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2010 FIRST QUARTER REPORT

LETTER TO SHAREHOLDERS

Fellow shareholders,

Our operating performance in first quarter 2010 marks a solid start to the year and reflects the continued improving trends in the North American economy and capital markets. Although recent concerns over sovereign debt issues within the European Union have resulted in increased short term uncertainty in the capital markets, the markets in first quarter 2010 were nonetheless favourable for most of our businesses. GMP recorded a notable increase in both revenue and operating earnings, up 23 per cent and 162 per cent, respectively, building on the positive momentum over the last several quarters. Our underlying performance was solid this quarter, with each of our businesses continuing to execute on their growth strategies, strengthening relationships and expanding capabilities.

Our improved operating performance was again driven by our Capital Market business which recorded revenue of \$69.7 million in first quarter 2010, a 37 per cent year-over-year increase. This performance was driven by a 69 per cent increase in investment banking revenue with notable increases in both financing and merger and acquisitions revenue. GMP ranked number one in first quarter 2010 in common equity underwriting in Canada having led or co-led 19 transactions, raising \$2.4 billion on behalf of our clients. These increases were partially offset by an 18 per cent year-over-year decline in commission income as the industry and GMP continue to experience downward pressure on agency commission revenues. Revenue from principal activities increased 161 per cent compared with first quarter 2009 primarily driven by mark to market gains on security positions held. We continue to profitably grow our European operations, with GMP Europe steadily increasing the distribution of Canadian mid-market securities to an expanding European institutional client base.

In our Wealth Management segment, the year-over-year comparability of revenue and expenses is limited following the merger. We recorded an operating loss of \$1.9 million in the Wealth Management segment in first quarter 2010, virtually unchanged from the same period a year ago. This quarter's results reflect GMP's share of Richardson GMP's financial performance. Richardson GMP generated \$33.3 million in revenue in its first full quarter since the merger, ending the quarter with \$12.6 billion in assets under administration. Operating results continue to be negatively affected by ongoing post merger integration-related costs, which we expect will abate over the next few quarters. Richardson GMP continues to work on achieving targeted revenue and expense synergies, the benefits of which we are just beginning to realize. While we have experienced the usual challenges present in any merger, the integration efforts are nearing completion and we are excited about being able to move past the integration stage and start to pursue growth in our AUA and begin capitalizing on the opportunities that lie ahead. In April, Richardson GMP announced that James Werry and Sue Dabarno had stepped down from their roles as President and Chief Executive Officer and Executive Chairman, respectively. Andrew Marsh, former Managing Director, National Sales, has been appointed to the role of President and Chief Executive Officer of Richardson GMP. Andrew has extensive experience in the financial services industry and at Richardson GMP as both an advisor and part of Richardson GMP's senior management team. GMP and the Richardson family are confident in Andrew's ability to lead Richardson GMP and we look forward to his contribution to our vision of creating Canada's pre-eminent independent wealth management firm.

Letter to Shareholders

Our Alternative Investment segment continued to make a solid contribution to our operating earnings. GMP Investment Management had another solid quarter as we grew our assets under management to \$312 million. The Alpha Fund delivered a return of 3.14 per cent for the three-months ended March 31, 2010. GMP Investment Management also expanded their capabilities through the formal launch of the Genesis Partners Fund and also added several professionals to their team, including the addition of several senior members to focus on the development of new product offerings to high-net-worth and institutional investors.

In first quarter 2010, we recognized \$80.5 million in non-cash impairment charges relating to goodwill and intangible assets at EdgeStone. The fundraising environment has changed dramatically for private equity over the last 18 months as a number of larger institutions have begun to rethink their commitment to this asset class. As such, we have changed our go forward assumptions on new fund raising which, when coupled with previously announced new employment contracts entered into with the principals at Edgestone and our ongoing discussions with the limited partner investors of Equity Fund III, resulted in the impairment charges recorded this quarter. Despite this setback, we remain committed to our private equity initiatives and look forward to continue building Edgestone and taking advantage of opportunities arising from the current environment.

Heading into the remainder of 2010, our team remains committed to servicing the needs of our clients and seeking out new and innovative solutions to meet their capital market and wealth management objectives. We continue to generate solid operating earnings and tangible returns for our shareholders.

We believe our competitive position remains strong and leaves us well-positioned to take advantage of opportunities that lie ahead. We look forward to updating you on our progress.



Kevin Sullivan
Chief Executive Officer
May 6, 2010

“Our team remains committed to servicing the needs of our clients and seeking out new and innovative solutions to meet their capital market and wealth management objectives.”

ABOUT THIS MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") relates to the first quarter ended March 31, 2010, which reflects the three-month period from January 1, 2010 to March 31, 2010. This MD&A has been prepared with an effective date of May 6, 2010. 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 months ended March 31, 2010 ("First Quarter 2010 Financial Statements"), GMP's MD&A for fiscal 2009 ("2009 Annual MD&A") and GMP's audited consolidated financial statements for the year ended December 31, 2009 ("2009 Annual Financial Statements"), all of which can be accessed on GMP's website at gmpcapital.com and on the SEDAR website at sedar.com.

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 the "Conversion" refer to the conversion of GMP Capital Trust from an income trust into GMP Capital Inc., a corporate entity, on May 15, 2009. All references to "we", "our", "us", and "GMP Group" refer to the Corporation together with the operations controlled and consolidated by them. All references to "shareholders" refer to holders of common shares of GMP. All references to "Fund units" refer to trust units of the Fund, and all references to "Exchangeable L.P. units" refer to Class B limited partner units issued by Griffiths McBurney L.P. ("GMP Holding Partnership"). All references to "GMP Preferred" refer to GMP Preferred L.P. All references to "management" refer

to the directors, officers and other senior officers of GMP, unless otherwise stated. All references to "operating partnerships" refer to GMP Securities L.P. ("GMP Securities"), EdgeStone Capital Partners, L.P. ("EdgeStone"), GMP Securities Europe LLP ("GMP Europe") and GMP Investment Management L.P. ("GMP Investment Management"). All references to "Richardson GMP" refer to Richardson GMP Limited, a full-service wealth management firm in which GMP has a non-controlling ownership interest. Richardson GMP was created on November 12, 2009, following the completion of the merger between GMP Private Client L.P. ("GMP Private Client") and Richardson Partners Financial Limited ("RPFL") (the "Richardson GMP Transaction"). EdgeStone manages the assets of its investors and clients through a group of limited partnerships referred to herein as the "EdgeStone Funds". GMP Investment Management manages the assets of its investors and clients primarily through a group of private funds designed to provide exposure to the return of the GMP Diversified Alpha Master Fund, Ltd., (referred to herein as the "Alpha Master Fund"). GMP Holding Partnership has an investment in the GMP Diversified Alpha Fund (the "Alpha Domestic Fund") which provides exposure to the return of the Alpha Master Fund. GMP Investment Management also manages the Genesis Partners Fund LP (the "Genesis Fund"). Unless specifically stated otherwise, all references to "first quarter 2010" refer to the three-month period from January 1, 2010 to March 31, 2010, all references to "first quarter 2009" refer to the three-month period from January 1, 2009 to March 31, 2009 and all references to "fiscal 2009" refer to the 12-month period from January 1, 2009 to December 31, 2009.

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 the Conversion. The formation of Richardson GMP resulted in the deconsolidation of GMP Private Client's assets and liabilities from GMP's results beginning on November 12, 2009, as GMP has concluded that, under GAAP, it ceased to have the ability to exert control over these net assets. GMP's non-controlling interest in Richardson GMP has been recorded as an equity-accounted investment following the Richardson GMP Transaction. GMP's share of Richardson GMP results have been reported in our consolidated statements of income in operating earnings. Prior to November 12, 2009, GMP Private Client's operating revenues and expenses have been consolidated with GMP's results, with outside ownership interest accounted for as a non-controlling interest. GMP's carrying value of Richardson GMP is adjusted by our share of earnings or losses

of Richardson GMP and by any dilution in ownership. Certain comparative amounts have been reclassified to conform to the current period's presentation.

Consistent with our management framework, we use certain non-GAAP measures to assess our financial performance. These measures do not have any standardized 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 uses "Operating earnings" as a supplement to net income (loss) to assess the operating performance of its business segments and its corporate segment and also to assess GMP's overall performance. Operating earnings represents "(Loss) Income before income taxes and non-controlling interest" excluding "Impairment charges" as set out in the unaudited interim consolidated statements of operations for the three months ended March 31, 2010.

management's discussion and analysis

GMP prepares its unaudited interim consolidated financial statements in accordance with GAAP. GMP also uses non-GAAP financial measures consistent with our management framework to arrive at adjusted results to assess overall performance. Management believes that excluding the goodwill and intangible asset impairment charges from these measures is more reflective of ongoing operating results and will provide readers with a better

understanding of how management views GMP's performance. These adjusted measures should also improve the comparability of GMP's financial results for first quarter 2010 with the corresponding prior period. Adjusted measures are non-GAAP measures which do not have any standardized meaning under GAAP and, therefore, may not be comparable to similar measures presented by other issuers.

The following table provides a reconciliation of GMP's adjusted measures:

(\$'000, except per share and percentage amounts)	For the three months ended March 31, 2010		
	As reported	Impairment charges	Adjusted
(Loss) Income before income taxes and non-controlling interest	(58,584)	80,464	21,880
Income taxes	2,386	4,399	6,785
Net (loss) income before non-controlling interest	(60,970)	76,065	15,095
Non-controlling interest expense	(1,465)	–	(1,465)
Net (loss) income available to common shareholders	(62,435)	76,065	13,630
Weighted average number of common shares	70,386		70,386
Basic (loss) earnings per common share	\$ (0.89)	\$ 1.08	\$ 0.19
Weighted average number of diluted common shares	76,335		76,335
Diluted (loss) earnings per common share ¹	\$ (0.89)	\$ 1.00	\$ 0.18
Average common equity	293,034		331,066
Return on equity	(85.2)%		16.5%

1. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

The GMP Group also 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 the GMP Group's Wealth Management segment. AUA is the market value of client assets administered by Richardson GMP in respect of which Richardson GMP 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 and 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 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 Canadian 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", "Results of Business Segments – Capital Markets", "Results of Business Segments – Wealth Management", "Results of Business Segments – Alternative Investments", "Liquidity and Capital Resources" and other statements concerning our 2010 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 additional 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 March 1, 2010. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include: continued positive economic indicators of an

improved pace of economic and business activity in North America in connection with the level of public offerings, M&A activities and securities trading, improving liquidity conditions, a low interest rate environment, continued strong demand for Canadian resources from emerging markets, recent capital market uncertainty arising from growing concerns over sovereign debt issues within the European Union 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 a "financial outlook" for purposes of applicable Canadian securities laws, and as such the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing GMP's views as of any date subsequent to the date of 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

During first quarter 2010, the financial markets continued to show signs of stabilization, building on the positive momentum over the last several quarters. Global equity markets remained relatively strong benefiting from low volatility, improved liquidity conditions, a low interest rate environment and rising investor confidence. Business activity in the Canadian mid-market was strong during first quarter 2010, particularly in the resource sector, an area of traditional strength for GMP. GMP benefitted from fairly robust common equity underwriting activity driven by increasing investor confidence and rising commodity prices, particularly in the oil and gas sector, where the number of common equity underwriting transactions completed in Canada for the industry as a whole in first quarter 2010 was nearly triple the levels experienced in the same period a year ago.¹ In addition, the aggregate dollar value of these transactions was up 119% compared with the same period a year ago.¹ According to CanadaEquity.com, client equity trading volumes on the Toronto Stock Exchange ("TSX") also continued to improve in first quarter 2010, although they remain below historical levels.

The benchmark S&P/TSX Composite Index closed at 12,037.73 as at March 31, 2010, up 38% relative to March 31, 2009, and up 2.5% relative to December 31, 2009. According to FPinfomart, the number of common equity underwriting transactions completed

in Canada in first quarter 2010 increased 98% compared with first quarter 2009, although the value of these transactions decreased 19% over the same period largely due to several large transactions in first quarter 2009 in the financial services industry as several companies focused on recapitalizing their balance sheets. FPinfomart data also confirms that in first quarter 2010, approximately 228 M&A transactions were announced in Canada, an increase of 35% compared with first quarter 2009, while the value of these transactions decreased 54% over the same period.¹

Market Outlook

Although we are encouraged by the continued positive momentum in the capital markets and investor optimism of the economic recovery in Canada, we are mindful that the rebound in the financial markets and global economy remains fragile, particularly given the uncertainty relating to recent sovereign debt issues within the European Union and the timing of the expected removal of government stimulus measures. We also expect the economic recovery in the United States to be more modest and to take additional time.

1. Source: FPinfomart as at April 1, 2010.

FIRST QUARTER 2010 FINANCIAL HIGHLIGHTS

Selected Financial Information

(\$'000, except per share/unit, headcount and % amounts)	Three months ended March 31		% increase/ (decrease)
	2010	2009	
Revenue	82,648	67,443	23
Expenses	58,877	59,094	–
Operating earnings ¹	21,880	8,349	162
Income/(loss) before income taxes	(60,049)	7,378	n.m.
Net income/(loss)	(62,435)	7,116	n.m.
Basic earnings/(loss) per share/unit	\$ (0.89)	\$ 0.12	n.m.
Diluted earnings/(loss) per share/unit ²	\$ (0.89)	\$ 0.11	n.m.
Cash dividends/distributions declared per common share/unit	\$ 0.05	\$ 0.10	(50)
Return on equity ¹	(85.2)%	13.4%	n.m.
Total assets	2,425,429	916,377	111
Total headcount (#) ³	355	422	(16)

n.m. = not meaningful

1. 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.
2. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.
3. First quarter 2010 total headcount includes employees and partners of the GMP Group (excluding Richardson GMP employees). First quarter 2009 total headcount includes the employees of GMP Private Client, a predecessor of Richardson GMP.

First Quarter 2010 vs. First Quarter 2009

Total revenue increased \$15.2 million or 23% in first quarter 2010 compared with first quarter 2009, reflecting stronger revenue generation in Capital Markets and higher revenue recorded in the Corporate and Alternative Investments segments. Revenue in Capital Markets increased \$18.7 million in first quarter 2010 compared with first quarter 2009. This increase was primarily due to higher investment banking revenues and higher returns recorded in our principal activities. Partly offsetting these increases were lower commission revenues. Revenue in the Corporate segment rose \$5.6 million in first quarter 2010 compared with first quarter 2009 and reflects revenues received in 2010 in relation to support services provided by GMP Securities to Richardson GMP while first quarter 2009 included inter-segment revenue eliminations. Alternative Investments revenue increased \$0.5 million compared with first quarter 2009 primarily due to unrealized gains recorded in principal activities. The Wealth Management segment results in first quarter 2009 included \$9.7 million in operating revenues of GMP Private Client. In first quarter 2010, GMP's share of net operating results of Richardson GMP have

been reported in our consolidated statements of income in operating earnings. As a result, the comparability of revenues and expenses in the Wealth Management segment for first quarter 2010 versus first quarter 2009 is limited. As such, the financial performance of Wealth Management for first quarter 2010 versus first quarter 2009 will be examined based on net operating results generated by the Wealth Management segment for the periods examined.

Expenses decreased \$0.2 million in first quarter 2010 compared with first quarter 2009 as lower non-compensation related expense of \$4.3 million was mostly offset by higher employee compensation and benefits expense of \$4.1 million. Employee compensation and benefits expense in first quarter 2010 rose \$4.1 million compared with first quarter 2009 which included \$7.1 million in expenses relating to GMP Private Client. The increase over this period was largely due to higher variable compensation in Capital Markets and the Corporate segments, which rose \$8.1 million and \$1.1 million respectively, compared with first quarter 2009 and higher salaries and benefits expense recorded in the Corporate segment relating to the support services provided to Richardson GMP.

Non-compensation expenses decreased \$4.3 million in first quarter 2010 compared with first quarter 2009 which included \$4.4 million in non-compensation expenses relating to GMP Private Client. Selling, general and administrative expenses decreased \$2.4 million compared with first quarter 2009 which included \$3.8 million in expenses relating to GMP Private Client. Increases were noted in selling, general administrative expense in the Corporate segment which rose largely due to the support services arrangement with Richardson GMP. First quarter 2009 included \$0.5 million in professional fees in connection with the Conversion recorded in the Corporate segment. Lower selling, general and administrative expenses were noted in Capital Markets and Alternative Investments compared with first quarter 2009. The decrease in selling, general and administrative expense in Capital Markets was primarily driven by lower consulting fees, partly offset by higher discretionary spending on travel and business development commensurate with stronger revenue generation, and incremental costs associated with the expansion of GMP Europe. Amortization expense decreased \$1.3 million compared with first quarter 2009, which included \$0.3 million in expenses relating to GMP Private Client, largely due to lower amortization expense recorded in connection with the EdgeStone intangibles. Interest expense decreased \$0.6 million largely reflecting lower financing costs recorded in connection with the Notes issued by GMP Holding Partnership and \$0.3 million in expenses relating to GMP Private Client.

Wealth Management reported an operating loss of \$1.9 million in first quarter 2010 compared with an operating loss of \$1.8 million in the same period last year. First quarter 2010 results reflect GMP's share of Richardson GMP's results, which were negatively impacted by a provision for doubtful accounts recorded in first quarter 2010 and post-merger integration costs recognized following the Richardson GMP Transaction.

During first quarter 2010, GMP recognized \$80.5 million (\$76.1 million after-tax) in non-cash impairment charges relating to the EdgeStone reporting unit, which included \$65.4 million relating to goodwill and \$15.0 million relating to management contracts and carried interest intangible assets. For further information regarding these impairment charges please refer to the "Results of Business Segments – Alternative Investments" section of this MD&A.

GMP recorded an income tax expense of \$2.4 million in first quarter 2010 compared with an income tax expense of \$0.3 million in first quarter 2009. First quarter 2010 includes a future income tax recovery of \$4.4 million, which was recognized as a result of the \$15.0 million impairment charge recorded relating to the EdgeStone intangible assets this quarter. First quarter 2009 reflects the income tax expense recorded by GMP as an income trust prior to the Conversion in May 2009.

GMP recorded a net loss of \$62.4 million (\$0.89 per basic share) in first quarter 2010 compared with net income of \$7.1 million (\$0.12 per basic unit) in first quarter 2009. ROE for first quarter 2010 was negative 85.2% compared with a positive ROE of 13.4% in first quarter 2009. Excluding the impacts of the goodwill and intangible asset impairments recorded this quarter, adjusted net income² was \$13.6 million, up \$6.5 million or 92% compared with first quarter 2009, adjusted earnings per share² was \$0.19, and adjusted ROE was 16.5%.²

While the impairment charges reduced reported net income and earnings per share by \$76.1 million and \$1.08 per share, respectively, in first quarter 2010, these charges are non-cash in nature and do not affect GMP's liquidity, cash flow from operating activities, debt covenants or normal business operations. These write downs removed the uncertainty relating to the ongoing valuation of the outstanding goodwill and intangible assets relating to the EdgeStone business. GMP remains committed to growing its private equity business and will work closely with the experienced and talented team at EdgeStone to continue building on its brand, striving to deliver the highest standards of performance to its limited partner investors.

RESULTS OF BUSINESS SEGMENTS

The following section highlights the results of the GMP Group's three business segments and the Corporate segment for first quarter 2010 compared with first quarter 2009. These segments are based upon the products and services provided and the type of customer served, and reflect the manner in which financial information is currently evaluated by management. For further details relating to segmented information see Note 15 to the First Quarter 2010 Financial Statements.

Capital Markets

The Capital Markets segment serves corporate and institutional clients in Canada, Europe and the United States, with a focus on the following target industry sectors: mining, oil and gas, industrials and special situations, technology and healthcare, non-bank financial services and telecommunications, cable and media.

2. 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.

management's discussion and analysis

The following table sets forth an overview of the financial results of the Capital Markets segment for first quarter 2010 compared with first quarter 2009.

(\$000, except as otherwise noted)	Three months ended March 31		% increase/ (decrease)
	2010	2009	
Revenue	69,749	51,017	37
Investment banking	47,713	28,190	69
Commission income	14,019	17,074	(18)
Principal activities	6,191	2,368	161
Interest income	1,395	1,315	6
Other income	431	2,070	(79)
Expenses	43,677	36,817	(19)
Employee compensation and benefits	34,556	26,680	30
Selling, general and administrative	8,310	9,241	(10)
Interest	360	333	8
Amortization	451	563	(20)
Operating earnings	26,072	14,200	84
Total headcount (#)	219	205	7

First Quarter 2010 vs. First Quarter 2009

Total revenue increased \$18.7 million or 37% compared with first quarter 2009 primarily due to an increase in investment banking revenue and higher returns from principal activities. These increases were partly offset by lower commission revenue and a decrease in other income.

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

Revenue by Industry Sector:

(\$000)	Three months ended March 31		% increase/ (decrease)
	2010	2009	
Mining	16,962	15,269	11
Oil and Gas	12,891	1,968	555
Industrials and special situations	15,548	4,078	281
Technology and healthcare	1,600	2,420	(34)
Non-bank financial services	712	4,455	(84)
Total Investment Banking Revenue	47,713	28,190	69

Revenue by Type:

(\$000)	Three months ended March 31		% increase/ (decrease)
	2010	2009	
Total Investment Banking Revenue	47,713	28,190	69
Underwriting	27,625	20,630	34
M&A advisory	20,088	7,560	166

Investment banking revenue increased \$19.5 million or 69% in first quarter 2010 compared with first quarter 2009 due to higher M&A and advisory revenue of \$12.5 million and an increase in underwriting revenue of \$7.0 million. An increase in the number of initial public offerings and secondary offerings, rising investor confidence and stable equity markets contributed to an increase in equity financing activity for mid-market companies during first quarter 2010, particularly in the oil and gas sector, with the number of transactions in this sector nearly triple the levels experienced during first quarter 2009.³ GMP also recognized a notable increase in activity in the industrial and special situations sector this quarter compared with first quarter 2009. GMP Securities participated in 32 common equity and debt underwriting transactions completed in first quarter 2010, helping raise \$3.5 billion on behalf of clients. According to FPinfomart, GMP Securities ranked first in the dollar value of common equity underwriting transactions completed in Canada in first quarter 2010.⁴ In first quarter 2010, GMP Securities led or co-led 19 common equity and debt underwriting transactions completed in Canada with a total dollar value of \$2.4 billion.⁵

Sales and trading commissions decreased \$3.1 million or 18% in first quarter 2010 compared with first quarter 2009. While a modest increase in trading volumes executed by GMP Securities on behalf of its clients contributed to an increase in gross commissions in first quarter 2010 compared with first quarter 2009, the increase was offset by client facilitation trading

losses in first quarter 2010 compared with client facilitation trading gains recorded in first quarter 2009. Management expects facilitation trading losses generated over a market cycle to remain within our historical average ratio experienced over the last three years of 18% of gross commissions. While overall TSX block trading volumes increased by 1% in first quarter 2010 compared with first quarter 2009, the TSX block trading volumes transacted by GMP Securities increased by 4% over the same period.⁶ During first quarter 2010, GMP Securities ranked second in equity block trading volume on the TSX, achieving a market share of 10.6% compared with a market share of 10.3% in first quarter 2009.⁵

Gains of \$6.2 million were recorded in principal activities in first quarter 2010 compared with gains of \$2.4 million in first quarter 2009. First quarter 2010 revenue included \$4.0 million in unrealized net gains on net security positions held.

Other income decreased \$1.6 million or 79% in first quarter 2010 compared with first quarter 2009 largely due to revenues recorded in the Capital Markets segment in first quarter 2009 relating to carrying broker services provided by GMP Securities to GMP Private Client. This revenue was eliminated in the Corporate segment. Following the Richardson GMP Transaction, third party revenue received in relation to carrying broker and other administrative support services provided by GMP Securities to Richardson GMP is now recorded in enterprise-wide items in the Corporate segment.

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

(\$'000, except as otherwise noted)	Three months ended March 31		% increase/ (decrease)
	2010	2009	
Fixed salaries and benefits	4,313	4,348	(1)
Variable incentive-based compensation	26,879	18,731	44
Share/unit-based compensation	3,364	3,601	(7)
Total Employee Compensation and Benefits	34,556	26,680	30
Ratio of Total Compensation and Benefits to Revenue ¹	49.5%	52.3%	

1. Unrealized gains and/or losses relating to certain principal activities are not included in the determination of variable compensation.

Total expenses increased \$6.9 million or 19% in first quarter 2010 compared with first quarter 2009 largely due to a \$7.9 million increase in employee compensation and benefits expense, which included an increase in variable compensation expense of \$8.1 million, commensurate with increased revenue generation. These increases were partly offset by a decrease in share-based compensation of \$0.2 million. Total employee compensation and benefits expense as a percentage of revenue was 49.5% in first quarter 2010 compared with 52.3% in first quarter 2009 largely reflecting higher revenue generation in first quarter 2010.

Non-compensation expenses decreased \$1.0 million, mainly due to lower selling, general and administrative costs, which declined \$0.9 million primarily due to lower consulting and professional fees. This decline was partly offset by higher discretionary spending on travel and business development commensurate with stronger revenue generation and higher donations expense.

Capital Markets' operating earnings increased \$11.9 million or 84% in first quarter 2010 compared with first quarter 2009, largely driven by higher revenue generation arising from the strong results in investment banking.

3. Source: FPinfomart as at April 1, 2010.

4. Source: FPinfomart as at April 1, 2010. Based on Full Credit to Lead.

5. Source: GMP Capital Inc. – internal reports.

6. Source: CanadaEquity.com as at April 1, 2010.

management's discussion and analysis

Wealth Management

Wealth Management consists of GMP's non-controlling ownership interest in Richardson GMP following its creation on November 12, 2009. Prior to November 12, 2009, Wealth Management consisted of the operations of GMP Private Client. Richardson GMP is a full-service wealth management firm, combining tradition and innovation to offer Canadian families and entrepreneurs access to innovative wealth management and investment services delivered by an experienced team of independent investment professionals.

The following table sets forth an overview of the financial results for the Wealth Management segment. First quarter 2010 includes GMP's ownership interest in Richardson GMP, which has been recorded as an equity accounted investment with GMP's share of Richardson GMP operating results reported in operating earnings. Financial results for first quarter 2009 are those of GMP Private Client, reported on a consolidated basis.

(\$000, except as otherwise noted)	Three months ended March 31	
	2010	2009
Revenue	–	9,686
Commission income	–	5,678
Investment management and fee income	–	3,064
Interest income	–	771
Other income	–	173
Expenses	–	11,521
Employee compensation and benefits	–	7,074
Selling, general and administrative	–	3,790
Interest	–	319
Amortization	–	338
Share of loss of equity accounted investee	(1,891)	–
Operating loss	(1,891)	(1,835)
Total headcount (#)	–	133
Number of investment advisors (#)	–	56
Number of advisory teams (#)	–	40
AUA (\$ millions) ¹	–	3,353

1. AUA 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 of this MD&A.

First Quarter 2010 vs. First Quarter 2009

Following the Richardson GMP Transaction, the comparability of revenue and expenses in the Wealth Management segment for first quarter 2010 versus first quarter 2009 is limited. As such, the financial performance of Wealth Management will focus on net operating results generated by the Wealth Management segment for the periods examined. As at March 31, 2010, GMP's non-controlling ownership interest in Richardson GMP was 35.3% (December 31, 2009 – 35.3%).

Wealth Management reported an operating loss of \$1.9 million in first quarter 2010 compared with an operating loss of \$1.8 million in first quarter 2009. First quarter 2010 results reflect GMP's share of Richardson GMP's operating

results for first quarter 2010, which were negatively impacted by a provision for doubtful accounts and post-merger integration-related costs. For further information regarding Richardson GMP's financial results, please refer to the "Supplemental Financial Information: Richardson GMP" section below. First quarter 2009 results reflect the impact on GMP Private Client of the unfavourable equity market conditions which prevailed during this time. During first quarter 2009, operating results were impacted by lower interest income due to tightening interest rate spreads, lower investment management and fee-based revenue and reduced commission revenue resulting from decreased client activity.

Supplemental Financial Information – Richardson GMP

The following table sets forth an overview of the financial results of Richardson GMP for first quarter 2010 (100% basis).

(\$000, except as otherwise noted)	Three months ended March 31, 2010
Revenue	33,265
Commissions	13,115
Investment management and fee income	17,662
Net Interest	1,737
Other	751
Expenses	38,068
Employee compensation and benefits	22,292
Non-compensation related expense	15,776
Operating loss	(4,803)
Cumulative Preferred Share Dividends	(555)
Net loss attributable to Common Shareholders	(5,358)
Total headcount (#)	423
Number of investment advisors	153
Number of advisory teams	114
AUA (\$ millions) ¹	12,568

1. AUA 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 of this MD&A.

Total revenue of \$33.3 million and total expenses of \$38.1 million were recorded by Richardson GMP for first quarter 2010, resulting in an operating loss of \$4.8 million for the quarter. First quarter 2010 results include a \$1.8 million provision for doubtful accounts established for client margin accounts which experienced significant deterioration in the market price of the underlying securities held as collateral. Richardson GMP's management assessed the estimated net proceeds from realization in light of current market conditions, company-specific developments which may affect the value of the underlying collateral and other factors in the determination of this provision. First quarter 2010 results also include \$0.8 million in post-merger integration expenses incurred in the period.

As at March 31, 2010, AUA was \$12.6 billion, an increase of \$0.4 million compared with December 31, 2009. The number of investment advisory teams remained unchanged compared with December 31, 2009.

Integration Update

During first quarter 2010, Richardson GMP remained focused on the integration of its client-facing operations, ongoing training and support to its investment advisors and the rationalization of its infrastructure. Richardson GMP has successfully transferred sole carrying broker responsibilities to GMP Securities, effective January 1, 2010, and the rationalization of staffing and operational systems is largely complete. Overall staff levels

decreased by 52 during first quarter 2010 to close the quarter at 423, as a result of restructuring efforts which resulted in staff reductions in certain management and administrative functions. Subsequent to quarter end, Richardson GMP made changes to its senior management team. The changes saw James Werry and Sue Dabarno step down from their roles as President and Chief Executive Officer and Executive Chairman respectively. Andrew Marsh, Managing Director, National Sales, has been appointed as the new Chief Executive Officer and President of Richardson GMP.

Alternative Investments

The Alternative Investments segment provides investment management and advisory services and offers alternative investment products primarily through private funds managed by EdgeStone and GMP Investment Management. EdgeStone is a leading private equity firm that provides capital, strategic direction, business and financial advice to mid-market and early stage companies. GMP Investment Management is an asset management firm which launched its first fund, the Alpha Master Fund, in early 2008. The Alpha Master Fund seeks to generate superior risk-adjusted investment returns over the long term by utilizing an integrated multi-strategy approach consisting of diversified investments. During first quarter 2010, GMP Investment Management formally launched the Genesis Fund, which invests in public and private companies that offer the potential for a high long-term rate of return.

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The following table sets forth an overview of the financial results of the Alternative Investments segment for first quarter 2010 compared with first quarter 2009.

(\$'000, except as otherwise noted)	Three months ended March 31		% increase/ (decrease)
	2010	2009	
Revenue	8,768	8,242	6
Investment management and fee income	6,330	6,883	(8)
Interest	–	19	–
Principal activities	2,460	1,290	91
Other	(22)	50	(144)
Expenses	5,002	4,634	8
Employee compensation and benefits	3,856	3,145	23
Selling, general and administrative	1,083	1,397	(22)
Interest	7	31	(77)
Amortization	56	61	(8)
Operating earnings	3,766	3,608	4
AUM (\$ millions) ¹	1,309.9	1,292	1
Total headcount (#)	51	48	6

1. AUM 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.

First Quarter 2010 vs. First Quarter 2009

Total revenue increased \$0.5 million or 6% in first quarter 2010 compared with first quarter 2009, largely due to unrealized gains recorded in principal activities, partly offset by lower investment management and fee income. Principal activities revenue in first quarter 2010 included \$0.7 million in unrealized gains arising from GMP Holding Partnership's investment in the Alpha Domestic Fund compared with unrealized gains of \$1.3 million in first quarter 2009. Principal activities in first quarter 2010 also include a \$1.8 million positive valuation adjustment recorded by GMP relating to a portfolio company investment of the EdgeStone Capital Energy Fund-I, L.P. (the "Energy-I Fund"). GMP consolidates the Energy-I Fund as management has determined that GMP is the primary beneficiary of the Energy-I Fund. The positive valuation adjustment recorded by GMP has resulted in net income attributable to minority interest holders of the Energy-I Fund of \$0.8 million in first quarter 2010. Investment management and fee income decreased \$0.6 million in first

quarter 2010 compared with first quarter 2009 reflecting a decrease in management fee revenue recorded by EdgeStone, partly offset by higher fee income generated by GMP Investment Management due to higher AUM levels compared with first quarter 2009.

GMP Investment Management had AUM of \$311.8 million across its various funds at the end of first quarter 2010. In first quarter 2010, GMP Investment Management added new professionals to its team, including the addition of several senior members to focus on the development of new product offerings to high-net-worth and institutional investors. The Alpha Domestic Fund (Class F) return, net of management fees and other expenses, was 2.97% for first quarter 2010. EdgeStone earned management fee income and received general partner distributions based on total capital of \$1.0 billion as at March 31, 2010.

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

(\$'000)	Three months ended March 31		% increase/ (decrease)
	2010	2009	
Fixed salaries and benefits	2,917	2,352	24
Variable incentive-based compensation	814	595	37
Share/unit-based compensation	125	198	(37)
Total Employee Compensation and Benefits	3,856	3,145	23

In first quarter 2010, expenses increased \$0.4 million compared with first quarter 2009 primarily due to higher employee compensation and benefits of \$0.7 million which included an increase in fixed salaries and benefits of \$0.6 million, largely in connection with the new employee arrangements entered into with certain employees of EdgeStone. Higher variable incentive-based compensation also contributed to this increase. Partly offsetting these increases were lower selling, general and administrative expenses, primarily in EdgeStone relating to selling commissions recorded in connection with EdgeStone's Equity Fund III in first quarter 2009.

Alternative Investments reported operating earnings of \$3.8 million for first quarter 2010 compared with \$3.6 million in first quarter 2009.

EdgeStone Update

During first quarter 2010, GMP announced that it had finalized the terms of employment arrangements with certain senior officers of EdgeStone, following the original three year employment period commencing with the closing of the acquisition of EdgeStone in July 2006..

New employment arrangements were reached with Samuel Duboc, Gilbert Palter and Stephen Marshall (the "Principals"). Under the new arrangements, the Principals will continue in their current roles with ongoing management responsibility for EdgeStone Capital Equity Fund, L.P., EdgeStone Capital Equity Fund II-A, L.P., and EdgeStone Capital Equity Fund III (Canada), L.P. and all respective parallel investors (collectively, the "EdgeStone Equity Funds"). The Principals will remain senior officers of EdgeStone until at least December 31, 2010, and potentially until the end of 2011. After ceasing to be senior officers, the Principals will continue to provide ongoing support and management services to the existing EdgeStone Equity Funds through a consulting service arrangement reached between EdgeStone, GMP and the Principals (the "Agreement"). Under the Agreement, the Principals will continue to manage the existing portfolio company investments in Equity Fund II and Equity Fund III through the term of the respective partnership agreements for a fee of \$0.250 million per annum for each portfolio company in which Equity Fund II and Equity Fund III have investments in, up to a maximum of \$1.5 million per annum.

In addition, in response to the finalization of these new employment arrangements, the limited partners of EdgeStone Capital Equity Fund III (Canada), L.P. ("Equity Fund III"), EdgeStone, the Principals and GMP initiated discussions which are expected to result in a reduction in the annual general partner distributions (i.e. management fees) to be received by EdgeStone during the remaining commitment period of Equity Fund III and a restriction on making any new portfolio investments, other than follow-on investments. If the proposed amendments to the partnership agreements for Equity Fund III are approved, beginning with the next scheduled capital call on July 1, 2010, the annual management fee received by EdgeStone will reduce from 2% to 1.5% of the aggregate capital committed to Equity Fund III.

The new arrangements with the Principals, combined with the proposed amendments to the partnership agreements for Equity Fund III, expected to be approved by the limited partners shortly, and the ongoing difficult fund raising environment, are indicators that the goodwill and intangible assets related to the EdgeStone business have been impaired. In response to these indicators, GMP performed an interim analysis of the carrying value of its goodwill and intangible assets related to the EdgeStone business. The results of this assessment have indicated that the fair value of the EdgeStone reporting unit was now less than its carrying value. Based on our interim assessment, we believe that the goodwill of \$65.4 million and the carried interest intangible assets of \$5.4 million have been entirely impaired. In addition, we estimate that \$9.6 million in management contract intangible assets are impaired. Accordingly, impairment charges were recorded in first quarter 2010 relating to goodwill and intangible assets of \$65.4 million and \$15.0 million, respectively. In addition, a future income tax recovery of \$4.4 million was recognized in first quarter 2010 as a result of the impairment charge recorded on the intangible assets.

A number of factors have impacted the level of impairment charges assessed and include the expected departure of the Principals, the expected management transition and the ongoing challenging market conditions for private equity which resulted in a more conservative view on future fundraising. In addition, the incremental costs of the new employment arrangements and the impacts on revenue of the arrangements expected to be reached with the limited partners of Equity Fund III were also assessed.

Corporate

The Corporate segment includes inter-segment eliminations between business segments and enterprise-wide items. The segment also includes the impact of consolidating variable interest entities ("VIEs") where GMP has determined it is the primary beneficiary. Inter-segment eliminations amongst the business segments include, for the period from January 1, 2009 to March 31, 2009, ticket processing fees charged by the Capital Markets segment to GMP Private Client in support of GMP Securities' carrying broker responsibilities.

Following the Richardson GMP Transaction, enterprise-wide items include third party revenue received in relation to carrying broker and other administrative support services provided by GMP Securities to Richardson GMP. Additionally, related employee compensation and benefits and clearing and execution costs associated with providing such services to Richardson GMP are included in this segment as enterprise-wide expenses. In the enterprise-wide items, total employee compensation and benefits also include the accrued compensation relating to GMP's Chief Executive Officer and GMP's President. Selling, general and administrative expenses also 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 represents financing costs associated with the Notes (as defined under the "Liquidity and Capital Resources

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– Capital Resources” section of this MD&A issued by GMP Holding Partnership, as described further in Note 17 to the 2009 Annual Financial Statements as well as financing costs associated

with the subordinated loan in GMP Securities as described in the “Liquidity and Capital Resources – Capital Resources” section of this MD&A.

The following table sets forth an overview of the financial results of the Corporate segment for first quarter 2010 and first quarter 2009.

(\$000)	Three months ended March 31					
	Inter-segment		Enterprise-wide		Total Corporate	
	2010	2009	2010	2009	2010	2009
Revenue	–	(1,243)	4,131	(259)	4,131	(1,502)
Expenses	–	(1,243)	10,198	7,365	10,198	6,122
Employee compensation and benefits	–	–	3,392	850	3,392	850
Selling, general and administrative	–	(1,243)	3,098	1,633	3,098	390
Interest	–	–	1,337	1,640	1,337	1,640
Amortization	–	–	2,371	3,242	2,371	3,242
Operating loss	–	–	(6,067)	(7,624)	(6,067)	(7,624)

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

First Quarter 2010 vs. First Quarter 2009

The operating loss for first quarter 2010 was \$6.1 million compared with \$7.6 million in first quarter 2009. Enterprise-wide revenue includes \$3.9 million in revenue received in support of carrying broker and other administrative support services provided to Richardson GMP for the period from January 1, 2010 to March 31, 2010.

Enterprise-wide expenses increased \$2.8 million in first quarter 2010 largely due to higher employee compensation and benefits expense which rose \$2.5 million compared with first quarter 2009 driven by incremental compensation costs relating to the provision of carrying broker services to Richardson GMP and an increase in accrued variable compensation relating to the Chief Executive Officer and President of GMP compared with first quarter 2009.

Selling, general and administrative expenses were \$1.5 million higher in first quarter 2010 compared with first quarter 2009, reflecting the clearing and execution costs associated with carrying broker services provided to Richardson GMP, partly offset by professional fees of \$0.5 million recorded in first quarter 2009 in connection with the Conversion. Amortization expense was \$0.9 million lower reflecting lower amortization expense recorded in connection with the EdgeStone intangible assets. The interest expense reduction reflects additional financing costs recorded in first quarter 2009 in connection with the Notes (as defined under the “Liquidity and Capital Resources – Capital Resources” section in this MD&A) issued by GMP Holding Partnership.

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 2010			Fiscal 2009 ¹			Fiscal 2008 ¹	
	Q1	Q4 ²	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	82,648	106,399	71,481	100,824	67,443	33,845	74,799	89,163
Capital Markets	69,749	85,525	51,266	81,837	51,017	20,394	58,020	69,815
Wealth Management	–	7,076	11,086	11,069	9,686	10,950	11,998	13,225
Alternative Investments	8,768	12,553	10,436	9,267	8,242	3,390	5,858	7,310
Corporate	4,131	1,245	(1,307)	(1,349)	(1,502)	(889)	(1,077)	(1,187)
Income/(loss) before income taxes	(60,049)	26,614	12,040	26,442	7,378	(19,794)	6,357	16,807
Net income/(loss)	(62,435)	19,503	8,413	8,103	7,116	(17,500)	6,947	15,747
Basic earnings/(loss) per share/unit	\$ (0.89)	\$ 0.28	\$ 0.12	\$ 0.12	\$ 0.12	\$ (0.29)	\$ 0.11	\$ 0.25
Diluted earnings (loss) per share/unit ³	\$ (0.89)	\$ 0.25	\$ 0.11	\$ 0.11	\$ 0.11	\$ (0.29)	\$ 0.11	\$ 0.24

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.
2. Wealth Management revenue represents the revenue generated by GMP Private Client for the period from April 1, 2008 to November 11, 2009, prior to the completion of the Richardson GMP Transaction.
3. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

Quarterly Earnings Trends and Analysis

The GMP Group'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 March 1, 2010 and the "Risk Management" section of this MD&A.

GMP's quarterly operating earnings performance has been generally rising over the last five quarters, benefitting from steadily improving capital market and economic conditions following the extremely unfavourable environment experienced in late 2008. Business activity remained fairly strong in first quarter 2010 and is reflective of improved investment banking activity in the Canadian mid-market, a traditional area of strength for GMP. First quarter 2010 results included a \$80.5 million (pre-tax)

impairment charge for goodwill and intangibles assets relating to the EdgeStone reporting unit.

Capital Markets continues to benefit from the general improvement in market conditions during the last several quarters, with revenue increasing 37% in first quarter 2010 compared with first quarter 2009, although down from an exceptionally strong fourth quarter 2009. The pace of equity underwriting transactions and trading activity continue to improve from the historical lows experienced in late fiscal 2008. A notable increase in asset valuations, improved liquidity conditions and price stabilization across multiple asset classes have contributed to the recovery in the valuation of securities held relating to our principal activities. The Capital Markets segment also continues to benefit from revenue growth in our European operations. Following the Richardson GMP Transaction, which occurred on November 12, 2009, the comparability of quarterly revenues and expenses in the Wealth Management segment is limited. Wealth Management's financial results following the Richardson GMP Transaction reflect GMP's share of the operating results of Richardson GMP as an equity accounted investment reported on a net basis in operating earnings. Wealth Management's performance during fiscal 2008 and fiscal 2009 was negatively impacted by the difficult equity market conditions, resulting in lower commission-based revenue, although investment management and fee-based revenues continued to grow over this period. Wealth Management results showed gradual improvement throughout most of fiscal 2009

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benefitting from improving equity market conditions, growing levels of AUA and increased client trading activity. GMP recorded a \$1.9 million loss on its share of Richardson GMP results for first quarter 2010, which were negatively affected by a provision for doubtful accounts and integration-related costs incurred following the Richardson GMP Transaction. In second quarter 2008, GMP Investment Management launched its first fund, the Alpha Master Fund, resulting in an increase in investment management fee income over the last eight quarters. GMP Holding Partnership's investment in the Alpha Domestic Fund is marked-to-market adding some volatility to the segment's otherwise stable revenue stream. Over the last five quarters, Alternative Investments has benefitted from a recovery in the market value of GMP's investment in the Alpha Domestic Fund and higher investment management and fee revenue earned by GMP Investment Management on higher levels of AUM. In fourth quarter 2009, GMP Investment Management recognized a performance fee of \$6.5 million relating to the performance of the Alpha Master Fund in fiscal 2009.

Non-compensation expenses have generally increased over the eight most recently completed fiscal quarters in support of improving business volumes and activity. Variable compensation remains commensurate with business performance.

In fourth quarter 2008, GMP recorded a \$9.8 million non-cash goodwill impairment charge in the Corporate segment relating to its acquisition of EdgeStone and a \$5.2 million non-cash dilution gain which occurred as a result of transactions undertaken in conjunction with the issuance of preferred security units by GMP Preferred. Net income in second quarter 2009 included adjustments to the provision for income taxes to reflect the impact of the completion of the Conversion. In fourth quarter 2009, GMP recorded a \$3.3 million non-operating gain in connection with the creation of Richardson GMP. Non-controlling interest expense in fourth quarter 2009 included income attributable to partners of GMP Investment Management, as a result of performance fees earned in the quarter. Net income in first quarter 2010 was adversely affected by \$76.1 million (after-tax) in impairment charges related to goodwill and intangible assets recorded in connection with EdgeStone.

FINANCIAL CONDITION

The following is a discussion of the more significant changes in consolidated balance sheet items from December 31, 2009 to March 31, 2010:

Cash and Cash Equivalents

The cash and cash equivalents balance increased \$123.3 million compared with December 31, 2009. This increase is primarily due to GMP Securities' assumption of carrying broker responsibilities for both funds and securities in client accounts of RPFL, a predecessor company of Richardson GMP, on January 1, 2010. For further details relating to this increase in cash and cash equivalents during first quarter 2010, refer to GMP's consolidated statement of cash flows in the First Quarter 2010 Financial Statements.

Trading Securities and Obligations Related to Securities Sold Short

Trading securities experienced an increase of \$264.4 million compared with December 31, 2009, while obligations related to securities sold short rose \$4.5 million compared with December 31, 2009. 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 March 31, 2010. Client facilitation trading inventory levels are also higher compared with December 31, 2009 due to an increase in client activity.

Equity Accounted Investment

The equity-accounted investment of \$24.5 million as at March 31, 2010 represents GMP's non-controlling common equity interest in Richardson GMP. The carrying value of our investment is adjusted by our share of returns of Richardson GMP. For first quarter 2010, GMP's share of Richardson GMP's net loss was \$1.9 million. As at March 31, 2010, GMP had a 35.3% ownership interest in Richardson GMP.

Receivable from Clients and Payable to Clients

As at March 31, 2010, the receivable from clients was \$1.1 billion (December 31, 2009 – \$410.8 million) and includes loans receivable from clients of \$296.5 million (December 31, 2009 – \$224.6 million) and open security transactions of \$804.5 million (December 31, 2009 – \$186.2 million). Amounts payable to clients were \$1.0 billion (December 31, 2009 – \$435.6 million) and include client deposits of \$764.7 million (December 31, 2009 – \$344.2 million) and open security transactions of \$256.3 million (December 31, 2009 – \$91.4 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 March 31, 2010. Loans receivable from clients arise where GMP extends credit to a client to purchase securities. For further details regarding GMP's management of margin loans, refer to the "Risk Management – Credit Risk" section of this MD&A. The increase in receivable from clients and payable to clients reflects an increase in the level of unsettled transactions as at March 31, 2010 and also reflects GMP Securities' assumption of carrying broker responsibilities for both funds and securities in client accounts of RPFL, a predecessor company of Richardson GMP, on January 1, 2010.

Receivable from Brokers and Payable to Brokers

As at March 31, 2010, the receivable from brokers increased \$158.7 million compared with December 31, 2009, while the payable to brokers increased \$42.5 million. The receivable from brokers and the payable to brokers reflect the level of open securities transactions with brokers as at March 31, 2010.

Other Assets

As at March 31, 2010, other assets increased \$126.2 million compared with December 31, 2009 reflecting a \$145.8 million increase in funds deposited in trust relating to registered retirement savings plans and similar accounts largely due to GMP Securities' assumption of carrying broker responsibilities for both funds and securities in client accounts of RPFL, a predecessor company of Richardson GMP, on January 1, 2010. This increase was partly offset by settlements of December 31, 2009 account receivable balances including performance fees receivable from the Alpha Master Fund and receivables from EdgeStone Fund investors relating to capital calls which were both received in first quarter 2010.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets declined \$82.8 million compared with December 31, 2009 primarily reflecting \$80.5 million in impairment charges recorded in first quarter 2010 relating to goodwill and intangible assets of the EdgeStone reporting unit. The decrease also reflects \$2.4 million in amortization expense recorded in first quarter 2010 relating to the EdgeStone intangible assets.

Payable to Issuers

As at March 31, 2010, the payable to issuers increased \$743.6 million compared with December 31, 2009 and reflects the level of commitments to issuers relating to underwriting proceeds outstanding as at March 31, 2010.

Other Liabilities

As at March 31, 2010, the other liabilities decreased \$18.9 million compared with December 31, 2009 due primarily to payments made in first quarter 2010 relating to liabilities recorded as at December 31, 2009 including income tax payments and a distribution of amounts payable to investors in the EdgeStone Funds in connection with sale proceeds realized on the disposition of investments. Partly offsetting these decreases was an increase in amounts payable to Richardson GMP.

Shareholders' Equity

Shareholders' equity decreased \$64.9 million compared with December 31, 2009, largely due to the net loss recorded by GMP of \$62.4 million in first quarter 2010 and common share dividends declared of \$3.7 million. The operating loss for first quarter 2010 includes goodwill and intangible asset impairment charges of \$76.1 million (after-tax). Partly offsetting these decreases was an increase in contributed surplus associated with share-based compensation expense of \$1.1 million.

LIQUIDITY AND CAPITAL RESOURCES

GMP requires capital and liquidity to fund existing and future operations, future cash payments to our shareholders and 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 2009 Annual MD&A.

GMP's policy is to maintain sufficient and appropriate levels of capital and liquidity through a variety of sources under normal market conditions and through periods of financial stress.

Capital Resources

GMP's capital sources include common shares, retained earnings/(deficit), contributed surplus, subordinated loans and long-term debt.

Subordinated loans are used to provide additional regulatory capital to support business activities in GMP Securities. The outstanding loan of \$17.5 million provided by a Schedule I Canadian chartered bank, is unsecured and is repayable on demand, subject to the prior approval of the IIROC. The loan currently bears interest at prime plus 4% and prior to

February 3, 2009, bore interest at the prime rate plus 2%. During first quarter 2010 there was no change to the outstanding balance, terms or covenants associated with the subordinated loan. GMP Securities was in compliance with the financial covenant pursuant to the subordinated loan as at March 31, 2010, as follows: the financial statement capital of GMP Securities less the amount of non-active assets and unsecured inter-day lines provided by the Canadian bank to the subordinated loan shall be at least 3:1.

Long-term debt consists of \$60 million in senior unsecured notes issued by GMP Holding Partnership (the "Notes"), which include \$25.0 million principal amount of notes due on November 1, 2011, bearing a current rate of interest of 7.308%, and \$35.0 million principal amount of notes due November 1, 2013, bearing a current rate of interest of 7.548%.

There was no change to the outstanding balance, terms or covenants associated with the Notes during first quarter 2010. As at March 31, 2010, 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 March 31, 2010.

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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 2009 Annual MD&A. For information regarding GMP's outstanding common 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 was no change to GMP's credit facilities during first quarter 2010 and, as at March 31, 2010, \$0.6 million was outstanding under these facilities. GMP's credit facilities are used to facilitate the day-to-day securities settlement process primarily for client transactions and do not represent a source of liquidity to GMP for its payment of dividends or the funding of its business initiatives or productive capacity.

GMP holds its cash and cash equivalent balances with a number of financial institutions with high credit ratings. All cash and cash equivalent balances are short-term, highly liquid investments that are readily convertible to known amounts of cash with remaining maturities of three months or less. There was no change to GMP's cash management practices during first quarter 2010. 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. 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 on an ongoing basis for impairment in value and collectability.

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 GMP 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 shareholders and pursue profitable growth may be adversely impacted.

Normal Course Issuer Bid

GMP did not purchase for cancellation any common shares under its normal course issuer bid ("NCIB") in first quarter 2010. For further details regarding the NCIB, refer to the "Liquidity and Capital Resources" section in the 2009 Annual MD&A.

Shareholders may obtain a copy of the filed notice without charge by contacting GMP's Chief Financial Officer by telephone at (416) 367-8600 or toll-free at 1-888-301-3244 or by e-mail at investorrelations@gmpcapital.com.

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 quarter 2010, GMP's subsidiaries were subject to regulatory capital requirements as described in the "Liquidity and Capital Resources" section in the 2009 Annual MD&A and, during first quarter 2010 and as at March 31, 2010, GMP's subsidiaries were in compliance with all regulatory minimum capital requirements.

Operating Activities

Cash provided by operating activities was \$148.6 million in first quarter 2010 compared with cash used in operating activities of \$8.6 million in first quarter 2009. Excluding non-cash operating items, cash provided by operations was \$20.8 million for first quarter 2010 compared with \$11.0 million in first quarter 2009 primarily due to stronger earnings generation in the Capital Markets segment in first quarter 2010 compared with first quarter 2009.

Financing Activities

Financing activities consumed \$24.5 million of cash in first quarter 2010 compared with \$15.0 million in first quarter 2009 and primarily reflect the partial repayment of bank loans of \$16.5 million in first quarter 2010 compared with a partial repayment of \$4.4 million in first quarter 2009. First quarter 2010 reflects a decrease in non-controlling interest of \$5.4 million largely due to payments made to partners of GMP Investment Management during first quarter 2010 as a result of performance fees earned in fiscal 2009 and a distribution paid to partners of GMP Europe. First quarter 2010 also reflects cash dividends of \$3.7 million paid on common shares compared with cash distributions of \$9.6 million paid on Fund units and Exchangeable L.P. units in first quarter 2009. Issuance of common shares generated proceeds of \$0.5 million in first quarter 2010, while issuance of limited partner units to partners of GMP Investment Management, through investment in Proprietary Partner L.P., and partners of GMP Europe generated aggregate proceeds of \$0.6 million in first quarter 2010.

Investing Activities

Investing activities consumed \$0.3 million of cash in first quarter 2010 compared with \$0.2 million in first quarter 2009. Investing activities included moderate investments made in fixed assets, leasehold improvements and application software.

Contractual Obligations

In the normal course of business, the GMP Group enters into contracts that give rise to commitments of future minimum payments that affect our liquidity. During first quarter 2010, GMP Securities entered into operating lease arrangements which resulted in incremental aggregate commitments of \$2.9 million for periods up to August 2016.

During the quarter, GMP and EdgeStone finalized the terms of EdgeStone's employment arrangements with certain senior officers (the "Principals"). The Principals will remain senior officers of EdgeStone until at least December 31, 2010, and potentially until the end of 2011. After ceasing to be senior officers, the Principals will continue to provide ongoing support and management services to the existing EdgeStone Equity Funds through a consulting service arrangement reached between EdgeStone, GMP and the Principals (the "Agreement").

For further information regarding the terms of the Agreement please refer to the "Results of Business Segments – Alternative Investments" section of this MD&A.

During first quarter 2010 and up to the date hereof, there have been no other changes of a material nature in GMP's contractual obligations from those described in the "Liquidity and Capital Resources – Contractual Obligations" section of the 2009 Annual MD&A and Note 22 to the 2009 Annual Financial Statements.

OUTSTANDING SHARE DATA AND DIVIDENDS

GMP is authorized to issue an unlimited number of common, an unlimited number of preferred shares, issuable in series, and up to 6,923,050 Series A preferred shares.

In connection with the completion of the Richardson GMP Transaction, GMP, James Richardson and Sons, Limited ("JRSL") and RFGL have entered into an investor agreement (the "Investor Agreement"). Pursuant to the Investor Agreement, JRSL and its subsidiaries have the right, through open market purchases, to increase their holdings in GMP to 19.9% in the first year following the Richardson GMP Transaction, with permitted increases over a five-year period, to a maximum of 27.4%. As at the date hereof, JRSL and its subsidiaries hold 9.880 million common shares of GMP representing 13.5% of GMP's total common shares outstanding.⁷

As at March 31, 2010, 8.876 million common shares relating to the Richardson GMP Transaction are subject to escrow and/or contractual restrictions on transfer, 7.880 million of which were issued to JRSL and its subsidiaries, and 0.996 million issued to certain employees of RPFL. These common shares will be released the earlier of a change of control transaction involving GMP and the closing of the sale of Richardson GMP pursuant to a liquidity event, as defined in the Richardson GMP shareholders agreement.

Shares issued and outstanding as at March 31, 2010

(000)	#	\$
Common shares	73,045	293,179
Total	73,045	293,179

As of the date hereof, 73.065 million common shares are currently outstanding. During first quarter 2010, 18,632 common shares valued at \$0.3 million were issued under GMP's share option plan. As of May 6, 2010, 4.152 million options to acquire GMP common shares are outstanding.

During first quarter 2010, 35,000 warrants were exercised for 35,000 common shares of GMP and as of the date hereof 6.109 million warrants remain outstanding, which entitle the holder to purchase one GMP common share at a price of \$6.50 until December 18, 2013, subject to certain adjustments described in GMP's annual information form available on SEDAR at *sedar.com*. Any unexercised Warrants will expire and become null and void at 5:00 p.m. (Toronto time) on December 18, 2013.

Dividends Declared

GMP's philosophy has always been to return excess capital back to its stakeholders. Following the Conversion, the Board of Directors adopted a dividend policy with the intent to pay a quarterly dividend of \$0.05 per common share. The Board of Directors intends to review GMP's dividend policy periodically in the context of the firm's overall profitability, free cash flow, regulatory capital requirements and other business needs.

On March 1, 2010, the Board of Directors approved a cash dividend of \$0.05 per common share, representing payment for the fourth quarter ended December 31, 2009, which was paid on March 19, 2010, to shareholders of record on March 10, 2010. On May 6, 2010, the Board of Directors approved a cash dividend of \$0.05 per common share, representing payment for the first quarter ended March 31, 2010, payable on May 26, 2010, to shareholders of record on May 17, 2010. Dividends declared on the common shares are designated as "eligible dividends" for purposes of the Income Tax Act (Canada) and any similar provincial and territorial legislation unless indicated otherwise.

7. Based on records publicly available on the SEDAR website at *sedar.com*.

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the GMP Group engages in certain financial transactions that, under GAAP, are not recorded on the consolidated balance sheet. As at March 31, 2010, the GMP Group's off-balance sheet transactions include VIEs and derivatives.

At March 31, 2010, the Canadian equivalent notional amount of forward contracts outstanding was \$22.3 million (December 31, 2009 - \$19.5 million). Forward contracts outstanding at March 31, 2010, are as follows:

There were no significant changes to off-balance sheet arrangements during first quarter 2010. Further details of our off-balance sheet arrangements are provided in "Off-Balance Sheet Arrangements" in the 2009 Annual MD&A.

(000's)	Notional amount (in source currency)	Average price \$	Maturity date(s)	Fair value \$
Sell USD / buy CAD	20,600	1.016	Apr. 8, 2010	–
Buy USD / sell CAD	1,300	1.020	Apr. 5, 2010	(5)
Sell AUD / buy CAD	350	0.930	Apr. 12, 2010	(1)

RELATED-PARTY TRANSACTIONS

GMP's policies and procedures for related-party transactions and the nature of GMP's related-party transactions did not change materially during first quarter 2010 as discussed in the "Related-party Transactions" section of the 2009 Annual MD&A. For further

details, see Note 13 to the 2009 Annual Financial Statements. Additional details on related-party transactions can be found in Note 8 to the First Quarter 2010 Financial Statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The First Quarter 2010 Financial Statements were prepared in accordance with GAAP and are reported in Canadian dollars. All amounts in this MD&A were derived from financial statements prepared in accordance with GAAP. GMP's significant accounting policies are disclosed in Note 1 to the First Quarter 2010 Financial Statements and in Note 2 to the 2009 Annual Financial Statements. Certain of these policies require the use of estimates

or assumptions that in some cases may relate to matters that are inherently uncertain. Accounting policies that require management's judgment and estimates are described in the "Critical Accounting Policies and Estimates" section of the 2009 Annual MD&A. GMP did not adopt any new significant accounting policies or estimates during first quarter 2010.

FINANCIAL INSTRUMENTS

A significant portion of the GMP Group's assets and liabilities are composed of financial instruments. There were no significant changes in GMP's use of financial instruments, or types of financial instruments employed in its trading and non-trading activities during first quarter 2010. See the "Financial Instruments" section of the 2009 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 2009 Annual MD&A.

Approximately \$320.5 million or 88.0% of GMP's trading securities were valued based on quoted market prices as at March 31, 2010. Pricing models or inputs other than quoted prices are used to value our broker warrants, fixed income securities, our investment in the Domestic Alpha Fund and certain privately held securities, and these securities had a value of \$43.6 million or 12.0% of GMP's trading securities as at March 31, 2010. As at March 31, 2010, \$13.2 million or 95.2% of securities sold short were valued based on quoted market prices. GMP had a \$0.4 million valuation reserve relating to trading securities in place as at March 31, 2010 and GMP had a \$0.8 million valuation reserve relating to trading securities in place as at December 31, 2009.

FUTURE CHANGES IN ACCOUNTING POLICIES OR ESTIMATES

International Financial Reporting Standards

The Accounting Standards Board ("AcSB") has confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS. The new standard will be effective for GMP beginning January 1, 2011, and GMP will be required to provide information that conforms to IFRS for the comparative periods presented.

The 2009 Annual MD&A contains a detailed discussion of the project plan and preliminary findings and should be read in conjunction with the following update for a full understanding of GMP's conversion project. The following section summarizes the project status and findings relating to the impact of adoption of IFRS based on work undertaken during first quarter 2010.

The diagnostic and design and planning phases were completed in the first half of 2009. The solution development and implementation stages are currently in progress and are expected to continue through fiscal 2010. The post-implementation review will commence on completion of the implementation stage. To date, the project is progressing according to plan.

Accounting policies

Consolidation

We continue to assess the impact of the adoption of IAS 27, *Consolidated and Separate Financial Statements* ("IAS 27") on the consolidated financial statements with a particular focus on the Alpha Master Fund, the Alpha Feeder Funds, the Genesis Fund, and certain of the EdgeStone Funds which are not currently consolidated under Canadian GAAP. The International Accounting Standards Board ("IASB") has an ongoing project to revisit the principles and application guidance of IAS 27 and is expected to release a revised consolidation standard in the third quarter of 2010. The following notable developments have occurred during first quarter 2010 with respect to the IASB's project:

- The IASB has tentatively determined that an exemption to consolidation for investment companies should be included in a revised standard. Further discussions are planned in the second quarter to develop guidance with respect to the application of this exemption.
- The IASB discussed the development of more extensive consolidation guidance for fund managers acting in the capacity of agent to the investors of the funds. The development of this guidance should add further clarity on the ultimate impact of IAS 27 on the consolidated financial statements of the Corporation.

We continue to closely monitor developments in this area.

First-time Adoption of International Financial Reporting Standards

As a general rule, IFRS requires the full retroactive application of applicable accounting standards. However IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to this general rule. During first quarter 2010, we examined certain IFRS 1 optional exemptions applicable to GMP. The following is a summary of these optional exemptions and our related preliminary findings:

- Fair value or revaluation as deemed cost - IFRS 1 provides a choice between measuring property, plant and equipment at its deemed cost or retroactively applying IAS 16, *Property, Plant and Equipment* ("IAS 16"). Deemed cost is either the fair value of the asset at the date of transition or the fair value as determined by a previous valuation under Canadian GAAP.

GMP does not expect to use this exemption and expects to apply IAS 16 retroactively.

- Currency translation differences – IFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. Alternatively, IFRS 1 allows translation differences to be recalculated in accordance with IFRS from the date a subsidiary or associate was formed or acquired. GMP intends to elect this exemption and will reset cumulative translation gains and losses to zero at the transition date with a related decrease to opening retained earnings.
- Share-based payments – A first time adopter is encouraged, but not required to apply IFRS 2, *Share Based Payments*, to equity instruments granted on or before November 7, 2002 or granted after November 7, 2002 but vested at the date of transition. GMP intends to elect this exemption to the extent possible.

Note that these elections are subject to change as further work is completed. We are analyzing the potential impacts of utilizing the IFRS 1 exemption to retroactive application of IFRS 3, *Business Combinations* and the exemption for the designation of previously recognized financial instruments. We expect to conclude on these choices in the second quarter of 2010.

Presentation and disclosures

We have completed the preliminary gap analysis of the new disclosure requirements that will result from the adoption of IFRS and have commenced internal discussions to prepare an appropriate financial statement format and related disclosures.

management's discussion and analysis

Other impacts

As highlighted in the 2009 Annual MD&A, the implementation of IFRS may impact internal controls over financial reporting, business activities, information systems and financial reporting expertise requirements. We continue to address the impacts on these areas as part of the solution development phase of the conversion project. The following summarizes notable developments within first quarter 2010 with respect to these areas:

- To address the requirement to track comparative financial information in accordance with IFRS for 2010, a parallel ledger has been created within the existing financial reporting system. Existing internal controls to support financial data capture were deemed to be sufficient to maintain the integrity within this ledger, and no additional changes are expected to be required.
- Meetings commenced within the quarter involving the IFRS project team and process owners to address the required changes including the timeline for updating policies and procedures manuals to address changes to internal controls and disclosure procedures. We expect that these meetings will continue through the implementation period and will be critical to ensuring the adequacy of technical knowledge of process owners and to ensure all identified impacts are addressed in a timely manner.
- The training of GMP's Board of Directors, Audit Committee, employees and external stakeholders continues to remain a key priority. The Audit Committee received an update on the conversion project status during the quarterly meetings held in February and April 2010.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to GMP is accumulated and communicated to GMP's Chief Executive Officer and Chief Financial Officer to allow for timely decisions regarding required disclosure and to ensure that information required to be disclosed in GMP's annual and interim filings and other reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein.

As of March 31, 2010, 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 as at March 31, 2010, the Chief Executive Officer and Chief Financial Officer concluded that GMP's disclosure controls and procedures were effective as of March 31, 2010.

Changes in Internal Control over Financial Reporting

To the best of the knowledge and belief of GMP's Chief Executive Officer and Chief Financial Officer, no changes were made in GMP's internal control over financial reporting in first quarter 2010 that have materially affected, or are reasonably likely to materially affect, GMP's internal control over financial reporting.

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 2009 Annual MD&A.

Market Risk

Market risk represents the risk of loss from changes in interest rates, equity prices, currency rates and commodity prices. GMP segregates market risk into three categories: fair value risk, interest rate risk and currency risk.

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 March 31, 2010 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)	Carry 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	350,193	24,280	(24,280)
Available-for-sale securities ¹	23,948	n/a	(1,652)

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, preferred dividends received on its Class A and Class B preferred share investments in Richardson GMP, interest earned on its subordinated loan provided to Richardson GMP and interest paid on its subordinated loan and other bank loans.

Interest rate sensitivity analysis

The table below provides the potential impact of an immediate and sustained 100 basis point ("bp") increase or 25 bp decrease in interest rates on net income applied to the balances outstanding at March 31, 2010. This analysis assumes that all other variables remain constant.

(\$000)	Carry value	Effect of a 100 bp increase in market interest rates on net income	Effect of a 25 bp decrease in market interest rates on net income
Cash and cash equivalents	365,409	2,533	(633)
Available for sale securities	20,500	142	(36)
Loans receivable	5,000	35	(9)
Receivable from clients, net	79,806	554	(138)
Securities lending and borrowing	90,552	628	(157)
Bank loans	18,068	(125)	31

management's discussion and analysis

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 as at March 31, 2010. 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
British pound sterling	339	(339)	(490)	490
U.S. dollar	3,350	(3,350)	n/a	n/a
Euro	52	(52)	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 the GMP Group arises when the GMP Group extends credit to its clients or employees or to clients or employees of its introducing broker, Richardson GMP, to purchase securities by way of margin lending.

In first quarter 2010, loans receivable from clients increased \$71.9 million compared with December 31, 2009. GMP extended additional credit to clients to purchase securities as the collateral value of securities supporting outstanding client loans increased. The increase also reflects the assumption of carrying broker responsibilities by GMP Securities for both funds and securities in client accounts of RPFL, a predecessor company of Richardson GMP, on January 1, 2010.

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. The GMP Group continues to operate in accordance with our operating procedures in managing the GMP Group's liquidity risk. For further information, refer to the "Liquidity and Capital Resources" section of 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. Operational risk is embedded in all of our activities, including the practices and controls used to manage other risks. Failure to manage operational risk can lead to failure in the management of other risks such as credit, market or regulatory risk. There were no material changes to GMP's operational risk profile during first quarter 2010.

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 2009 Annual MD&A. GMP's subsidiaries in the normal course of business are involved in legal proceedings, including regulatory investigations. An adverse resolution of any lawsuits against the GMP Group could materially affect the GMP Group's operating results and financial condition. 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 the GMP Group and Richardson 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 March 1, 2010 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 the GMP Group and Richardson GMP. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the GMP Group and Richardson GMP, and the ability of GMP to pay dividends on GMP common shares, could be materially adversely affected.

ADDITIONAL INFORMATION

Additional information relating to GMP is available on our website at gmpcapital.com and on SEDAR at sedar.com, including GMP's annual information form dated March 1, 2010.

consolidated
financial
statements

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

As at (\$000)	March 31, 2010	December 31, 2009
Assets		
Current		
Cash and cash equivalents	365,409	242,102
Securities		
Trading (note 3)	364,094	99,699
Available-for-sale	23,948	28,901
Equity accounted investment	24,467	26,358
Receivable from		
Clients	1,101,013	410,805
Brokers	258,824	100,116
Other assets (note 4)	248,082	121,924
Total current assets	2,385,837	1,029,905
Future income taxes	1,277	466
Equipment and leasehold improvements	10,808	11,043
Employee and other loans receivable (note 6)	12,557	9,376
Goodwill and intangible assets (note 7)	14,950	97,715
Total assets	2,425,429	1,148,505
Liabilities and Shareholders' Equity		
Current		
Bank loans	18,068	34,600
Obligations related to securities sold short (note 3)	13,901	9,375
Payable to		
Clients	1,021,207	435,630
Brokers	69,822	27,323
Issuers	861,538	117,931
Accounts payable and accrued liabilities	74,616	67,967
Other liabilities (note 10)	36,317	55,198
Total current liabilities	2,095,469	748,024
Long-term debt	59,807	59,781
Future income taxes	2,642	5,981
Total liabilities	2,157,918	813,786
Non-controlling interest	6,943	9,220
Shareholders' equity	260,568	325,499
Total liabilities and shareholders' equity	2,425,429	1,148,505

Commitments and contingencies (note 12)

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

Three months ended March 31

(\$000 and 000 shares/units, except per share/unit amounts)

	2010	2009
Revenue		
Investment banking	47,713	28,190
Commissions	14,019	22,752
Investment management and fee income	6,330	9,947
Principal activities	8,651	3,658
Interest	1,590	2,107
Other	4,345	789
	82,648	67,443
Expenses		
Employee compensation and benefits	41,804	37,749
Selling, general and administrative	12,491	14,818
Interest	1,704	2,323
Depreciation and amortization	2,878	4,204
	58,877	59,094
Share of loss of equity accounted investee	(1,891)	-
Operating Earnings	21,880	8,349
Impairment charges (note 7)	(80,464)	-
(Loss) Income before income taxes and non-controlling interest	(58,584)	8,349
Income taxes (recovery)		
Current	7,753	1,329
Future	(5,367)	(1,067)
	2,386	262
Net (loss) income before non-controlling interest	(60,970)	8,087
Non-controlling interest expense	(1,465)	(971)
Net (loss) income available to common shareholders/unitholders	(62,435)	7,116
Weighted average number of common shares/units outstanding	70,386	61,044
Basic (loss) earnings per common share/unit (note 13)	\$ (0.89)	\$ 0.12
Weighted average number of diluted common shares/units outstanding	76,335	64,079
Diluted (loss) earnings per common share/unit (note 13)	\$ (0.89)	\$ 0.11
Dividends/distributions per common share/unit	\$ 0.05	\$ 0.10

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

Three months ended March 31

(\$000)

	2010	2009
Net (loss) income	(62,435)	7,116
Other comprehensive (loss) income, net of tax:		
Foreign currency translation of self-sustaining operations	(655)	264
Other comprehensive (loss) income	(655)	264
Total comprehensive (loss) income	(63,090)	7,380

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As at and for the three months ended March 31	Common shares #	Common shares \$	Share loan receivables \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Retained earnings/ (deficit) \$	Shareholders' equity \$
Balance, December 31, 2009	72,992	292,663	(21,959)	15,285	(1,633)	41,143	325,499
Foreign currency translation loss on self-sustaining operations					(655)		(655)
Issued under share option plan (note 11)	18	278		(54)			224
Exercise of warrants (note 11)	35	238		(10)			228
Share-based compensation expense (note 11)				1,148			1,148
Share loans incentive arrangements (note 6)			87			124	211
Common dividend declared (note 9)						(3,652)	(3,652)
Net loss						(62,435)	(62,435)
Balance, March 31, 2010	73,045	293,179	(21,872)	16,369	(2,288)	(24,820)	260,568

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended March 31
(\$000)

	2010	2009
Operating Activities		
Net (loss) income	(62,435)	7,116
Add (deduct) items not involving cash		
Depreciation and amortization	2,878	4,204
Amortization of agency fees and private placement costs	26	639
Amortization of lease inducements	(66)	(122)
Future income tax recovery	(5,367)	(1,067)
Share/unit-based compensation expense	1,148	1,188
Transition assistance and other loan amortization	351	969
Impairment charges	80,464	–
Non-controlling interest expense	1,465	971
Share of loss of equity accounted investee	1,891	–
Effect of foreign exchange on cash balances	433	(2,872)
	20,788	11,026
Net change in non-cash operating items (note 16)	127,814	(19,598)
Cash provided by (used in) operating activities	148,602	(8,572)
Financing Activities		
Repayment of bank loans	(16,532)	(4,377)
Proceeds from issuance of common shares and warrant exercises	452	–
Cash distributions paid on Fund units	–	(7,104)
Cash distributions paid on Exchangeable L.P. units	–	(2,505)
Cash dividends paid on common shares	(3,652)	–
Distributions and return of capital to non-controlling interests	(5,352)	(965)
Issuance of subsidiary equity to non-controlling interests	564	–
Warrant issue costs	–	(6)
Cash used in financing activities	(24,520)	(14,957)
Investing Activities		
Purchase of equipment and leasehold improvements	(250)	(241)
Purchase of application software	(92)	(2)
Cash used in investing activities	(342)	(243)
Effect of foreign exchange on cash balances	(433)	2,872
Net increase (decrease) in cash and cash equivalents	123,307	(20,900)
Cash and cash equivalents, beginning of period	242,102	260,359
Cash and cash equivalents, end of period	365,409	239,459
Supplemental cash flow information		
Interest paid	586	1,050
Income taxes paid	24,211	1,669

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

notes to unaudited interim consolidated financial statements

(\$000 and 000 of shares/units, except per share/unit amounts)

note 1 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

GMP Capital Inc. (the "Corporation" or "GMP") was incorporated under the laws of the Province of Ontario on March 16, 2009, for the purpose of participating in the plan of arrangement to convert GMP Capital Trust (the "Fund") from an income trust to a corporation (the "Conversion"). On May 8, 2009, the Fund's unitholders approved the plan of arrangement and the Conversion was completed on May 15, 2009. All defined terms used herein are consistent with those terms as defined in the Corporation's audited annual consolidated financial statements as at and for the year ended December 31, 2009 ("2009 Annual Financial Statements"), unless otherwise noted. Certain comparative amounts have been reclassified to conform to the current period's presentation.

Basis of presentation

These unaudited interim consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and include the assets and liabilities and results of operations of all subsidiaries and variable interest entities ("VIEs") for which the Corporation is the primary beneficiary, after elimination of inter-company transactions and balances. When the Corporation does not own all of the equity in a subsidiary, the non-controlling interest is disclosed in the

unaudited interim consolidated balance sheet as non-controlling interest and the income accruing to minority interest holders, net of tax, is disclosed as a separate line item in the unaudited interim consolidated statements of operations. These unaudited interim consolidated financial statements have been prepared using the continuity of interest method of accounting for the assets, liabilities and operations of GMP and reflect GMP as a corporation subsequent to May 14, 2009 and as an income trust prior to the Conversion. The formation of Richardson GMP resulted in the deconsolidation of GMP Private Client's assets and liabilities from GMP's results beginning on November 12, 2009, as GMP has concluded that, under GAAP, it ceased to have the ability to exert control over these net assets. GMP's non-controlling interest in Richardson GMP has been recorded as an equity-accounted investment following the creation of Richardson GMP. These unaudited interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the 2009 Annual Financial Statements. The Corporation's unaudited interim consolidated financial statements do not include all disclosures required by GAAP for annual consolidated financial statements and, accordingly, should be read in conjunction with the 2009 Annual Financial Statements.

note 2 CHANGES IN ACCOUNTING POLICIES

Future accounting changes

International Financial Reporting Standards

The Canadian Institute of Chartered Accountants ("CICA") Accounting Standards Board has confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS. The new standards will be effective for the Corporation beginning January 1, 2011 and the Corporation will be required to provide information that conforms to IFRS for the comparative periods

presented. The Corporation has established an IFRS implementation committee comprised of senior management, finance personnel and external advisors to oversee the conversion process and has developed a comprehensive plan to assess the impact the changeover to IFRS in 2011 will have on its unaudited interim consolidated financial statements. The Corporation is continuing to assess the financial reporting impacts of the adoption of IFRS.

notes to unaudited interim consolidated financial statements

(\$'000 and '000 of shares/units, except per share/unit amounts)

note 3 TRADING SECURITIES AND OBLIGATIONS RELATED TO SECURITIES SOLD SHORT

Trading securities and obligations related to securities sold short consist of the following:

As at,	March 31, 2010		December 31, 2009	
	Trading securities	Securities sold short	Trading securities	Securities sold short
Equity securities	320,519	13,236	66,118	8,527
Designated as held-for-trading	34,198	–	26,428	–
Corporate bonds and Government of Canada debt	6,056	665	2,927	848
Broker warrants	3,321	–	4,226	–
	364,094	13,901	99,699	9,375

Corporate bonds and Government of Canada debt maturities range from 2010 to 2108 and bear interest ranging from 2.0% to 10.8%.

Valuation of securities

During the three months ended March 31, 2010, the Corporation recorded an unrealized gain on its \$20,000 investment in the Alpha Domestic Fund of \$672 (three months ended March 31, 2009 – \$1,290). This unrealized gain is recorded in principal activities in the unaudited interim consolidated statements of operations.

Certain privately held securities designated as held-for-trading are reported at their fair value, which at the time of acquisition is based on cost and for ongoing measurement purposes, is estimated on the basis of pricing models or other appropriate methods. Unrealized and realized gains and/or losses associated with trading securities designated as held-for-trading are recorded in principal activities in the unaudited interim consolidated statements of operations.

note 4 OTHER ASSETS

Other assets consist of the following:

As at,	March 31, 2010	December 31, 2009
Funds deposited in trust	213,509	67,680
Accounts receivable	21,506	27,881
Loans and other receivables	5,711	22,154
Prepaid expenses	2,567	2,471
Income taxes recoverable	1,416	1,245
Future income taxes	3,373	493
	248,082	121,924

note 5 SECURITIES LENDING AND BORROWING

Securities lending and borrowing consist of the following:

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
As at March 31, 2010	109,054	18,502	19,204	106,991
As at December 31, 2009	49,632	1,692	1,491	45,504

notes to unaudited interim consolidated financial statements

(\$000 and 000 of shares/units, except per share/unit amounts)

note 6 EMPLOYEE AND OTHER LOANS RECEIVABLE

Employee Loans Receivable

As at March 31, 2010, amounts owing to the Corporation related to the GMP Capital Share Loan Plan and the GMP Securities Share Loan Plan (collectively, the "Share Loan Plans") were \$21,872 (December 31, 2009 – \$21,959) and are included in share loan receivables in shareholders' equity. Interest earned by the Corporation for the three months ended March 31, 2010 related to these loans is \$124 and is recorded as an adjustment to retained earnings.

Included in accounts payable and accrued liabilities as at March 31, 2010 is a bonus accrual of \$10,962 (December 31, 2009 – \$8,840) in connection with the Corporation's obligation to pay cash bonuses, which will be allocated to the full or partial repayment of loans under the plans.

As at March 31, 2010, the value of common shares pledged by the executives to a Schedule I bank and/or the Corporation under the Share Loan Plans was \$37,194 (December 31, 2009 – \$33,671).

Other Loans Receivable

Includes loans advanced to investment advisors and certain other employees of GMP Private Client to finance their subscriptions for shares of Richardson GMP.

As at March 31, 2010, amounts owing to the Corporation related to these loans were \$7,556 (December 31, 2009 – \$7,556). Interest earned by the Corporation for the three months ended March 31, 2010 related to these loans is \$116.

Other loans receivable also includes \$5,001 (December 31, 2009 – \$1,820) in loans provided to certain employees to finance their purchase of common shares of the Corporation that bear interest at the prime rate with the entire balance of the loan forgiven on the fourth anniversary of grant and other employee loans.

note 7 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets relate primarily to the Alternative Investments business segment and are comprised of the following:

As at,				March 31, 2010	December 31, 2009
	Cost	Accumulated amortization	Impairment charge	Net book value	Net book value
Goodwill	71,286	–	65,448	5,838	71,286
Finite life intangibles					
Management contracts	46,500	29,112	9,574	7,814	19,305
Carried interest	23,300	17,858	5,442	–	5,800
Application software	2,693	1,601	–	1,092	1,094
Other	440	384	–	56	80
Indefinite life intangibles					
Trade name	150	–	–	150	150
	144,369	48,955	80,464	14,950	97,715

Reductions to the carrying value of goodwill and intangible assets

The Corporation has recorded non-cash goodwill and intangible asset impairment charges totalling \$80,464 for the three months ended March 31, 2010. The impairment charges have been recorded in a separate line in the unaudited interim consolidated statements of operations.

Goodwill

During the three months ended March 31, 2010, management identified circumstances or events which indicated that the goodwill related to the EdgeStone reporting unit may be impaired. Based on completion of an impairment analysis pursuant to CICA Handbook Section 3064, *Goodwill and Intangible Assets*, an impairment charge equal to \$65,448 was recorded in the unaudited interim consolidated statements of operations. This write-down represented all of the remaining goodwill associated with the EdgeStone reporting unit.

notes to unaudited interim consolidated financial statements

(\$000 and 000 of shares/units, except per share/unit amounts)

Facts and circumstances leading to the impairment include the following: the finalization of new employment arrangements with certain senior officers of EdgeStone, proposed amendments to the partnership agreements for Equity Fund III which are expected to result in a reduction in the annual management fee to be received by EdgeStone over the remaining commitment period and a restriction on making any new portfolio investments, other than follow-on investments, in Equity Fund III. These factors caused management to revise its assumptions about expected future cash flows from operations, which is a key indicator that management uses to estimate the fair value of the EdgeStone reporting unit.

Intangible assets

The impairment charges related to intangible assets totalled \$15,016 for the three months ended March 31, 2010. A \$9,574 write-down was recognized relating to the management contracts and a \$5,442 write-down was recognized on the carried interest intangible assets. Key facts and circumstances leading to the write-down of the carrying values of the management contracts and carried interest intangible assets are consistent with those identified above in the EdgeStone goodwill impairment analysis.

note 8 RELATED-PARTY TRANSACTIONS

The following balances arose from transactions with related parties:

As at,	March 31, 2010	December 31, 2009
Current assets		
Receivable from clients	72,579	70,257
Employee and other loans receivable	12,557	9,376
Trading securities	29,118	21,892
Available-for-sale securities	23,512	28,268
Other assets	6,639	31,289
Current liabilities		
Payable to clients	100,799	80,306
Other liabilities	18,607	22,423
Shareholders' equity		
Share loan receivables	21,872	21,959

The Corporation's policies and procedures for related-party transactions and the nature of the Corporation's related-party transactions have not changed materially from December 31, 2009.

note 9 CAPITAL TRANSACTIONS

Dividends

The Corporation declared the following common share dividends in 2010:

Record date	Payment date	Cash dividend per common share	Total dividend amount
March 10, 2010	March 19, 2010	\$ 0.05	\$ 3,652

On May 6, 2010, the Board of Directors approved a cash dividend of \$0.05 per common share payable on May 26, 2010 to common shareholders of record on May 17, 2010.

Normal course issuer bid

During the three months ended March 31, 2010, GMP did not repurchase any common shares under its normal course issuer bid, which expires on March 3, 2011.

notes to unadited interim consolidated financial statements

(\$000 and 000 of shares/units, except per share/unit amounts)

note 10 OTHER LIABILITIES

Other liabilities consist of the following:

As at,	March 31, 2010	December 31, 2009
Amounts payable to Richardson GMP	17,614	7,177
Income taxes payable	5,935	22,040
Deferred fee income	4,033	4,367
Deferred lease inducements	1,833	1,900
Future tax liability (current)	3,730	2,074
Amounts payable to EdgeStone Funds and its investors	1,383	15,622
Other	1,789	2,018
	36,317	55,198

note 11 OPTION PLANS AND WARRANTS

A summary of the status of the Corporation's Share Option Plan as at March 31, 2010 and the changes during the three months then ended is as follows:

Share Option Plan

	Common share options #	Weighted average exercise price \$
Balance, December 31, 2009	4,142	12.12
Common share options issued	50	13.30
Incentive options issued	3	–
Exercise of common share options	(15)	14.94
Incentive options exercised	(3)	–
Forfeitures	(5)	8.09
Balance, March 31, 2010	4,172	12.13

As at March 31, 2010, the number of outstanding options under the Share Option Plan as a percentage of common shares outstanding was 5.71% (December 31, 2009 – 5.67%).

Share/unit-based compensation expense and contributed surplus

For the three months ended March 31, 2010, the Corporation recorded \$1,148 (three months ended March 31, 2009 – \$1,188) in share/unit-based compensation expense with a corresponding increase to contributed surplus. The weighted-average fair value of options issued during the three months ended March 31, 2010 was \$4.60 per common share option.

The weighted-average fair value of the options granted during the period was calculated using the Black-Scholes option pricing model assuming the following weighted-average assumptions:

Three months ended March 31,	2010	2009
Risk-free interest rate	2.18%	n.a.
Dividend yield	1.50%	n.a.
Expected volatility	46.50%	n.a.
Expected option life (years)	4	n.a.

(n.a.) No options were granted during the three months ended March 31, 2009.

Warrants

During the three months ended March 31, 2010, 35 warrants were exercised for 35 common shares of the Corporation and as at March 31, 2010, 6,109 warrants to acquire common shares of the Corporation were outstanding.

notes to unadited interim consolidated financial statements

(\$'000 and '000 of shares/units, except per share/unit amounts)

note 12 COMMITMENTS AND CONTINGENCIES

During the three months ended March 31, 2010, GMP Securities entered into operating lease arrangements for additional office space at 145 King Street West, Toronto that resulted in incremental

aggregate commitments totaling \$2,876 for a commitment period expiring in August 2016.

note 13 NET (LOSS) INCOME PER COMMON SHARE/UNIT

Net (loss) income per common share/unit consists of the following for the three months ended March 31:

	2010	2009
Net (loss) income available to common shareholders/unitholders	(62,435)	7,116
Weighted average number of common shares/units outstanding		
Basic		
Common shares/units	73,009	47,500
Exchangeable L.P. units	–	16,560
Common shares/units pledged on share/unit purchase loans	(2,623)	(3,016)
Basic	70,386	61,044
Diluted		
Dilutive effect of common share/unit options and warrants ¹	3,326	19
Dilutive effect of shares/units pledged on share/unit purchase loans	2,623	3,016
Diluted	76,335	64,079
Net (loss) income per common share/unit		
Basic	\$ (0.89)	\$ 0.12
Diluted ²	\$ (0.89)	\$ 0.11

1. For the three months ended March 31, 2010, the calculation of weighted-average number of diluted common shares outstanding excludes 1,808 weighted-average options outstanding with a weighted-average exercise price of \$15.06, as the exercise price of these options was greater than the average market price of the Corporation's common shares. For the three months ended March 31, 2009, the calculation of weighted-average number of diluted Fund units outstanding excludes 4,313 weighted-average options outstanding with a weighted-average exercise price of \$17.91, as the exercise price of these options was greater than the average market price of the Fund units.

2. In case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans on diluted net loss per common share will be anti-dilutive, therefore, basic and diluted net loss per common share will be the same.

note 14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments have been classified on a basis consistent with the presentation in Note 27 to the 2009 Annual Financial Statements. The use of financial instruments may either introduce or mitigate exposures to market, credit and/or liquidity risk. Key measures as at March 31, 2010, are outlined in the "Risk Management" and "Off-balance Sheet Arrangements" sections of the Corporation's management's discussion and analysis for the three months ended March 31, 2010.

Capital management

The Corporation requires capital to fund existing and future operations, future dividends and regulatory capital requirements. The liquidity of the Corporation's main operating subsidiaries is continually evaluated, factoring in business requirements, market conditions and regulatory capital requirements. The Corporation's policy is to maintain sufficient and appropriate levels of capital through a variety of sources.

notes to unadited interim consolidated financial statements

(\$000 and 000 of shares/units, except per share/unit amounts)

The Corporation's capital structure is comprised of common shares, contributed surplus and retained earnings/(deficit), and is further complemented by subordinated loans and long-term debt. The following table summarizes the Corporation's capital as at March 31, 2010:

Type of capital	Carrying amount
Common shares	293,179
Contributed surplus	16,369
Deficit	(24,820)
Subordinated bank loans	17,500
Long-term debt	59,807
	<hr/>
	362,035

Certain of the Corporation's subsidiaries are subject to regulatory capital requirements designed to provide notice to the regulatory authorities of possible liquidity concerns. Regulatory capital requirements fluctuate daily based on margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements. Compliance with these requirements may require the Corporation to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of a cash dividend. During the three months ended and as at March 31, 2010, the Corporation's subsidiaries were in compliance with their local capital requirements.

note 15 SEGMENTED INFORMATION

The Corporation's operating results are categorized into the following three business segments: Capital Markets, Wealth Management and Alternative Investments. The business segments are based upon the products and services provided and the types of clients served. The financial reporting of the Corporation's three business segments is consistent with the manner in which management currently evaluates operating segment performance.

Capital Markets

The Capital Markets segment operates principally through the Corporation's subsidiaries, GMP Securities, Griffiths McBurney Corp. and GMP Europe. This business segment serves corporate and institutional clients in Canada, Europe and the United States, and consists of investment banking services, including advisory and underwriting services, equity research, and sales and trading capabilities of GMP.

Wealth Management

The Wealth Management segment includes the Corporation's proportionate share of loss from its equity accounted investee, Richardson GMP, for the three months ended March 31, 2010. For the three months ended March 31, 2009, the Wealth Management segment includes GMP Private Client's results on a fully consolidated basis.

Alternative Investments

The Alternative Investments segment provides investment management and advisory services and offers alternative investment products primarily through private funds managed by EdgeStone and GMP Investment Management to both high-net-worth individuals and institutional investors.

Corporate

The Corporate segment includes revenues and expenses not specifically allocated to the three individual businesses. The Corporate segment includes amortization related to business acquisitions and other corporate expenses. The Corporate segment also includes the impact of consolidating VIEs where the Corporation has determined it is the primary beneficiary. Beginning November 12, 2009, the Corporate segment also includes third party revenue received by the Corporation in relation to carrying broker and other administrative support services provided by GMP Securities to Richardson GMP. Additionally, related employee compensation and benefits as well as clearing and execution costs associated with providing such services to Richardson GMP are included in this segment.

Inter-segment revenue and expenses are not significant and are eliminated in the Corporate segment. Asset information by segment is not reported since the Corporation does not produce such information for internal use.

notes to unaudited interim consolidated financial statements

(\$'000 and '000 of shares/units, except per share/unit amounts)

The following table presents selected financial results for the three business segments and the Corporate segment for the three months ended March 31, 2010 and 2009:

	Capital Markets		Wealth Management		Alternative Investments		Corporate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	69,749	51,017	–	9,686	8,768	8,242	4,131	(1,502)	82,648	67,443
Employee compensation and benefits	34,556	26,680	–	7,074	3,856	3,145	3,392	850	41,804	37,749
Selling, general and administrative	8,310	9,241	–	3,790	1,083	1,397	3,098	390	12,491	14,818
Interest	360	333	–	319	7	31	1,337	1,640	1,704	2,323
Depreciation and amortization	451	563	–	338	56	61	2,371	3,242	2,878	4,204
	26,072	14,200	–	(1,835)	3,766	3,608	(6,067)	(7,624)	23,771	8,349
Share of loss from equity accounted investee	–	–	(1,891)	–	–	–	–	–	(1,891)	–
Operating earnings (loss)	26,072	14,200	(1,891)	(1,835)	3,766	3,608	(6,067)	(7,624)	21,880	8,349

Revenue by geographic location

For geographic reporting purposes, the Corporation's segments are grouped into Canada, the United States and Europe. Transactions are primarily recorded in the location that corresponds with the geographic location of the client. The following table presents the revenue of the Corporation by geographic location.

Three months ended March 31,	2010	2009
Canada	74,413	63,231
United States	2,766	2,992
Europe	5,469	1,220
	82,648	67,443

note 16 NET CHANGE IN NON-CASH OPERATING ITEMS

The net change in non-cash operating items consists of the following for the three months ended March 31:

	2010	2009
Trading securities	(264,395)	(10,058)
Available-for-sale securities	4,953	(265)
Receivable from clients	(690,208)	(44,824)
Receivable from brokers	(158,708)	(17,918)
Employee and other loans receivable	(3,321)	(1,058)
Other assets	(126,158)	4,016
Deferred costs	–	1,264
Obligations related to securities sold short	4,526	12,469
Payable to clients	585,577	62,794
Payable to brokers	42,499	(12,445)
Payable to issuers	743,607	(14,672)
Accounts payable and accrued liabilities	5,994	(422)
Future income taxes	1,217	259
Agency fee obligation	–	(414)
Other liabilities	(17,769)	1,676
	127,814	(19,598)

shareholder information

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or to advise of duplicate mailings, please
call CIBC Mellon Trust Company.

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Legal Counsel: Goodmans LLP

Listing: Toronto Stock Exchange

Symbol: GMP

CUSIP: 380134106

Fiscal Year End: December 31

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GMP Securities L.P.

GMP Securities Europe LLP

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*GMP has a non-controlling ownership
interest in Richardson GMP Limited.

