TMX Group Limited

Q2/13 Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

July 31, 2013

This management's discussion and analysis (MD&A) of TMX Group Limited's (TMX Group), formerly Maple Group Acquisition Corporation (Maple), financial condition and financial performance is provided to enable a reader to assess our financial condition, material changes in our financial condition and our financial performance, including our liquidity and capital resources, for the quarter and six months ended June 30, 2013 compared with the quarter and six months ended June 30, 2012 or the year ended December 31, 2012. This MD&A should be read together with our Q2/13 condensed consolidated interim financial statements as at and for the three and six months ended June 30, 2013 (financial statements) and the 2012 Annual MD&A.

TMX Group completed the acquisition of TMX Group Inc. on September 14, 2012 and the acquisitions of The Canadian Depository for Securities Limited (CDS) and Alpha Trading Systems Inc. and Alpha Trading Systems Limited Partnership (collectively, Alpha) on August 1, 2012 (collectively, the Maple Transaction). The TMX Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) for the preparation of interim financial statements, and are in compliance with IAS 34, *Interim Financial Reporting*. The financial statements include the operating results of TMX Group Inc., CDS and Alpha. Comparative financial statements for the quarter and six months ended June 30, 2012, and as at June 30, 2012, include TMX Group Limited only.

Maple, as TMX Group was then named, was an acquisition corporation formed solely for the purpose of pursuing the Maple Transaction. The most significant aspect of the Maple Transaction was the purchase of TMX Group Inc., which was a publicly traded company. Prior to the completion of the acquisitions of CDS and Alpha on August 1, 2012 and the initial take up of 80% of the common shares of TMX Group Inc. on July 31, 2012 under the Maple offer, Maple had no material assets and no history of earnings and had not commenced commercial operations. The approach taken in this MD&A is intended to provide readers with a more complete view of the operating performance of TMX Group. Therefore, TMX Group's revenue, operating expenses, net income (loss) attributable to non-controlling interests and cash flows for the quarter and six months ended June 30, 2013 are compared with TMX Group Inc. for the quarter and six months ended June 30, 2012. Management believes that this is the most meaningful presentation for the purpose of discussion of revenue, operating expenses and net income (loss) attributable to non-controlling interests and cash flows.

Our financial statements and MD&A for the quarter ended June 30, 2013 are filed with Canadian securities regulators and can be accessed through www.sedar.com or our website at www.tmx.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with IFRS, unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

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

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

MARKET CONDITIONS[1]

Major North American equities indices ended Q2/13 with mixed performance as U.S. markets improved over Q1/13 and year-end 2012 levels while Canadian markets declined. Much of the difference could be attributed to the relative performance of the mining and materials sectors. In the second quarter of 2013, our marketplaces experienced reduced levels of new listings and going-public transactions[⊕] and lower overall equity trading volumes year over year. While natural gas prices increased in Q2/13 over Q2/12, price volatility has remained low, which resulted in lower volumes and revenue for Natural Gas Exchange (NGX).

We operate in the highly competitive exchange industry, both domestically and internationally. We expect that alternative marketplaces will continue to be launched by existing and new competitors. In June 2013, a group consisting of money managers, pension fund managers, and institutional and retail brokers, including a bank-owned dealer, announced plans to create a new stock exchange expected to launch in late 2014. In addition to competing with North American alternative trading systems (ATSs) and exchanges directly for trading volumes of our listed and interlisted issuers, we also compete internationally with global marketplaces for investment capital and order flow. Our combined market share[Ψ] in Canadian markets was 82% in Q2/13 compared with 83% for Q1/13 and 85% for 2012[λ]. Combined trading volumes were down 10% on our four equity marketplaces compared with Q2/12[λ]. Revenue from CDS's clearing and settlement operation is also dependent on trading activity on Canadian equity marketplaces. Exchange trades and non-exchange/OTC trades processed by CDS increased somewhat in Q2/13 compared with Q1/13.

Offsetting some of the reduction in volumes on some of our cash markets business in Q2/13, volumes increased marginally on Montréal Exchange Inc. (MX), our domestic derivatives exchange, compared with Q2/12. Volumes decreased on BOX Market LLC (BOX), our U.S. equity options market in which MX has a 53.8% ownership interest, in Q2/13 compared with the same period last year due to a decrease in BOX's market share.

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[1] The "*Market Conditions*" section above contains certain forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

[⊕] For TSX Venture Exchange, this data includes Qualifying Transactions and Reverse Takeovers.

[Ψ] Market share data from the Investment Industry Regulatory Organization of Canada (IIROC).

[λ] Includes Alpha for the comparable period in 2012.

INITIATIVES AND ACCOMPLISHMENTS[2]

During the second quarter and to date in 2013, we have advanced our strategy by executing on initiatives across our business:

Issuer Services

In April 2013, we completed the acquisition of the transfer agent and corporate trust services business of Equity Financial Holdings Inc. (Equity), first announced on February 13, 2013. The business, now called TMX Equity Transfer Services Inc. (Equity Transfer), has become part of a portfolio of services provided to our issuers listed on Toronto Stock Exchange and TSX Venture Exchange. The acquisition is highly complementary to our existing issuer services business and provides both immediate scale and additional growth opportunities. Equity will continue to provide services which must be provided by a trust company until we obtain the requisite trust licenses.

We paid $64.0 million for these assets subject to certain post-closing price adjustments, which were funded from existing cash and credit facilities. In 2012, the business generated revenues of approximately $17.0 million and was profitable. TMX Group expects the acquisition to be slightly accretive to earnings per share in the first year following the closing of the transaction.

Trading, Clearing, Depository and Related

Derivatives Trading and Clearing

On April 15, 2013, S&P Dow Jones Indices announced that it had licensed the Canadian Derivatives Clearing Corporation (CDCC) to clear Over-the-Counter (OTC) options based on the S&P/TSX suite of indices, the first such license for clearing OTC trades in Canada. This agreement provides the potential for increased risk management in the OTC equity derivatives marketplace served by these key indices. CDCC requires regulatory approval before it can launch this clearing service through its Converge offering.

Energy Trading and Clearing

On May 2, 2013, NGX received approval from the U.S. Commodity Futures Trading Commission to become a registered foreign board of trade (FBOT). The FBOT registration replaces NGX's exempt commercial market status, which was eliminated by the enactment of the Dodd-Frank Act. Additionally, on May 15, 2013, NGX announced the addition of products relating to three new natural gas clearing locations in the U.S.

On July 9, 2013, NGX and NASDAQ OMX Commodities Clearing Company (NOCC) announced their plans to transition U.S. physical power products to NGX's transaction model. The transaction is a revenue-sharing arrangement that will allow NGX to combine its established U.S. natural gas trading and clearing expertise with NOCC's scheduling resources. This will help NGX customers transacting physical energy in the U.S. to maximize collateral efficiency and will enable increased transparency and market liquidity. Subject to applicable regulatory approval, the transaction will be effective in September 2013, simultaneous with the novation of NOCC's remaining physical power contracts to NGX.

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[2] The *"Initiatives and Accomplishments"* section above contains certain forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

Information Services

In April 2013, we completed the combination of our fixed income index business, PC-Bond, with FTSE Group's (FTSE) existing international fixed income index business. FTSE is part of the London Stock Exchange Group. FTSE owns a 75 per cent majority stake and TMX Group holds a 25 per cent stake in this new enterprise, called FTSE TMX Global Debt Capital Markets Limited.

For TMX Group, the transaction enables more rapid global expansion as we export our industry-leading fixed income index and analytic capabilities by leveraging the global distribution reach of FTSE, one of the world's most recognized index brands. FTSE TMX Global Debt Capital Markets Limited is using the power of PC-Bond's fixed income capabilities and methodology to offer the global financial and capital markets community a suite of proven and valuable fixed income indices and analytics tools and to use this as a platform for future expansion.

In addition to receiving a 25 per cent interest in this new business, TMX Group received $103.8 million in cash. We used $100.0 million from the proceeds of the transaction to pay down debt (see **CREDIT FACILITIES AND GUARANTEES** – **Loans Payable**.) We expect the transaction will be slightly dilutive to adjusted earnings per share in 2013[3]. During Q1/13, the revenue from PC-Bond represented approximately 10% of total information services revenue. Income from our 25% interest is recorded under **Share of net income of equity accounted investees** and **Information services revenue** (as a royalty).

INTEGRATION[4]

The integration of TMX Group Inc., CDS and Alpha continues. We are targeting to achieve annual cost synergies of approximately $20.0 million (net of incremental costs of regulation), on a run-rate basis in the first quarter of 2014. In the first six months of 2013 (1H/13), we realized approximately $7.0 million of these net synergies. The estimate of the one-time costs to achieve the total synergies is approximately $24.0 million. Total integration costs incurred during 1H/13 were $1.7 million, and total integration costs from Q3/12 were approximately $20.0 million. We expect remaining synergies to come from the consolidation of existing operations and the realization of efficiencies in overlapping functions. We have integrated Alpha into our suite of trading and market data products to enhance the value of trading on our equity markets. We have also moved Alpha into existing TMX Group data centres and have migrated Alpha onto our proprietary trading engine, TMX Quantum. We are focused on maintaining leading standards of customer service at CDS and Alpha throughout the integration process.

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[3] Excludes the impact of adjustment related to the sale of PC-Bond. See **Adjusted Earnings per Share Reconciliation for Q2/13 and Q2/12**.

[4] The "*Integration*" section above contains certain forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2013 COMPARED WITH THREE MONTHS ENDED JUNE 30, 2012

The information in the chart below reflects financial information for TMX Group Limited for the three months ended June 30, 2013, including the operating results of TMX Group Inc., CDS and Alpha and their respective subsidiaries. The comparative financial information for the three months ended June 30, 2012 includes only the accounts of TMX Group Limited.

For the reasons outlined on page 1, management believes that the historical information for TMX Group Limited in this table will be of limited use to investors and other users of our financial information in evaluating the operating performance of our company for the comparative periods.

(in millions of dollars, except per share amounts)
(unaudited)

	Q2/13	**Q2/12**	**$ Increase**
Revenue	$182.3	-	$182.3
Operating expenses	$115.0	-	$115.0
Net income (loss) attributable to TMX Group shareholders	$25.5	$(28.4)	$53.9
Earnings/(loss) per share[▽]*:*			
Basic	$0.47	$(33.99)	$34.46
Diluted	$0.47	$(33.99)	$34.46
Cash flows from (used in) operating activities	$80.4	$(5.5)	$85.9

Non-IFRS Financial Measure

Adjusted earnings per share and adjusted diluted earnings per share provided below are Non-IFRS measures and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. We present adjusted earnings per share and adjusted diluted earnings per share to indicate operating performance exclusive of a number of adjustments that are not indicative of underlying business performance. These adjustments include Maple Transaction and integration costs, an adjustment related to the sale of PC-Bond and related income tax expense, the increase in deferred income tax liabilities resulting from the change in B.C. corporate income tax rate, and the amortization of intangible assets related to acquisitions. Management uses these measures to assess our financial performance, including our ability to generate cash, exclusive of these costs, and to enable comparability across periods.

[▽] Earnings (loss) per share information is based on net income (loss) attributable to TMX Group shareholders.

Adjusted Earnings per Share Reconciliation for Q2/13 and Q2/12°

The following is a reconciliation of earnings/(loss) per share to adjusted earnings per share°:

	Q2/13		Q2/12	
	Basic	**Diluted**	**Basic**	**Diluted**
Earnings/(loss) per share▽	$0.47	$0.47	$(33.99)	$(33.99)
Adjustment:				
Adjustment related to the sale of PC-Bond and related income tax expense	$0.22	$0.22	-	-
Adjustment related to increase in deferred income tax liabilities resulting from the change in B.C. corporate income tax rate	$0.05	$0.05	-	-
Adjustment related to amortization of intangibles related to acquisitions	$0.15	$0.15	-	-
Adjusted earnings (loss) per share°	$0.89	$0.89	$(33.99)	$(33.99)

Weighted average number of basic common shares outstanding in Q2/13 was 54,078,739

Weighted average number of diluted common shares outstanding in Q2/13 was 54,135,173

Weighted average number of basic and diluted common shares outstanding in Q2/12 was 835,702

SUPPLEMENTARY INFORMATION FOR THREE MONTHS ENDED JUNE 30, 2013 COMPARED WITH THREE MONTHS ENDED JUNE 30, 2012

The following table contains TMX Group Limited revenue and operating expenses, income from operations and net income attributable to non-controlling interests which include the accounts of TMX Group Limited and the operating results of TMX Group Inc. and its subsidiaries and the operating results of CDS and Alpha and their subsidiaries for the period from April 1, 2013 to June 30, 2013. In order to provide a meaningful discussion of the results of operations in this MD&A, we have compared TMX Group Limited consolidated revenue and operating expenses, income from operations and net income attributable to non-controlling interests for Q2/13 with TMX Group Inc. information for Q2/12. This approach is similar to how the results would be reported if TMX Group Inc. was the acquirer of CDS and Alpha.

This Q2/12 information differs from the TMX Group Limited consolidated financial statements. The TMX Group Limited consolidated financial statements reflect only the accounts of TMX Group Limited during Q2/12.

° See discussion under the heading ***Non-IFRS Financial Measure.***

▽ Earnings (loss) per share information is based on net income (loss) attributable to TMX Group shareholders.

(In millions of dollars) (Unaudited)

	TMX Group Limited Q2/13	TMX Group Inc. Q2/12◊
Revenue:		
Issuer services	$ 51.9	$ 51.3
Trading, clearing, depository and related	80.0	64.8
Information services	43.6	43.8
Technology services and other	6.8	7.6
REPO interest:		
Interest income	18.7	8.9
Interest expense	(18.7)	(8.9)
Net REPO interest	-	-
Total revenue	182.3	167.5
Operating Expenses:		
Compensation and benefits	52.3	39.7
Information and trading systems	19.1	13.3
General and administration	25.6	20.3
Depreciation and amortization	18.0	9.0
Total operating expenses	115.0	82.3
Income from operations	67.3	85.2
Net income attributable to non-controlling interests	0.3	7.5

Revenue

Revenue was $182.3 million in Q2/13, up $14.8 million, or 9% compared with $167.5 million◊ in Q2/12 reflecting the inclusion of $31.0 million of revenue from CDS, Alpha, and Equity Transfer. The increase was partially offset by lower revenue from additional listing fees and BOX, as well as the reduction in revenue following the sale of PC-Bond on April 5, 2013. Income from our 25% interest in FTSE TMX Global Debt Capital Markets Limited is recorded under **Share of net income of equity accounted investees** and **Information services revenue** (as a royalty). In addition, during Q2/12, revenue was higher due to the one-time receipt of approximately $5.0 million from Investment Industry Regulatory Organization of Canada (IIROC).

◊ TMX Group Inc. results for April 1, 2012 to June 30, 2012.

Issuer services revenue

(in millions of dollars)

	Q2/13*	Q2/12◊	$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	$4.2	$4.4	$(0.2)	(5%)
Additional listing fees	$21.6	$25.9	$(4.3)	(17%)
Sustaining listing fees	$16.9	$17.3	$(0.4)	(2%)
Other issuer services	$9.2	$3.7	$5.5	149%
Total	$51.9	$51.3	$0.6	1%

- *Initial listing fees* in Q2/13 were lower primarily due to lower initial listing fees on TSX Venture Exchange reflecting a decrease in the number of new listings and going-public transactions⊕ on TSX Venture Exchange. The decrease was partially offset by an increase in initial listing fee revenue on Toronto Stock Exchange.

- *Additional listing fees* in Q2/13 decreased compared with Q2/12 mainly due to a decrease in the number and value of additional financings on TSX Venture Exchange, and a decrease in the number of additional financings on the Toronto Stock Exchange.

- 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 decrease in *sustaining listing fees* was partially due to a decline in the market capitalization on TSX Venture Exchange at December 31, 2012 compared with December 31, 2011.

- *Other issuer services* revenue included $5.6 million of combined revenue from Equity Transfer and CDS Securities Management Solutions Inc. (CDS Solutions).

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* Includes TMX Group Limited results for April 1, 2013 to June 30, 2013.

◊ TMX Group Inc. results for April 1, 2012 to June 30, 2012.

⊕ For TSX Venture Exchange, this data includes Qualifying Transactions and Reverse Takeovers.

Trading, clearing, depository and related revenue

(in millions of dollars)

	Q2/13*	Q2/12◊	$ increase/ (decrease)	% increase/ (decrease)
Cash markets trading and clearing	$27.7	$20.9	$6.8	33%
CDS Depository	$11.3	-	$11.3	-
Derivatives markets trading, clearing and related	$30.3	$32.6	$(2.3)	(7%)
Energy markets trading and clearing	$10.7	$11.3	$(0.6)	(5%)
Total	$80.0	$64.8	$15.2	23%

Cash Markets

- The increase in *cash markets trading and clearing* revenue reflected the inclusion of $4.3 million of CDS clearing and settlement revenue. CDS processed 87.8 million exchange trades and 5.2 million non-exchange/OTC trades from April 1, 2013 to June 30, 2013.
- The increase was also due to the inclusion of $1.6 million of revenue from Alpha. There were 5.0 billion securities traded on Alpha from April 1, 2013 to June 30, 2013.
- Revenue was positively affected by a 2% increase in volume of securities traded on Toronto Stock Exchange (21.0 billion securities in Q2/13 versus 20.5 billion securities in Q2/12) and a 15% increase in the volume of securities traded on TMX Select Inc. (TMX Select) (0.79 billion securities in Q2/13 versus 0.69 billion securities in Q2/12). In addition, there was a more favourable product mix on Toronto Stock Exchange in Q2/13 compared with Q2/12.
- The revenue increase was also partly attributable to greater Shorcan Brokers Limited (Shorcan) fixed income trading activity.
- Partially offsetting the increase in c*ash* markets trading and clearing revenue was the impact of a 15% decrease in the volume of securities traded on TSX Venture Exchange in Q2/13 (8.2 billion securities in Q2/13 versus 9.6 billion securities in Q2/12).

CDS Depository

- CDS Clearing and Depository Services Inc. (CDS Clearing) revenue was $11.3 million. CDS Clearing held a daily average of approximately 328,000 equities positions with an average of

* Includes TMX Group Limited results for April 1, 2013 to June 30, 2013.

◊ TMX Group Inc. results for April 1, 2012 to June 30, 2012.

277.0 billion shares and a daily average of approximately 180,000 debt positions with an average par value of $2.3 trillion on deposit from April 1, 2013 to June 30, 2013.

Derivatives Markets

- The decrease in *derivatives markets* revenue reflects lower revenues from BOX primarily as a result of a 40% decrease in BOX volumes (24.8 million contracts in Q2/13 versus 41.3 million contracts traded in Q2/12) reflecting a loss in market share. Additionally, revenue from BOX in Q2/12 was higher due to the inclusion of Options Regulatory Fees. As of May 14, 2012, when the BOX self regulatory organization (SRO) commenced operations, the fees charged and the related costs incurred by the BOX SRO were no longer consolidated into TMX Group results.

- The decrease in derivatives markets revenue was partially offset by an increase in trading and clearing revenue from MX and Canadian Derivatives Clearing Corporation (CDCC), reflecting a one-time billing adjustment and higher volumes. Volumes increased by 2% over Q2/12 (18.2 million contracts traded in Q2/13 versus 17.9 million contracts traded in Q2/12). Open interest was down 1% at June 30, 2013 compared with June 30, 2012.

Energy Markets

- The decrease in *energy markets* revenue reflects a 16% decrease in total energy volume[#] on NGX in Q2/13 compared with Q2/12 (3.2 million terajoules in Q2/13 compared to 3.8 million terajoules in Q2/12), primarily due to a 19% decrease in natural gas volumes.

- The decrease in revenue was partially offset by the impact of higher power volumes in Q2/13 than in Q2/12 due to volatility on the forward curve, increased liquidity, and increased clearing by participants due to regulatory changes.

- The decrease was also partially offset by higher revenue from Shorcan Energy Brokers Inc. (Shorcan Energy Brokers), driven by higher volumes in Q2/13 compared with Q2/12.

Information services revenue

(in millions of dollars)

Q2/13[*]	Q2/12[◊]	$ (decrease)	% (decrease)
$43.6	$43.8	$(0.2)	-

- The decrease was due to the reduction in revenue following the sale of PC-Bond, which we did not consolidate following the close of the transaction with FTSE to create FTSE TMX Global Debt Capital Markets on April 5, 2013 (see **INITIATIVES AND ACCOMPLISHMENTS –** *Information Services*).

[#] NGX total energy volume includes trading and clearing in natural gas, crude oil and electricity.

[*] Includes TMX Group Limited results for April 1, 2013 to June 30, 2013.

[◊] TMX Group Inc. results for April 1, 2012 to June 30, 2012.

- Overall, there was an 8% decrease in the average number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products (140,258 professional and equivalent real-time market data subscriptions in Q2/13 compared with 152,672[+] in Q2/12), which resulted in a reduction in revenue. In addition, there was a decrease in revenue from BOX.

- The decreases were partially offset by the inclusion of $3.9 million of revenue from Alpha and CDS, royalties received following the FTSE transaction, as well as by higher revenue from TMX Atrium and higher revenue recoveries related to under-reported usage of real-time quotes in prior periods.

- There was also a 1% increase in the average number of MX market data subscriptions (27,569 MX market data subscriptions in Q2/13 compared with 27,195[+] in Q2/12).

Technology services and other revenue[5]

(in millions of dollars)

	Q2/13[*]	Q2/12[◊]	$ increase/ (decrease)	% increase/ (decrease)
Technology services and other revenue	$2.4	$7.6	$(5.2)	(68%)
SEDAR, SEDI, NRD and other revenue	$4.4	-	$4.4	-
Total	$6.8	$7.6	$(0.8)	(11%)

- In Q2/12, revenue was higher due to receipt of a one-time termination fee, recovery of disposal and severance costs, and recognition of previously deferred revenue from IIROC of approximately $5.0 million.

- *Technology services and other revenue* includes $4.4 million of revenue from CDS services relating largely to the administration of SEDAR, SEDI and NRD. The current contract with the Canadian Securities Administrators is will expire on October 31, 2013 and a new service provider has been secured to take over these services. As a result, CDS will cease to provide these services during Q4/13. We expect that approximately $8.0 million of annual costs associated with this revenue will be eliminated after the termination of the contract.

- These decreases were partially offset by higher net foreign exchange gains on U.S. dollar accounts receivable in Q2/13 compared with Q2/12.

[+] Prior to August 1, 2012, data includes a base number of subscriptions for customers that had entered into enterprise agreements.

[5] The "*Technology services and other revenue*" section above contains certain forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

[*] Includes TMX Group Limited results for April 1, 2013 to June 30, 2013.

[◊] TMX Group Inc. results for April 1, 2012 to June 30, 2012.

REPO interest

(in millions of dollars)

	Q2/13*	Q2/12◊	$ increase/ (decrease)	% increase/ (decrease)
Interest income	$18.7	$8.9	$9.8	110%
Interest expense	$(18.7)	$(8.9)	$(9.8)	110%
Net REPO interest	-	-	-	-

- On February 21, 2012, CDCC launched the clearing of fixed income REPO agreements. The interest income and interest expense arising from the REPO agreements are equal. However, as CDCC does not have a legal right to offset these amounts, they are recognized separately on the consolidated income statement.
- In Q2/13, CDCC cleared 14,051 REPO transactions, comprised of approximately 100 eligible ISINs with a notional value of $635 billion.
- Fees earned by CDCC for providing the clearing service for the REPO agreements are included in *Derivatives markets trading, clearing and related revenue*.

Operating Expenses

Operating expenses in Q2/13 were $115.0 million, up $32.7 million or 40%, from $82.3 million◊ due to the additional operating expenses included from acquisitions. The increase was largely attributable to $32.4 million of combined expenses from CDS, Alpha, and Equity Transfer, including $9.2 million related to the incremental amortization of intangible assets related to TMX Group Limited's acquisitions of TMX Group Inc., CDS, Alpha, and Equity Transfer.

Compensation and Benefits

(in millions of dollars)

Q2/13*	Q2/12◊	$ increase	% increase
$52.3	$39.7	$12.6	32%

- *Compensation and benefits* costs were higher largely due to an overall increase in salary and benefits costs relating to increased headcount primarily from acquisitions, merit increases and higher costs associated with short-term employee performance incentive plans, including $11.0 million of combined costs related to CDS, Alpha, and Equity Transfer. The increase was offset by lower costs associated with long-term employee performance incentive plans due to share price depreciation.

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* Includes TMX Group Limited results for April 1, 2013 to June 30, 2013.

◊ TMX Group Inc. results for April 1, 2012 to June 30, 2012.

- There were 1,332 TMX Group employees at June 30, 2013 versus 945 employees for TMX Group Inc. and its subsidiaries at June 30, 2012 largely due to the net additions of CDS, Alpha, and Equity Transfer employees.

Information and Trading Systems

(in millions of dollars)

Q2/13*	Q2/12◊	$ increase	% increase
$19.1	$13.3	$5.8	44%

- *Information and trading systems* expenses were higher primarily due to the inclusion of $5.2 million of combined expenses from CDS, Alpha, and Equity Transfer, as well as higher costs related to CDS and MX technology initiatives and higher circuit costs for TMX Atrium.
- The increase was partially offset by the exclusion of operating expenses related to PC-Bond that were no longer consolidated following the sale on April 5, 2013.

General and Administration

(in millions of dollars)

Q2/13*	Q2/12◊	$ increase	% increase
$25.5	$20.3	$5.2	26%

- The increase in *General and Administration* costs was primarily due to the inclusion of $5.6 million of combined expenses from CDS, Alpha, and Equity Transfer.
- *General and Administration* costs also increased reflecting higher regulatory compliance costs and higher bad debts expenses in Q2/13 compared with recoveries in Q2/12.
- The increase was partially offset by lower consulting fees, marketing expenses, and legal costs, as well as lower BOX linkage fees.
- The increase was also partially offset by lower net BOX expenses due to the commencement of operationsby the BOX SRO entity in May 2012.

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* Includes TMX Group Limited results for April 1, 2013 to June 30, 2013.

◊ Includes TMX Group Inc. results for April 1, 2012 to June 30, 2012.

Depreciation and Amortization

(in millions of dollars)

Q2/13*	Q2/12◊	$ increase	% increase
$18.0	$9.0	$9.0	100%

- *Depreciation and Amortization* costs increased by $8.9 million due to the amortization of intangible assets related to TMX Group Limited's acquisitions, exclusive of amortization related to intangible assets previously held by TMX Group Inc., Alpha and CDS. In addition, the increase was attributable to $1.4 million in combined depreciation and amortization costs associated with the business operations of CDS, Alpha, and Equity Transfer, and $0.3 million of amortization related to the intangible assets from the acquisition of Equity Transfer.
- The *Depreciation and Amortization* costs of $18.0 million for Q2/13 included $9.3 million related to amortization of intangibles related to acquisitions (15 cents per basic and diluted share).
- The increase was somewhat offset by a reduction in amortization relating to assets that were fully depreciated by Q2/13.

Net Income Attributable to Non-Controlling Interests

(in millions of dollars)

Q2/13*	Q2/12◊	$ (decrease)	% (decrease)
$0.3	$7.5	$(7.2)	(96%)

- MX holds a 53.8% ownership interest in BOX. The results for BOX are consolidated in our Condensed Consolidated Interim Income Statement. Net income attributable to non-controlling interests represents the other BOX members' share of BOX's income or loss for the period.
- In Q2/12, the net income attributable to non-controlling interests included their share of a non-cash reversal of an impairment loss of $6.2 million on an intangible asset. In addition, prior to May 14, 2012, BOX received Options Regulatory Fees (see **Revenue – *Derivatives Markets***).

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* Includes TMX Group Limited results for April 1, 2013 to June 30, 2013.

◊ Includes TMX Group Inc. results for April 1, 2012 to June 30, 2012.

ADDITIONAL INFORMATION

The following information regarding Share of net income of equity accounted investees, Gain on sale of PC-Bond, Maple transaction and integration costs, Net finance costs, and Income tax expense has been derived from TMX Group Limited financial statements for Q2/13 compared with Q2/12. The TMX Group Limited financial statements reflect the accounts of TMX Group Limited for the quarter ended June 30, 2013, including the operating results of TMX Group Inc., Alpha, CDS, Equity Transfer (from April 5, 2013), and their respective subsidiaries, and only the accounts of TMX Group Limited for the comparative period.

Share of net income of equity accounted investees

(in millions of dollars)

Q2/13	Q2/12	$ increase	% increase
$1.2	$ -	$1.2	-

- This includes our 25% share of net income from FTSE TMX Global Debt Capital Markets from April 5, 2013 and our 47% share of net income from CanDeal.

Gain on sale of PC-Bond

(in millions of dollars)

Q2/13	Q2/12	$ increase	% increase
$5.6	$ -	$5.6	-

- We received $155.1 million in consideration, which included $103.8 million in cash and 250 Ordinary B shares of FTSE TMX Global Debt Capital Markets Limited, representing a 25% interest, which have been valued at $51.3 million. We disposed of net assets of $149.5 million. The disposed assets were revalued from a book value of $34.6 million to a fair value of $149.5 million upon the acquisition of TMX Group Inc. by Maple, resulting in an increase of $114.9 million of intangibles and goodwill (see **INITIATIVES AND ACCOMPLISHMENTS** – *Information Services*).

Maple transaction and integration costs

(in millions of dollars)

Q2/13	Q2/12	$ (decrease)	% (decrease)
$(0.2)	$28.4	$(28.6)	(101%)

- In Q2/12, there were significant legal, advisory and other costs incurred related to completing the Maple Transaction.

Net finance (income) costs

(in millions of dollars)

	Q2/13	Q2/12	$ increase/ (decrease)
Finance (income)	$(0.5)	-	$(0.5)
Finance costs	$15.3	-	$15.3
Net settlement on interest rate swaps	$0.8	-	$0.8
Net finance costs	$15.6	-	$15.6

- *Net Finance Costs* primarily relate to interest expense and fees incurred during the period from April 1, 2013 to June 30, 2013 on the Loans Payable (see **CREDIT FACILITIES AND GUARANTEES**).

Income tax expense

(in millions of dollars)

		Effective Tax Rate (%)	
Q2/13	Q2/12	Q2/13	Q2/12
$32.9	-	56%	-

- Income tax expense for Q2/13 relates to TMX Group's operating business. In Q2/12, TMX Group (formerly Maple) had not commenced commercial operations.
- Income tax expense for Q2/13 includes deferred income tax expense of $17.3 million related to the sale of PC-Bond. TMX Group utilized non-capital losses to fully offset the taxable gain of $65.4 million.
- In 2013, the British Columbia corporate income tax rate increased from 10% to 11%. As a result of this change, there was a net increase in the value of deferred income tax liabilities and a corresponding non-cash net increase in deferred income tax expense of $2.7 million for Q2/13.
- Excluding the adjustments in Q2/13 primarily related to the sale of PC-Bond and the B.C. corporate income tax rate increase, the effective tax rate would have been approximately 27%.

SIX MONTHS ENDED JUNE 30, 2013 COMPARED WITH SIX MONTHS ENDED JUNE 30, 2012

The information below reflects the financial statements of TMX Group Limited for the six months ended June 30, 2013, including the operating results of TMX Group Inc., CDS and Alpha and their respective subsidiaries. The comparative financial information for the six months ended June 30, 2012 includes only the accounts of TMX Group Limited.

For the reasons outlined on page 1, management believes that the historical information for TMX Group Limited in this table will be of limited use to investors and other users of our financial information in evaluating the operating performance of our company for the comparative periods.

(in millions of dollars, except per share amounts)
(unaudited)

	1H/13	**1H/12**	**$ Increase**
Revenue	$354.5	-	$354.5
Operating expenses	$227.0	-	$227.0
Net income (loss) attributable to TMX Group shareholders	$63.3	$(32.8)	$96.1
Earnings/(loss) per share[∇]*:*			
Basic	$1.17	$(45.13)	$46.30
Diluted	$1.17	$(45.13)	$46.30
Cash flows from (used in) operating activities	$138.1	$(35.2)	$173.3

[∇] Earnings (loss) per share information is based on net income (loss) attributable to TMX Group shareholders.

Adjusted Earnings per Share Reconciliation for 1H/13 and 1H/12°

The following is a reconciliation of earnings/(loss) per share to adjusted earnings per share°:

	1H/13		1H/12	
	Basic	**Diluted**	**Basic**	**Diluted**
Earnings/(loss) per share∇	$1.17	$1.17	$(45.13)	$(45.13)
Adjustment:				
Adjustment related to Maple Transaction and integration costs	$0.03	$0.03	-	-
Adjustment related to the sale of PC-Bond and related income tax expense	$0.11	$0.11	-	-
Adjustment related to increase in deferred income tax liabilities resulting from the change in B.C. corporate income tax rate	$0.05	$0.05	-	-
Adjustment related to amortization of intangibles related to acquisitions	$0.31	$0.31	-	-
Adjusted earnings (loss) per share°	$1.67	$1.67	$(45.13)	$(45.13)

Weighted average number of basic common shares outstanding in 1H/13 was 53,988,933

Weighted average number of diluted common shares outstanding in 1H/13 was 54,101,181

Weighted average number of basic and diluted common shares outstanding in 1H/12 was 727,371

SUPPLEMENTARY INFORMATION FOR SIX MONTHS ENDED JUNE 30, 2013 COMPARED WITH SIX MONTHS ENDED JUNE 30, 2012

The following table contains TMX Group Limited revenue and operating expenses, income from operations and net income attributable to non-controlling interests which include the accounts of TMX Group Limited and the operating results of TMX Group Inc. and its subsidiaries and the operating results of CDS and Alpha and their subsidiaries for the period from January 1, 2013 to June 30, 2013 (1H/13). In order to provide a meaningful discussion of the results of operations in this MD&A, we have compared TMX Group Limited consolidated revenue and operating expenses, income from operations and net income (loss) attributable to non-controlling interests for 1H/13 with TMX Group Inc. information for 1H/12. This approach is similar to how the results would be reported if TMX Group Inc. was the acquirer of CDS and Alpha.

° See discussion under the heading ***Non-IFRS Financial Measure.***

∇ Earnings (loss) per share information is based on net income (loss) attributable to TMX Group shareholders.

This 1H/12 information differs from the TMX Group Limited consolidated financial statements. The TMX Group Limited consolidated financial statements reflect only the accounts of TMX Group Limited during 1H/12.

(In millions of dollars) (Unaudited)

	TMX Group Limited 1H/13	TMX Group Inc. 1H/12♦
Revenue:		
Issuer services	$ 94.6	$ 101.5
Trading, clearing, depository and related	155.7	130.2
Information services	91.5	86.6
Technology services and other	12.7	11.5
REPO interest:		
Interest income	39.4	9.7
Interest expense	(39.4)	(9.7)
Net REPO interest	-	-
Total revenue	354.5	329.8
Operating Expenses:		
Compensation and benefits	105.6	80.0
Information and trading systems	38.1	28.1
General and administration	47.0	40.4
Depreciation and amortization	36.3	16.9
Total operating expenses	227.0	165.4
Income from operations	127.5	164.4
Net income (loss) attributable to non-controlling interests	(0.1)	9.3

Revenue

Revenue was $354.5 million in 1H/13, up $24.7 million or 7%, compared with $329.8 million♦ in 1H/12 reflecting the inclusion of $58.1 million of revenue from CDS, Alpha, and Equity Transfer. The increase was partially offset by lower revenue from initial and additional listing fees, cash markets trading on Toronto Stock Exchange and TSX Venture Exchange, and BOX, as well as the reduction in revenue following the sale of PC-Bond on April 5, 2013. Income from our 25% interest in FTSE TMX Global Debt Capital Markets Limited is recorded under **Share of net income of equity accounted investees** and **Information services revenue** (as a royalty). In addition, during 1H/12, revenue was higher due to the one-time receipt of approximately $5.0 million from IIROC.

♦ TMX Group Inc. results for January 1, 2012 to June 30, 2012.

Issuer services revenue

(in millions of dollars)

	1H/13[θ]	1H/12[♦]	$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	$6.9	$8.3	$(1.4)	(17%)
Additional listing fees	$39.8	$50.8	$(11.0)	(22%)
Sustaining listing fees	$34.0	$34.8	$(0.8)	(2%)
Other issuer services	$13.9	$7.6	$6.3	83%
Total	$94.6	$101.5	$(6.9)	(7%)

- *Initial listing fees* in 1H/13 were lower primarily due to a decrease in the number of new listings and going-public transactions[⊕] on TSX Venture Exchange. This decrease was partially offset by a slight increase in initial listing fee revenue for Toronto Stock Exchange.
- *Additional listing fees* in 1H/13 decreased compared with 1H/12 mainly due to a decrease in the number and value of additional financings on both Toronto Stock Exchange and TSX Venture Exchange.
- 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 decrease in *sustaining listing fees* was partially due to a decline in the market capitalization on TSX Venture Exchange at December 31, 2012 compared with December 31, 2011.
- *Other issuer services* revenue included $6.5 million of combined revenue from Equity Transfer and CDS Solutions.

[θ] Includes TMX Group Limited results for January 1, 2013 to June 30, 2013.

[♦] TMX Group Inc. results for January 1, 2012 to June 30, 2012.

[⊕] For TSX Venture Exchange, this data includes Qualifying Transactions and Reverse Takeovers.

Trading, clearing, depository and related revenue

(in millions of dollars)

	1H/13[θ]	1H/12[♦]	$ increase/ (decrease)	% increase/ (decrease)
Cash markets trading and clearing	$55.7	$45.5	$10.3	22%
CDS Depository	$22.8	-	$22.8	-
Derivatives markets trading, clearing and related	$56.0	$62.5	$(6.5)	(10%)
Energy markets trading and clearing	$21.2	$22.2	$(1.0)	(4%)
Total	$155.7	$130.2	$25.5	20%

Cash Markets

- The increase in *cash markets trading and clearing* revenue reflected the inclusion of $8.3 million of revenue from CDS clearing and settlement revenue. CDS processed 166.4 million exchange trades and 10.3 million non-exchange/OTC trades from January 1, 2013 to June 30, 2013.

- The increase was also due to $3.9 million of revenue from Alpha. There were 12.7 billion securities traded on Alpha from January 1, 2013 to June 30, 2013. In addition, there was a 5% increase in the volume of securities traded on TMX Select (1.51 billion securities traded in 1H/13 versus 1.43 billion securities in 1H/12) as well as a more favourable product mix on Toronto Stock Exchange in 1H/13 compared with 1H/12.

- Revenue increase was also partly attributable to greater Shorcan fixed income trading activity.

- Partially offsetting the increase in c*ash markets trading and clearing* revenue was the impact of a 10% decrease in the volume of securities traded on Toronto Stock Exchange in 1H/13 (40.6 billion securities in 1H/13 versus 45.2 billion securities traded in 1H/12) and a 23% decrease in the volume of securities traded on TSX Venture Exchange in 1H/13 (18.6 billion securities in 1H/13 versus 24.0 billion securities in 1H/12).

CDS Depository

- CDS Clearing revenue was $22.8 million. CDS Clearing held a daily average of approximately 329,000 equities positions with an average of 276.7 billion shares and a daily

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[θ] Includes TMX Group Limited results for January 1, 2013 to June 30, 2013.

[♦] TMX Group Inc. results for January 1, 2012 to June 30, 2012.

average of approximately 180,000 debt positions with an average par value of $2.3 trillion on deposit from January 1, 2013 to June 30, 2013.

Derivatives Markets

- The decrease in derivatives markets revenue reflects lower revenues from BOX primarily as a result of a 41% decrease in BOX volumes (47.3 million contracts in 1H/13 versus 80.2 million contracts traded in 1H/12) reflecting a loss in market share. Revenue from BOX was also higher in 1H/12 due to the inclusion of Options Regulatory Fees. As of May 14, 2012, when the BOX SRO commenced operations, the fees charged and the related costs incurred by the BOX SRO are not consolidated into TMX Group results.

- The decrease in derivatives markets revenue was partially offset by an increase in trading and clearing revenue from MX and CDCC, reflecting a one-time billing adjustment and higher volumes. Volumes increased by 1% over 1H/12 (34.7 million contracts traded in 1H/13 versus 34.2 million contracts traded in 1H/12). Open interest was down 1% at June 30, 2013 compared with June 30, 2012.

Energy Markets

- The decrease in energy markets revenue reflects a 17% decrease in total energy volume[#] on NGX in 1H/13 compared with 1H/12 (6.5 million terajoules in 1H/13 compared to 7.8 million terajoules in 1H/12), primarily due to a 19% decrease in natural gas volumes.

- The decrease in revenue was partially offset as a result of NGX having deferred less revenue in 1H/13, on a net basis, than in 1H/12 due to a decreased level of forward contracts as well as the impact of higher power volumes in 1H/13 than in 1H/12 due to volatility on the forward curve, increased liquidity, and increased clearing by participants due to regulatory changes.

- The decrease was also partially offset by higher revenue from Shorcan Energy Brokers, driven by higher volumes in 1H/13 compared with 1H/12.

Information services revenue

(in millions of dollars)

1H/13[θ]	1H/12[♦]	$ increase	% increase
$91.5	$86.6	$4.9	6%

- The increase in revenue was due to the inclusion of $8.0 million of revenue from Alpha and CDS. The increase in revenue is also attributable to higher revenue from TMX Atrium, co-

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[#] NGX total energy volume includes trading and clearing in natural gas, crude oil and electricity.

[θ] Includes TMX Group Limited results for January 1, 2013 to June 30, 2013.

[♦] TMX Group Inc. results for January 1, 2012 to June 30, 2012.

location services, feeds, higher revenue recoveries related to under-reported usage of real-time quotes in prior periods during 1H/13 compared with 1H/12, and royalties received following the FTSE transaction.

- There was also a 2% increase in the average number of MX market data subscriptions (27,822 MX market data subscriptions in 1H/13 compared with 27,186[+] in 1H/12) and a price increase effective April 1, 2012 related to certain data feeds.

- The increase in revenue was partially offset by the reduction in revenue following the sale of PC-Bond, which we did not consolidate following the close of the transaction with FTSE to create FTSE TMX Global Debt Capital Markets on April 5, 2013 (see **INITIATIVES AND ACCOMPLISHMENTS –** *Information Services*).

- The increase in revenue was also partially offset by the impact of net price reductions on Toronto Stock Exchange market data subscriptions effective April 1, 2012, and lower revenue from usage-based quotes.

- Overall, there was a 7% decrease in the average number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products (142,608 professional and equivalent real-time market data subscriptions in 1H/13 compared with 154,098[+] in 1H/12), which resulted in a reduction in revenue. In addition, there was a decrease in revenue from BOX.

Technology services and other revenue[6]

(in millions of dollars)

	1H/13[θ]	1H/12[♦]	$ increase/ (decrease)	% increase/ (decrease)
Technology services and other revenue	$4.1	$11.5	$(7.4)	(64%)
SEDAR, SEDI, NRD and other revenue	$8.6	-	$8.6	-
Total	$12.7	$11.5	$1.2	10%

- *Technology services and other revenue* include $8.6 million of revenue from CDS services relating largely to the administration of SEDAR, SEDI and NRD. The current contract with the Canadian Securities Administrators will expire on October 31, 2013 and a new service

[+] Prior to August 1, 2012, data includes a base number of subscriptions for customers that had entered into enterprise agreements.

[6] The "*Technology services and other revenue*" section above contains certain forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

[θ] Includes TMX Group Limited results for January 1, 2013 to June 30, 2013.

[♦] TMX Group Inc. results for January 1, 2012 to June 30, 2012.

provider has been secured to take over these services. As a result, CDS will cease to provide these services during Q4/13. Expenses of $2.0 million associated with the wind down of the business operations have been recorded in compensation and benefits and general and administration expenses. We expect that approximately $8.0 million of annual costs associated with this revenue will be eliminated after the termination of the contract.

- In addition, there were higher net foreign exchange gains on U.S. dollar accounts receivable in 1H/13 compared with 1H/12.
- In 1H/12, revenue was also higher due to receipt of a one-time termination fee, recovery of disposal and severance costs, and recognition of previously deferred revenue from IIROC of approximately $5.0 million.
- The increase was somewhat offset by the loss in revenue from IIROC following the termination of our contract to provide services effective March 31, 2012, which amounted to approximately $6.7 million on an annual basis. In addition, revenue from prior periods included revenue related to services provided to CDS which have been eliminated upon consolidation effective August 1, 2012. This revenue from CDS was approximately $0.8 million in 1H/12.

REPO interest

(in millions of dollars)

	1H/13$^{\theta}$	**1H/12**♦	**$ increase/ (decrease)**	**% increase/ (decrease)**
Interest income	$39.4	$9.7	$29.7	306%
Interest expense	$(39.4)	$(9.7)	$(29.7)	306%
Net REPO interest	-	-	-	-

- On February 21, 2012, CDCC launched the clearing of fixed income REPO agreements. The interest income and interest expense arising from the REPO agreements are equal. However, as CDCC does not have a legal right to offset these amounts, they are recognized separately on the consolidated income statement.
- In 1H/13, CDCC cleared 26,157 REPO transactions, comprised of approximately 100 eligible ISINs with a notional value of $1,198 billion.
- Fees earned by CDCC for providing the clearing service for the REPO agreements are included in *Derivatives Markets trading, clearing and related revenue*.

$^{\theta}$ Includes TMX Group Limited results for January 1, 2013 to June 30, 2013.

♦ TMX Group Inc. results for January 1, 2012 to June 30, 2012.

Operating Expenses

Operating expenses in 1H/13 were $227.0 million, up $61.6 million or 37%, from $165.4 million♦ due to the additional operating expenses included from acquisitions. The increase was largely attributable to $63.6 million of combined expenses from CDS, Alpha, and Equity Transfer, including $18.9 million related to the incremental amortization of intangible assets related to TMX Group's acquisitions of TMX Group Inc., CDS, Alpha, and Equity Transfer.

Compensation and Benefits

(in millions of dollars)

1H/13$^{\theta}$	**1H/12**♦	**$ increase**	**% increase**
$105.6	$80.0	$25.6	32%

- *Compensation and benefits* costs were higher primarily due to an overall increase in salary and benefits costs relating to increased headcount primarily from acquisitions, merit increases and higher costs associated with short-term employee performance incentive plans, including $22.5 million of combined costs related to CDS, Alpha and Equity Transfer, as well as incremental costs related to Razor Risk. The combined CDS, Alpha, and Equity Transfer costs of $22.5 million include $1.8 million of organizational transition costs associated with the wind down of the business operations related to SEDAR, SEDI and NRD services. The increase was offset by lower costs associated with long-term employee performance incentive plans due to share price depreciation.

- There were 1,332 TMX Group employees at June 30, 2013 versus 945 employees for TMX Group Inc. and its subsidiaries at June 30, 2012 largely due to the net additions of CDS, Alpha, and Equity Transfer employees.

Information and Trading Systems

(in millions of dollars)

1H/13$^{\theta}$	**1H/12**♦	**$ increase**	**% increase**
$38.1	$28.1	$10.0	36%

- *Information and trading systems* expenses were higher primarily due to the inclusion of $10.8 million of combined expenses from CDS, Alpha, and Equity Transfer, as well as higher costs related to CDS and MX technology initiatives and higher circuit costs from TMX Atrium.

- The increase was offset by operational savings and lower NGX fees paid to IntercontinentalExchange, Inc.

$^{\theta}$ Includes TMX Group Limited results for January 1, 2013 to June 30, 2013.

♦ TMX Group Inc. results for January 1, 2012 to June 30, 2012.

General and Administration

(in millions of dollars)

1H/13[θ]	1H/12[♦]	$ increase	% increase
$47.0	$40.4	$6.6	16%

- The increase in *General and Administration* costs was primarily due to the inclusion of $8.8 million of combined expenses from CDS and Alpha, and Equity Transfer.
- *General and Administration* costs also increased due to higher bad debts expenses in 1H/13 compared with recoveries in 1H/12.
- The increase was partially offset by lower marketing expenses, legal fees, and also lower BOX linkage fees.
- These increases were also partially offset by lower net BOX expenses due to the commencement of operations by the BOX SRO entity in May 2012.

Depreciation and Amortization

(in millions of dollars)

1H/13[θ]	1H/12[♦]	$ increase	% increase
$36.3	$16.9	$19.4	115%

- *Depreciation and Amortization* costs increased by $18.6 million due to the amortization of intangible assets related to TMX Group Limited's acquisitions, exclusive of amortization related to intangible assets previously held by TMX Group Inc., Alpha, and CDS. In addition, amortization further increased due to $2.6 million in combined depreciation and amortization costs associated with the business operations of CDS, Alpha, and Equity Transfer and $0.3 million due to the amortization of intangible assets related the acquisition of Equity Transfer.
- The *Depreciation and Amortization* costs of $36.3 million for 1H/13 included $20.6 million related to amortization of intangibles related to acquisitions (31 cents per basic and diluted share).
- The increase was somewhat offset by a reduction in amortization relating to assets that were fully depreciated by 1H/13.

[θ] Includes TMX Group Limited results for January 1, 2013 to June 30, 2013.

[♦] TMX Group Inc. results for January 1, 2012 to June 30, 2012.

Net Income (Loss) Attributable to Non-Controlling Interests

(in millions of dollars)

1H/13[θ]	1H/12[♦]	$ (decrease)	% (decrease)
$(0.1)	$9.3	$(9.4)	(101%)

- MX holds a 53.8% ownership interest in BOX. The results for BOX are consolidated in our Condensed Consolidated Interim Income Statement. Net income (loss) attributable to non-controlling interests represents the other BOX members' share of BOX's income or loss for the period.
- In 1H/12, the net income attributable to non-controlling interests included their share of a non-cash reversal of an impairment loss of $6.2 million on an intangible asset. In addition, prior to May 14, 2012, BOX received Options Regulatory Fees (see **Revenue – *Derivatives Markets***).

ADDITIONAL INFORMATION

The following information regarding Share of net income of equity accounted investees, Gain on sale of PC-Bond, Maple transaction and integration costs, Net finance costs, and Income tax expense has been derived from TMX Group Limited financial statements for 1H/13 compared with 1H/12. The TMX Group Limited financial statements reflect the accounts of TMX Group Limited for the six months ended June 30, 2013, including the operating results of TMX Group Inc., Alpha, CDS, Equity Transfer (from April 5, 2013), and their respective subsidiaries, and only the accounts of TMX Group Limited for the comparative period.

Share of net income of equity accounted investees

(in millions of dollars)

1H/13	1H/12	$ increase	% increase
$1.7	$ -	$1.7	-

- This includes our 25% share of net income from FTSE TMX Global Debt Capital Markets from April 5, 2013 and our 47% share of net income from CanDeal.

[θ] Includes TMX Group Limited results for January 1, 2013 to June 30, 2013.

[♦] TMX Group Inc. results for January 1, 2012 to June 30, 2012.

Gain on sale of PC-Bond

(in millions of dollars)

1H/13	1H/12	$ increase	% increase
$5.6	$ -	$5.6	-

- We received $155.1 million in consideration, which included $103.8 million in cash and 250 Ordinary B shares of FTSE TMX Global Debt Capital Markets Limited, representing a 25% interest, which have been valued at $51.3 million. We disposed of net assets of $149.5 million. The disposed assets were revalued from a book value of $34.6 million to a fair value of $149.5 million upon the acquisition of TMX Group Inc. by Maple, resulting in an increase of $114.9 million of intangibles and goodwill (see **INITIATIVES AND ACCOMPLISHMENTS** – *Information Services*).

Maple transaction and integration costs

(in millions of dollars)

1H/13	1H/12	$ (decrease)	% (decrease)
$2.0	$32.8	$(30.8)	(94%)

- *Maple Transaction and Integration Costs* were lower in 1H/13 compared with 1H/12. In 1H/12, there were significant legal, advisory and other costs incurred related to completing the Maple Transaction.

Net finance (income) costs

(in millions of dollars)

	1H/13	1H/12	$ increase/ (decrease)
Finance (income)	$(1.3)	-	$(1.3)
Finance costs	$31.3	-	$31.3
Net settlement on interest rate swaps	$1.3	-	$1.3
Net finance costs	$31.3	-	$31.3

- *Net Finance Costs* primarily relate to interest expense and fees incurred during the period from January 1, 2013 to June 30, 2013 on the Loans Payable (see **CREDIT FACILITIES AND GUARANTEES**).

Income tax expense

(in millions of dollars) **Effective Tax Rate (%)**

1H/13	1H/12	1H/13	1H/12
$38.3	-	38%	-

- Income tax expense for 1H/13 relates to TMX Group's operating business. In 1H/12, TMX Group (formerly Maple) had not commenced commercial operations.
- For 1H/13, we recognized deferred income tax expense of $11.3 million related to the sale of PC-Bond, which consists of $17.3 million of deferred income tax expense recognized for Q2/13 less $6.0 million deferred income tax recovery recognized for Q1/13.
- In 2013, the British Columbia tax rate increased from 10% to 11%. As a result of this change, there was a net increase in the value of deferred income tax liabilities and a corresponding non-cash net increase in deferred income tax expense of $2.7 million for 1H/13.
- Excluding the adjustments in 1H/13 primarily related to the sale of PC-Bond and the B.C. corporate income tax rate increase, the effective tax rate would have been approximately 27%.

SEGMENTS

The following information reflects TMX Group Limited's financial statements for and as at the quarter and six months ended June 30, 2013. The financial statements reflect the accounts of TMX Group Limited for the quarter and six months ended June 30, 2013, including the operating results of TMX Group Inc., Alpha, CDS, and their respective subsidiaries. TMX Group has certain corporate costs and other balances not allocated across the other disclosed segments which are included within the Corporate segment. Equity Transfer and PC-Bond (until April 5, 2013) are included in the Cash Markets segment.

Q2/13

(in millions of dollars)

	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	TMX Group Limited
Revenue	$115.5	$35.2	$11.0	$22.3	$(1.7)	$182.3
Net Income (Loss) Attributable to TMX Group Shareholders	$34.0	$8.0	$2.5	$3.5	$(22.5)	$25.5

- *Revenue* includes the accounts of TMX Group Limited for Q2/13, including the operating results of TMX Group Inc., Alpha, CDS, and their respective subsidiaries.

- *Net Income Attributable to TMX Group Shareholders* includes the accounts of TMX Group Limited for Q2/13, including the operating results of TMX Group Inc., Alpha, CDS, and their respective subsidiaries.

- *Net Loss Attributable to TMX Group Shareholders* allocated to the Corporate segment of $22.5 million was attributable to the amortization of intangibles of $8.9 million related to the Maple Transaction and deferred income tax expense of $17.3 million related to the sale of PC-Bond (see **ADDITIONAL INFORMATION – Income tax expense**), partially offset by the gain on sale of PC-Bond of $5.6 million.

1H/13

(in millions of dollars)

	Cash Markets	**Derivatives Markets**	**Energy Markets**	**CDS**	**Corporate**	**TMX Group Limited**
Revenue	$225.3	$66.1	$21.8	$44.5	$(3.2)	$354.5
Net Income (Loss) Attributable to TMX Group Shareholders	$63.7	$12.3	$4.3	$5.7	$(22.7)	$63.3

- *Revenue* includes the accounts of TMX Group Limited for 1H/13, including the operating results of TMX Group Inc., Alpha, CDS, and their respective subsidiaries.

- *Net Income Attributable to TMX Group Shareholders* includes the accounts of TMX Group Limited for Q1/13, including the operating results of TMX Group Inc., Alpha, CDS, and their respective subsidiaries.

- *Net Loss Attributable to TMX Group Shareholders* allocated to the Corporate segment of $22.7 million was attributable to the amortization of intangibles of $18.6 million related to the Maple Transaction and deferred income tax expense of $11.3 million related to the sale of PC-Bond (see **ADDITIONAL INFORMATION – Income tax expense**), partially offset by the gain on sale of PC-Bond of $5.6 million.

As at June 30, 2013

(in millions of dollars)

	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	**TMX Group Limited**
Total assets	$1,865.3	$10,911.5	$655.3	$620.7	$1,875.4	$15,928.2
Total liabilities	$1,069.5	$9,874.9	$611.4	$558.8	$868.2	$12,982.8

- Total assets in our various segments include goodwill and other intangible assets acquired in connection with the Maple Transaction. In addition, the Derivative Markets, Energy Markets, and CDS segments hold assets related to their clearing operations (see **Total Assets**).

- Total liabilities in our various segments include the segments' share of **Loans Payable**, which was $1,342.3 million at June 30, 2013. In addition, the Derivatives Markets, Energy

Markets and CDS segments carry offsetting liabilities related to the clearing assets described above (see **Total Assets**).

LIQUIDITY AND CAPITAL RESOURCES

The following information reflects the TMX Group Limited financial statements as at and for the quarter ended June 30, 2013 compared with the year ended December 31, 2012.

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)

June 30, 2013	December 31, 2012	$ increase
$340.5	$313.4	$27.1

- The increase reflects cash flows from operating activities of $138.2 million in 1H/13, proceeds from the sale of PC-Bond of $103.8 million, and proceeds received from the exercise of stock options of $13.4 million. These cash inflows were largely reduced by repayment on our credit facilities of $114.7 million, cash used to purchase Equity Transfer of $64.0 million, dividends to TMX Group shareholders of $43.2 million, and additions to our intangible assets of $10.4 million.

Total Assets

(in millions of dollars)

June 30, 2013	December 31, 2012	$ increase
$15,928.2	$14,042.2	$1,886.0

- Our consolidated balance sheet as at June 30, 2013 includes outstanding balances on open REPO agreements within Balances with Clearing Members and Participants. These balances have equal amounts included within Total Liabilities. Balances with Clearing Members and Participants relating to CDCC were $9,459.3 million at June 30, 2013.

- The increase in *Total Assets* of $1,886.0 million was largely attributable to the increase in Balances with Clearing Members and Participants of $2,056.3 million for CDCC, which reflected a substantial increase in the clearing of fixed income REPO agreements.

- *Total Assets* also includes energy contracts receivable of $534.3 million and fair value of open energy contracts of $40.9 million related to the clearing operations of NGX, as well as Balances with Clearing Members and Participants relating to CDS of $442.9 million. There was a net decrease in these balances of $93.0 million from December 31, 2012 to June 30, 2013, thereby reducing total assets by $93.0 million. As is the case with CDCC, NGX and CDS carry equivalent amounts as liabilities.

CREDIT FACILITIES AND GUARANTEES

Loans payable

(in millions of dollars)

June 30, 2013	December 31, 2012	$ (decrease)
$1,342.3	$1,453.1	$(110.8)

- On July 31, 2012, TMX Group signed a credit agreement (Credit Agreement) with a syndicate of Canadian and global financial institutions. The maturity date of the Credit Agreement is July 31, 2016 and the aggregate amount that can be drawn under the agreement is $1,560.0 million. On August 1, 2012, TMX Group drew $1,538.0 million under the Credit Agreement and paid an aggregate amount of $31.1 million in financing and other associated fees. These financing fees are amortized over the term of the Credit Agreement.

- As at December 31, 2012, the balance of financing fees prepaid was $27.9 million and $57.0 million had been repaid on the facilities, leaving **Loans Payable** of $1,453.1 million.

- As at June 30, 2013, the balance of financing fees prepaid was $24.7 million, and in Q2/13 an additional $80.0 million was repaid on the facilities (total repayments of $114.0 million for the first six months of 2013), leaving **Loans Payable** of $1,342.3 million.

(in millions of dollars)

	August 1, 2012	Total Repayments/ Net Amortization of Financing Fees	June 30, 2013
Revolver	$128.0	$128.0	$ -
Term Facilities	1,410.0	43.0	1,367.0
Principal Debt Outstanding	$1,538.0	$171.0	$1,367.0
Deferred Financing Fees	(31.1)	(6.4)	(24.7)
Loans Payable	$1,506.9	$164.6	$1,342.3

- On February 11, 2013 the Credit Agreement was amended, in anticipation of our purchase of Equity's transfer agent and corporate trust services business to ensure the transaction met the definition of a permitted acquisition and to change certain covenants.

- The following table summarizes the current Applicable Rates and Fee Rates and corresponding Total Leverage Ratios under the Credit Agreement. The Standby Fee is charged on the unutilized portion of the Revolving Facility. The Applicable Rate represents the corporate spread that is included in the interest rate that is applied to our **Loans Payable**. Total Leverage Ratio at any time is the ratio of consolidated debt as at such time to adjusted EBITDA for the period comprised of the four most recently completed financial quarters. Adjusted EBITDA means earnings on a consolidated basis before interest, taxes, extraordinary, unusual or non-recurring items, depreciation and amortization, Maple Transaction and integration costs, as well as non-cash items.

Total Leverage Ratio:	Applicable Rate for Standby Fee Revolving Facility	Applicable Rate for Prime Rate Loans and U.S. Base Rate Loans	Applicable Rate for BA Instruments, LIBOR Loans and Letters of Credit
< 2.0	37.50 bps	50 bps	150 bps
> 2.0 but < 2.5	43.75 bps	75 bps	175 bps
> 2.5 but < 3.0	50.00 bps	100 bps	200 bps
> 3.0 but < 3.5	56.25 bps	125 bps	225 bps
> 3.5	68.75 bps	175 bps	275 bps

- On August 3, 2012, TMX Group entered into a series of interest rate swaps, to hedge the interest rate risk associated with the initial amount drawn under the Credit Agreement, totalling $1.4 billion where TMX Group will receive floating rate interest based on 1 month Canadian Dealer Offered Rate (CDOR) bankers' acceptances (BA) and TMX Group will pay fixed rate interest at rates ranging from 1.232% to 1.499%.

- The following interest rates applied for April and May 2013:

Swaps	Notional Value	Maturity	Interest rate the Company will pay	Corporate spread	Effective interest rate
Series 1	$200,000,000	September 30, 2013	1.232%	2.25%	3.482%
Series 2	$200,000,000	September 30, 2014	1.312%	2.25%	3.562%
Series 3	$300,000,000	September 30, 2015	1.416%	2.25%	3.666%
Series 4	$700,000,000	July 31, 2016	1.499%	2.25%	3.749%

- The following interest rates applied for June 2013:

Swaps	Notional Value	Maturity	Interest rate the Company will pay	Corporate spread	Effective interest rate
Series 1	$185,500,000	September 30, 2013	1.232%	2.75%	3.982%
Series 2	$200,000,000	September 30, 2014	1.312%	2.75%	4.062%
Series 3	$300,000,000	September 30, 2015	1.416%	2.75%	4.166%
Series 4	$700,000,000	July 31, 2016	1.499%	2.75%	4.249%

- The Credit Agreement, as amended, contains various covenants, including a requirement that TMX Group maintain:

  - an Interest Coverage Ratio of more than 4.0:1, where Interest Coverage Ratio at any time means the ratio of adjusted EBITDA for the period comprised of the four most recently completed financial quarters to the consolidated interest expense for such four financial quarters;

  - a Total Leverage Ratio of not more than:

    - 4.25:1 until March 30, 2014;

    - 4.0:1 on and after March 31, 2014 until June 29, 2014;

    - 3.90:1 on and after June 30, 2014 until September 29, 2014;

    - 3.75:1 on and after September 30, 2014, until December 30, 2014;

- 3.65:1 on and after December 31, 2014, until March 30, 2015;
- 3.50:1 on and after March 31, 2015 until June 29, 2015; and
- 3.25:1 on June 30, 2015 and thereafter.

As at June 30, 2013, all covenants were met.

- Certain of our material operating subsidiaries have entered into a guarantee agreement with regards to the Credit Agreement whereby they jointly and severally guarantee payment of all of our present and future indebtedness, liabilities and obligations under the Credit Agreement and under the related interest rate swap agreements subsequently entered into.

Other Credit Facilities and Guarantee

CDCC maintains a syndicated revolving standby liquidity facility to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been pledged to or received by CDCC. The facility was increased from $100.0 million to $200.0 million on April 17, 2013.

CDCC also maintains a repurchase facility with a syndicate of 6 Canadian Schedule 1 chartered banks. This facility is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. The overall size of this facility was increased to $12,300.0 million from $4,800 million on May 2, 2013, including $1,200.0 million in committed liquidity and $11,100.0 million in uncommitted liquidity.

There were no changes to CDCC's $700.0 million daylight liquidity facilities, or to CDCC's agreement with the Bank of Canada during Q2/13. In addition, there were no changes to the NGX and CDS credit facilities during Q2/13.

Total Equity attributable to Shareholders of TMX Group

(in millions of dollars)

June 30, 2013	December 31, 2012	$ increase
$2,863.2	$2,816.2	$47.0

- At June 30, 2013, there were 54,085,609 common shares issued and outstanding and 1,412,044 options outstanding under the share option plan.
- At July 30, 2013, there were 54,085,609 common shares issued and outstanding and 1,412,044 options outstanding under the share option plan.
- The increase in Total Equity attributable to Shareholders of TMX Group is primarily attributable to the inclusion of net income of $63.3 million and proceeds received on the exercise of stock options of $13.4 million, partially offset by dividend payments to shareholders of TMX Group of $43.2 million.

SUMMARY OF CASH FLOWS

The following tables provide the summary of cash flows for TMX Group Limited, including the operations of TMX Group Inc., CDS, and Alpha for the quarter and six months ended June 30, 2013. The comparative financial information for the quarter and six months ended June 30, 2012 includes only the accounts of TMX Group Limited.

(in millions of dollars)

	Q2/13	**Q2/12**[□]	**$ increase/ (decrease) in cash**
Cash Flows from (used in) Operating Activities	$80.4	$(5.5)	$85.9
Cash Flows (used in) from Financing Activities	(96.1)	-	(96.1)
Cash Flows from Investing Activities	24.5	-	24.5

- *Cash Flows from Operating Activities* included $58.7 million in income before income taxes for TMX Group Limited in Q2/13. TMX Group Limited (formerly Maple) had no operating activities in Q2/12 and had $5.5 million in cash outlays related to the Maple Transaction.

- In Q2/13, *Cash Flows used in Financing Activities* included dividend payments of $21.6 million to TMX Group shareholders, and net repayments on our credit facilities of $79.9 million, net of financing costs. These cash outflows were partially offset by proceeds of $0.4 million received in Q2/13 on the exercise of stock options.

- *Cash Flows from Investing Activities* in Q2/13 included $103.8 million in proceeds from the sale of PC-Bond, partially offset by $64.0 million used to acquire Equity Transfer, $7.4 million used to purchase marketable securities, and $5.6 million of additions to intangible assets.

(in millions of dollars)

	1H/13	**1H/12**[⇔]	**$ increase/ (decrease) in cash**
Cash Flows from (used in) Operating Activities	$138.1	$(35.2)	$173.3
Cash Flows (used in) from Financing Activities	(139.2)	35.0	(174.2)
Cash Flows from Investing Activities	60.0	-	60.0

- *Cash Flows from Operating Activities* included $101.5 million in income before income taxes for TMX Group Limited in 1H/13. TMX Group Limited had no operating activities in 1H/12 and had $35.2 million in cash outlays related to the Maple Transaction.

- In 1H/13, *Cash Flows used in Financing Activities* included dividend payments of $43.2 million to TMX Group shareholders, dividends to non-controlling BOX shareholders of $5.3 million and net repayments on our credit facilities of $114.7 million, net of financing costs.

[□] Includes TMX Group Limited results for April 1, 2012 to June 30, 2012.

[⇔] Includes TMX Group Limited results for January 1, 2012 to June 30, 2012.

These cash outflows were partially offset by proceeds of $13.4 million received in 1H/13 on the exercise of stock options. In 1H/12, TMX Group Limited received $35.0 million on the issuance of common shares.

- *Cash Flows from Investing Activities* in 1H/13 included $103.8 million in proceeds from the sale of PC-Bond and $32.9 million in proceeds from the sale of marketable securities, partially offset by $64.0 million used in the acquisition of Equity Transfer and $10.4 million of additions to intangible assets.

Summary of Cash Position and Other Matters[7]

We had $340.5 million of cash and cash equivalents and marketable securities at June 30, 2013. For the six months ended June 30, 2013, cash flows from operating activities were $138.1 million. We paid $43.2 million in dividends on TMX Group Limited common shares in 1H/13. Based on our current business operations and model, we believe that we have sufficient cash resources to operate our business, and meet our financial covenants under the Credit Agreement and our capital maintenance requirements imposed by regulators.

Debt financing of future investment opportunities could be limited by current and future economic conditions, the covenants on TMX Group's Credit Agreement, and by capital maintenance requirements imposed by regulators (see **Managing Capital** in our 2012 Annual MD&A.)

The recognition orders of some of our subsidiaries contain certain financial viability tests that must be met. For example, if either TSX Inc. or Alpha Exchange Inc. fails to maintain or anticipates that it will fail any of its financial viability tests, the OSC can impose additional terms and conditions. This could, for example, include a requirement that TSX Inc. or Alpha Exchange Inc. may not without the prior approval of the Director of the OSC, pay dividends (among other things) until the deficiencies have been eliminated for at least six months or a shorter period of time as agreed by OSC staff. In addition, the recognition order of MX imposes similar restrictions on the payment of dividends. If MX fails to meet the financial viability ratios for more than three months, MX will not, without the prior approval of Quebec's AMF, pay dividends (among other things) until the deficiencies have been eliminated for at least six months.

As at June 30, 2013, we met all of the above requirements.

SUPPLEMENTARY CASH FLOW INFORMATION FOR THE QUARTER AND SIX MONTHS ENDED JUNE 30, 2013 COMPARED WITH THE QUARTER AND SIX MONTHS ENDED JUNE 30, 2012

The tables below contain TMX Group Limited summary cash flow information which includes the accounts of TMX Group Limited, TMX Group Inc., CDS, Alpha, Equity Transfer (from April 5, 2013) and their respective subsidiaries for the quarter from April 1 to June 30, 2013 and for the six months from January 1 to June 30, 2013. In order to provide a meaningful discussion of the cash flow information in this MD&A, we have compared TMX Group Limited information for Q2/13 and 1H/13

[7] The "*Summary of Cash Position and Other Matters*" section above contains certain forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

with TMX Group Inc. information for the corresponding periods. This approach is similar to how the results would be reported if TMX Group Inc. was the acquirer of CDS and Alpha.

This Q2/12 and 1H/12 information differs from the TMX Group Limited financial statements. The TMX Group Limited financial statements reflect only the accounts of TMX Group Limited during Q2/12 and 1H/12.

Prior to the completion of the acquisitions of CDS and Alpha on August 1, 2012 and TMX Group's initial take up of 80% of the common shares of TMX Group Inc. on July 31, 2012 under the Maple offer, TMX Group Limited had no material assets and no history of earnings and had not commenced commercial operations.

Summary of Cash Flows

(in millions of dollars)

	Q2/13	**Q2/12**[□]	**$ increase/ (decrease) in cash**
Cash Flows from Operating Activities	$ 80.4	$ 113.6	$ (33.2)
Cash Flows (used in) Financing Activities	(96.1)	(30.1)	(66.0)
Cash Flows from Investing Activities	24.5	(83.4)	107.9

- *Cash Flows from Operating* Activities were $33.2 million lower in Q2/13 compared with Q2/12 primarily due to a $32.4 million decrease in cash related to trade and other receivables and prepaid expenses. In Q2/12, there was a larger decrease in trade receivables as cash was received following the delayed billing of sustaining fees that year.

- *Cash Flows used in Financing Activities* were $66.1 million higher in Q2/13 compared with Q2/12 primarily due to net repayments on our credit facilities of $79.9 million, net of financing costs. The impact was partially offset by paying a 40 cent per share quarterly dividend on a lower number of common shares in Q2/13 compared with Q2/12.

- *Cash Flows from Investing Activities* were $107.8 million higher in Q2/13 compared with Q2/12. In Q2/13, we received $103.8 million in proceeds from the sale of PC-Bond, but spent $64.0 million to purchase Equity Transfer. In Q2/12, we used $65.8 million more in cash to purchase marketable securities compared with Q2/13.

(in millions of dollars)

	1H/13	**1H/12**[∇]	**$ increase/ (decrease) in cash**
Cash Flows from Operating Activities	$ 138.1	$ 125.8	$ 12.3
Cash Flows (used in) Financing Activities	(139.2)	(62.4)	(76.8)
Cash Flows from Investing Activities	60.0	(48.5)	108.5

[□] Includes TMX Group Inc. results for April 1, 2012 to June 30, 2012.

[∇] Includes TMX Group Inc. results for January 1, 2012 to June 30, 2012.

- *Cash Flows from Operating* Activities were $12.3 million higher in 1H/13 compared with 1H/12 due to a $27.6 million increase in cash driven by a net increase in trade and other payables, as well as long-term accrued and other liabilities. There was also a $15.5 million increase in cash driven by a decrease in trade and other receivables and prepaid expenses in 1H/13 compared with 1H/12. These increases in cash were largely offset by a $36.8 million decrease in income from operations.

- *Cash Flows used in Financing Activities* were $76.8 million higher in 1H/13 compared with 1H/12 primarily due to net repayments on our credit facilities of $114.7 million, net of financing costs. These cash outflows were partially offset by proceeds of $13.4 million received on the exercise of stock options, and the positive impact of paying a 40 cent per share quarterly dividend on a lower number of common shares in 1H/13 compared with 1H/12.

- *Cash Flows from Investing Activities* were $108.5 million higher in 1H/13 compared with 1H/12. In 1H/13, we received $103.8 million from the sale of PC-Bond and spent $54.3 million more on acquisitions than in 1H/12. Also, in 1H/13, we received $49.1 million more in cash, on a net basis, from the redemption of marketable securities.

MANAGING CAPITAL[8]

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 and to meet regulatory requirements and credit facility requirements (*see* **Credit Facilities and Guarantees**). Currently, we target to retain a minimum of $250.0 million in cash, cash equivalents and marketable securities. This amount is subject to change.

- Reducing the debt levels to be below the credit limits which decrease over time.

- Using excess cash to invest in and continue to grow the business; and

- Returning capital to shareholders through methods such as dividends paid to shareholders and purchasing shares for cancellation pursuant to normal course issuer bids

As of June 30, 2013, we were in compliance with all of the externally imposed capital requirements. (See **Loans Payable**, and **Managing Capital** in our 2012 Annual MD&A for a description of the capital maintenance requirements imposed on us.)

In the future, we may access the public debt markets to replace a portion of our Loans Payable.

[8] The "*Managing Capital*" section above contains certain forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

QUARTERLY FINANCIAL INFORMATION

TMX Group Limited was formed solely for the purpose of pursuing the Maple Transaction. Prior to the completion of the CDS and Alpha acquisitions on August 1, 2012 and the initial take up of 80% of the common shares of TMX Group Inc. on July 31, 2012 under the Maple offer, it had no material assets and no history of earnings and had not commenced commercial operations. Management believes that the required historical information for TMX Group Limited contained in the quarterly information table for the most recent eight quarters would not be useful to investors and other users of our financial information in evaluating the operating performance and profitability for the prior quarters and years. However, we have compared the results for the first three full quarters following the close of the Maple Transaction:

(in millions of dollars except per share amounts - unaudited)

	Q2/13	Q1/13	Q4/12
Revenue	$182.3	$172.2	$181.1
Income from operations	67.3	60.2	75.8
Net income attributable to TMX Group shareholders	25.5	37.8	32.8
Earnings per share:			
Basic	$0.47	$0.70	$0.61
Diluted	$0.47	$0.70	$0.61

Q2/13 compared with Q1/13

- Revenue in Q2/13 was 6% higher than in Q1/13 primarily due to higher other issuer services revenue, including Equity Transfer (acquired April 5, 2013), higher initial and additional listing fee revenue, and higher derivatives markets trading and clearing revenue, somewhat offset by lower information services revenue following the sale of PC-Bond on April 5, 2013.

- Operating expenses in Q2/13 increased slightly over Q1/13 primarily due to the inclusion of Equity Transfer and an increase in general and administration expenses.

- Income from operations of $67.3 million increased by 12% reflecting the 6% increase in revenue, partially offset by a 3% increase in operating expenses.

- Net income attributable to TMX Group shareholders decreased in Q2/13 over Q1/13 primarily due to significantly higher income tax accounting adjustments related to the sale of PC-Bond. The decrease was partially offset by the higher revenue and the gain on the sale of PC-Bond. (See **ADDITIONAL INFORMATION – Gain on sale of PC-Bond** and **Income tax expense**.)

Q1/13 compared with Q4/12

- Revenue in Q1/13 was lower than in Q4/12 primarily due to lower issuer services revenue from initial and additional listing fees, lower energy markets trading and clearing revenue and reduced technology services and other revenue, partially offset by higher cash markets trading and clearing revenue.

- Operating Expenses in Q1/13 increased over Q4/12 primarily due to an increase of $11.2 million in compensation and benefits expenses. Compensation and benefits expenses in Q4/12 included higher capitalization of costs associated with technology initiatives and lower costs associated with short-term employee performance incentive plans. In addition, there were higher costs in Q1/13 related to organizational transition costs compared with Q4/12. The increase in compensation and benefits expenses was somewhat offset by lower information and trading systems costs, reduced general and administration expenses and lower depreciation and amortization.

- Income from operations of $60.2 million decreased by 21% reflecting the combined impact of a 5% decrease in revenue and a 6% increase in operating expenses.

- Net income attributable to TMX Group shareholders increased in Q1/13 over Q4/12 primarily due to lower Maple Transaction and integration costs as well as lower income tax expense largely resulting from recognizing a deferred income tax asset of $6.0 million related to PC-Bond. The increase was largely offset by lower revenue and higher expenses.

CHANGES IN ACCOUNTING POLICIES

New Accounting Policies Adopted

Effective January 1, 2013, we adopted the following standard and amendments to IFRS:

- *IFRS 7, Financial instruments – disclosure (IFRS 7)* – The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are either offset in the consolidated balance sheet or subject to master netting arrangements or other similar arrangements. The amendments are to be applied retrospectively. We will provide additional disclosures as applicable in our audited annual consolidated financial statements for the year ended December 31, 2013.

- *IAS 1, Presentation of financial statements: Presentation of items of other comprehensive income (IAS 1)* – The amendments to IAS 1 require separate presentation of items within other comprehensive income between those that may be reclassified to profit or loss in the future and those that will never be reclassified to profit or loss. The related income tax effects must also be allocated between these same two categories. The amendments have been applied retrospectively and comparative information restated where necessary in the financial statements to comply with the revised presentational requirements.

- *IAS 19, Employee benefits (IAS 19)* – The amendments to IAS 19 require: the recognition of actuarial gains and losses immediately in other comprehensive income; full recognition of past service costs immediately in the consolidated income statement; recognition of the expected return on plan assets in the consolidated income statement to be calculated using the rate used to discount the defined benefit obligation; and enhanced annual disclosures. In addition, the amendments also affect the timing for the recognition of termination benefits, which will now be recognized at the earlier of when we recognize costs for a restructuring under *IAS 37, Provisions, Contingent Liabilities and Contingent Assets* and when we can no longer withdraw the offer of the termination benefits. We have adopted the amendments retrospectively and comparative information has been restated where necessary for all periods presented. There was no impact on the January 1, 2012 opening balance sheet accounts and as such those balances were not included in the Condensed Consolidated Interim Balance Sheets. The impact of the amendments on our financial statements is not significant.

- IFRS 13, *Fair Value Measurement (IFRS 13)* – IFRS 13 establishes a single framework for the fair value measurement and disclosure of financial and non-financial assets and liabilities. The new standard unifies the definition of fair value and also introduces new concepts including 'highest and best use' and 'principal markets' for non-financial assets and liabilities. The adoption of IFRS 13 did not have an effect on the required disclosures in these financial statements. The annual disclosure requirements will be incorporated in the annual consolidated financial statements for the year ended December 31, 2013.

The following new standards and amendments were also effective from January 1, 2013. There was no impact on the financial statements as a result of their adoption:

- *IFRS 10, Consolidated financial statements*
- *IFRS 11, Joint arrangements*
- *IFRS 12, Disclosure of interests in other entities*
- *IAS 27, Separate financial statements*
- *IAS 28, Investments in associates and joint ventures*

Future Changes in Accounting Policies

Other new standards and amendments to standards and interpretations are not yet effective and have not been applied in preparing the financial statements. In particular, the following new and amended standards and interpretations are required to be implemented for financial years beginning on or after January 1, 2014, unless otherwise noted:

- IFRS 9, Financial instruments (effective for annual periods beginning on or after January 1, 2015)

- IAS 32, Financial Instruments: Presentation – Amendments relating to the offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after January 1, 2014)

- IAS 36, Impairment of Assets – Amendments relating to recoverable amount disclosures for non-financial assets (effective for annual periods beginning on or after January 1, 2014)

- IFRIC 21, Levies (effective for annual periods beginning on or after January 1, 2014).

We intend to adopt each of the above standards, as applicable, in the year in which they are effective. We are reviewing these new standards and amendments to determine the potential impact if any, on our financial statements once they are adopted. At this time, no significant impact is expected.

In June 2010, the IASB issued an Exposure Draft (ED) on Revenue from Contracts from Customers and requested comments by October 2010. The IASB issued a revised ED in November 2011 based on feedback received and requested comments by March 2012. In February 2013, the technical staff of the IFRS Foundation and Financial Accounting Standards Board (FASB) issued a paper indicating changes to the proposals in the November 2011 ED arising from decisions made by the IASB and FASB.

The paper proposes an effective date for the revised standard of no earlier than annual reporting periods beginning on or after January 1, 2017; however, it proposes that the amendments be applied retrospectively. We are currently considering the impact that this ED would have on our recognition of Issuer Services Revenue in particular. It is possible that the final revised standard once released may result in changes to our current revenue recognition policies.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes to internal control over financial reporting during the quarter beginning April 1, 2013 and ended on June 30, 2013 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A of TMX Group contains “forward-looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this 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, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

In particular, this MD&A contains information regarding the intention to integrate the business of TMX Group Inc. with CDS and Alpha and the anticipated benefits and synergies from the acquisitions of CDS and Alpha. This is forward looking information as defined in applicable Canadian securities legislation. This information is subject to the assumptions (in addition to those outlined above under the heading “Integration”), risks, and uncertainties outlined in the following paragraphs. In addition to the risk factors outlined below, this information is subject to the following risks: the inability to successfully integrate TMX Group Inc.’s operations with those of Alpha and CDS including, without limitation incurring and/or experiencing unanticipated costs and/or delays or difficulties; inability to reduce headcount, eliminate or consolidate contracts, technology, physical accommodations or other operating expenses; and the failure to realize the anticipated benefits from the acquisitions of TMX Group Inc., Alpha and CDS, including the fact that synergies are not realized in the amount or the time frame anticipated or at all.

Additional examples of forward-looking information in this MD&A include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group which are subject to significant risks and uncertainties. These risks include: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic uncertainties including changes in business cycles that impact our sector; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; risks of litigation or regulatory proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; currency risk; adverse effect of new business activities; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence on third party suppliers and service providers; dependence of trading operations on a small number of clients; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group common shares; inability to protect our intellectual property; adverse effect of a systemic market event on certain of our businesses; risks associated with the credit of customers; cost structures being largely fixed; dependence on market activity that cannot be controlled; the regulatory constraints that apply to the business of TMX Group and its regulated subsidiaries, costs of on exchange clearing and depository services, trading volumes (which could be higher or lower than estimated) and revenues; future levels of revenues being lower than expected or costs being higher than expected.

Forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global and regional marketplaces; business and economic conditions generally; exchange rates (including estimates of the U.S. dollar - Canadian dollar exchange rate), the level of trading and activity on markets, and particularly the level of trading in TMX Group's key products; business development and marketing and sales activity; 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 and client acceptance of new products; successful introduction of various technology assets and capabilities; the impact on TMX Group and its customers of various regulations; TMX Group's ongoing relations with its employees; and the extent of any labour, equipment or other disruptions at any of its operations of any significance other than any planned maintenance or similar shutdowns.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this 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 is contained under the heading **Risks and Uncertainties** in the 2012 Annual MD&A.