

CHAIR'S LETTER TO SHAREHOLDERS

I am again pleased to report to you on behalf of TSX Group's Board of Directors. Your Board continues to oversee the execution of TSX Group's strategies, with a view to creating sustainable shareholder value within a strong governance structure.

Last year, I shared with you the success of TSX Group's first year as a public company, its exemplary strength in corporate governance, and its growth strategy of enhancement, diversification and expansion.

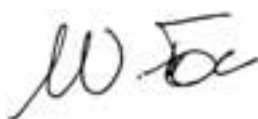
In 2004, TSX Group continued to build on these themes. We moved forward on our goal to build a strong, national organization, recognized for serving all types of issuers in all geographies. We confirmed our position as world-class exchange operators with strong revenue growth and disciplined expense management. And we did so while maintaining the same high levels of accountability and governance that we ask from the issuers that list on one of our exchanges.

This year, the Board was active in managing a change in leadership. On behalf of all shareholders, I would like to thank Barbara Stymiest for her immeasurable contribution to our company. Under her leadership, the strategic direction, potential and operating philosophy of TSX Group were transformed. Today TSX Group is a vibrant and respected company, well positioned for future success. Ms. Stymiest left TSX Group on October 31 after ensuring a smooth leadership transition, and we wish her all the best in her new career.

Your Board was delighted to identify and appoint Richard Nesbitt as TSX Group's new CEO. Richard, former President of TSX Markets, together with his team were integral to the identification and acquisition of NGX Canada Inc., an exchange that trades and clears natural gas and electricity contracts and that is already contributing to TSX Group's earnings and growth, and will provide further strategic opportunity for us in the U.S. market.

The Board and I would like to congratulate TSX Group's employees for an excellent year, and to express sincere thanks to retiring directors Brian Canfield and Barbara Stymiest for their contributions.

TSX Group is a company changed this year by acquisition, new leadership and an expanding sense of the strategic possibilities ahead of us. I look forward to reporting on our continued progress next year.



WAYNE FOX
Chair, Board of Directors

