilities of \$6,897 (nine months ended September 30, 2007 - \$Nil) which included \$307 of amortized financing fees.

5. Interest rate swaps:

The Company has entered into a series of interest rate swap agreements to partially manage its exposure to interest rate fluctuations on the non-revolving three year term facility, effective August 28, 2008. The interest rate swaps in place as of the balance sheet date 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, 2008	Fair value unrealized gain/(loss) at September 30, 2007
#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%	(1,316)	-
#3	\$ 100,000	April 18, 2011	30 day B.A.	3.829%	(1,650)	-
Total	\$ 300,000				\$ (3,424)	\$ -

The Company has designated these interest rate swaps as cash flow hedges, in accordance with section 3865 of the CICA Handbook. These instruments are intended to partially hedge the interest rate risk that is present within the non-revolving term loan that was put in place in connection with the combination with MX and drawn down on April 30, 2008 (notes 2a, 4, 11, 12). The Company's objective is to limit a portion of interest rate variability associated with the non-revolving term loan through the use of interest rate swaps over the term of the loan.

During the period, the Company has determined that the hedges were effective and has paid and recognized as interest expense within the Consolidated Statements of Income \$155, representing the net amount owing on the interest rate swaps. In addition, the Company recognized within the Consolidated Statement of Other Comprehensive Income an unrealized fair value loss on the swaps of \$3,424 (\$2,277 net of tax).

6. 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 are eligible to be granted share options under the share option plan.

On May 1, 2008, in connection with the acquisition of MX, the Company issued share options to holders of MX share options using an exchange ratio of 0.7784 for each MX share option exchanged. The Company issued 162,194 share options (the "replacement options") in exchange for 208,400 MX share options. The replacement options granted will vest based 50% on the passage of time and 50% on achieving certain performance criteria over a four year period of time. Only those replacement options not subject to performance criteria have been included in the aggregate purchase price (note 2).

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 outstanding common shares issued of the Company. 4,252,296 common shares of the Company remain reserved for issuance upon exercise of share options granted under the plan, representing approximately 5% 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 2008: dividend yield of 2.9 percent; expected volatility of 23.6 percent; risk-free interest rate of 4.1 percent and expected life of 7 years.

Options granted will expire in 2011, 2012, 2013, 2014 and 2015.

Share options:

	Three months ended September 30, 2008		Three months ended September 30, 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	982,923	\$ 39.90	1,039,441	\$ 31.26
Granted	150,000	36.46	6,464	42.80
Forfeited	(75,736)	49.95	(9,548)	50.29
Exercised	(31,446)	22.70	(49,012)	20.73
Outstanding, end of the period	1,025,741	\$ 39.18	987,345	\$ 31.67

	Nine months ended September 30, 2008		Nine months ended September 30, 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	973,522	\$ 31.64	1,096,650	\$ 25.17
Granted	526,228	44.71	219,948	52.48
Forfeited	(142,161)	50.52	(77,081)	45.55
Exercised	(331,848)	20.97	(252,172)	17.24
Outstanding, end of the period	1,025,741	\$ 39.18	987,345	\$ 31.67

Notes to Interim Consolidated Financial Statements

Nine months ended September 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

At September 30, 2008, 427,021 options were fully vested and exercisable at strike prices in the range of \$2.21 to \$54.50. During the three months and nine months ended September 30, 2008, the Company recognized compensation costs of \$487 and \$1,390 respectively in relation to its share option plan (three months ended September 30, 2007 – \$578, nine months ended September 30, 2007 – \$1,739).

7. Normal course issuer bid:

In connection with the Company's normal course issuer bid ("NCIB") approved on August 1, 2007, the Company completed the repurchase of the remaining shares under its pre-defined automatic purchase plan with its designated broker. From May 2, 2008 to July 22, 2008, the Company purchased 4,441,189 common shares at an aggregate cost of \$185,170 of which \$64,713 was charged to share capital and the excess of the cost of the NCIB over the stated value of the common shares of \$120,457 was charged to deficit.

In addition, on August 14, 2008, the Company received approval from Toronto Stock Exchange to repurchase up to 7,595,585 of its common shares under a new NCIB. Common shares purchased under the NCIB are cancelled, and purchases may be made over a one year period ending August 17, 2009, or such earlier date as the Company completes its purchases. In connection with this plan, the Company entered into a new pre-defined automatic purchase plan with its designated broker. From August 18, 2008, to September 30, 2008, the Company purchased 2,082,060 common shares at an aggregate cost of \$72,435 of which \$31,256 was charged to share capital and the excess of the cost of the NCIB over the stated value of the common shares of \$41,179 was charged to deficit.

8. Share capital:

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

	Three months ended September 30, 2008		Nine months ended September 30, 2008	
	Number of common shares	\$	Number of common shares	\$
Beginning of the period	78,847,322	\$ 1,146,098	66,278,370	\$ 379,370
Issued (note 2)	-	-	15,316,608	806,573
Repurchased and cancelled (note 7)	(3,475,191)	(48,325)	(6,523,249)	(95,969)
Options exercised	31,446	891	331,848	8,690
End of the period	75,403,577	\$ 1,098,664	75,403,577	\$ 1,098,664

9. Earnings per share:

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income	\$ 50,944	\$ 42,682	\$ 132,917	\$ 118,258
Weighted average number of common shares outstanding	77,025,461	68,103,741	73,017,868	68,412,679
Basic earnings per share	\$ 0.66	\$ 0.63	\$ 1.82	\$ 1.73
Diluted weighted average number of common shares outstanding	77,119,217	68,495,979	73,142,735	68,896,557
Diluted earnings per share	\$ 0.66	\$ 0.62	\$ 1.82	\$ 1.72

10. Employee future benefits:

Total retirement benefit cost for the three months ended September 30, 2008 was \$1,477 (three months ended September 30, 2007 – \$1,625) and for the nine months ended September 30, 2008 was \$4,308 (nine months ended September 30, 2007 – \$5,395).

11. Financial instruments:

The Company has classified the significant impacts of its financial instruments as follows:

(a) Financial instruments – carrying values and fair values:

September 30, 2008					
Asset/(Liability)	Held for trading		Loans and receivables/ (other financial liabilities)	Carrying amount	Fair value
	Classified	Designated			
Cash and cash equivalents		77,618		\$ 77,618	\$ 77,618
Marketable securities		126,122		126,122	126,122
Restricted cash		1,478		1,478	1,478
Accounts receivable – trade			63,129	63,129	63,129
Accounts receivable – other			591	591	591
Total return swaps	(3,970)			(3,970)	(3,970)
Interest rate swaps *	(3,424)			(3,424)	(3,424)
Energy contracts receivable			841,038	841,038	841,038
Fair value of open energy contracts		120,018		120,018	120,018
Daily settlements and cash deposits			498,155	498,155	498,155
Option to acquire NetThruPut Inc.	10,265			10,265	10,265
Accounts payable and accrued liabilities			(55,614)	(55,614)	(55,614)
Energy contracts payable			(841,038)	(841,038)	(841,038)
Fair value of open energy contracts		(120,018)		(120,018)	(120,018)
Daily settlements and cash deposits			(498,155)	(498,155)	(498,155)
Term loan payable, net			(428,093)	(428,093)	(428,093)

* Classified as a cash flow hedge (note 5)

September 30, 2007					
Asset/Liability	Held for trading		Loans and receivables/ (other financial liabilities)	Carrying amount	Fair value
	Classified	Designated			
Cash and cash equivalents		45,981		\$ 45,981	\$ 45,981
Marketable securities		267,107		267,107	267,107
Restricted cash		-		-	-
Accounts receivable – trade			44,628	44,628	44,628
Accounts receivable – other			1,245	1,245	1,245
Total return swaps	1,118			1,118	1,118
Interest rate swaps	-			-	-
Energy contracts receivable			479,573	479,573	479,573
Fair value of open energy contracts		81,113		81,113	81,113
Daily settlements and cash deposits			-	-	-
Option to acquire NetThruPut Inc.	10,265			10,265	10,265
Accounts payable and accrued liabilities			(37,683)	(37,683)	(37,683)
Energy contracts payable			(479,573)	(479,573)	(479,573)
Fair value of open energy contracts		(81,113)		(81,113)	(81,113)
Daily settlements and cash deposits			-	-	-
Term loan payable, net			-	-	-

Notes to Interim Consolidated Financial Statements

Nine months ended September 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

(b) Marketable securities:

The investment portfolio includes pooled fund investments managed by an external investment fund manager. Market values for securities held by the pooled funds are determined by reference to quoted market prices. There is no contracted maturity date for the investments.

Marketable securities also include the investment portfolio of MX, which is managed by an external advisor, which includes federal, provincial and corporate bonds as well as bank backed asset backed debt securities.

The Company has designated its marketable securities as held-for-trading. At September 30, 2008, these investments have been measured at fair value and the unrealized losses of \$685 recognized during the three months ended September 30, 2008, and the unrealized gains of \$157 recognized during the nine months ended September 30, 2008, have been reflected in net income in the consolidated financial statements (three months ended September 30, 2007 – unrealized gains of \$829; nine months ended September 30, 2007 – unrealized losses of \$2,957).

(c) Total return swaps:

The Company has entered into a series of total return swaps (“TRSs”) which synthetically replicate the economics of the Company purchasing the Company’s shares as a partial fair value hedge to the share appreciation rights of restricted share units and deferred share units that are awarded to directors and employees of the Company and its designated subsidiaries. The Company marks to market the fair value of the TRSs as an adjustment to income, and simultaneously marks to market the liability to holders of the share units as an adjustment to income. The fair value of the TRSs is based upon the excess or deficit of the volume weighted average price of the Company’s shares for the last five trading days of the month compared with the Company’s share price at the date of entering into the TRSs. The fair value of the TRSs and the obligation to unit holders are reflected on the balance sheet. The contracts are settled in cash upon maturity.

The following tables represent the TRSs which are outstanding at:

September 30, 2008:

	Remaining term to maturity (notional amount)			Fair value		
	Under 1 year	1 to 3 years	Total	Gain	Loss	Net
Equity Swap Contract #10	\$ 664	\$ -	\$ 664	\$ -	\$ (216)	\$ (216)
Equity Swap Contract #13	-	854	854	-	(335)	(335)
Equity Swap Contract #17	-	407	407	-	(72)	(72)
Equity Swap Contract #18	4,321	-	4,321	-	(878)	(878)
Equity Swap Contract #19	5,516	-	5,516	-	(1,479)	(1,479)
Equity Swap Contract #20	3,695	-	3,695	-	(990)	(990)
	\$ 14,196	\$ 1,261	\$ 15,457	\$ -	\$ (3,970)	\$ (3,970)

September 30, 2007:

	Remaining term to maturity (notional amount)			Fair value		
	Under 1 year	1 to 3 years	Total	Gain	Loss	Net
Equity Swap Contract #5	\$ 694	\$ -	\$ 694	\$ 466	\$ -	\$ 466
Equity Swap Contract #10	-	664	664	-	(9)	(9)
Equity Swap Contract #13	-	854	854	-	(96)	(96)
Equity Swap Contract #14	5,310	-	5,310	-	(277)	(277)
Equity Swap Contract #15	2,453	-	2,453	195	-	195
Equity Swap Contract #16	10,548	-	10,548	839	-	839
	\$ 19,005	\$ 1,518	\$ 20,523	\$ 1,500	\$ (382)	\$ 1,118

The unrealized losses of \$4,324 recognized for the three month period ended September 30, 2008 and the unrealized losses of \$7,948 recognized for the nine month period ended September 30, 2008 have been reflected in net income in the consolidated financial statements (three month period ended September 30, 2007 – unrealized gains \$2,194; nine months ended September 30, 2007 – unrealized gains \$1).

(d) Interest rate swaps:

The Company has entered into a series of interest rate swap agreements, which commenced on August 28, 2008, to partially manage its exposure to interest rate fluctuations on the non-revolving three year term facility (notes 4 and 5).

The Company marks to market the fair value of the interest rate swaps. Unrealized losses of \$3,424 (\$2,277 net of tax) have been recognized within other comprehensive income for the three month and nine month periods ended September 30, 2008 (three month and nine month periods ended September 30, 2007 – \$nil). Interest paid of \$155 has been recognized in net income for the three month and nine month periods ended September 30, 2008 (three month and nine month periods ended September 20, 2007 – \$nil).

(e) NGX energy contracts:

NGX energy contracts receivable and payable positions are recognized for all contracts where physical delivery has occurred or financial settlement amounts have been determined prior to the period end but payments have not yet been made. There is no impact on the consolidated statement of income.

The fair value at the balance sheet date of the undelivered physically settled trading contracts and the forward financially settled trading contracts is recognized in the consolidated assets and liabilities as open energy contracts. There is no impact on the consolidated statement of income.

(f) CDCC daily settlements and cash deposits:

Amounts due from and to clearing members as a result of marking open futures positions to market and settling option transactions each day are required to be collected from or paid to clearing members prior to the commencement of trading the next day. The amounts due from and due to clearing members are recognized in the consolidated assets and liabilities as daily settlements and cash deposits. There is no impact on the consolidated statement of income.

(g) Option to acquire NetThruPut Inc.

On September 6, 2007, the Company entered into an agreement with Enbridge Inc. (“Enbridge”) and Circuit Technology Limited (“Circuit”) granting it the option to acquire all the shares of NetThruPut Inc. (“NTP”), at a time after March 15, 2009, for a price between \$40,000 and \$95,000, subject to certain closing conditions. This agreement also provides Enbridge and Circuit with the right to sell all the shares of NTP under the same terms to the Company, subject to certain closing conditions. The fair value of this option at September 30, 2008 is considered to approximate its carrying value.

12. Risk management:

(a) Credit risk:

Credit risk is the risk of financial loss to the Company associated with a counterparty’s failure to fulfill its financial obligations and arises principally from the Company’s investments in marketable securities, total return swaps and interest rate swaps, accounts receivable and the clearing and/or brokerage operations of Shorcan, NGX and CDCC.

(i) Investments in marketable securities

The Company, excluding MX, manages its exposure to credit risk arising from investments in marketable securities by limiting the investment in short-term bond and mortgage funds to a maximum of 70% of the investment portfolio. Corporate bonds must have a minimum credit rating of BBB by DBRS Limited. Mortgages may not comprise more than 40% of the portfolio and must be either multi-residential conventional first mortgages or multi-residential government guaranteed mortgages. The Company does not have any investments in non-bank asset-backed commercial paper. At September 30, 2008 the investment portfolio was comprised of 43% in short-term bond and mortgage funds and 57% in money market funds (September 30, 2007 – 34%:66%).

MX manages its exposure to credit risk arising from investments in marketable securities by limiting total short term investment in bonds to a maximum of 30% in Schedule “A” Canadian chartered banks (“Bank bonds”) with the balance in Federal and Provincial bonds, while limiting total medium term investment in corporate bonds to a maximum of 35% with the balance in Federal and Provincial bonds. Corporate bonds must have a minimum credit rating of AAA by DBRS Limited. At September 30, 2008 the MX investment portfolio was comprised of 6% in Bank bonds, 81% in Federal and Provincial bonds and, 13% in Corporate Bonds. At September 30, 2008, MX did not have any investments in non-bank asset-backed commercial paper.

Notes to Interim Consolidated Financial Statements

Nine months ended September 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

(ii) Total Return Swaps

The Company limits its exposure to credit risk on TRSs by contracting with a major Canadian chartered bank.

(iii) Interest rate swaps

The Company limits its exposure to credit risk on the interest rate swaps by contracting with a major Canadian chartered bank.

(iv) Accounts receivable

The Company's exposure to credit risk resulting from uncollectable accounts is influenced by the individual characteristics of its customers, many of whom are banks and financial institutions. There is no concentration of credit risk attributable to transactions with a single customer. In addition, customers that fail to maintain their account in good standing risk loss of listing or trading privileges.

(v) Clearing and/or brokerage operations

The Company is exposed to credit risk in the event that customers, in the case of Shorcan, or contracting parties, in the case of NGX, or clearing members, in the case of CDCC, fail to settle on the contracted settlement date.

Shorcan's risk is limited by its status as an agent, in that it does not purchase or sell securities for its own account. As agent, in the event of a failed trade, Shorcan has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

NGX requires each contracting party 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. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. This collateral may be accessed by NGX in the event of default by a contracting party. NGX measures total potential exposure for both credit and market risk for each contracting party on a real-time basis as the aggregate of:

- (a) Outstanding energy contracts receivable;
- (b) "Variation Margin", comprised of the aggregate "mark-to-market" exposure for all forward purchase and sale contracts with an adverse value from the perspective of the customer; and
- (c) "Initial Margin", an amount that estimates the worst expected loss that a contract might incur under normal market conditions during a liquidation period.

As a result of these calculations of contracting party exposure at September 30, 2008, NGX held cash collateral deposits of \$449,062 (September 30, 2007 – \$271,801) and letters of credit of \$2,491,605 (September 30, 2007 – \$1,734,850). These amounts are not included in the Company's consolidated balance sheet.

CDCC is exposed to the risk of default of its clearing members. CDCC is the central counterparty and guarantor of all transactions carried out on MX's markets and on the OTC market, when the transaction is cleared through CDCC. It primarily supports the risk of one or more counterparties, meeting strict financial and regulatory criteria, defaulting on their obligations, in which case the obligations of that counterparty would become the responsibility of CDCC. This risk is greater if market conditions are unfavourable at the time of the default.

CDCC's principal risk management practice is the collection of risk-based margin deposits in the form of cash, letters of credit, equities and liquid government securities. Should a clearing member fail to meet a daily margin call or otherwise not honour their obligations under open futures and options contracts, margin deposits would be available to apply against the costs incurred to liquidate the clearing member's positions.

CDCC's margining system is complemented by a stress reporting system. This process evaluates the financial strength of a clearing member to meet margin requirements that might result from a sudden adverse change in the market. Clearing members who fail to meet the criteria are required to deposit a stress margin.

CDCC also maintains a clearing fund through deposits of cash and securities from all clearing members. The aggregate level of clearing funds required from all clearing members must cover the worst loss that CDCC could face if one counterparty is failing under various extreme but plausible market conditions. Each clearing member contributes to the clearing fund in proportion to its margin requirements. If, by a clearing member's default, further funding is necessary to complete a liquidation, CDCC has the right to require other clearing members to contribute additional amounts equal to their previous contribution to the clearing fund.

CDCC's margin collateral deposits and clearing fund deposits are held by approved depositories under irrevocable agreements. This collateral may be accessed by CDCC in the event of default by a clearing member. As a result of these calculations of clearing member exposure at September 30, 2008, CDCC held margin collateral deposits of \$3,511,938 and clearing fund deposits of \$296,060. These amounts are not included in the Company's consolidated balance sheet.

(vi) Guarantees

NGX maintains an unsecured clearing backstop fund of U.S. \$100,000. The Company is the guarantor, on an unsecured basis, of this fund.

MX maintains \$30,000 in revolving standby credit facilities in the event of default by a clearing member of CDCC. Borrowings under these facilities would be required to be collateralized.

Neither facility has been drawn upon at September 30, 2008.

(b) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income or the value of its holdings of financial instruments.

(i) Foreign currency risk

The Company is exposed to foreign currency risk on revenue, cash and cash equivalents, marketable securities and accounts receivable principally denominated in U.S. dollars. At September 30, 2008, cash and cash equivalents and accounts receivable, excluding BOX, include US\$13,101 (September 30, 2007 – US\$10,969), which are exposed to changes in the U.S. – Canadian dollar exchange rate. The approximate impact of a 1% rise in the Canadian dollar compared to the US dollar on these exposed balances at September 30, 2008 is a \$138 decrease in net income. The approximate impact of a 1% decline in the Canadian dollar compared to the US dollar on these exposed balances at September 30, 2008 is a \$138 increase in net income. In addition, the net assets of BOX are denominated in US dollars, and the effect of exchange rate movements on the Company's share of the net assets is included in other comprehensive income.

(ii) Interest rate risk

The Company is exposed to interest rate risk on its marketable securities, TRSs and non-revolving term loan payable.

The Company has limited its exposure to interest rate risk on the non-revolving term loan by entering into three interest rate swap agreements (note 5).

External investment fund managers have been engaged by the Company to manage the asset mix and the risks associated with its marketable securities. At September 30, 2008 the Company held \$126,122 in these funds (September 30, 2007 – \$267,107). The approximate impact on the carrying value of these investments of a 1% rise and a 1% fall in interest rates is (\$1,798) and \$1,843 respectively.

(iii) Equity price risk

The Company is exposed to equity price risk arising from its utilization of TRSs. The fair value of the TRSs is based upon the excess or deficit of the volume weighted average price of the Company's shares for the last five trading days of the month compared with the Company's share price at the date of entering into the TRSs. The change in the fair value of the TRSs is offset by the change in the obligation to restricted share units and deferred share units holders.

(iv) Other market price risk

The Company is exposed to other market price risk from the activities of Shorcan, NGX and CDCC if a customer, contracting party or clearing member, as the case may be, fails to take or deliver either securities, derivative products or energy products on the contracted settlement date where the contracted price is less favourable than the current market price.

Shorcan's risk is limited by its status as an agent, in that it does not purchase or sell securities for its own account, the short period of time between trade date and settlement date, and the defaulting customers liability for any difference between the amounts received upon sale of the securities and the amount paid to acquire the securities.

Both NGX's and CDCC's measure of total potential exposure, as described previously, includes measures of market risk which are factored into the collateral required from each contracting party or clearing member.

The Company is also exposed to other market price risk on a portion of its sustaining fees revenue, which is based on quoted market values of listed issuers as at December 31 of the previous year.

Notes to Interim Consolidated Financial Statements

Nine months ended September 30, 2008 and 2007 (Unaudited) (In thousands of dollars, except per share amounts)

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its revolving and non-revolving credit facilities (note 4) and capital (note 13).

13. Capital maintenance:

In accordance with Section 1535 “Capital Disclosures” of the CICA Handbook, the Company’s primary objectives in managing capital, which it defines as including its share capital and various credit facilities, include:

(i) Maintaining sufficient capital for operations, to ensure market confidence and to meet capital maintenance requirements imposed on its subsidiaries:

(a) In respect of TSX, as required by the Ontario Securities Commission (“OSC”) to maintain certain regulatory ratios as defined in the OSC recognition order, as follows:

- (i) a current ratio not less than 1.1:1;
- (ii) a debt to cash flow ratio not greater than 4:1; and
- (iii) a financial leverage ratio consisting of adjusted total assets to adjusted shareholders’ equity not greater than 4:1

The Company has complied with these externally imposed capital requirements;

(b) In respect of TSX Venture, as required by various provincial securities commissions to maintain adequate financial resources;

The Company has complied with these externally imposed capital requirements;

(c) In respect of NGX to:

- (i) maintain adequate financial resources as required by the Alberta Securities Commission; and
- (ii) maintain a current ratio of no less than 1:1 and a tangible net worth of not less than \$9,000 as required by a major Canadian chartered bank

The Company has complied with these externally imposed capital requirements;

(d) In respect of MX, as required by the Autorité des marchés financiers (“AMF”) to maintain certain regulatory ratios as defined in the AMF recognition order, as follows:

- (i) a working capital ratio not less than 1.5:1;
- (ii) a cash flow to total debt ratio of more than 20%; and
- (iii) a financial leverage ratio consisting of total assets to shareholders’ equity of less than 4:1

The Company has complied with these externally imposed capital requirements;

(e) In respect of Shorcan by the Investment Industry Regulatory Organization (“IIROC”) which requires Shorcan to maintain a minimum level of shareholders’ equity of \$500;

The Company has complied with these externally imposed capital requirements;

(ii) Providing sufficient capital to meet the covenants imposed in connection with credit facilities (note 4) that require the Company to maintain:

- (a) a maximum debt to adjusted EBITDA ratio of 3.5:1;
- (b) a minimum consolidated net worth based on a contracted formula; and
- (c) a debt incurrence test of not more than 3:1

The Company has complied with these externally imposed capital requirements;

- (iii) Retaining sufficient capital to invest and continue to grow our business; and
- (iv) Returning capital to shareholders through dividends paid to shareholders and purchasing shares for cancellation pursuant to normal course issuer bids.

14. Regulatory services:

On June 1, 2008, Market Regulation Services Inc. ("RS"), a private corporation jointly owned by the Company and the Investment Dealers Association of Canada ("IDA") and operated on a not-for-profit basis providing regulatory services to Canadian equity marketplaces, combined with the IDA to form the Investment Industry Regulatory Organization of Canada ("IIROC"). As a result of the combination, the Company relinquished any ownership interest but remains entitled to nominate one of the fifteen member board of directors subject to certain pre-determined conditions. Prior to June 1, 2008, RS was a related party to the Company. For the period up to June 1, 2008, \$4,457 of Business services and other revenue was earned for technology service provided to RS (three months ended September 30, 2007 – \$1,775, nine months ended September 30, 2007 – \$5,407) and \$2,500 was paid to RS for services provided by RS (three months ended September 30, 2007 – \$517, nine months ended September 30, 2007 – \$2,717).

15. Related party transactions:

In 2001, MX signed an agreement with BOX to provide, for a fee, the technology and related services required for its electronic trading system. In addition, beginning in February 2004, MX became a supplier to BOX and charges at the exchange amount, being the amount established and agreed to by BOX, salaries, telecommunication services, computer equipment, and other services. On August 29, 2008, BOX became a subsidiary of the Company (note 2).

Amounts invoiced for the three and nine months ended September 30, 2008, covering the period before BOX became a subsidiary, are \$2,493 and \$4,963 respectively (three and nine months ended September 30, 2007 – \$nil). These transactions were undertaken in the normal course of business. Starting August 29, 2008, due to the change in control, these amounts are eliminated upon consolidation.

16. Comparative figures:

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

Market Statistics*

(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Toronto Stock Exchange:				
Volume (millions)	25,694.3	22,855.7	76,202.0	71,382.7
Value (\$ billions)	493.4	439.6	1,449.6	1,257.5
Transactions (000s)	46,008.0	30,745.8	126,175.5	84,434.9
Issuers Listed	1,587	1,611	1,587	1,611
New Issuers Listed:	21	41	99	155
Number of Initial Public Offerings	6	14	45	72
Number of graduates from TSX Venture/NEX	10	18	37	57
New Equity Financing: (\$ millions)	3,726.5	7,629.0	22,112.5	35,885.3
Initial Public Offering Financings (\$ millions)	144.4	999.3	1,670.8	4,693.6
Secondary Offering Financings ¹ (\$ millions)	1,724.5	4,023.2	13,518.1	17,245.9
Supplementary Financings (\$ millions)	1,857.6	2,606.5	6,923.6	13,945.8
Market Cap of Issuers Listed (\$ billions)	1,661.8	2,156.6	1,661.8	2,156.6
S&P/TSX Composite Index ² Close	11,752.9	14,098.9	11,752.9	14,098.9
TSX Venture Exchange: ³				
Volume (millions)	7,988.7	11,083.5	33,311.3	38,009.2
Value (\$ millions)	4,136.4	8,409.8	21,895.3	33,591.7
Transactions (000s)	1,201.7	1,788.5	5,007.7	6,439.5
Issuers Listed	2,431	2,297	2,431	2,297
New Issuers Listed	68	67	205	186
New Equity Financing: (\$ millions)	1,607.3	2,901.5	4,984.2	8,729.1
Initial Public Offering Financings (\$ millions)	91.6	85.6	218.3	325.3
Secondary Offering Financings ¹ (\$ millions)	1,515.7	2,815.9	4,765.9	8,403.8
Market Cap of Issuers Listed: (\$ billions)	30.2	58.6	30.2	58.6
S&P/TSX Venture Composite Index ² Close	1,415.0	2,883.6	1,415.0	2,883.6
Toronto Stock Exchange and TSX Venture Exchange:				
Professional and Equivalent Real-time Data Subscriptions	165,366	155,135	165,366	155,135
Montreal Exchange:				
Volume (Contracts) (000s)	9,891.2	10,014.0	16,476.1	18,313.8
Open Interest (Contracts) (000s) as at September 30	2,800.4	2,466.3	2,800.4	2,466.3
Data Subscriptions as at September 30	28,370	28,491	28,370	28,491
Boston Options Exchange:				
Volume (Contracts) (000s)	48,755.7	37,201.0	78,007.0	56,697.8

* Certain comparative figures have been restated.

¹ Secondary Offering Financings includes prospectus offerings on both a treasury and secondary basis.

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

³ 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 Exchange's listing standards (170 issuers at September 30, 2008 and 152 issuers at September 30, 2007).

Investor Contact Information

Investor Relations may be contacted at:

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1-888-873-8392 (North America)

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Le rapport du troisième trimestre est également disponible en français.

DIVIDEND INFORMATION

The Board of Directors of TMX Group Inc. declared a dividend of \$0.38 on each common share outstanding, payable on November 28, 2008 to shareholders of record at the close of business on November 14, 2008. TMX Group hereby advises that this dividend is an “eligible dividend” in accordance with the Canada Revenue Agency release dated December 20, 2006. For more information regarding the designation of dividends, please refer to their release. Shareholders with questions regarding the tax treatment of dividends should consult with their own tax advisors or contact their local office of the Canada Revenue Agency and where applicable, the provincial taxation authorities.

NORMAL COURSE ISSUER BID

On August 14, 2008 we received Toronto Stock Exchange approval to renew our normal course issuer bid (“NCIB”) and purchase up to 7,595,585 of our common shares through the facilities of Toronto Stock Exchange or other Canadian marketplaces. We may also enter into one or more private agreements to purchase common shares, provided that we first obtain an order from the relevant securities regulatory authority to permit such agreements. These purchases will terminate on August 17, 2009 or such earlier date as we complete our permitted purchases. We will make our purchases in accordance with Toronto Stock Exchange requirements and the price we pay for any such common shares will be the market price of such shares at the time of acquisition. All shares purchased by TMX Group under the NCIB will be cancelled. We entered into a pre-defined plan with our designated broker to allow for the repurchase of common shares at times when we would not ordinarily be active in the market due to our own internal trading blackout periods, insider trading rules or otherwise.

A copy of our Notice of Intention to file an NCIB may be obtained, without charge, by contacting Investor Relations as outlined above.

TRADE-MARKS

TMX, TMX Group, TSX, TSX Group, Toronto Stock Exchange, TSX Venture Exchange, TSX Datalinx, TSX Quantum, Natural Gas Exchange, NGX, CDEX, DEX, Equicom and Shorcan are trade-marks of TSX Inc. MX, SOLA, BAX, CGB and SFX are trade-marks of Bourse de Montréal, Inc. CDCC is a trade-mark of Canadian Derivatives Clearing Corporation. ColorBook is a trade-mark of Lava Trading Inc. Montreal Climate Exchange and MCEX are trade-marks of Chicago Climate Exchange Inc. CanDeal is a trade-mark of CanDeal.ca Inc.

FORWARD-LOOKING INFORMATION

This quarterly report contains forward-looking information, which are not historical facts but are based on certain assumptions and reflect TMX Group's current expectations. Some examples of forward looking information, include, but are not limited to, TMX Group's expected \$25 million of cost synergies and our plans to grow our business through initiatives, such as the addition of new products and the expansion of clearing of over the counter derivatives and the further development of our SOLA technology platform. These initiatives are anticipated to eventually generate more than \$10 million annually in new revenue which represents management's estimate of the potential revenue opportunity based on similar products in Canadian and global markets. Actual results could differ materially from the estimates and could result in minimal revenue depending on customer acceptance, market conditions and competitive factors. Forward-looking information is subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. 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 quarterly report. Please see “Forward-Looking Information” in the Q3-2008 Management's Discussion and Analysis for some of the risk factors that could cause actual events or results to differ materially from current expectations.



San Diego Mexico City Shanghai Chicago Moscow New Delhi Phoenix Ottawa San Francisco New York London Sao Paulo