

## SUMMARY OF FINANCIAL INFORMATION

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### THREE MONTHS ENDED MARCH 31, 2014 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2013

The information below reflects the financial statements of TMX Group for the quarter ended March 31, 2014, including the operating results of Equity Transfer Services Inc. (Equity Transfer) from April 5, 2013, compared with the quarter ended March 31, 2013.

(in millions of dollars, except per share amounts) (unaudited)	Q1/14	Q1/13	\$ increase/ (decrease)	% increase/ (decrease)
Revenue	\$182.1	\$172.2	\$9.9	6%
Operating expenses	104.8	112.0	(7.2)	(6%)
Net income attributable to TMX Group shareholders	46.4	37.8	8.6	23%
Earnings per share <sup>1</sup>				
Basic	0.86	0.70	0.16	23%
Diluted	0.86	0.70	0.16	23%
Cash flows from operating activities	33.0	75.0	(42.0)	(56%)

### Non-IFRS Financial Measures

Adjusted earnings per share and adjusted diluted earnings per share provided for the quarter ended March 31, 2014 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<sup>2</sup> and integration costs, the amortization of intangibles related to acquisitions, and the recognition of a deferred income tax asset related to the sale of PC-Bond<sup>3</sup>. 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.

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<sup>1</sup> Earnings per share information is based on net income attributable to TMX Group shareholders.

<sup>2</sup> 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).

<sup>3</sup> PC-Bond was TMX Group's fixed income index business. On February 27, 2013, FTSE Group (FTSE), part of London Stock Exchange Group, and TMX Group announced an agreement to combine their fixed income index businesses and create FTSE TMX Global Debt Capital Markets, in which TMX Group will hold 25% ownership interest. Closing of the transaction took place on April 25, 2013. On April 8, 2014, TMX Group's ownership interest was reduced to 24.2%.

## Adjusted Earnings per Share<sup>4</sup> Reconciliation for Q1/14 and Q1/13

The following is a reconciliation of earnings per share to adjusted earnings per share<sup>4</sup>:

(unaudited)	Q1/14		Q1/13	
	Basic	Diluted	Basic	Diluted
Earnings per share <sup>5</sup>	\$0.86	\$0.86	\$0.70	\$0.70
Adjustment:				
Related to Maple Transaction and integration costs	0.05	0.05	0.03	0.03
Related to amortization of intangibles related to acquisitions	0.14	0.14	0.16	0.16
Related to recognition of a deferred income tax asset related to the sale of PC-Bond	-	-	(0.11)	(0.11)
Adjusted earnings per share <sup>4</sup>	\$1.05	\$1.05	\$0.78	\$0.78
Weighted average number of common shares outstanding	54,145,099	54,219,575	53,898,130	54,058,684

## RESULTS OF OPERATIONS

### Revenue

Revenue was \$182.1 million in Q1/14, up \$9.9 million or 6%, compared with revenue of \$172.2 million in Q1/13. Issuer services revenue included revenue from Equity Transfer (acquired April 5, 2013). There were increases in trading and clearing revenue from cash, Canadian derivatives and energy markets, as well as an increase in technology services revenue primarily related to Razor Risk Technologies Limited. These increases were partially offset by the reduction in revenue following the sale of PC-Bond on April 5, 2013 and by the reduction in revenue from the discontinuation of CDS services largely relating to the administration of the System for Electronic Document Analysis and Retrieval (SEDAR), the System for Electronic Disclosure by Insiders (SEDI) and the National Registration Database (NRD). These CDS operations were transitioned to a new service provider on January 13, 2014; the CDS agreement ended on January 31, 2014.

### Operating expenses

Operating expenses in Q1/14 were \$104.8 million, down \$7.2 million or 6%, from \$112.0 million in Q1/13. Operating expenses were lower primarily due to realized cost synergies as a result of the integration of TMX Group Inc., CDS and Alpha, the elimination of operating expenses related to PC-Bond that were no longer consolidated following the sale on April 5, 2013, and lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014. Costs decreased for all operating expense categories, and were somewhat lower due to the timing of initiative spending. These decreases were partially offset by the inclusion of three months of operating expenses for Equity Transfer (acquired April 5, 2013).

### Net income attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders was \$46.4 million, or \$0.86 per common share on a basic and diluted basis, an increase of 23% compared with net income of \$37.8 million, or \$0.70 per common share on a basic and diluted basis, in Q1/13. The increase reflects higher income from operations and lower finance costs following the refinancing of approximately \$1.0 billion of debt under our credit facility through the issuance of debentures and the amendment of our credit facility under

<sup>4</sup> See discussion under the heading **Non-IFRS Financial Measures**.

<sup>5</sup> Earnings per share information is based on net income attributable to TMX Group shareholders.

more favourable terms at the end of Q3/13. The increase in net income was somewhat offset by significantly higher income tax expense in Q1/14 compared with Q1/13. In Q1/13, income tax expense was reduced as a result of recognizing a deferred income tax asset of \$6.0 million related to the sale of PC-Bond.

## **FINANCIAL STATEMENTS GOVERNANCE PRACTICE**

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The Finance & Audit Committee of the Board of Directors of TMX Group reviewed this press release as well as the Q1/14 financial statements and related Management's Discussion and Analysis (MD&A) and recommended they be approved by the Board of Directors. Following review by the full Board, the Q1/14 financial statements, MD&A and the contents of this press release were approved.

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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Our Q1/14 financial statements are prepared in accordance with IFRS as issued by the IASB, are in compliance with IAS 34, *Interim Financial Reporting*, and are reported in Canadian dollars unless otherwise indicated. Financial measures contained in the MD&A and this press release are based on financial statements prepared in accordance with IFRS, unless otherwise specified and are in Canadian dollars unless otherwise indicated.

## **ACCESS TO QUARTERLY MATERIALS**

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TMX Group has filed its Q1/14 financial statements and MD&A with Canadian securities regulators. These documents may be accessed through [www.sedar.com](http://www.sedar.com), or on the TMX Group website at [www.tmx.com](http://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 [TMXshareholder@tmx.com](mailto:TMXshareholder@tmx.com).

## **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

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This press release 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 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 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 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; constraints imposed by our level of indebtedness; 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 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 under the heading **Risks and Uncertainties** in the 2013 Annual MD&A.

## **About TMX Group (TSX:X)**

TMX Group's key subsidiaries operate cash and derivative markets and clearing houses for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, TMX Select, Alpha Group, The Canadian Depository for Securities, Montreal Exchange, Canadian Derivatives Clearing Corporation, NGX, BOX Options Exchange, Shorcan, Shorcan Energy Brokers, Equicom, and other TMX Group companies provide listing markets, trading markets, clearing facilities, depository services, 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 (New York, Houston, Boston and Chicago) as well as in London, Beijing and Sydney. For more information about TMX Group, visit our website at [www.tmx.com](http://www.tmx.com). Follow TMX Group on Twitter at <http://twitter.com/tmxgroup>.

## **Teleconference / Audio Webcast**

TMX Group will host a teleconference / audio webcast to discuss the financial results for Q1/14.

Time: 8:00 a.m. - 9:00 a.m. ET on Friday, May 9, 2014.

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](http://www.tmx.com), under Investor Relations.

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

Audio Replay: 416-849-0833 or 1-855-859-2056

The passcode for the replay is 23324900.

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