

Management's Discussion and Analysis

About this Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") relates to the third quarter ended September 30, 2009, which reflects the three-month period from July 1, 2009 to September 30, 2009 ("third quarter 2009"), and the first nine months of fiscal 2009 ("first nine months 2009"), which reflects the nine-month period from January 1, 2009 to September 30, 2009. This MD&A has been prepared with an effective date of November 4, 2009.

Unless the context otherwise requires, all references to "GMP" and the "Corporation" refer to GMP Capital Inc. and, as applicable, its predecessor, GMP Capital Trust (the "Fund"). All references to "we", "our", "us", "GMP" and "GMP Group" refer to GMP, together with its consolidated operations controlled by it and its predecessor.

All amounts are in Canadian dollars and are based on financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), unless otherwise specified herein. This MD&A should be read in conjunction with the unaudited interim consolidated financial

statements of GMP Capital Inc. as at and for the three and nine months ended September 30, 2009 ("Third Quarter 2009 Financial Statements"), GMP's management's discussion and analysis for fiscal 2008 ("2008 Annual MD&A") and GMP's audited consolidated financial statements for the year ended December 31, 2008 ("2008 Annual Financial Statements"), all of which can be accessed on GMP's website at gmpcapital.com and on the SEDAR website at sedar.com. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current period. Unless specifically stated otherwise, all references to "third quarter 2008" refer to the three-month period from July 1, 2008 to September 30, 2008, and all references to "first nine months 2008" refer to the nine-month period from January 1, 2008 to September 30, 2008. All references to "fiscal 2008" refer to the 12-month period from January 1, 2008 to December 31, 2008. Unless otherwise defined, all terms used herein are consistent with those terms as defined in the "About this Management's Discussion and Analysis" section in the 2008 Annual MD&A.

Presentation of Financial Information and Non-GAAP Measures

Financial results, including related historical comparatives, contained in this MD&A have been prepared using the continuity of interests method of accounting. Accordingly, the financial results and related historical comparatives reflect GMP as a corporation subsequent to May 14, 2009, and as an income trust prior to its conversion to a corporation on May 15, 2009 (the "Conversion"). The Fund's unitholders approved the plan of arrangement relating to the Conversion on May 8, 2009.

Consistent with our management framework, we use certain non-GAAP measures to assess our financial performance. These measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP earnings measures should not be considered as alternatives to net income or comparable metrics determined in accordance with GAAP as indicators of GMP's performance, liquidity, cash flows and profitability.

GMP evaluates the performance of its consolidated operations using an annualized return on common equity ("ROE"). Our ROE calculations are based on net income available to common shareholders divided by total average common shareholder equity for the period. Assets under administration ("AUA") is a non-GAAP measure of client assets that is used by management to assess the performance of our Wealth Management segment. AUA is the market value of client assets administered by the Wealth Management segment, in respect of which the Wealth Management segment earns commissions or fees. Assets under management ("AUM") is a non-GAAP measure of client assets that is used by management to assess the performance of EdgeStone Capital Partners, L.P. ("EdgeStone") and GMP Investment Management L.P. ("GMP Investment Management"). AUM for EdgeStone represents the amount of committed and/or invested capital managed through the EdgeStone Funds in respect of which EdgeStone earns management fee income or receives general partner distributions. AUM for GMP Investment Management represents the net asset value ("NAV") of the funds managed by GMP Investment Management in respect of which GMP Investment Management earns management fees and may also earn performance fees.

Forward-Looking Statements

This document contains “forward-looking statements” (as defined under applicable securities laws). These statements include, but are not limited to, statements made in “Business Environment and Market Outlook – Business Environment;” “Business Environment and Market Outlook – Market Outlook;” “Third Quarter 2009 vs. Third Quarter 2008;” “Liquidity and Capital Resources;” and other statements concerning our 2009 objectives, our strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans” or “continue”, or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in this document. GMP's primary business activities are both competitive and subject to various risks. These risks include market, credit, liquidity, operational and legal and regulatory risks and other risk factors including, without limitation, variations in the market value of securities, the volatility and liquidity of equity trading markets, the volume of new financings and mergers and acquisitions (“M&A”), competition in the marketplace for suitable investments, sustainability of fees, nature and type of portfolio company investments, ability to realize carried interest entitlements and dependence on key personnel. Other factors, such as general economic conditions, including exchange rate

fluctuations, may also have an effect on GMP's results of operations. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. For a description of risks that could cause our actual results to materially differ from our current expectations, please see the “Risk Management” section in this MD&A and “Risk Factors” in GMP's annual information form dated February 26, 2009. Material factors or assumptions that were applied to drawing a conclusion or making an estimate set out in the forward-looking information include: recent positive economic indicators resulting in a slower pace of economic and business contraction; improving liquidity and credit market conditions; uncertain equity market conditions in connection with public offerings, M&A activities and securities trading; a low interest rate environment; continued weakness in the United States' economy resulting in a decreased demand for Canadian exports to the United States; and a strengthening Canadian dollar relative to the United States dollar. Although forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered “financial outlook” for purposes of applicable securities laws, and as such the financial outlook may not be appropriate for purposes other than this MD&A.

Except as required by applicable law, management and the board of directors of GMP (the “Board of Directors”) undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Business Environment and Market Outlook

Business Environment

Although July and August 2009 were slower than seasonally expected, there are an increased number of positive signs that capital market conditions are beginning to return to normal levels and the pace of economic and business contraction is slowing. Capital market activity improved in the last month of third quarter 2009. Equity financing activity, although down from levels reported in second quarter 2009, benefitted from rising investor confidence, rising commodity prices and improving equity market conditions during the quarter. Client trading volumes also improved but remain below their historical highs.

The benchmark S&P/TSX Composite Index closed at 11,394.96 as at September 30, 2009, down 3% compared with the same period a year ago; however, the index was up 10% compared with second quarter 2009. According to FPinfomart, the number of common equity underwriting transactions completed in Canada increased a modest 3% in third quarter 2009 compared with the same period a year ago; however, the value of these transactions increased 400% over the same period, which was driven primarily by notable increases in the mining sector. According to market data from the Toronto Stock Exchange (“TSX”), there were eight new initial public offerings during third quarter 2009.

FPinfomart data also confirmed approximately 219 M&A transactions were announced in Canada in third quarter 2009, a decrease of 30% compared with the same period a year ago. The value of these transactions also decreased by 34% over the same period.

Market Outlook

Despite an increasing number of positive market and economic developments, we remain mindful of the uncertainty regarding the

extent and timing of the recovery of capital market conditions. We are cautiously optimistic that pricing across multiple asset classes may demonstrate sustained signs of stability over the remainder of the year. We expect the pace of equity underwriting to improve moderately. We remain cautious about the pace of Canadian M&A, which we expect will remain slow for the remainder of the year. Improvement in credit market conditions may support an increased level of new private equity investment and greater exit opportunities.

Wealth Management Transaction Update

On July 23, 2009, GMP and Richardson Partners Financial Limited ("RPFL"), a private wealth management firm controlled by Richardson Financial Group ("RFG"), a subsidiary of James Richardson & Sons, Limited ("JRSL"), jointly announced they entered into a definitive agreement in respect of certain transactions that will result in the combination of their respective wealth management businesses of GMP Private Client and RPFL (the "Transaction") under the name Richardson GMP Limited ("Richardson GMP"). The integration plan is progressing well and the closing of the transactions is expected on November 12, 2009, pending successful receipt of all necessary corporate and regulatory approvals.

Third Quarter and First Nine Months 2009 Financial Highlights

Selected Financial Information

(\$000, except per share/unit, headcount and % amounts)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Revenue	71,481	74,799	(4)	239,748	258,097	(7)
Expenses	59,223	68,635	(14)	191,059	210,769	(9)
Income before income taxes	12,040	6,357	89	45,860	45,315	1
Net income	8,413	6,947	21	23,632	43,680	(46)
Basic earnings per share/unit	\$0.12	\$0.11	n.m.	\$0.35	\$0.68	n.m.
Diluted earnings per share/unit	\$0.11	\$0.11	n.m.	\$0.33	\$0.68	n.m.
Cash dividends/distributions declared						
per common share/unit	\$0.00	\$0.348	n.m.	\$0.15	\$1.188	n.m.
Return on common equity ^a	13.2%	10.3%	n.m.	13.2%	20.9%	n.m.
Total assets	1,242,071	1,069,528	16	1,242,071	1,069,528	16
Total headcount (#) ^b	434	461	(6)	434	461	(6)

n.m. = not meaningful

a. Return on common equity is considered to be a non-GAAP measure. This measure does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section in this MD&A.

b. Total headcount includes employees and partners of GMP.

Third Quarter 2009 vs. Third Quarter 2008

Total revenue decreased \$3.3 million or 4% compared with third quarter 2008 due to lower results in Capital Markets and Wealth Management, which was partly offset by higher results generated in Alternative Investments. Capital Markets revenue decreased \$6.8 million compared with third quarter 2008 primarily due to lower investment banking and commission revenues. Partly offsetting these decreases were higher returns from principal activities compared with the same period a year ago. Wealth Management revenue decreased \$0.9 million compared with third quarter 2008, largely as a result of lower interest income due to a lower interest rate environment and lower investment management and fee-based revenue. These decreases were partly offset by higher commission revenue driven by stronger client trading volumes. AUA has trended higher, which is consistent with the continued rally in equity markets, closing third quarter 2009 at \$4.1 billion; an increase of \$0.1 billion compared with third quarter 2008. Alternative Investments revenue increased \$4.6 million compared with third quarter 2008 largely due to higher returns from principal activities and carried interest and other revenue generated by EdgeStone this quarter. Revenue of \$1.3 million was recorded in principal activities, arising from the recovery in the market value of GMP's investment in the Alpha Domestic Fund, compared with losses of \$1.3 million in the same period last year.

Expenses were \$9.4 million lower compared with third quarter 2008 and reflect lower variable compensation which declined \$3.6 million commensurate with lower revenue. Fixed salaries and benefits expense was also lower in third quarter 2009 reflecting 27 fewer professional and administrative staff in connection with the corporate restructuring in fourth quarter 2008. Third quarter 2008 also included \$1.9 million in restructuring costs. Total employee compensation and benefits expense as a percentage of revenue was 56.4% in third quarter 2009 compared with 61.9% in the same period in 2008.

Non-compensation expenses were \$3.4 million lower compared with third quarter 2008 primarily due to reductions in selling, general and administrative costs which included reductions in consulting expenses, discretionary spending on travel and business development and professional fees. Interest expense on client cash balances was also lower compared with third quarter 2008 due to the lower interest rate environment in third quarter 2009.

GMP recorded an income tax expense of \$3.6 million in third quarter 2009 compared with a tax recovery of \$0.6 million in third quarter 2008 for the Fund, representing an effective tax rate of 30.1% in third quarter 2009. The effective tax rate in third quarter 2009 reflects capital gains tax treatment relating to the unrealized gains recorded on GMP's investment in the Alpha Domestic Fund and also on the carried interest revenue earned by GMP on its investment in the EdgeStone Funds.

Net income was \$8.4 million in third quarter 2009 compared with \$6.9 million in third quarter 2008. Earnings per basic share was \$0.12 in third quarter 2009 compared with \$0.11 per basic unit in the same period a year ago. ROE for third quarter 2009 was 13.2% compared with 10.3% in third quarter 2008.

First Nine Months 2009 vs. First Nine Months 2008

Total revenue decreased \$18.3 million or 7% compared with first nine months 2008 mainly due to lower M&A revenue, weaker commission revenue and lower interest income. These decreases were partly offset by higher returns from principal activities and stronger equity underwriting revenue. Capital Markets' revenue decreased \$19.9 million in first nine months 2009 compared with first nine months 2008 primarily due to weaker M&A revenue, with industry-wide volumes down 38%, and lower sales and trading commission revenue as a result of a reduction in the number of trades executed on our clients' behalf. This decrease was partly offset by higher returns in principal activities which recorded recoveries in the values of securities held during first nine months 2009 compared with losses recorded in principal activities during the same period in 2008. Wealth Management's revenue decreased \$6.8 million compared with first nine months 2008 largely reflecting lower interest income due to a lower interest rate environment and a decrease in investment management and fee-based revenue resulting from market depreciation of the value of client assets. Partly offsetting this decrease in Wealth Management revenue was higher commission revenue resulting from increased client trading activity. Alternative Investments revenue increased \$9.2 million compared with first nine months 2008 primarily as a result of a recovery in the market value of GMP's investment in the Alpha Domestic Fund, increased management fees arising from GMP Investment Management's management of the Alpha Master Fund and higher carried interest revenue earned from GMP's investment in the EdgeStone Funds. Revenue of \$5.3 million was recorded in principal activities, arising from GMP's investment in the Alpha Domestic Fund, compared with losses of \$0.4 million in the same period last year.

Expenses decreased \$19.7 million or 9% compared with first nine months 2008 largely reflecting lower variable compensation of \$13.3 million, commensurate with business performance and lower fixed salaries and benefits expense. This decrease was partly offset by higher share-based compensation. Total employee compensation and benefits expense as a percentage of revenue was 53.9% in first nine months 2009 compared with 56.4% in the same period a year ago.

Non-compensation expenses decreased \$3.4 million compared with first nine months 2008 largely driven by lower interest expense recorded on client cash balances and lower amortization expense partly offset by increased selling, general and administrative costs. Selling, general and administrative costs increased \$0.8 million largely due to higher communications

costs resulting from investments made in branch infrastructure, higher consulting fees, and higher professional fees which include \$1.0 million recognized in connection with the Conversion. Partly offsetting these increases were lower discretionary spending on travel and business development and other office and technology expenditures largely due to cost saving initiatives implemented in fourth quarter 2008.

GMP recorded an income tax expense of \$22.2 million in first nine months 2009 compared with \$1.6 million in the same period a year ago, representing an effective tax rate of 48.5% during first nine months 2009 compared with an effective tax rate of 3.6% in first nine months 2008. First nine months 2009 includes adjustments to the provision for income taxes to reflect the impact of the completion of the Conversion

during second quarter 2009. These adjustments include a \$7.7 million non-cash future income tax expense recorded in order to tax-effect intangible assets relating to the EdgeStone acquisition at a corporate rate of tax, and \$3.9 million in additional current tax expense accrued in connection with excess taxable income generated by the Fund during 2009 prior to the Conversion, which is now subject to corporate tax as a result of the Conversion.

Net income was \$23.6 million in first nine months 2009 compared with \$43.7 million in first nine months 2008. Earnings per basic share was \$0.35 in first nine months 2009 compared with \$0.68 per basic unit in first nine months 2008. Annualized ROE for first nine months 2009 was 13.2% compared with 20.9% in first nine months 2008.

Results of Business Segments

The following section highlights the results of GMP's three business segments and the Corporate segment for third quarter and first nine months 2009 compared with third quarter and first nine months 2008. These segments are based upon the products and services provided and the type of customer served, and reflects the manner in which financial information is currently evaluated by management. For further details relating to segmented information see Note 16 to the Third Quarter 2009 Financial Statements.

Capital Markets

The Capital Markets segment consists of the investment banking, including advisory services and underwriting services, equity research and sales and trading capabilities of the GMP Group.

The following table sets forth an overview of the financial results of the Capital Markets segment for third quarter and first nine months 2009 compared with third quarter and first nine months 2008.

(\$000, unless otherwise indicated)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Revenue	51,266	58,020	(12)	184,120	204,019	(10)
Investment banking	28,683	39,810	(28)	110,490	128,362	(14)
Commission income	16,513	22,340	(26)	53,973	75,298	(28)
Principal activities	3,127	(8,782)	136	10,767	(14,159)	176
Interest income	1,742	2,885	(40)	4,491	9,484	(53)
Other income	1,201	1,767	(32)	4,399	5,034	(13)
Expenses	37,710	46,550	(19)	125,159	142,844	(12)
Employee compensation and benefits	28,264	34,270	(18)	94,188	109,384	(14)
Selling, general and administrative	8,381	11,060	(24)	27,932	29,225	(4)
Interest	532	441	21	1,404	2,003	(30)
Amortization	533	779	(32)	1,635	2,232	(27)
Operating earnings	13,556	11,470	18	58,961	61,175	(4)
Total headcount (#)	250	270	(7)	250	270	(7)

Third Quarter 2009 vs. Third Quarter 2008

Total revenue decreased \$6.8 million or 12% compared with third quarter 2008 primarily due to lower investment banking revenue, lower commission revenue and a decrease in interest income. These declines were partly offset by higher returns in principal activities.

The following tables set forth investment banking revenue by sector and type of revenue generated.

Revenue by Sector:

(\$000)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Mining	16,938	20,210	(16)	61,369	80,561	(23)
Oil and gas	7,164	16,982	(58)	20,266	37,882	(47)
Non-bank financial services	1,374	577	138	14,170	2,479	472
Technology and healthcare	1,086	1,196	(9)	6,030	3,843	57
Industrials and special situations	2,101	845	149	8,226	3,556	131
Telecommunications, cable and media	20	—	n.m.	429	41	n.m.
Investment Banking Revenue	28,683	39,810	(28)	110,490	128,362	(14)

n.m. = not meaningful

Revenue by Type:

(\$000)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Investment Banking Revenue	28,683	39,810	(28)	110,490	128,362	(14)
Underwriting	25,555	28,756	(11)	95,629	87,787	9
M&A advisory	3,128	11,054	(72)	14,861	40,575	(63)

Investment banking revenue decreased \$11.1 million or 28% compared with third quarter 2008 due to weaker M&A revenue and lower equity underwriting activity primarily in the oil and gas and mining sectors. According to FPinfomart, for third quarter 2009, GMP Securities ranked fourth in the dollar value of common equity transactions completed in Canada.¹ In third quarter 2009, GMP Securities led or co-led 17 underwriting transactions completed in Canada with a total dollar value of \$1.5 billion. GMP Securities participated in 44 underwriting transactions this quarter, helping raise \$8.0 billion.

M&A revenue decreased \$7.9 million compared with third quarter 2008. GMP Securities acted as financial advisor on seven M&A transactions announced in third quarter 2009 with an approximate value of US\$583 million.² According to FPinfomart, the volume of M&A transactions announced in Canada during third quarter 2009 decreased 30% compared with the same period a year ago.

Sales and trading commission revenue decreased \$5.8 million or 26% compared with third quarter 2008, and reflects a 30.2% drop in trading volumes executed by GMP Securities on behalf of our clients on the TSX over this period. Facilitation trading losses were 15% of gross commissions generated in third quarter 2009 compared with 21% for the same period in 2008, which was largely due to improving liquidity conditions and rising equity markets. Management expects facilitation trading to return to more historical target loss levels of 20% of gross commissions generated over the upcoming quarters. During third quarter 2009, GMP Securities ranked second in block trading volume on the TSX, achieving a market share of 9.6% compared with a market share of 10.2% in third quarter 2008.³

Revenue of \$3.1 million was recorded in principal activities in third quarter 2009 compared with losses of \$8.8 million in the same period a year ago. Revenues in third quarter 2009 included \$2.8 million in unrealized net gains recorded on security positions held during third quarter 2009.

1. As at October 8, 2009. Based on Full Credit to Lead.

2. Source: Bloomberg as at October 8, 2009.

3. Source: *CanadaEquity.com* as at October 8, 2009.

The following table sets forth employee compensation and benefits expenses for the Capital Markets segment.

(\$000, unless otherwise noted)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Fixed salaries and benefits	4,618	6,668	(31)	13,144	17,179	(23)
Variable incentive-based compensation	20,249	24,457	(17)	70,664	83,732	(16)
Share/unit-based compensation	3,397	3,145	8	10,380	8,473	23
Total Employee Compensation and Benefits	28,264	34,270	(18)	94,188	109,384	(14)
Ratio of Total Compensation and Benefits to Revenue	55.1%	59.1%	(7)	51.2%	53.6%	(4)

Total expenses decreased \$8.8 million or 19% compared with third quarter 2008 driven by lower employee compensation expense and reductions in non-compensation expenses during the quarter. Employee compensation and benefits expense decreased \$6.0 million or 18% primarily due to lower variable compensation expense of \$4.2 million commensurate with decreased revenue generation. Fixed salaries and benefits expense was also lower reflecting 20 fewer employees, mainly in the administration and support areas. Third quarter 2008 included \$1.9 million in restructuring costs. Total employee compensation and benefits expense as a percentage of revenue was 55.1% in third quarter 2009 compared with 59.1% for the same period in 2008.

Non-compensation expenses decreased \$2.8 million largely due to lower selling, general and administrative expenses which reflect lower consulting fees due to a 12-month consulting arrangement that ended June 30, 2009, and savings in connection with several cost savings initiatives implemented last year, which resulted in lower travel, business development and general office expenses.

Capital Markets' operating earnings increased \$2.1 million compared with third quarter 2008, largely due to improved operating leverage.

First Nine Months 2009 vs. First Nine Months 2008

Capital Markets revenue decreased \$19.9 million or 10% compared with first nine months 2008 driven by lower M&A revenue and lower commission revenue from reduced trading volumes executed on behalf of our clients. Interest revenue was also down. Partly offsetting these declines were gains of \$10.8 million recorded in principal activities compared with losses of \$14.2 million during the same period a year ago. Investment banking revenue decreased \$17.9 million or 14% compared with first nine months 2008 due to lower M&A

revenue which declined \$25.7 million as a result of the reduction in industry-wide activity. Equity underwriting revenue increased \$7.8 million over the same period fuelled by stronger activity in the mid-market segment during first nine months 2009.

Sales and trading commissions decreased \$21.3 million compared with first nine months 2008 despite lower facilitation losses during first nine months 2009 of 6% compared with losses of 21% in first nine months 2008 as a result of lower industry-wide trading volumes.

Total expenses decreased \$17.7 million or 12% compared with first nine months 2008. The reduction was driven by a decrease of \$15.2 million in employee compensation and benefits expense, largely due to lower variable compensation expense which declined \$13.1 million. Total employee compensation and benefits expense as a percentage of revenue was 51.2% in first nine months 2009 compared with 53.6% a year ago.

Non-compensation expenses decreased \$2.5 million primarily due to lower travel and business development costs, lower consulting expense, lower premises costs and reduced donations and office expense. Lower interest and amortization expense also contributed to the decrease.

Capital Markets' income before income taxes and non-controlling interest decreased \$2.2 million compared with first nine months 2008 largely due to lower revenue generation.

Wealth Management

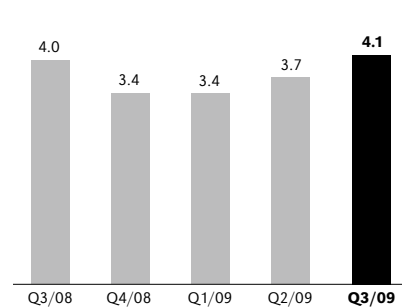
The Wealth Management segment consists of the full-service investment brokerage services of the GMP Group, which are conducted through GMP Private Client. GMP Private Client offers products and services to meet the needs of high-net-worth clients, including insurance and banking solutions developed through strategic partnerships.

The following section sets forth an overview of the financial results of the Wealth Management segment for third quarter and first nine months 2009 compared with third quarter and first nine months 2008.

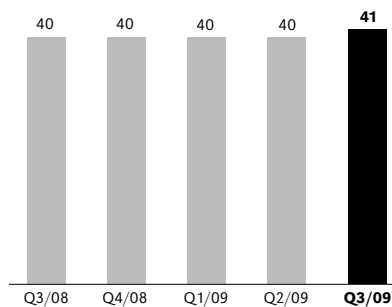
(\$'000, unless otherwise indicated)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Revenue	11,086	11,998	(8)	31,841	38,641	(18)
Commission income	6,851	5,494	25	19,496	18,252	7
Investment management and fee income	3,797	4,407	(14)	10,517	12,734	(17)
Interest income	293	1,974	n.m.	1,379	7,241	(81)
Other income	145	123	22	449	414	8
Expenses	12,183	12,654	(4)	35,729	39,888	(10)
Employee compensation and benefits	8,158	7,867	4	23,288	24,319	(4)
Selling, general and Administrative	3,653	3,540	3	11,019	10,691	3
Interest	31	911	(97)	420	3,673	(89)
Amortization	341	336	1	1,002	1,205	(17)
Operating loss	(1,097)	(656)	(67)	(3,888)	(1,247)	(212)
Total headcount (#)	140	143	(2)	140	143	(2)
Number of investment advisors (#)	59	57	4	59	57	4
Number of advisory teams (#)	41	40	2	41	40	2
AUA (\$ millions)	4,084	4,026	1	4,084	4,026	1

n.m. = not meaningful

The following charts present the five-quarter trend for both AUA and the number of advisory teams for the Wealth Management segment.



Assets Under Administration
(\$ billions)



Number of Advisory Teams

Third Quarter 2009 vs. Third Quarter 2008

Total revenue decreased \$0.9 million or 8% compared with 2008, largely driven by lower interest income due to a lower interest rate environment and lower investment management and fee-based revenue resulting from a lower average value of managed assets in third quarter 2009. Partly offsetting these declines were higher commission revenue arising from increased client trading activity.

Wealth Management closed third quarter 2009 with AUA of \$4.1 billion, up 1.4% compared with the same period a year ago. This compares favourably to the 3% drop in the TSX/S&P Composite Index over the same period.

Investment management and fee-based assets were \$1.1 billion at September 30, 2009, relatively unchanged from the comparable period a year ago. Wealth Management experienced a net inflow of client assets of \$50.5 million and the addition of one new advisory team during third quarter 2009, bringing the total number of advisory teams to 41 as at September 30, 2009.

We believe the improvement in market conditions since mid-March 2009 together with what will become a compelling recruitment proposition under Richardson GMP will result in a much stronger advisor pipeline. Our expectation for successful recruiting continues to rise.

The following table sets forth employee compensation and benefits expenses for the Wealth Management segment.

(\$000)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Fixed salaries and benefits	1,541	1,667	(8)	4,722	5,053	(7)
Variable incentive-based compensation	5,718	5,306	8	15,972	16,750	(5)
Share/unit-based compensation	92	104	(12)	281	333	(16)
Investment advisor transition assistance	807	790	2	2,313	2,183	6
Total Employee Compensation and Benefits	8,158	7,867	4	23,288	24,319	(4)

Total expenses decreased \$0.5 million or 4% compared with third quarter 2008 largely due to lower non-compensation expenses of \$0.8 million. The decrease in non-compensation expenses reflects lower interest expense recorded on client cash balances as a result of the low interest rate environment and reductions in business development and office expense. These declines were partly offset by higher transaction-related costs associated with increased client volumes. Third quarter 2009 selling, general and administrative expenses also include \$0.2 million in integration related costs, related to the Richardson GMP transaction.

Total employee compensation and benefits expense increased \$0.3 million compared with third quarter 2008 as higher variable compensation costs commensurate with increased commission revenue which was partly offset by lower fixed salaries and benefits expense reflecting a moderate reduction in headcount.

Wealth Management reported an operating loss of \$1.1 million in third quarter 2009 compared with an operating loss of \$0.7 million in the same period a year ago.

First Nine Months 2009 vs. First Nine Months 2008

Wealth Management revenue decreased \$6.8 million or 18% compared with first nine months 2008. The decrease was largely driven by reduced interest income due to the lower interest rate environment and lower investment management and fee-based revenue. Commission revenue increased \$1.2 million or 7% compared with first nine months 2008.

Expenses decreased \$4.1 million compared with first nine months 2008 driven by reductions in both non-compensation related expense and employee compensation and benefits expense. Non-compensation expense decreased \$3.1 million largely due to lower interest expense recorded on client cash balances and lower travel and business development expense. Partly offsetting these declines were higher transaction-related costs and continued investment in branch infrastructure. Total employee compensation and benefits expense decreased \$1.0 million largely due to lower variable compensation expense of \$0.8 million commensurate with lower revenue generation.

Wealth Management reported an operating loss of \$3.9 million for first nine months 2009 compared with an operating loss of \$1.2 million in first nine months 2008.

Alternative Investments

The Alternative Investments segment includes the operating business of EdgeStone and, beginning in April 2008, also includes GMP Investment Management. The Alternative Investments segment provides investment management and advisory services and offers investment products primarily through private funds.

The following table sets forth an overview of the financial results of the Alternative Investments segment for third quarter and first nine months 2009 compared with third quarter and first nine months 2008.

(\$000, unless otherwise indicated)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Revenue	10,436	5,858	78	27,945	18,768	49
Investment management and fee income	6,791	6,475	5	20,583	18,385	12
Interest income	5	64	(92)	25	192	(87)
Principal activities	1,250	(1,265)	199	5,289	(413)	n.m.
Other income	2,390	584	309	2,048	604	239
Expenses	4,527	4,364	4	13,722	13,272	3
Employee compensation and Benefits	3,051	3,060	-	9,266	9,550	(3)
Selling, general and administrative	1,409	1,179	20	4,215	3,362	25
Interest	7	37	(81)	60	127	(53)
Amortization	60	88	(32)	181	233	(22)
Operating earnings	5,909	1,494	296	14,223	5,496	159
AUM (\$ millions)	1,315	1,322	(1)	1,315	1,322	(1)
Total headcount (#)	44	48	(8)	44	48	(8)

n.m. = not meaningful

Third Quarter 2009 vs. Third Quarter 2008

Total revenue increased \$4.6 million or 78% compared with third quarter 2008 largely reflecting improved results from principal activities and \$2.6 million in carried interest and other revenue recognized in third quarter 2009 as a result of the disposition by EdgeStone's Equity Fund II of one of its portfolio company investments, Trimaster Manufacturing, Inc. ("Trimaster"). Revenue of \$1.3 million was recorded in principal activities, arising from the recovery in market value of GMP's investment in the Alpha Domestic Fund, compared with losses of \$1.3 million in the same period a year ago.

GMP Investment Management earns management fees on the Alpha Master Fund, which had AUM of \$244.0 million as at the date hereof. The Alpha Domestic Fund (Class F) return, net of management fees and other expenses, was 33.74% for the first nine months in 2009. On November 1, 2009, the Alpha Domestic Fund launched two new classes of units,

Class A-I and Class F-I, and closed the existing Class A and Class F units to new investors. The new classes of units retain the same structure as the original Class A and Class F units and continue to provide investors with exposure to the return, in Canadian dollars, of the Alpha Master Fund; however, the minimum initial investment and the lock-up period for redemption, where applicable, have been lowered.

EdgeStone earned management fee income and received general partner distributions based on total capital of \$1.1 billion as at September 30, 2009. A continued improvement in credit markets during the remainder of 2009 may support increased opportunities for new investments and exit opportunities. While no new investments were made during third quarter 2009, several follow-on investments were made. EdgeStone continues to make progress in marketing Venture Fund III, which is targeted for closing in early 2010.

The following table sets forth the employee compensation and benefits expenses for the Alternative Investments segment.

(\$000)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Fixed salaries and benefits	2,175	2,424	(10)	6,737	7,038	(4)
Variable incentive-based compensation	722	493	46	2,058	2,111	(3)
Share/unit-based compensation	154	143	8	471	401	17
Total Employee Compensation and Benefits	3,051	3,060	-	9,266	9,550	(3)

Expenses increased \$0.2 million or 4% compared with third quarter 2008 largely due to higher selling, general and administrative expenses. Alternative Investments reported operating earnings of \$5.9 million in third quarter 2009 compared with \$1.5 million in third quarter 2008 primarily reflecting higher results from principal activities and higher carried interest and other revenue recognized in EdgeStone.

First Nine Months 2009 vs. First Nine Months 2008

Total revenue increased \$9.2 million or 49% for first nine months 2009 compared with first nine months 2008, largely attributable to higher returns of \$5.7 million in principal activities, arising from a recovery in the market value of GMP's investment in the Alpha Domestic Fund, and incremental investment management and fee revenue earned by GMP Investment Management, which commenced operations in April 2008. Higher carried interest and other revenue recognized by EdgeStone in third quarter 2009 also contributed to the increase.

Expenses increased \$0.4 million compared with first nine months 2008 primarily due to incremental investment in infrastructure associated with GMP Investment Management partly offset by lower employee compensation and benefits expense of \$0.3 million. Alternative Investments reported operating earnings of \$14.2 million for first nine months 2009 compared with \$5.5 million in first nine months 2008.

Corporate

The Corporate segment includes inter-segment eliminations between business segments and enterprise-wide items. Inter-segment eliminations in the business segments, which for the three and nine months ended September 30, 2009, included ticket processing fees charged by the Capital Markets segment to the Wealth Management segment in support of GMP Securities' carrying broker responsibilities to GMP Private Client.

In the enterprise-wide activity, total employee compensation and benefits include the accrued compensation relating to the Chief Executive Officer and the President of GMP and other administrative support. Selling, general and administrative expenses include enterprise-wide expenses which have not been allocated to specific business segments. Amortization expense relates to the amortization of intangible assets incurred in connection with the acquisition of EdgeStone, while interest expense is largely attributable to financing costs associated with the Notes issued by GMP Holding Partnership, as described further in Note 16 to the 2008 Annual Financial Statements and in the "Liquidity and Capital Resources" section of this MD&A, and financing costs associated with the subordinated loan in GMP Securities.

The following table sets forth an overview of the financial results of the Corporate segment for third quarter 2009 and third quarter 2008.

Three months ended September 30 (\$000)	Inter-segment		Enterprise-wide		Total Corporate	
	2009	2008	2009	2008	2009	2008
Revenue	(1,279)	(1,077)	(28)	-	(1,307)	(1,077)
Expenses	(1,279)	(1,077)	6,082	6,144	4,803	5,067
Employee compensation and benefits	-	-	847	1,095	847	1,095
Selling, general and administrative	(1,279)	(1,077)	616	526	(663)	(551)
Interest	-	-	1,397	1,252	1,397	1,252
Amortization	-	-	3,222	3,271	3,222	3,271
Operating loss	-	-	(6,110)	(6,144)	(6,110)	(6,144)

The following table sets forth an overview of the financial results of the Corporate segment for first nine months 2009 and first nine months 2008.

Nine months ended September 30 (\$000)	Inter-segment		Enterprise-wide		Total Corporate	
	2009	2008	2009	2008	2009	2008
Revenue	(3,845)	(3,331)	(313)	-	(4,158)	(3,331)
Expenses	(3,845)	(3,331)	20,294	18,096	16,449	14,765
Employee compensation and benefits	-	-	2,544	2,320	2,544	2,320
Selling, general and administrative	(3,845)	(3,331)	3,587	2,165	(258)	(1,166)
Interest	-	-	4,457	3,870	4,457	3,870
Amortization	-	-	9,706	9,741	9,706	9,741
Operating loss	-	-	(20,607)	(18,096)	(20,607)	(18,096)

The following financial performance analysis relates to costs associated with enterprise-wide activity.

Third Quarter 2009 vs. Third Quarter 2008

Enterprise-wide expenses were relatively unchanged compared with third quarter 2008 as higher interest expense reflecting an increase in interest rates charged on the Notes issued by GMP Holding Partnership and also the outstanding subordinated loan arranged by GMP Securities was offset by lower employee compensation and benefits expense.

First Nine Months 2009 vs. First Nine Months 2008

Enterprise-wide expenses increased \$2.2 million or 12% largely due to higher non-compensation expense, which increased \$2.0 million primarily as a result of reorganization costs of \$1.0 million incurred in connection with the Conversion and higher financing costs.

Historical Quarterly Information

The following table sets forth selected quarterly financial information for the eight most recently completed fiscal quarters.

(\$000, except per share/unit amounts)	Fiscal 2009 ¹				Fiscal 2008 ¹			Fiscal 2007 ¹
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	71,481	100,824	67,443	33,845	74,799	89,163	94,135	101,477
Capital Markets	51,266	81,837	51,017	20,394	58,020	69,815	76,184	81,326
Wealth Management	11,086	11,069	9,686	10,950	11,998	13,225	13,418	14,886
Alternative Investments	10,436	9,267	8,242	3,390	5,858	7,310	5,600	6,257
Corporate	(1,307)	(1,349)	(1,502)	(889)	(1,077)	(1,187)	(1,067)	(992)
Income/(loss) before income taxes	12,040	26,442	7,378	(19,794)	6,357	16,807	22,151	26,472
Net income/(loss)	8,413	8,103	7,116	(17,500)	6,947	15,747	20,986	23,816
Basic earnings/(loss) per share/unit	\$0.12	\$0.12	\$0.12	(\$0.29)	\$0.11	\$0.25	\$0.33	\$0.38
Diluted earnings/(loss) per share/unit	\$0.11	\$0.11	\$0.11	(\$0.27)	\$0.11	\$0.24	\$0.32	\$0.37

1. Comparative unit amounts reflect a one-for-one exchange of the Fund units and/or the Exchangeable L.P. units for one common share of the Corporation on May 15, 2009, pursuant to the Conversion.

Quarterly Earnings Trends and Analysis

GMP's revenue and operating results may fluctuate from period to period as a result of a combination of factors including economic, political and market conditions, which, in turn, affect the level of public offerings, M&A transactions, securities trading activity in the Canadian marketplace, competition in the marketplace for suitable investments, sustainability of fees, nature and type of portfolio company investments, ability to realize carried interest entitlements and dependence on key personnel, all of which ultimately impact GMP's revenue and operating results. Our quarterly results are modestly affected by seasonal factors. The months of July and August typically experience lower levels of capital markets activity, which may affect the results in the Capital Markets and Wealth Management segments. This section should be read in conjunction with "Risk Factors – Risks Associated with the Securities Business Generally – Significant Fluctuations in Results" in our annual information form dated February 26, 2009, and the "Risk Management" section in this MD&A.

Capital market and business activity levels have generally improved over the last two quarters in 2009. Revenue in second quarter 2009 was particularly strong resulting from higher-than-normal business volumes, as an increased number of companies took advantage of opportunities to raise capital following a strong rally in the equity markets. Capital Markets has been the business segment benefitting the most from the recent recovery in market conditions largely driven by a general recovery in equity financing activity and rising equity markets; however the pace of M&A activity remains slow. Capital Markets was affected by the slowdown in the markets

experienced in third quarter 2009 which resulted in lower investment banking and commission revenues as markets continued to react to the ongoing uncertainty that surrounds the global economic recovery. Prior to the start of the recovery in market conditions in early 2009, Capital Markets revenue was adversely affected by a slower pace for investment banking activity, reduced client trading activity and elevated facilitation trading losses. Wealth Management's performance trended higher over the last three quarters resulting from improved equity market conditions and rising client asset balances due to market appreciation and a net inflow of client assets. A low interest rate environment continues to adversely affect interest income. In second quarter 2008, GMP Investment Management launched its first fund, the Alpha Master Fund, resulting in a moderate increase in investment management fee income to GMP over the last six quarters. GMP's investment in the Alpha Domestic Fund is marked-to-market adding some volatility to the segment's otherwise fairly stable revenue stream. Non-compensation expenses generally increased over the eight most recently completed fiscal quarters in support of increasing business volumes and activity, branch expansion and investment in infrastructure. During first quarter 2009, GMP began to realize the benefit from cost savings initiatives implemented in fourth quarter 2008. Variable compensation remains commensurate with business performance.

Net income before income taxes increased over the last several quarters. Net income in second quarter 2009 included adjustments to the provision for income taxes to reflect the impact of the completion of the Conversion.

Financial Condition

The following is a discussion of the more significant changes in consolidated balance sheet items from December 31, 2008, to September 30, 2009:

Cash and Cash Equivalents

The cash and cash equivalents balance declined \$70.0 million compared with December 31, 2008. For further details relating to this decrease in cash and cash equivalents during fiscal 2009, refer to GMP's consolidated statement of cash flows in the Third Quarter 2009 Financial Statements.

Trading Securities and Obligations Related to Securities Sold Short

Trading securities experienced an increase of \$112.8 million compared with December 31, 2008, while obligations related to securities sold short rose \$15.1 million compared with December 31, 2008. The outstanding balances associated with trading securities and obligations related to securities sold short may fluctuate significantly on a day-to-day basis based on client-driven and proprietary activities. The increase in trading securities primarily reflects a higher level of outstanding commitments to issuers relating to underwriting proceeds outstanding as at September 30, 2009. Client facilitation inventory levels are also moderately higher due to increased client activity. Inventory holdings relating to principal activities remain largely unchanged compared with December 31, 2008, with certain securities experiencing price appreciation during first nine months 2009.

Receivable from Clients and Payable to Clients

As at September 30, 2009, the receivable from clients was \$459.8 million (Dec/08 – \$234.5 million) and include loans receivable from clients of \$194.3 million (Dec/08 – \$139.0 million) and open security transactions of \$265.5 million (Dec/08 – \$95.5 million). Amounts payable to clients were \$532.0 million (Dec/08 – \$391.0 million) and include client deposits of \$356.0 million (Dec/08 – \$300.0 million) and open security transactions of \$176.0 million (Q4/08 – \$91.0 million). The level of open security transactions pending settlement with clients may fluctuate significantly on a day-to-day basis and the balance represents the level of unsettled transactions with clients outstanding as at September 30, 2009. Loans receivable from clients increased during first nine months 2009, as GMP extended more credit to its clients to purchase securities as a result of the increase in security valuations which occurred over this time and the higher client activity levels experienced.

Receivable from Brokers and Payable to Brokers

Receivable from brokers increased \$87.8 million compared with December 31, 2008, while payable to brokers increased \$34.6 million. Receivable from brokers and payable to brokers reflect the level of open securities transactions with brokers as at September 30, 2009.

Liquidity and Capital Resources

GMP requires capital and liquidity to fund existing and future operations, future cash payments to securityholders and to meet regulatory requirements. Although market conditions continue to show signs of improvement, capital and balance sheet strength remain a key priority for GMP. GMP's approach to the management of liquidity and capital resources has not changed materially from that described in the "Liquidity and Capital Resources" section in the 2008 Annual MD&A.

Capital Resources

GMP's capital sources include common shares, preferred shares, retained earnings, contributed surplus, subordinated loans and long-term debt. For additional details, including the carrying amounts of GMP's capital resources outstanding as at September 30, 2009, please see Note 15 to the Third Quarter 2009 Financial Statements.

Payable to Issuers

Payable to issuers increased \$131.7 million compared with December 31, 2008, and reflects the level of commitments to issuers relating to underwriting proceeds outstanding as at September 30, 2009.

Non-Controlling Interest

Non-controlling interest decreased \$30.4 million compared with December 31, 2008. GMP recorded a non-controlling interest of \$31.4 million as at December 31, 2008, in conjunction with the offering of Preferred Units. It was determined that the Fund was not the primary beneficiary of GMP Preferred and accordingly, did not consolidate this entity as at December 31, 2008. Following the Conversion, GMP Preferred was recorded on GMP's consolidated balance sheet and the non-controlling interest of \$32.3 million was eliminated.

Shareholders' Equity

Shareholders' equity increased \$53.8 million compared with December 31, 2008, largely due to \$36.4 million in Series A preferred shares, net of \$1.7 million in issue costs, which were recorded pursuant to the Conversion as described above. Also contributing to the increase was net income generated by GMP in excess of dividends and distributions declared in first nine months 2009 of \$12.0 million, contributed surplus associated with share/unit-based compensation expense of \$3.4 million recognized in first nine months 2009 and a \$1.8 million reduction in share loan receivables due to repayments of share loans by employees in the first nine months 2009.

Subordinated loans are used to provide additional regulatory capital to support business activities in GMP Securities. The outstanding loan of \$17.5 million currently bears interest at prime plus 4% and prior to February 3, 2009, bore interest at the prime rate plus 2%. There has been no change to the outstanding balance, terms or covenants associated with the subordinated loan during first nine months 2009 and GMP was in compliance with all financial covenants associated with the loan as at September 30, 2009.

Long-term debt consists of \$60.0 million in senior unsecured notes issued by GMP Holding Partnership (the "Notes"), which include a \$25.0 million note due on November 1, 2011, bearing interest of 7.308%, and a \$35.0 million note due November 1, 2013, bearing interest of 7.548%.

There has been no change to the terms of the Notes during first nine months 2009 and as at September 30, 2009, GMP was in compliance with all financial covenants and other provisions associated with the Notes. Management is not aware of any restrictions on cash dividends arising from compliance with financial covenants operational as at September 30, 2009.

Management expects to continue to fund the interest costs associated with the subordinated loan and the Notes through cash generated by operations. For further details regarding the terms of the subordinated loan or the Notes, refer to the "Liquidity and Capital Resources" section in the 2008 Annual MD&A.

For information regarding GMP's outstanding common and preferred shares please refer to the "Outstanding Share Data and Dividends" section of this MD&A.

Liquidity

GMP derives liquidity from its cash generated through operating activities, its debt facilities, its working capital and its credit facilities. There has been no change to GMP's credit facilities during first nine months 2009 and as at September 30, 2009, there was no outstanding balance under these facilities.

GMP holds its cash and cash equivalent balances with a number of financial institutions with high credit ratings. There has been no change to GMP's cash management practices during first nine months 2009. GMP's inventory of trading securities, which results from its facilitation of trades for its institutional clients and its own proprietary holdings, is recorded at market value. As such, certain positions have experienced increases in value during first nine months 2009 as a result of rising equity markets.

Receivables and payables from brokers and dealers represent open transactions which generally settle within the normal three-day settlement cycle and also include collateralized securities borrowed and/or loaned transactions that can be closed on demand within a few days. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectability. Market conditions have improved during the nine-months ended September 30, 2009, resulting, in many cases, in an increase in the collateral values supporting outstanding client loan receivables.

Management believes GMP's cash generation from operations, debt facilities and working capital provides GMP with an appropriate level of cash for existing operating and regulatory purposes for the reasonably foreseeable future assuming no significant adverse changes in the markets in which the Corporation operates. If the capital market and business conditions were to experience significant contraction,

GMP's ability to generate revenue, fund operations, satisfy its debt covenants, maintain dividends to its securityholders and pursue profitable growth may be adversely impacted.

Normal Course Issuer Bid

GMP has not purchased for cancellation any shares and/or units under its normal course issuer bid ("NCIB") in first nine months 2009. For further details regarding the NCIB, refer to the "Liquidity and Capital Resources" section in the 2008 Annual MD&A.

Subsidiary Capital Requirements

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the regulatory authorities of possible liquidity concerns. During first nine months 2009, GMP's subsidiaries were subject to regulatory capital requirements as described in the "Liquidity and Capital Resources" section in the 2008 Annual MD&A and as at September 30, 2009, GMP's subsidiaries were in compliance with all regulatory minimum capital requirements.

Operating Activities

Cash used in operating activities was \$49.5 million in first nine months 2009 compared with \$7.6 million in first nine months 2008. Excluding non-cash operating items, cash provided by operating activities was \$51.7 million for first nine months 2009 compared with \$63.9 million in first nine months 2008 primarily driven by lower earnings generation in the Capital Markets and Wealth Management segments during first nine months 2009, partly offset by higher earnings generation in Alternative Investments over this period.

Financing Activities

Financing activities consumed \$22.1 million of cash in first nine months 2009 compared with \$127.1 million in first nine months 2008 and primarily reflect cash distributions of \$9.6 million paid on Fund units and Exchangeable L.P. units and cash dividends paid on common shares and Series A preferred shares of \$4.2 million during first nine months 2009 compared with cash distributions of \$120.0 million paid on Fund units and Exchangeable L.P. units in first nine months 2008. First nine months 2008 distributions include the payment of a \$0.65 per Fund unit special cash distribution in January 2008. Bank loan repayments in first nine months 2009 and third quarter 2009 relate to amounts borrowed to fund capital calls in the EdgeStone Funds until proceeds from permanent financings were received from investors. GMP Securities repaid \$7.5 million of its subordinated loan during first nine months 2008.

Investing Activities

Investing activities consumed \$0.6 million of cash in first nine months 2009 compared with \$7.7 million in first nine months 2008. Investing activities during first nine months 2009 were moderate while investing activities in first nine months 2008 relate to the establishment of a new office in Montreal for GMP Securities, GMP Private Client and EdgeStone and the establishment of GMP Investment Management.

Outstanding Share Data and Dividends

GMP is authorized to issue an unlimited number of common and preferred shares, with preferred shares issuable in series.

Pursuant to the Conversion all outstanding Fund units and Exchangeable L.P. units were exchanged, on a one-for-one basis, for common shares of GMP. All outstanding preferred limited partner units of GMP Preferred were exchanged, on a one-for-one basis, for Series A preferred shares of GMP. All warrants to acquire units of the Fund became exercisable, on a one-for-one basis, for common shares of GMP. In addition, 2.425 million options to acquire units of the Fund were exchanged, on a one-for-one basis, for GMP common share purchase options having the same exercise price, vesting period and expiration date as the original Fund options; and 2.015 million options to acquire units of the Fund were exchanged, on a 2.66-to-one basis, for 0.757 million GMP common share purchase options having an exercise price of \$8.09, the closing price of the Fund units on the last trading day prior to the Conversion. GMP adopted two executive common share loan plans, containing substantially the same terms and conditions as the predecessor executive unit loan plans.

	Shares issued and outstanding as at September 30, 2009	
(000)	#	\$
Common shares	64,071	205,611
Preferred shares – Series A	6,154	36,438

Contractual Obligations

In the normal course of business, GMP enters into contracts that give rise to commitments of future minimum payments that affect our liquidity. During first nine months 2009, there were no changes of a material nature in GMP's contractual obligations from those described in the "Liquidity and Capital Resources – Contractual Obligations" section of the 2008 Annual MD&A.

As of the date hereof, 64.076 million common shares and 6.154 million preferred shares are currently outstanding. As of November 4, 2009, 3.336 million options to acquire GMP common shares were outstanding. During third quarter 2009, 5,000 warrants were exercised for 5,000 common shares of GMP and, subsequent to quarter end, 5,000 warrants were exercised for 5,000 common shares of GMP. As of the date hereof, 6.144 million warrants remain outstanding.

Dividends

Following the Conversion, the Board of Directors adopted a dividend policy for fiscal 2009 with the intent to pay a quarterly dividend of \$0.05 per common share. On November 4, 2009, the Board of Directors approved a cash dividend of \$0.05 per common share, representing payment for the third quarter ended September 30, 2009, payable on November 25, 2009, to shareholders of record on November 16, 2009.

During third quarter 2009, the Board of Directors approved a cash dividend of \$0.1625 per Series A preferred share which was paid on October 20, 2009, to preferred shareholders of record on September 30, 2009.

Dividends declared on the common and preferred shares are designated as "eligible dividends" for purposes of the *Income Tax Act* (Canada) and any similar provincial and territorial legislation for 2009 and subsequent years, unless indicated otherwise.

Off-Balance Sheet Arrangements

In the normal course of business, GMP engages in certain financial transactions that, under GAAP, are not recorded on the consolidated balance sheet. As at September 30, 2009, GMP's off-balance sheet transactions include variable interest entities ("VIEs") and derivatives.

At the time of the Preferred Unit offering in December 2008, it was determined that GMP was not the primary beneficiary of GMP Preferred and, accordingly, did not consolidate this entity at December 31, 2008. Pursuant to the Conversion, GMP Preferred was recorded on GMP's consolidated balance sheet and non-controlling interest of \$32.3 million was eliminated.

At September 30, 2009, the Canadian equivalent notional amount of forward contracts outstanding was \$23.8 million (December 31, 2008 – \$23.7 million). Forward contracts outstanding at September 30, 2009, are as follows:

(000)	Notional amount (in source currency)	Average price \$	Maturity date(s)	Fair value \$
Buy USD/sell CAD	22,200	1.073	Oct. 1-2, 2009	(45)

There have been no other significant changes to off-balance sheet arrangements during third quarter 2009. Further details of our off-balance sheet arrangements are provided in "Off-Balance Sheet Arrangements" in the 2008 Annual MD&A.

Related-Party Transactions

GMP's policies and procedures for related-party transactions and the nature of GMP's related-party transactions have not changed materially during first nine months 2009 as discussed in the "Related-Party Transactions" section of the 2008 Annual MD&A. For further details, refer to Note 11 to the 2008 Annual Financial Statements. Additional details on related-party transactions can be found in Note 8 to the Third Quarter 2009 Financial Statements.

Financial Instruments

A significant portion of GMP Group's assets and liabilities are composed of financial instruments. There has been no significant change in GMP's use of financial instruments, or types of financial instruments employed in its trading and non-trading activities during first nine months 2009. See the "Financial Instruments" section of the 2008 Annual MD&A for further information. For significant assumptions made in determining the valuation of financial and other instruments, refer to the "Critical Accounting Policies and Estimates" section in the 2008 Annual MD&A.

Approximately \$172.2 million or 88% of GMP's trading securities are valued based on quoted market prices as at September 30, 2009. Pricing models are used to value our

broker warrants and these securities had a value of \$2.6 million as at September 30, 2009. Other appropriate methods are applied to trading securities designated as held-for-trading, which represent an investment in the Alpha Domestic Fund of \$21.0 million or 11% of trading securities as at September 30, 2009. The valuation of these securities is updated monthly and reflects the net asset value of the Alpha Domestic Fund, as determined by the third-party administrator of the fund. All securities sold short, which were \$21.4 million as at September 30, 2009, are valued based on quoted market prices. GMP had a valuation reserve of \$1.9 million relating to trading securities as at September 30, 2009, and had no valuation reserve in place as at December 31, 2008.

Risk Management

We have risk management processes in place to monitor, evaluate and manage the principal risks we assume in conducting our activities. These risks include market, credit, liquidity, operational, legal and regulatory risk. GMP's approach to the management of risk has not changed significantly from that described in the "Risk Management" section of the 2008 Annual MD&A.

Fair Value Risk

Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. GMP incurs fair value risk through its trading positions, underwriting activities and portfolio of available-for-sale securities.

The following table includes GMP's significant financial instruments recorded on the unaudited interim consolidated balance sheet as at September 30, 2009 at fair value and demonstrates the sensitivity of GMP's net income and other comprehensive income to reasonable changes in fair value of those instruments.

Fair value sensitivity analysis

(000)	Carrying value \$	Effect of a 10% increase in fair value on net income \$	Effect of a 10% decrease in fair value on net income \$
Trading securities, net of obligations related to securities sold short	174,406	11,685	(11,685)
Available-for-sale securities ¹	10,160	n/a	(681)

1. Available-for-sale securities do not have a quoted market price and are carried at cost, and, therefore, there is no impact on other comprehensive income resulting from any temporary fluctuation in the market price of the investment. An other-than-temporary decline in the value of the securities is recognized in net income, and the table indicates the impact on net income as a result of a 10% impairment of the securities.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GMP incurs interest rate risk on its own cash and cash equivalent balances, on GMP's client cash balances, cash delivered or received in support of securities borrowing or lending activity and interest paid on its subordinated loan.

Interest rate sensitivity analysis

The table below provides the potential impact of an immediate and sustained 100 basis point ("bp") increase or decrease in interest rates on net income applied to the balances outstanding at September 30, 2009. This analysis assumes that all other variables remain constant.

(000)	Carrying value \$	Effect of a 100bp increase in market interest rates on net income \$	Effect of a 100bp decrease in market interest rates on net income \$
Cash and cash equivalents	190,395	1,276	(1,276)
Payable to clients, net	72,254	(484)	484
Securities lending and borrowing	96,473	646	(646)
Bank loans	17,500	(117)	117

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. GMP incurs currency risk primarily on its net investments in foreign subsidiaries which include Griffiths McBurney Corp. and GMP Europe. GMP also incurs currency risk on financial instruments held by the operating partnerships of GMP denominated in currencies other than their functional currency, which includes cash and cash equivalents, client cash balances and broker receivables and payables.

The table below summarizes the effects on net income and other comprehensive income as a result of a 10% change in the value of the foreign currencies against the Canadian dollar where GMP has significant exposure. The analysis assumes all other variables remain constant.

Currency risk sensitivity analysis

(000)	Effect of a 10% strengthening in foreign exchange rates on net income \$	Effect of a 10% weakening in foreign exchange rates on net income \$	Effect of a 10% increase in foreign exchange rates on other comprehensive income \$	Effect of a 10% decrease in foreign exchange rates on other comprehensive income \$
Pound sterling	204	(204)	36	(36)
U.S. dollar	1,060	(1,060)	n/a	n/a
Australian dollar	13	(13)	n/a	n/a

Credit Risk

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. The primary source of credit risk to GMP arises when GMP extends credit to clients to purchase securities by way of margin lending. It is GMP's policy to provide an allowance against all unsecured client loan receivable balances. During third quarter 2009, there was no provision for doubtful accounts recorded and the allowance for doubtful accounts as at September 30, 2009 was \$0.2 million (NIL as at December 31, 2008). There are no significant concentrations of credit risk within GMP as at September 30, 2009. Loans receivable from clients have increased \$55.3 million compared with December 31, 2008, as a result of GMP extending additional credit to clients to purchase securities as the collateral value of securities supporting outstanding client loans has increased.

Liquidity Risk

Liquidity risk is the risk of having insufficient cash resources in a timely and cost-effective manner to meet financial obligations as they come due. GMP continues to operate in accordance with its operating procedures in managing liquidity risk. For further information, refer to the Liquidity and Capital Resources section in this MD&A.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. There have been no material changes to GMP's operational risk profile during third quarter 2009.

Legal and Regulatory Risk

GMP has policies and processes in place to monitor and control other risks, including legal and regulatory risks. For additional details, refer to the Risk Management Legal and Regulatory Risk section in the 2008 Annual MD&A.

GMP's subsidiaries in the normal course of business are involved in legal proceedings, including regulatory investigations. While there is inherent difficulty in predicting the outcome of such matters, based on current knowledge and consultation with legal counsel, we do not expect that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on GMP's consolidated financial position or results of operations.

Risk Factors

An investment in securities of GMP involves a number of risks in addition to those described under the Forward-Looking Statements and Risk Management sections of this MD&A. These risks and uncertainties are not the only ones facing GMP. In addition to other information contained or incorporated by reference in this MD&A, the Risk Factors section in

our annual information form dated February 26, 2009, should be given careful consideration. Additional risks and uncertainties not currently known to GMP, or that GMP currently considers immaterial, may also impair the operations of GMP. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of GMP, could be materially adversely affected.

Critical Accounting Policies and Estimates

The Third Quarter 2009 Financial Statements have been prepared in accordance with GAAP and are reported in Canadian dollars. All amounts in this MD&A have been derived from financial statements prepared in accordance with GAAP. GMP's significant accounting policies are disclosed in Note 1 to the Third Quarter 2009 Financial Statements and Note 2 to the 2008 Annual Financial Statements. Accounting

policies that require management's judgment and estimates are described in the Critical Accounting Policies and Estimates section of the 2008 Annual MD&A. Changes in accounting policies or estimates adopted in first nine months 2009 are described below and in Note 1 to the Third Quarter 2009 Financial Statements.

Changes in Accounting Policies or Estimates

Goodwill and Intangible Assets

Commencing January 1, 2009, GMP adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which requires costs to be deferred only when they relate to an item that meets the definition of an asset, and as a result, start-up costs must be expensed as they are incurred. The CICA's Emerging Issues Committee ("EIC") Abstract N.27, *Revenues and Expenditures During the Pre-operating Period*, is no longer applicable once Handbook Section 3064 was adopted. As a result of adopting Handbook Section 3064, GMP reclassified \$1.0 million of application software from Equipment and leasehold improvements to Goodwill and other intangibles assets on its unaudited interim consolidated balance sheets (\$1.1 million at December 31, 2008). GMP also decreased

opening retained earnings during the period to account for the adopted accounting policy change of Handbook Section 3064, resulting in a write-down of \$0.4 million in deferred pre-operating costs at December 31, 2008.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

In January 2009, the EIC issued Abstract No. 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* ("EIC-173"). EIC-173 requires an entity to take into account its own credit risk and that of the relevant counterparty(s) when determining the fair value of financial assets and financial liabilities, including derivative instruments. GMP adopted this EIC on January 1, 2009. The adoption of this new guidance has not had a material impact on our consolidated financial positions or results of operation.

Future Changes in Accounting Policies or Estimates

Financial Instruments – Disclosures

The CICA's Accounting Standards Board ("AcSB") amended the CICA Handbook Section 3862, *Financial Instruments – Disclosures*, to enhance the disclosure requirements regarding fair value measurements and the liquidity risk of financial instruments. The amendments will be effective for the Corporation's fiscal year ending December 31, 2009. The Corporation is currently assessing the impact of the amendments on the consolidated financial statements.

Business Combinations, Consolidated Financial Statements, and Non-controlling Interests

In January 2009, the CICA issued three new accounting standards: Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-controlling Interests*. Section 1582 provides clarification as to what an acquirer must measure when it obtains control of a business, the basis of valuation and the date at which the valuation should be determined. This new standard will be applicable for acquisitions we complete on or after January 1, 2011 although adoption in 2010 is permitted to facilitate the transition to International Financial Reporting Standards ("IFRS") in 2011. Section 1601 establishes standards for preparing consolidated financial statements

after the acquisition date; Section 1602 establishes standards for the accounting and presentation of non-controlling interest. These new standards must be adopted concurrently with Section 1582.

International Financial Reporting Standards

The AcSB has confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS. The new standard is effective for GMP beginning January 1, 2011, including comparative information for the year commencing January 1, 2010.

GMP is currently in the Solution Development Phase of its IFRS transition plan and intends to commence the Implementation Phase in fourth quarter 2009. In the Solution Development Phase, GMP has begun a detailed assessment of the significant differences between IFRS and Canadian GAAP to support decisions regarding potential changes to accounting policies, business processes and information systems that may be required during the Implementation Phase. At this time, the full impact on future financial position and results of operations is not reasonably determinable or estimable.

We remain on target with our transition plan and continue to monitor ongoing changes to IFRS, including potential changes to standards that may require adjustments to the plan.

Controls and Procedures

Disclosure Controls and Procedures

As of September 30, 2009, management evaluated the effectiveness of our disclosure controls and procedures as defined under the Canadian Securities Administrators National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*. This evaluation was performed under the supervision of, and with the participation of, GMP's Chief Executive Officer and Chief Financial Officer. Based on the evaluation conducted, the Chief Executive Officer and Chief Financial Officer concluded that GMP's disclosure controls and procedures were effective as of September 30, 2009.

Internal Control over Financial Reporting

To the knowledge of GMP's Chief Executive Officer and Chief Financial Officer, no changes were made in GMP's internal control over financial reporting during third quarter 2009 that have materially affected, or are reasonably likely to materially affect, GMP's internal control over financial reporting.

Additional Information

Additional information relating to GMP is available at gmppcapital.com and on SEDAR at sedar.com, including GMP's annual information form dated February 26, 2009.