TMX Group Inc. Reports Results for First Quarter 2011 under IFRS

- Revenue of $174.7 million for Q1/11, up 17% over Q1/10
- Net income of $64.3 million, up 13% over Q1/10
- Q1/11 diluted earnings per share[∇] of 84 cents compared with Q1/10 diluted earnings per share of 77 cents
- Adjusted diluted earnings per share in Q1/11 of 97 cents compared with diluted earnings per share in Q1/10 of 77 cents

TORONTO – TMX Group Inc. [TSX:X] announced results for the first quarter ended March 31, 2011 under IFRS.

Commenting on the first quarter of 2011, Thomas Kloet, Chief Executive Officer of TMX Group said: "We are very proud of our operational achievements during the past quarter. In cash equities, financings on Canada's premier stock exchanges, Toronto Stock Exchange and TSX Venture Exchange, were up 30% and combined trading volumes were up by more than 36% over the first quarter of last year. In derivatives, MX set consecutive monthly records in terms of trading volume in February and March in an overall record quarter of 14.6 million contracts traded. BOX volumes were up 79% compared with the first quarter of 2010. Our energy business continued to flourish in the first quarter with a 24% increase in NGX volumes compared with last year.

We remain focused on providing our customers with leading capital markets infrastructure services. Customers have started to test our new ATS, TMX Select, and we are in the process of obtaining all necessary regulatory approvals. In March, we launched trading on new on-book Dark Order types that will be supported on both Toronto Stock Exchange and TSX Venture Exchange. And as a result of adjustments we made to our equity trading fee schedule which took effect April 1, 2011, TMX Group now offers the lowest active fee on low priced equities in the Canadian market. Coupled with our rewards tiers, our pricing of regular continuous limit order book trading remains the lowest in Canada, even for those entities providing financial support for other venues."

Commenting on the proposed merger with London Stock Exchange Group plc (LSEG), Mr. Kloet added: "We recently initiated the approval process and look forward to working with the various federal and provincial authorities to achieve the necessary approvals. We believe that it is in Canada's best interest to have a globally competitive yet domestically focused capital

[∇] Earnings per share information is based on net income attributable to equity holders of the Company.

marketplace and that our customers, shareholders and the markets we serve will directly benefit from this strong partnership."

Michael Ptasznik, Chief Financial Officer of TMX Group said: "Revenue in the first quarter was up 17% compared with the first quarter of 2010, reflecting significant activity increases across the major components of our business. Net income was up 13% compared with the first quarter last year due to the overall higher revenue, partially offset by increased costs related to our proposed merger with LSEG, a commodity tax adjustment and higher costs associated with short and long-term incentives. While volumes and financing activity have declined somewhat from the levels achieved in the first quarter, we are pleased with the positive start to 2011."

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board requires publicly accountable enterprises such as us to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the TMX Group consolidated interim financial statements for the quarter ending March 31, 2011 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

For each reporting period in 2011, we will also present comparative information for 2010, both for interim and annual financial statements, as applicable, on an IFRS basis. Our consolidated financial statements for the year ending December 31, 2011, will be our first annual financial statements that comply with IFRS. As this will be our first year of reporting under IFRS, First-time Adoption of IFRS (IFRS 1) is applicable.

In accordance with IFRS 1, we have applied IFRS retrospectively as of January 1, 2010 (the Transition Date) for comparative purposes. In preparing our opening balance sheet in accordance with IFRS, we have adjusted amounts reported previously in our financial statements prepared in accordance with pre-conversion Canadian GAAP (for detailed information please see ***Changes in Accounting Policies*** in our Q1/11 Management's Discussion and Analysis (MD&A).

The most significant impact on our financial statements upon transition to IFRS is in the recognition of Issuer Services Revenue related to initial and additional listing fees, along with the associated impact on future income tax assets. Initial and additional listing fees for both Toronto Stock Exchange and TSX Venture Exchange were impacted. No other sources of revenue were impacted by the conversion to IFRS.

Summary of Financial Information

(in millions of dollars, except per share amounts)

	Q1/11	Q1/10	$ Increase	% Increase
Revenue	$174.7	$149.4	$25.3	17%
Operating expenses	$77.1	$69.6	$7.5	11%
Net income	$64.3	$56.7	$7.6	13%
Earnings per share[▽]*:*				
Basic	$0.85	$0.77	$0.08	10%
Diluted	$0.84	$0.77	$0.07	9%
Cash flows from operating activities	$ 72.1	$ 70.8	$1.3	2%

Net income was $64.3 million ($63.1 million attributable to TMX Group shareholders), or $0.85 per common share[▽] ($0.84 cents on a diluted basis) for Q1/11, compared with net income of $56.7 million ($57.1 attributable to TMX Group shareholders), or $0.77 per common share on a basic and diluted basis for Q1/10, representing an increase in net income of 13%. The increase in net income was largely due to higher revenue across the major components of our business, partially offset by increased expenses due to costs associated with the proposed merger with LSEG, a commodity tax adjustment[*] and higher costs associated with short and long-term employee incentive plans.

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

[*] See “*General and Administration”* section.

Adjusted Earnings per Share Reconciliation for Q1/11 and Q1/10**

The following is a reconciliation of earnings per share to adjusted earnings per share** prior to the adjustment related to costs associated with the proposed merger with LSEG and the commodity tax adjustment*:

	Q1/11		Q1/10	
	Basic	**Diluted**	**Basic**	**Diluted**
Earnings per share	$0.85	$0.84	$0.77	$0.77
Adjustments:				
Adjustment related to costs associated with the proposed merger with LSEG, net of tax	$0.08	$0.08	-	-
Adjustment related to commodity tax adjustment, net of tax*	$0.05	$0.05	-	-
*Adjusted earnings per share***	$0.98	$0.97	$0.77	$0.77

Adjusted earnings per share** of $0.98 per common share ($0.97 on a diluted basis), was higher than earnings per share of $0.77 per common share on a basic and diluted basis for Q1/10. The increase in adjusted earnings per share** was largely due to higher revenue across the major components of our business, partially offset by the impact of higher costs associated with short and long-term employee incentive plans.

** The terms Adjusted earnings per share and Adjusted diluted earnings per share 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 expenses we incurred in Q1/11 due to costs related to our proposed merger with LSEG and a commodity tax adjustment. Management uses these measures to assess our financial performance exclusive of these costs and to enable comparability across periods.

* See "*General and Administration*" section.

Selected Segmented Financial Information

(in millions of dollars)

	Cash Markets - Equities and Fixed Income (includes merger related costs)	Derivatives Markets - MX and BOX	Energy Markets	Total
Q1/11				
Revenue	$131.9	$31.4	$11.4	$174.7
Net income attributable to TMX Group shareholders	$51.8	$8.2	$3.1	$63.1
Q1/10				
Revenue	$117.2	$22.8	$9.4	$149.4
Net income attributable to TMX Group shareholders	$49.5	$5.5	$2.1	$57.1

Quarter Ended March 31, 2011 Compared with Quarter Ended March 31, 2010

Revenue

Revenue was $174.7 million in Q1/11, up $25.3 million, or 17% compared with $149.4 million for Q1/10, reflecting increased revenue from across our business with the exception of a decrease in technology services and other revenue due to higher net foreign exchange losses in Q1/11 when compared with Q1/10.

The following is a summary of issuer services revenue in Q1/11 and Q1/10.

(in millions of dollars)

	Q1/11	Q1/10	$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	$ 8.3	$ 6.3	$ 2.0	32%
Additional listing fees	$ 31.7	$ 23.6	$ 8.1	34%
Sustaining listing fees	$ 18.9	$ 16.0	$ 2.9	18%
Other issuer services	$ 3.1	$ 3.5	($ 0.4)	(11%)
Total	$ 62.0	$ 49.4	$ 12.6	26%

- *Initial listing fees* in Q1/11 increased over Q1/10 primarily due to an increase in the number of issuers who converted from income trusts to corporate entities, and fee changes on TSX Venture Exchange which were effective January 1, 2011. There was also an increase in the value and number of initial financings on TSX Venture Exchange.

- The increase was partially offset by the impact of a decrease in the value and number of initial financings on Toronto Stock Exchange in Q1/11 compared with Q1/10.

- *Additional listing fees* in Q1/11 increased over Q1/10 due to an increase in the value and number of additional financings on Toronto Stock Exchange and TSX Venture Exchange, and fee changes which were effective January 1, 2011.

- Issuers listed on Toronto Stock Exchange and TSX Venture Exchange pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in sustaining listing fees was due to the overall higher market capitalization of listed issuers on both exchanges at the end of 2010 compared with the end of 2009, and fee changes on TSX Venture Exchange which were effective January 1, 2011.

- *Other issuer services* revenue decreased due to lower fees in Q1/11 compared with Q1/10 related to providing investor relations services. This was somewhat offset by revenue from new products.

Trading, Clearing and Related Revenue

(in millions of dollars)

	Q1/11	**Q1/10**	**$ increase**	**% increase**
Cash markets revenue	$ 33.6	$ 31.3	$ 2.3	7%
Derivatives markets revenue	$ 26.3	$ 18.4	$ 7.9	43%
Energy markets revenue	$ 11.4	$ 9.3	$ 2.1	23%
Total	$ 71.3	$ 59.0	$ 12.3	21%

Cash Markets

- The increase in *cash markets* equity trading revenue was due to a 64% increase in the volume of securities traded on TSX Venture Exchange in Q1/11 over Q1/10 (25.23 billion securities in Q1/11 versus 15.37 billion securities in Q1/10). There was also a 20% increase in the volume of securities traded on Toronto Stock Exchange in Q1/11 over Q1/10 (30.32 billion securities in Q4/10 versus 25.34 billion securities in Q1/10).

- The increase was somewhat offset by changes to our equity trading fee schedule on March 1, 2010, which included reductions in active trading fees on securities trading at less than $1.00 in the post-open continuous market and on April 1, 2010, which included a reduction in trading fees for securities trading at $1.00 and higher. The increased revenue was also somewhat offset by fee changes effective March 1, 2011, which reduced the fees for significant usage for our MOO facility and introduced rebates for trading in our continuous limit order book.

- In addition, Shorcan Brokers Limited (Shorcan) fixed income trading revenue increased in Q1/11 compared with Q1/10 due to a favourable product mix, somewhat offset by lower volumes.

Derivatives Markets

- The increase in *derivatives markets* revenue reflects an increase in Boston Options Exchange Group, LLC (BOX) revenues. There was a 79% increase in BOX volumes (31.67 million contracts in Q1/11 versus 17.67 million contracts traded in Q1/10). The increase in revenue was also due to price increases which were effective in Q3/10, partially offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in Q1/11 compared with Q1/10.

- The increase in derivatives markets revenue also reflects an increase in trading and clearing revenue from Montréal Exchange (MX) and Canadian Derivatives Clearing Corporation (CDCC). MX volumes increased by 46% (14.55 million contracts traded in Q1/11 versus 9.97 million contracts traded in Q1/10) reflecting increased trading in the BAX and CGB contracts, as well as ETF and equity options. The increase in revenue was partially offset by unfavourable product and client mix. Open interest was up 36% at March 31, 2011 compared with March 31, 2010.

Energy Markets

- The increase in *energy markets* revenue reflects a 24% increase in total energy volume[#] on Natural Gas Exchange (NGX) over Q1/10 (4.11 million terajoules in Q1/11 compared to 3.32 million terajoules in Q1/10).

- The increase also reflects higher revenue from Shorcan Energy Brokers Inc. (Shorcan Energy Brokers), a wholly-owned subsidiary of Shorcan, due to higher volumes in Q1/11 compared with Q1/10. Shorcan Energy Brokers launched inter-participant brokerage in energy products in Q1/10 and its revenue was included in Q1/10 from February 1, 2010.

- The higher revenue was somewhat offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in Q1/11 compared with Q1/10.

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

Information Services Revenue

(in millions of dollars)

Q1/11	Q1/10	$ increase	% increase
$ 40.0	$ 37.4	$2.6	7%

- The increase reflects higher revenue from co-location services, index data licensing, fixed income indices and usage based quotes.

- Overall, there was a 5% increase in the average number of professional and equivalent real-time market data subscriptions to Toronto Stock Exchange and TSX Venture Exchange products (159,072[+] professional and equivalent real-time market data subscriptions in Q1/11 compared with 152,039 in Q1/10). There was also a 5% increase in the average number of MX market data subscriptions (23,748[+] MX market data subscriptions in Q1/11 compared with 22,649 in Q1/10).

- The increases were partially offset by the impact of the depreciation of the U.S. dollar against the Canadian dollar in Q1/11 compared with Q1/10 and the effect of customer enterprise agreements.

Technology Services and Other Revenue

(in millions of dollars)

Q1/11	Q1/10	$ (decrease)	% (decrease)
$ 1.4	$ 3.6	($2.2)	(61%)

- *Technology services and other* revenue decreased primarily due to higher net foreign exchange losses on U.S. dollar accounts receivable, which included adjustments for prior periods.

Operating Expenses

Operating expenses in Q1/11 were $77.1 million, up $7.5 million, or 11%, from $69.6 million in Q1/10 primarily due to a commodity tax adjustment and higher costs associated with short and long-term employee incentive plans. This increase was somewhat offset by lower costs following the decommissioning of legacy hardware and lower depreciation and amortization costs.

[+] Includes a base number of subscriptions for customers that have entered into enterprise agreements.

Compensation and Benefits

(in millions of dollars)

Q1/11	Q1/10	$ increase	% increase
$ 36.8	$ 32.3	$4.5	14%

- *Compensation and benefits* costs increased primarily due to higher costs associated with long-term employee performance incentive plans that are tied to share price appreciation.

- The increases were also due to higher costs related to short-term employee performance incentive plans as well as an overall increase in salary and benefits costs relating to increased headcount and merit increases, as well as the loss of certain exemptions related to the Québec tax holiday which ended on December 31, 2010 (see **Income Taxes**). There were 857 employees at March 31, 2011 versus 836 employees at March 31, 2010.

- The increases were partially offset by lower organizational transition costs and lower costs associated with technology initiatives in Q1/11 compared with Q1/10.

Information and Trading Systems

(in millions of dollars)

Q1/11	Q1/10	$ (decrease)	% (decrease)
$ 10.6	$ 12.8	($2.2)	(17%)

- *Information and trading systems* expenses decreased due to reductions following the decommissioning of legacy hardware in Q2/10 and lower costs related to technology initiatives in Q1/11 compared with Q1/10.

General and Administration[1]

(in millions of dollars)

Q1/11	Q1/10	$ increase	% increase
$ 23.1	$ 16.9	$6.2	37%

- *General and administration* costs increased largely due to recording a $5.5 million provision related to a commodity tax adjustment as well as higher marketing expenses.

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[1] The "*General and Administration*" 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.

- We are in the process of submitting a ruling request to the Canada Revenue Agency (CRA) relating to the application of taxes (Harmonized Sales Tax or HST) imposed under section 165 of the *Excise Tax Act* on our trade execution fees on equities and derivatives. Effective February, 2011, we stopped charging HST on these trade execution fees for Toronto Stock Exchange and TSX Venture Exchange. We are confident that the ruling request will be approved, and as such, have not provided for HST not charged to customers. If the ruling request is approved, we may be required to repay to the CRA the input tax credits (ITCs) claimed in recent years against the trading businesses. We firmly believe that the liability related to these ITCs should be $0; however, a repayment of up to four years of ITCs previously claimed may be required. As a result, we have estimated the range of possible outcomes to be between $0 and $11.0 million. A provision of $5.5 million related to the commodity tax adjustment ($4.8 million relating to prior years) has been recorded in Q1/11. Future estimates may be different and a change in the provision may be required. If the ruling request is approved, we will not be able to claim these ITCs against these trading businesses going forward.

Depreciation and Amortization

(in millions of dollars)

Q1/11	Q1/10	$ (decrease)	% (decrease)
$ 6.6	$ 7.6	($1.0)	(13%)

- *Depreciation and Amortization* costs decreased due to reduced amortization relating to assets that were fully depreciated by Q1/11.

- The decrease also reflected lower amortization of the intangible assets related to the TMX Smart Order Router and MX trading participants.

Merger-Related Costs

(in millions of dollars)

Q1/11	Q1/10	$ increase	% increase
$ 8.3	-	$8.3	-

- *Merger-Related Costs* includes legal, advisory and other costs incurred during Q1/11 related to our proposed merger with LSEG.

- We are also liable for the payment of success fees of $16.8 million which are contingent upon the successful completion of the merger. These fees have not been accrued.

Finance Income (formerly Investment Income)

(in millions of dollars)

Q1/11	Q1/10	$ increase	% increase
$ 1.2	$ 0.8	$0.4	50%

- *Finance income* increased primarily due to increased cash available for investment in Q1/11 compared with Q1/10.

Finance Costs (formerly Interest Expense)

(in millions of dollars)

Q1/11	Q1/10	$ increase	% increase
$ 2.0	$ 1.2	$0.8	67%

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

Mark-to-market on Interest Rate Swaps – Loss

(in millions of dollars)

Q1/11	Q1/10	$ increase	% increase
$ 0.1	$ 0.1	-	-

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

- During Q1/11, unrealized gains of $0.6 million and realized losses of $0.7 million were reflected in net income, compared with unrealized gains of $1.5 million and realized losses of $1.6 million recognized in Q1/10.

Income Taxes

(in millions of dollars)

		Effective tax rate (%)	
Q1/11	Q1/10	Q1/11	Q1/10
$ 24.7	$ 22.9	28%	29%

- The effective tax rate for Q1/11 was lower than that for Q1/10 due to a decrease in federal and Ontario corporate income tax rates, somewhat offset by a higher Québec corporate tax rate that resulted from the expiry on December 31, 2010 of a provincial tax holiday related to the financial sector.

- From October 1, 2000 to December 31, 2010, MX and CDCC benefited from certain income tax, capital tax and other exemptions which were intended to support the financial sector in the Province of Québec.

Net Income/(Loss) Attributable to Non-Controlling Interests

(in millions of dollars)

Q1/11	Q1/10	$ increase	% increase
$1.2	($0.4)	$1.6	400%

- MX holds a 53.8% ownership interest in BOX. The results for BOX are consolidated in our Income Statement.

- Net income/(loss) attributable to non-controlling interests represents the other BOX unitholders' share of BOX's income or loss, before income taxes in the period. In Q1/11, net income of $1.2 million reflected higher BOX trading volumes. In Q1/10, the net loss of $0.4 million reflected increased competition and a significant decline in BOX's market share.

Liquidity and Capital Resources

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)

March 31, 2011	December 31, 2010	$ increase
$ 377.6	$ 331.5	$ 46.1

- The increase was largely due to cash generated from operating activities of $72.1 million, partially offset by dividend payments of $29.8 million.

Total Assets

(in millions of dollars)

March 31, 2011	December 31, 2010	$ increase
$ 2,976.2	$ 2,965.8	$ 10.4

- *Total assets* increased due to an increase in trade and other receivables of $48.4 million as well as an increase in cash and marketable securities of $46.1 million.

- The overall increase was partially offset by a decrease in energy contracts receivable of $51.8 million related to the clearing operations of NGX and a $15.1 million decrease in current assets related to the fair value of open energy contracts at March 31, 2011 compared with December 31, 2010.

- The increase in *Total assets* was also partially offset by a decrease in MX daily settlements and cash deposits of $11.8 million at March 31, 2011 related to MX's clearing operations, compared with the end of 2010.

Credit Facilities and Guarantee

Term Loan

(in millions of dollars)

March 31, 2011	December 31, 2010	$ (decrease)
$429.3	$429.8	($ 0.5)

- In connection with the combination with MX, we established a non-revolving three-year term unsecured credit facility of $430.0 million (the Term Loan). On April 30, 2008, we borrowed $430.0 million in Canadian funds under the Term Loan to satisfy the cash consideration of the purchase price for MX. On March 31, 2011, we extended and amended this facility that was due to expire on April 18, 2011. The revised credit facility remains at $430.0 and will expire on March 31, 2012, or 180 days after the completion or cancellation of the merger with the LSEG, if earlier. The facility may be extended by up to 180 days subject to certain restrictions and fees. Until April 18, 2011, the credit facility attracted interest at Bankers' Acceptance (BA) plus 45 basis points. After that date, interest is charged at BAs plus 85 basis points. The facility remains unsecured and continues to include certain covenants that TMX Group must maintain.

- This credit facility contains customary covenants, including a requirement that TMX Group maintain:
  - a maximum debt to adjusted EBITDA ratio of 3.5:1, where adjusted EBITDA means earnings on a consolidated basis before interest, taxes, extraordinary, unusual or non-recurring items, depreciation and amortization, all determined in accordance with IFRS;
  - a minimum consolidated net worth covenant based on a pre-determined formula; and
  - a debt incurrence test whereby debt to adjusted EBITDA must not exceed 3.0:1.

At March 31, 2011, all covenants were met.

Other Credit Facilities and Guarantee

To backstop its clearing operations, NGX currently has a credit agreement in place with a Canadian chartered bank which includes a US$100.0 million clearing backstop fund. We are NGX's unsecured guarantor for this fund up to a maximum of US$100.0 million. This facility had not been drawn upon at March 31, 2011.

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

CDCC has a $50.0 million revolving standby credit facility with a Canadian Schedule I bank to provide liquidity in the event of default by a clearing member. This facility had not been drawn upon at March 31, 2011.

In addition, in January, 2011, CDCC arranged additional credit facilities. A $100.0 daylight liquidity facility and a $50.0 call loan facility were signed with a Canadian Schedule 1 bank. CDCC has not drawn on either facility.

Total Equity attributable to Shareholders of the Company

(in millions of dollars)

March 31, 2011	December 31, 2010	$ increase
$ 1,109.9	$ 1,070.6	$ 39.3

- We earned $63.1 million of net income attributable to TMX Group shareholders during Q1/11 and paid $29.8 million in dividends. In addition, we received $6.1 million in proceeds from share options exercised.

- At March 31, 2011, there were 74,587,992 common shares issued and outstanding. In Q1/11, 217,530 common shares were issued on the exercise of share options. At March 31, 2011, 3,846,696 common shares were reserved for issuance upon the exercise of options granted under the share option plan. At March 31, 2011, there were 1,919,801 options outstanding.

- At May 11, 2011, there were 74,594,400 common shares issued and outstanding and 1,906,661 options outstanding under the share option plan.

Cash Flows from Operating Activities

(in millions of dollars)

	Q1/11	Q1/10	Increase in cash
Cash Flows from Operating Activities	$ 72.1	$ 70.8	$ 1.3

Cash Flows from Operating Activities were $1.3 million higher in Q1/11 compared with Q1/10 due to:

(in millions of dollars)

	Q1/11	Q1/10	Increase/ (decrease) in cash
Net income	$ 64.3	$ 56.7	$ 7.6
Depreciation and Amortization	$ 6.6	$ 7.6	($ 1.0)
Unrealized (gain) on interest rate swaps	($ 0.6)	($ 1.5)	$ 0.9
Unrealized loss on marketable securities	$ 0.5	$ 0.4	$ 0.1
(Increase) in trade and other receivables and prepaid expenses	($ 46.7)	($ 23.1)	($ 23.6)
(Increase)/decrease in deferred taxes	($ 4.8)	$ 0.2	($ 5.0)
Net (decrease) in trade and other payables, long-term accrued and other non-current liabilities	($ 11.9)	($ 12.9)	$ 1.0
Increase in deferred revenue	$ 58.3	$ 51.6	$ 6.7
Net increase/(decrease) in current income taxes	$ 0.3	($ 8.0)	$ 8.3
Provisions, including commodity tax adjustment (2011)	$ 5.4	($ 0.1)	$ 5.5
Net increase/(decrease) in other items	$ 0.7	($ 0.1)	$ 0.8
Cash Flows from Operating Activities	$ 72.1	$ 70.8	$ 1.3

Cash Flows from (used in) Financing Activities

(in millions of dollars)

	Q1/11	Q1/10	Increase in cash
Cash Flows from (used in) Financing Activities	($ 24.6)	($ 28.1)	$ 3.5

Cash Flows (used in) Financing Activities were $3.5 million lower in Q1/11 compared with Q1/10 due to:

(in millions of dollars)

	Q1/11	Q1/10	Increase/ (decrease) in cash
Dividends paid on common shares	($ 29.8)	($ 28.0)	($ 1.8)
Proceeds from exercised options	$ 6.1	$ 0.1	$ 6.0
Net (decrease) in other items	($ 0.9)	($ 0.2)	($ 0.7)
Cash Flows from (used in) Financing Activities	($ 24.6)	($ 28.1)	$ 3.5

Cash Flows from (used in) Investing Activities

(in millions of dollars)

	Q1/11	Q1/10	Increase in cash
Cash Flows from (used in) Investing Activities	($ 33.0)	($ 63.8)	$ 30.8

Cash Flows (used in) Investing Activities were $30.8 million lower in Q1/11 compared with Q1/10 due to:

(in millions of dollars)

	Q1/11	Q1/10	Increase/ (decrease) in cash
Capital expenditures primarily related to technology investments and leasehold improvements	($ 0.3)	($ 4.9)	$ 4.6
Additions to intangible assets including TSX Quantum Feeds (2011 and 2010), development costs related to repo clearing (2011 and 2010), on-book non-displayed order types (2011) and SOLA internal development costs (2010)	($ 2.5)	($ 2.1)	($ 0.4)
Cost of acquisition of PCF MinesOnline.com Pty Ltd.	($ 1.0)	-	($ 1.0)
Proceeds on disposal of EDX investment	$ 3.2	-	$ 3.2
Net (purchases) of marketable securities	($ 32.4)	($ 56.8)	$ 24.4
Cash Flows from (used in) Investing Activities	($ 33.0)	($ 63.8)	$ 30.8

Financial Statements Governance Practice

The Finance & Audit Committee of the Board of Directors of TMX Group reviewed this press release as well as the Q1/11 unaudited consolidated financial statements and related MD&A, and recommended they be approved by the Board of Directors. Following review by the full Board, the financial statements, MD&A and the contents of this press release were approved.

Consolidated Financial Statements

TMX Group has adopted IFRS as at January 1, 2011. Our Q1/11 unaudited consolidated financial statements and MD&A are our first prepared in accordance with IFRS and are reported in Canadian dollars. For more information on the impact of the conversion to IFRS on TMX Group's financial reporting, please see **Future Changes in Accounting Policies** - *Transition to International Financial Reporting Standards* in our 2010 Annual MD&A.

TMX Group expects to file its Q1/11 unaudited consolidated financial statements and MD&A with Canadian securities regulators today, after which time the statements and related MD&A may be accessed through www.sedar.com, or on the TMX Group website at www.tmx.com. We are not incorporating information contained on the website in this press release. In addition, copies of these documents will be available upon request, at no cost, by contacting TMX Group Investor Relations by phone at (416) 947-4277 or by e-mail at shareholder@tmx.com.

Caution Regarding Forward-Looking Information

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

Examples of such forward-looking information in this press release include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group, which are subject to significant risks and uncertainties. These risks include: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic uncertainties; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; risks of litigation; dependence on adequate numbers of customers; failure to develop or gain acceptance of new products; currency risk; adverse effect of new business activities; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence and restrictions imposed by licenses and other arrangements; dependence of trading operations on a small number of clients; new technologies making it easier to disseminate our information; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group shares; inability to protect our intellectual property; dependence on third party suppliers; adverse effect of a systemic market event on our derivatives business; risks associated with the credit of customers; cost structures being largely fixed; risks associated with integrating the operations, systems, and personnel of new acquisitions; and dependence on market activity that cannot be controlled.

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

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

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this press release. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained in our 2010 Annual MD&A under the heading **Risks and Uncertainties**.

About TMX Group (TSX-X)

TMX Group's key subsidiaries operate cash and derivative markets for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, Montreal Exchange, Canadian Derivatives Clearing Corporation, Natural Gas Exchange, Boston Options Exchange (BOX), Shorcan, Shorcan Energy, Equicom and other TMX Group companies provide listing markets, trading markets, clearing facilities, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across Canada (Montreal, Calgary and Vancouver), in key U.S. markets (Houston, Boston and Chicago) as well as in London. For more information about TMX Group, visit our website at **www.tmx.com**.

Teleconference / Audio Webcast

TMX Group will host a teleconference / audio webcast to discuss the financial results for Q1/11.

Time: 8:00 a.m. - 9:00 a.m. EDST on Friday, May 13, 2011.

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

The audio webcast of the conference call will also be available on TMX Group's website at www.tmx.com, under Investor Relations.

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

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

The passcode for the replay is 60727191

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TMX GROUP INC.

Interim Condensed Consolidated Balance Sheet
(In millions of Canadian dollars)
(Unaudited)

	March 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash and cash equivalents	$ 84.2	$ 69.9	$ 88.9
Marketable securities	293.4	261.6	103.2
Trade and other receivables	138.1	89.7	79.4
Energy contracts receivable	703.1	754.9	714.5
Fair value of open energy contracts	126.8	141.9	202.8
Daily settlements and cash deposits	181.3	193.1	565.4
Prepaid expenses	7.9	6.7	6.0
Current income tax assets	2.4	4.3	12.3
	1,537.2	1,522.1	1,772.5
Non-current assets:			
Premises and equipment	26.6	28.4	24.4
Investment in equity accounted investees	15.6	14.2	12.8
Goodwill	420.8	421.3	422.5
Other intangible assets	917.4	920.1	932.0
Deferred tax assets	48.5	43.4	41.7
Other non-current assets	10.1	16.3	21.2
Total Assets	$ 2,976.2	$ 2,965.8	$ 3,227.1
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	$ 44.4	$ 58.6	$ 43.9
Energy contracts payable	703.1	754.9	714.5
Fair value of open energy contracts	126.8	141.9	202.8
Daily settlements and cash deposits	181.3	193.1	565.4
Deferred revenue	76.9	18.7	15.1
Provisions	5.9	0.4	1.2
Current income tax liabilities	5.7	7.3	10.9
Fair value of interest rate swaps	0.1	0.7	2.1
Term loan	429.3	429.8	-
	1,573.5	1,605.4	1,555.9
Non-current liabilities:			
Accrued employee benefits payable	12.2	12.1	10.9
Deferred tax liabilities	233.8	233.5	232.9
Other non-current liabilities	27.3	25.4	23.7
Fair value of interest rate swaps	-	-	3.6
Term loan	-	-	429.0
Total Liabilities	1,846.8	1,876.4	2,256.0
Equity:			
Share capital	966.9	959.4	957.9
Retained earnings (Deficit)	135.7	102.4	(16.5)
Contributed surplus	11.6	12.0	9.6
Accumulated other comprehensive loss	(4.3)	(3.2)	-
Total Equity attributable to Shareholders of the Company	1,109.9	1,070.6	951.0
Non-controlling Interests	19.5	18.8	20.1
Total Equity	1,129.4	1,089.4	971.1
Total Liabilities and Equity	$ 2,976.2	$ 2,965.8	$ 3,227.1

TMX GROUP INC.

Interim Condensed Consolidated Income Statement
(In millions of Canadian dollars, except per share amounts)
(Unaudited)

	Three months ending March 31, 2011	2010
Revenue:		
Issuer services	**$ 62.0**	$ 49.4
Trading, clearing and related	**71.3**	59.0
Information services	**40.0**	37.4
Technology services and other	**1.4**	3.6
Total revenue	**174.7**	149.4
Expenses:		
Compensation and benefits	**36.8**	32.3
Information and trading systems	**10.6**	12.8
General and administration	**23.1**	16.9
Depreciation and amortization	**6.6**	7.6
Total operating expenses	**77.1**	69.6
Income from operations	**97.6**	79.8
Share of net income of equity accounted investees	**0.4**	0.3
Gain on disposal of available-for-sale investment	**0.2**	-
Merger-related costs	**(8.3)**	-
Finance income/(costs):		
Finance income	**1.2**	0.8
Finance costs	**(2.0)**	(1.2)
Net mark to market on interest rate swaps	**(0.1)**	(0.1)
Income before income taxes	**89.0**	79.6
Income tax expense	**24.7**	22.9
Net income for the period	**$ 64.3**	$ 56.7
Net income attributable to:		
Equity holders of the Company	**$ 63.1**	$ 57.1
Non-controlling interests	**1.2**	(0.4)
	$ 64.3	$ 56.7
Earnings per share:		
Basic	**$ 0.85**	$ 0.77
Diluted	**$ 0.84**	$ 0.77
Share information:		
Weighted average number of common shares outstanding	**74,465,825**	74,310,141
Diluted weighted average number of common shares outstanding	**74,694,888**	74,396,851

TMX GROUP INC.

Interim Condensed Consolidated Statement of Comprehensive Income
(In millions of Canadian dollars)
(Unaudited)

	Three months ending March 31, 2011	2010
Net income for the period	**$ 64.3**	$ 56.7
Other comprehensive loss:		
Unrealized loss on translating financial statements of foreign operations (net of taxes of $nil and $nil)	**(1.6)**	(3.0)
Change in fair value of available-for-sale financial assets (net of taxes of $nil and $0.1)	**-**	(0.3)
Total comprehensive income	**$ 62.7**	$ 53.4
Total comprehensive income attributable to:		
Equity holders of the Company	**$ 62.0**	$ 54.5
Non-controlling interests	**0.7**	(1.1)
	$ 62.7	$ 53.4

TMX GROUP INC.

Interim Condensed Consolidated Statement of Changes in Equity
(In millions of Canadian dollars)
(Unaudited)

	Attributable to equity holders of the Company							
			Accumulated other comprehensive income					
	Share Capital	Contributed Surplus	Cumulative translation account	Unrealized gains/losses AFS financial assets	Retained earnings	Total attributable to equity holders	Non-controlling interests	Total equity
Balance at January 1, 2011	**$ 959.4**	**$ 12.0**	**$ (3.2)**	**$ -**	**$ 102.4**	**$ 1,070.6**	**$ 18.8**	**$ 1,089.4**
Net income for the period	**-**	**-**	**-**	**-**	**63.1**	**63.1**	**1.2**	**64.3**
Other comprehensive income:								
Foreign currency translation differences, net of taxes	**-**	**-**	**(1.1)**	**-**	**-**	**(1.1)**	**(0.5)**	**(1.6)**
Total comprehensive income for the period	**-**	**-**	**(1.1)**	**-**	**63.1**	**62.0**	**0.7**	**62.7**
Dividend to equity holders	**-**	**-**	**-**	**-**	**(29.8)**	**(29.8)**	**-**	**(29.8)**
Proceeds from share options exercised	**6.1**	**-**	**-**	**-**	**-**	**6.1**	**-**	**6.1**
Cost of exercised share options	**1.4**	**(1.4)**	**-**	**-**	**-**	**-**	**-**	**-**
Cost of share option plan	**-**	**1.0**	**-**	**-**	**-**	**1.0**	**-**	**1.0**
Balance at March 31, 2011	**$ 966.9**	**$ 11.6**	**$ (4.3)**	**$ -**	**$ 135.7**	**$ 1,109.9**	**$ 19.5**	**$ 1,129.4**
Balance at January 1, 2010	$ 957.9	$ 9.6	$ -	$ -	$ (16.5)	$ 951.0	$ 20.1	$ 971.1
Net income for the period	-	-	-	-	57.1	57.1	(0.4)	56.7
Other comprehensive income:								
Foreign currency translation differences, net of taxes	-	-	(2.3)	-	-	(2.3)	(0.7)	(3.0)
Change in fair value of available-for-sale (“AFS”) financial assets, net of taxes	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Total comprehensive income for the period	-	-	(2.3)	(0.3)	57.1	54.5	(1.1)	53.4
Dividend to equity holders	-	-	-	-	(28.0)	(28.0)	-	(28.0)
Proceeds from share options exercised	0.1	-	-	-	-	0.1	-	0.1
Cost of share option plan	-	0.5	-	-	-	0.5	-	0.5
Balance at March 31, 2010	$ 958.0	$ 10.1	$ (2.3)	$ (0.3)	$ 12.6	$ 978.1	$ 19.0	$ 997.1

TMX GROUP INC.

Interim Condensed Consolidated Statement of Cash Flows
(In millions of Canadian dollars)
(Unaudited)

	Three months ending March 31, **2011**	2010
Cash flows from (used in) operating activities:		
Net income	**$ 64.3**	$ 56.7
Adjustments to determine net cash flows:		
Depreciation and amortization	**6.6**	7.6
Unrealized loss on marketable securities	**0.5**	0.4
Share of net income of equity accounted investees	**(0.4)**	(0.3)
Realized gain on available-for-sale investment	**(0.2)**	-
Cost of share option plan	**1.0**	0.5
Amortized financing fees	**0.2**	0.2
Unrealized gain on interest rate swaps	**(0.6)**	(1.5)
Deferred taxes	**(4.8)**	0.2
Trade and other receivables, and prepaid expenses	**(46.7)**	(23.1)
Other non-current assets	**0.1**	(0.5)
Trade and other payables	**(14.2)**	(11.9)
Provisions	**5.4**	(0.1)
Deferred revenue	**58.3**	51.6
Long-term accrued and other non-current liabilities	**2.3**	(1.0)
Current income taxes	**0.3**	(8.0)
	72.1	70.8
Cash flows from (used in) financing activities:		
Reduction in obligations under finance leases	**(0.2)**	(0.2)
Proceeds from exercised options	**6.1**	0.1
Financing fees on term loan	**(0.7)**	-
Dividends on common shares	**(29.8)**	(28.0)
	(24.6)	(28.1)
Cash flows from (used in) investing activities:		
Additions to premises and equipment	**(0.3)**	(4.9)
Additions to intangible assets	**(2.5)**	(2.1)
Acquisition of equity accounted investee	**(1.0)**	-
Proceeds on disposal of available-for-sale investment	**3.2**	-
Marketable securities	**(32.4)**	(56.8)
	(33.0)	(63.8)
Increase (decrease) in cash and cash equivalents	**14.5**	(21.1)
Cash and cash equivalents, beginning of period	**69.9**	88.9
Unrealized foreign exchange loss on cash and cash equivalents held in foreign subsidiaries	**(0.2)**	(0.4)
Cash and cash equivalents, end of period	**$ 84.2**	$ 67.4
Supplemental cash flow information:		
Interest paid	**$ 1.6**	$ 1.0
Interest received	**$ 1.9**	$ 1.5
Income taxes paid	**$ 29.1**	$ 30.3

Amounts paid and received above are included as cash flows from operating activities

TMX GROUP INC.

Market Statistics

(Unaudited)

	Three months ended March 31 2011	2010
Toronto Stock Exchange:		
Volume (millions)	30,315.8	25,337.6
Value ($ billions)	418.8	318.3
Transactions (000s)	53,129.7	43,111.6
Issuers Listed	1,516	1,465
New Issuers Listed:	43	49
Number of Initial Public Offerings	31	36
Number of graduates from TSX Venture/NEX	6	8
New Equity Financing: ($ millions)	10,944.2	9,298.7
Initial Public Offering Financings ($ millions)	1,557.2	1,787.8
Secondary Offering Financings[1] ($ millions)	5,287.5	4,046.3
Supplementary Financings ($ millions)	4,099.5	3,464.6
Market Cap of Issuers Listed ($ billions)	2,318.8	1,845.5
S&P/TSX Composite Index[2] Close	14,116.1	12,037.7
TSX Venture Exchange:[3]		
Volume (millions)	25,231.0	15,373.5
Value ($ millions)	17,021.4	7,096.9
Transactions (000s)	4,613.3	2,012.8
Issuers Listed	2,403	2,378
New Issuers Listed	48	38
New Equity Financing: ($ millions)	3,441.4	1,747.6
Initial Public Offering Financings ($ millions)	99.2	37.8
Secondary Offering Financings[1] ($ millions)	1,018.8	356.5
Supplementary Financings ($ millions)	2,323.4	1,353.3
Market Cap of Issuers Listed: ($ billions)	77.5	40.3
S&P/TSX Venture Composite Index[2] Close	2,296.0	1,576.6
Toronto Stock Exchange and TSX Venture Exchange:		
Professional and Equivalent Real-time Data Subscriptions	159,249	151,744
NGX:		
Total Volume (TJs)[4]	4,106.9	3,323.3

	Three months ended March 31 2011	2010
Montreal Exchange:		
Volume (Contracts) (000s)	14,553.7	9,969.3
Open Interest (Contracts) (000s) as at March 31	3,886.3	2,867.8
Data Subscriptions	23,722	22,898
Boston Options Exchange:		
Volume (Contracts) (000s)	31,673.4	17,675.3

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

[2] "S&P" is the trademark of Standard & Poor's and "TSX" is the trademark of TSX Inc.

[3] TSX Venture Exchange market statistics do not include data for debt securities. 'New Issuers Listed' and 'S&P/TSX Venture Composite Index Close' statistics exclude data for issuers on NEX. All other TSX Venture Exchange market statistics include data for issuers on NEX, which is a board that was established on August 18, 2003 for issuers that have fallen below TSX Venture's listing standards (204 issuers at March 31, 2010 and 226 issuers at March 31, 2011).

*Certain comparative figures have been restated.
** For 2010, TMX and MX data subscriptions include a base number of subscriptions for customers that have entered into enterprise agreements.
***NGX Total Energy Volume includes trading and clearing in natural gas, crude oil and electricity.
<u>Conversions:</u>
Power:
MWH/100=TJ
Crude:
Total Barrels (Crude Oil Conversion Factor (6.29287 for Sweet Crude; 6.28981 for Heavy Crude)/1000) = TJ