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GMP Capital Inc. 2009 Third Quarter Report



Letter to Shareholders

Fellow Shareholders,

Third quarter 2009 began with a slower than seasonally expected July and August, followed by capital market activity increasing in September with all of our business lines showing signs of improvement. The S&P/TSX Composite Index rose 10% in third quarter 2009, and is up over 40% since its March 2009 lows. We also saw improved price stabilization across most asset classes during third quarter 2009. Despite rising equity prices and increased investor confidence, we saw a marked drop in underwriting activity from second quarter 2009 levels as investors appeared to pause during the summer months as uncertainty in the sustainability of the equity market rally moved to the forefront of investors' minds. Underwriting activity increased in September and October, with approximately 60% of our underwriting revenue in the third quarter of 2009 being recorded during the month of September with a number of additional transactions announced in September that closed in October. Notwithstanding the summer slowdown, capital market conditions in the third quarter provided a solid backdrop for all of our businesses.

In Capital Markets, third quarter revenue dropped \$6.8 million or 12% compared with third quarter 2008 mainly due to lower investment banking revenue as well as lower commission income reflecting a decline in overall trading volumes. These declines were partially offset by a \$12 million improvement in principal activities arising from the continued recovery in the market value of securities held. During third quarter 2009, we ranked fourth in common equity underwriting, helping raise \$1.5 billion in 17 deals we led or co-led. We also demonstrated our growing diversification in investment banking revenues

by leading a number of non-common equity-based financings as well as generating a 75% increase in our non-resource sector underwriting revenues compared with third quarter 2008. M&A activity continues to be relatively muted with the overall market level of announced transactions down 30% compared with third quarter 2008.

In our trading operations, we ranked second in overall equity block trading on the Toronto Stock Exchange during third quarter 2009. Our volume of shares traded dropped from 1.4 billion to 1 billion in third quarter 2009 reflecting the slower than expected activity levels during July and August 2009. We continue to prudently deploy capital in support of our trading operations as evidenced by the decline in our facilitation loss ratio to 15% in third quarter 2009 from 21% in third quarter 2008. We continue to believe that we are well positioned in the market to capitalize on increased equity trading volumes and activity as we demonstrated in September 2009. GMP Europe continued to make strides in broadening their reach with European institutions, which resulted in another positive contribution to our profitability this quarter.

Our Wealth Management operations showed continued signs of improvement due to the strengthening markets. Our AUA at the end of third quarter 2009 was \$4.1 billion, up 11% from the end of second quarter 2009. Although we experienced an operating loss of \$1.1 million during third quarter 2009, the loss was largely attributable to reduced net interest spread on client accounts arising from the continued low interest rate environment.

“During third quarter 2009, all of our business lines showed signs of continued improvement.”

On July 23, 2009, we announced our intention to combine GMP Private Client L.P. with Richardson Partners Financial Limited, a transaction which we believe will substantially increase the scale and profitability of our Wealth Management segment. The transaction is scheduled to close on November 12, 2009, and we are pleased with the integration efforts thus far and we look forward to realizing on the synergies identified during this process. We expect to enter 2010 with approximately \$11 billion of AUA, a strong business model, and an enhanced recruitment offering for new investment advisors.

Our Alternative Investments segment continues to make a solid and growing contribution to our overall operating earnings. Earnings of \$5.9 million were generated on \$1.3 billion of AUM. EdgeStone had another solid quarter contributing \$2.6 million in carried interest and other revenue from the sale of one of their investee companies in Equity Fund II. GMP Investment Management also had another strong quarter with the return of the GMP Diversified Alpha Master Fund, up 34.52% for the first nine months in 2009 and up 8.77% since its inception prior to the financial crisis, as their disciplined investment approach resulted in a solid recovery from the challenging market environment late last year. We continue to explore new opportunities to grow our AUM and offer innovative products to our clients.

We are encouraged by our solid profitability for the first nine months in 2009. Concurrent with the creation of Richardson GMP Limited later this month, the Richardson group will make a significant investment in GMP enhancing our already strong financial position.

We remain cautiously optimistic that markets will return to more sustained levels of activity. The talented people at GMP have shown their resilience and adaptability to the wide variety of market conditions we have experienced over the last 18 extraordinary months. Our strong position in the Canadian capital markets is further enhanced by our ability to attract new talent to our platform as we take advantage of the continued displacement in the industry following the financial crisis. The strength of our people and our business model have been tested and proven strong, leaving us confident in our future. We look forward to updating you on our progress.



Kevin Sullivan
Chief Executive Officer
November 4, 2009

Management's Discussion and Analysis

About this Management's Discussion and Analysis

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

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

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

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

Presentation of Financial Information and Non-GAAP Measures

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

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

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

Forward-Looking Statements

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

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

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

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

Business Environment and Market Outlook

Business Environment

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

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

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

Market Outlook

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

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

Wealth Management Transaction Update

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

Third Quarter and First Nine Months 2009 Financial Highlights

Selected Financial Information

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

n.m. = not meaningful

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

b. Total headcount includes employees and partners of GMP.

Third Quarter 2009 vs. Third Quarter 2008

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

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

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

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

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

First Nine Months 2009 vs. First Nine Months 2008

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

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

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

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

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

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

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

Results of Business Segments

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

Capital Markets

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

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

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

Third Quarter 2009 vs. Third Quarter 2008

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

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

Revenue by Sector:

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

n.m. = not meaningful

Revenue by Type:

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

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

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

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

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

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

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

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

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

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

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

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

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

First Nine Months 2009 vs. First Nine Months 2008

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

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

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

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

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

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

Wealth Management

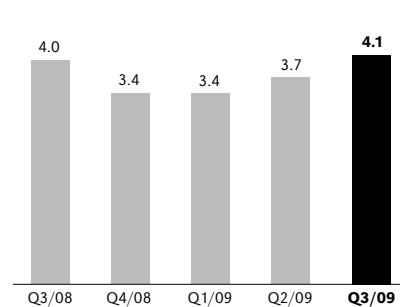
The Wealth Management segment consists of the full-service investment brokerage services of the GMP Group, which are conducted through GMP Private Client. GMP Private Client offers products and services to meet the needs of high-net-worth clients, including insurance and banking solutions developed through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

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

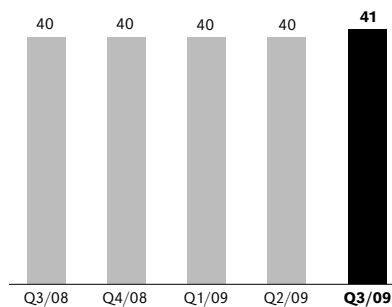
(\$'000, unless otherwise indicated)	Three months			Nine months		
	ended September 30 2009	2008	% increase/ (decrease)	ended September 30 2009	2008	% increase/ (decrease)
Revenue	11,086	11,998	(8)	31,841	38,641	(18)
Commission income	6,851	5,494	25	19,496	18,252	7
Investment management and fee income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

n.m. = not meaningful

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



Assets Under Administration
(\$ billions)



Number of Advisory Teams

Third Quarter 2009 vs. Third Quarter 2008

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

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

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

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

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

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

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

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

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

First Nine Months 2009 vs. First Nine Months 2008

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

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

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

Alternative Investments

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

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

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

n.m. = not meaningful

Third Quarter 2009 vs. Third Quarter 2008

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

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

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

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

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

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

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

First Nine Months 2009 vs. First Nine Months 2008

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

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

Corporate

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

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

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

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

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

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

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

Third Quarter 2009 vs. Third Quarter 2008

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

First Nine Months 2009 vs. First Nine Months 2008

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

Historical Quarterly Information

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

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

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

Quarterly Earnings Trends and Analysis

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

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

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

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

Financial Condition

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

Cash and Cash Equivalents

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

Trading Securities and Obligations Related to Securities Sold Short

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

Receivable from Clients and Payable to Clients

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

Receivable from Brokers and Payable to Brokers

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

Liquidity and Capital Resources

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

Capital Resources

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

Payable to Issuers

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

Non-Controlling Interest

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

Shareholders' Equity

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

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

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

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

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

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

Liquidity

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

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

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

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

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

Normal Course Issuer Bid

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

Subsidiary Capital Requirements

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

Operating Activities

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

Financing Activities

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

Investing Activities

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

Outstanding Share Data and Dividends

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

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

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

Contractual Obligations

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

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

Dividends

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

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

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

Off-Balance Sheet Arrangements

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

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

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

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

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

Related-Party Transactions

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

Financial Instruments

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

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

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

Risk Management

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

Fair Value Risk

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

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

Fair value sensitivity analysis

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

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

Interest Rate Risk

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

Interest rate sensitivity analysis

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

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

Currency Risk

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

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

Currency risk sensitivity analysis

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

Credit Risk

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

Liquidity Risk

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

Operational Risk

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

Legal and Regulatory Risk

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

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

Risk Factors

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

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

Critical Accounting Policies and Estimates

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

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

Changes in Accounting Policies or Estimates

Goodwill and Intangible Assets

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

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

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

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

Future Changes in Accounting Policies or Estimates

Financial Instruments – Disclosures

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

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

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

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

International Financial Reporting Standards

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

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

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

Controls and Procedures

Disclosure Controls and Procedures

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

Internal Control over Financial Reporting

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

Additional Information

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

Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated Balance Sheet

As at (\$000)	September 30, 2009	December 31, 2008
Assets		
Current		
Cash and cash equivalents	190,395	260,359
Securities		
Trading (NOTE 2)	195,813	83,014
Available-for-sale	10,160	7,198
Receivable from		
Clients	459,764	234,463
Brokers	157,288	69,520
Other assets (NOTE 4)	98,440	78,320
Total current assets	1,111,860	732,874
Deferred costs	2,607	4,937
Equipment and leasehold improvements	17,749	19,593
Employee loans receivable (NOTES 6 AND 8)	9,546	11,221
Goodwill and other intangible assets	100,309	104,536
Total assets	1,242,071	873,161
Liabilities and Shareholders'/Unitholders' Equity		
Current		
Bank loans (NOTE 9)	17,500	24,334
Obligations related to securities sold short (NOTE 2)	21,407	6,309
Payable to		
Clients	532,018	390,962
Brokers	66,905	32,286
Issuers	174,398	42,701
Accounts payable and accrued liabilities	60,216	50,015
Dividends payable (NOTE 10)	1,000	3,203
Other liabilities (NOTE 11)	35,122	18,150
Total current liabilities	908,566	567,960
Long-term debt (NOTE 9)	59,751	59,673
Future income taxes	5,546	219
Agency fee obligation	-	414
Total liabilities	973,863	628,266
Non-controlling interest (NOTE 13)	3,050	33,498
Shareholders'/unitholders' equity	265,158	211,397
Total liabilities and shareholders'/unitholders' equity	1,242,071	873,161

Commitments and contingencies (NOTE 14)

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

Unaudited Interim Consolidated Statements of Income

(\$000 and 000 shares/units, except per share/unit amounts)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Revenue				
Investment banking	28,683	39,810	110,490	128,362
Commissions	23,364	27,834	73,469	93,550
Investment management and fee income	10,588	10,882	31,100	31,119
Principal activities	4,377	(10,047)	16,056	(14,572)
Interest	2,040	4,923	5,897	16,917
Other	2,429	1,397	2,736	2,721
	71,481	74,799	239,748	258,097
Expenses				
Employee compensation and benefits	40,320	46,292	129,286	145,573
Selling, general and administrative	12,780	15,228	42,908	42,112
Interest	1,967	2,641	6,341	9,673
Depreciation and amortization	4,156	4,474	12,524	13,411
	59,223	68,635	191,059	210,769
Operating earnings				
	12,258	6,164	48,689	47,328
Non-controlling interest	218	(193)	2,829	1,161
Goodwill impairment charge	-	-	-	852
Income before income taxes	12,040	6,357	45,860	45,315
Income taxes (recovery)				
Current	3,074	697	15,121	4,526
Future	553	(1,287)	7,107	(2,891)
	3,627	(590)	22,228	1,635
Net income	8,413	6,947	23,632	43,680
Preferred dividends	(1,000)	-	(2,000)	-
Net income available to common shareholders	7,413	6,947	21,632	43,680
Weighted average number of common shares/units	61,254	64,057	61,143	64,041
Basic earnings per share/unit (NOTE 12)	\$0.12	\$0.11	\$0.35	\$0.68
Weighted average number of diluted common shares/units	67,114	64,296	65,864	64,385
Diluted earnings per share/unit (NOTE 12)	\$0.11	\$0.11	\$0.33	\$0.68
Dividends/Distributions per share/unit	\$0.00	\$0.35	\$0.15	\$1.19

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

Unaudited Interim Consolidated Statements of Comprehensive Income

(\$000)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net income	8,413	6,947	23,632	43,680
Other comprehensive loss, net of tax:				
Foreign currency translation of self-sustaining operations	(812)	(353)	(205)	(72)
Other comprehensive loss	(812)	(353)	(205)	(72)
Total comprehensive income	7,601	6,594	23,427	43,608

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

Unaudited Interim Consolidated Statement of Changes in Shareholders'/Unitholders' Equity

As at and for the nine months ended September 30, 2009 (000)	Preferred shares		Common shares		Fund units		Exchangeable L.P. units		Share/unit loan receivables		Contributed surplus		Accumulated other comprehensive income (loss)		Shareholders'/Unitholders' equity	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Balance, December 31, 2008	-	-	-	-	47,356	119,004	16,704	86,520	(25,019)	10,910	(1,379)	2,1361	2,113,397			
Foreign currency translation gain on self-sustaining operations	-	-	-	-	-	-	-	-	-	-	(205)	-	(205)			
Issued under share option plan (NOTE 7)	-	-	6	54	-	-	-	-	-	(10)	-	-	44			
Exchange of Exchangeable L.P. units into Fund units	-	-	-	-	592	2,491	(592)	(2,491)	-	-	-	-	-			
Exchange of Exchangeable L.P. units into common shares	-	-	16,112	84,029	-	-	(16,112)	(84,029)	-	-	-	-	-			
Exchange of Fund units into common shares	-	-	47,948	121,495	(47,948)	(121,495)	-	-	-	-	-	-	-			
Exchange of Preferred L.P. units into preferred shares (NOTE 13)	6,154	38,093	-	-	-	-	-	-	-	-	-	-	38,093			
Preferred share issue costs	-	(1,655)	-	-	-	-	-	-	-	-	-	-	(1,655)			
Warrant issue costs (NOTE 7)	-	-	-	-	-	-	-	-	-	(6)	-	-	(6)			
Exercise of warrants (NOTE 7)	-	-	5	33	-	-	-	-	-	(2)	-	-	31			
Share/unit-based compensation expense (NOTE 7)	-	-	-	-	-	-	-	-	-	3,427	-	-	3,427			
Share/unit loans incentive arrangements	-	-	-	-	-	-	-	-	1,820	-	-	189	2,009			
Cash distributions declared - Fund units (NOTE 10)	-	-	-	-	-	-	-	-	-	-	-	(4,736)	(4,736)			
Cash distributions declared - Exchangeable L.P. units (NOTE 10)	-	-	-	-	-	-	-	-	-	-	-	(1,670)	(1,670)			
Common dividend declared (NOTE 10)	-	-	-	-	-	-	-	-	-	-	-	(3,203)	(3,203)			
Preferred dividends declared (NOTE 10)	-	-	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)			
Net income	-	-	-	-	-	-	-	-	-	-	-	23,632	23,632			
Balance, September 30, 2009	6,154	36,438	64,071	205,611	-	-	-	-	(23,199)	14,319	(1,584)	33,573	265,158			

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

Unaudited Interim Consolidated Statements of Cash Flows

(\$000)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Operating Activities				
Net income	8,413	6,947	23,632	43,680
Add (deduct) items not involving cash				
Depreciation and amortization	4,156	4,474	12,524	13,411
Amortization of agency fees and private placement costs	577	412	1,793	1,200
Amortization of lease inducements	(122)	(78)	(365)	(236)
Future income tax expense (recovery)	553	(1,287)	7,107	(2,891)
Share/unit-based compensation expense	1,091	1,219	3,427	3,714
Transition assistance and other loan amortization	1,031	1,012	2,989	2,769
Goodwill impairment charge	-	-	-	852
Non-controlling interest	218	(193)	2,829	1,161
Effect of foreign exchange on cash balances	365	(287)	(2,233)	241
	16,282	12,219	51,703	63,901
Net change in non-cash operating items (NOTE 17)	(19,494)	19,349	(101,212)	(71,464)
Cash provided by (used in) operating activities	(3,212)	31,568	(49,509)	(7,563)
Financing Activities				
Repayment of bank loans	(14,953)	(2,500)	(6,834)	(7,500)
Proceeds from issuance of common shares and warrant exercises	66	22	75	568
Cash distributions paid on Fund units	-	(17,905)	(7,104)	(85,827)
Cash distributions paid on Exchangeable L.P. units	-	(6,705)	(2,505)	(34,155)
Cash dividends paid on common shares	(3,203)	-	(3,203)	-
Cash dividends paid on preferred shares	(1,000)	-	(1,000)	-
Decrease in non-controlling interest	-	-	(1,488)	(145)
Warrant issue costs	-	-	(6)	-
Cash used in financing activities	(19,090)	(27,088)	(22,065)	(127,059)
Investing Activities				
Purchase of equipment and leasehold improvements	(245)	(119)	(604)	(7,152)
Purchase of application software	-	-	(19)	(295)
Pre-operating expenditures	-	-	-	(250)
Cash used in investing activities	(245)	(119)	(623)	(7,697)
Effect of foreign exchange on cash balances	(365)	287	2,233	(241)
Net increase (decrease) in cash and cash equivalents	(22,912)	4,648	(69,964)	(142,560)
Cash and cash equivalents, beginning of period	213,307	109,450	260,359	256,658
Cash and cash equivalents, end of period	190,395	114,098	190,395	114,098
Supplemental cash flow information				
Interest paid	850	2,659	5,098	9,589
Income taxes paid	822	35	3,686	6,869

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 shares/units, except per share/unit amounts)

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.

Note 1. Significant Accounting Policies

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 accounts of the Corporation and its subsidiaries. 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. These unaudited interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the Corporation’s audited annual consolidated financial statements as at and for the year ended December 31, 2008 (“2008 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 2008 Annual Financial Statements. All defined terms used herein are consistent with those terms as defined in the 2008 Annual Financial Statements, unless otherwise noted. Certain comparative amounts have been reclassified to conform to the current period’s presentation.

Changes in accounting policies

Goodwill and Intangible Assets

The Canadian Institute of Chartered Accountants (“CICA”) issued a new accounting standard, Handbook Section 3064, *Goodwill and Intangible Assets*, which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset, and as a result, start-up costs must be expensed as incurred. The new standard is effective for the Corporation beginning January 1, 2009. The CICA’s Emerging Issues Committee (“EIC”) Abstract No. 27, *Revenues and Expenditures During the Pre-operating Period*, is no longer applicable once Handbook Section 3064 was adopted. As a result of adopting Handbook Section 3064, the Corporation reclassified \$991 of application software from Equipment and leasehold improvements to Goodwill and other intangible assets on its unaudited interim consolidated balance sheet (\$1,121 at December 31, 2008). The Corporation also decreased opening retained earnings during the period to account for the adopted accounting policy change of Handbook Section 3064, resulting in a write-down of \$438 in deferred pre-operating costs at December 31, 2008.

Credit Risk and the Fair Value of

Financial Assets and Financial Liabilities

In January 2009, the EIC issued Abstract No. 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* (“EIC-173”). EIC-173 requires an entity to take into account its own credit risk and that of the relevant counterparty(ies) when determining the fair value of the financial assets and financial liabilities, including derivative instruments. EIC-173, which was effective for the Corporation on January 1, 2009, had no material impact on the Corporation’s unaudited interim consolidated balance sheet or unaudited interim consolidated statements of income.

Future accounting changes

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

In January 2009, the CICA issued three new accounting standards: Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-controlling Interests*. Section 1582 provides clarification as to what an acquirer must measure when it obtains control of a business, the basis of valuation and the date at which the valuation should be determined. Acquisition-related costs must be accounted for as an expense in the period they are incurred, except for costs incurred to issue debt or share capital. This new standard will be applicable for acquisitions we complete on or after January 1, 2011 although adoption in 2010 is permitted to facilitate the transition to International Financial Reporting Standards (“IFRS”) in 2011. Section 1601 establishes standards for preparing consolidated financial statements after the acquisition date; Section 1602 establishes standards for the accounting and presentation of non-controlling interest. These new standards must be adopted concurrently with Section 1582.

Financial Instruments – Disclosures

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

International Financial Reporting Standards

The AcSB 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 is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on the Corporation's future financial position and results of operations cannot be reasonably determined or estimated.

Note 2. Trading Securities and Obligations Related to Securities Sold Short

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

As at,	September 30, 2009		December 31, 2008	
	Trading securities	Securities sold short	Trading securities	Securities sold short
Equity securities	165,940	19,150	61,446	2,076
Designated as held-for-trading	21,024	-	15,734	-
Corporate bonds and Government of Canada debt	6,223	2,257	5,834	4,233
Broker warrants	2,626	-	-	-
	195,813	21,407	83,014	6,309

Corporate bonds and Government of Canada debt maturities range from 2009 to 2108 and bear interest ranging from 3.875% to 10.75%.

Valuation of securities

During the three and nine months ended September 30, 2009, the Corporation recorded an unrealized gain on its \$20,000 investment in the Alpha Domestic Fund of \$1,250 and \$5,289, respectively. This unrealized gain is recorded in principal activities in the unaudited interim consolidated statements of income.

Note 3. 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 September 30, 2009	96,948	475	443	97,399
As at December 31, 2008	25,632	1,670	1,408	24,955

Note 4. Other Assets

Other assets consist of the following:

As at,	September 30, 2009	December 31, 2008
Funds deposited in trust	74,123	53,225
Accounts receivable	19,096	17,442
Prepaid expenses	3,052	3,080
Income taxes receivable	2,169	4,573
	98,440	78,320

Note 5. Share Loan Plans

As at September 30, 2009, the value of common shares pledged by the executives to a Schedule I bank and/or the Corporation under the GMP Capital share loan plan and the GMP Securities share loan plan (collectively, the "Share Loan Plans") was \$37,603 (December 31, 2008 – \$15,494). As at September 30, 2009, there were no financial guarantees outstanding in relation to the obligations of any executives in the GMP Capital share loan plan. Terms and conditions under which future advances will be made by the Schedule I bank under the GMP Capital share loan plan include certain financial tests and negative covenants customary for transactions of this kind. As at September 30, 2009, the Corporation was in compliance with all covenants and financial tests established in connection with the GMP Capital share loan plan.

Included in accounts payable and accrued liabilities as at September 30, 2009 is a bonus accrual of \$11,823 (December 31, 2008 – \$4,226) 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. The bank and the Corporation earn interest at rates of prime to prime plus 0.5%. As at September 30, 2009, amounts owing to the Corporation related to these loans were \$23,199 (December 31, 2008 – \$25,019) and are included in share/unit loan receivables in shareholders'/unitholders' equity. Interest earned by the Corporation for the nine months ended September 30, 2009 related to these loans is \$189 and is recorded as an adjustment to retained earnings.

Note 6. Investment Advisor Transition Assistance Program

During the three and nine months ended September 30, 2009, the Corporation recorded \$807 and \$2,314, respectively (three and nine months ended September 30, 2008 – \$789 and \$2,183, respectively), in compensation expense for transition

assistance provided to investment advisors, with a corresponding reduction to loans outstanding. As at September 30, 2009, the amount owing to GMP Private Client related to these loans was \$7,449 (December 31, 2008 – \$8,564) and is included in employee loans receivable.

Note 7. Option Plans and Warrants

In connection with the Conversion, the Fund's unitholders approved the adoption of a common share option plan by the Corporation (the "Share Option Plan"). Under the Share Option Plan, the Corporation may grant options to acquire up to 10% of the issued and outstanding common shares to directors, officers, employees, partners and consultants of GMP or any of its affiliates. Following the Conversion, no further option-based awards will be granted under the New Plan and the Replacement Plan.

Pursuant to the Conversion, all Fund options and Fund incentive options of GMP Capital Trust outstanding on May 14, 2009 were exchanged for common share options of GMP Capital Inc. based on the following terms:

- i) Fund unit options with an exercise price greater than \$19.44 were eligible to be exchanged for common share options at a ratio of 2.66 Fund options to 1 common share option with an exercise price equal to the closing price of Fund units on the last trading day prior to the Conversion.

These common share options have an exercise price of \$8.09, a new four-year vesting period and an expiry date equal to the seventh anniversary of the Conversion date. This 2.66-to-1 option exchange resulted in a reduction in the number of options outstanding of 1,258. The revised terms and conditions of these common share options resulted in incremental fair value to the option holders of \$366 which the Corporation will recognize as share-based compensation expense over the new vesting period.

The incremental fair value of these options was determined using the Black-Scholes option pricing model on the Conversion date.

- ii) Fund unit options with an exercise price of \$19.44 or less and option holders with Fund unit options with an exercise price greater than \$19.44 that chose not to participate in the 2.66-to-1 option exchange were exchanged at a ratio of 1 Fund option to 1 common share option with the same terms and conditions as the original Fund unit options.

A summary of the status of the Corporation's Share Option Plan as at September 30, 2009, and the changes during the nine months then ended is as follows:

Unit option plans

	New Plan		Replacement Plan	
	Fund unit options #	Weighted average exercise price \$	Fund unit options #	Weighted average exercise price \$
Balance, December 31, 2008	3,721	19.10	798	9.33
Forfeitures	(75)	20.34	(4)	15.03
Balance, May 14, 2009	3,646	19.07	794	9.30
Unit options exchanged pursuant to Conversion	(3,646)		(794)	
Unit options outstanding subsequent to Conversion	-		-	

Share option plan

	Common share options #	Weighted average exercise price \$
Unit options exchanged pursuant to Conversion	4,440	17.32
Common share options – 1:1 exchange	2,425	12.79
Common share options – 2.66:1 exchange	757	8.09
Common share options issued	42	8.09
Exercise of common share options	(6)	7.05
Forfeitures	(47)	10.21
Balance, September 30, 2009	3,171	11.66

Notes to Unaudited Interim Consolidated Financial Statements

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

Options outstanding and vested under the Share Option Plan as at September 30, 2009:

Range of exercise prices	Outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Vested #
\$5.50 to \$7.85	195	5.53	4.20	195
\$8.09	765	8.09	6.62	–
\$8.65 to \$11.01	497	9.80	5.07	497
\$12.15	960	12.15	8.86	240
\$14.12 to \$17.50	672	17.08	6.27	483
\$18.45 to \$23.25	82	20.57	7.20	40
Balance, September 30, 2009	3,171			1,455

As at September 30, 2009, the number of outstanding options under the Share Option Plan as a percentage of common shares outstanding was 4.95% (December 31, 2008 – 7.05%).

Share/unit-based compensation expense and contributed surplus

During the three and nine months ended September 30, 2009, the Corporation recorded \$1,089 and \$3,427, respectively (three and nine months ended September 30, 2008 – \$1,219 and \$3,714, respectively), in share/unit-based compensation expense with a corresponding increase to contributed surplus. The weighted-average fair value of options issued during the nine months ended September 30, 2009 was \$2.74 per common share option (nine months ended September 30, 2008 – \$3.10 per Fund unit option).

The Corporation follows the fair value method of accounting recommended by CICA Handbook Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*. The weighted-average fair value of the options granted during the nine months ended September 30, 2009 and 2008 was

calculated using the Black-Scholes option pricing model assuming the following weighted-average assumptions:

	2009	2008
Risk-free interest rate	1.83%	3.13%
Dividend/distribution yield ^a	2.47%	2.39%
Expected volatility	49.80%	29.50%
Expected option life (years)	4	5

^a For valuation purposes, the weighted-average distribution yield for options granted prior to May 15, 2009, was reduced on a percentage basis by an equivalent amount of the anticipated distributions less a base distribution.

Warrants

Pursuant to the Conversion, 6,154 warrants to acquire units of the Fund at a price of \$6.50 per unit became exercisable, on a one-for-one basis, for common shares of GMP. During the three months ended September 30, 2009, 5 warrants were exercised for 5 common shares of GMP and as at September 30, 2009, 6,149 warrants to acquire common shares of GMP are outstanding.

Note 8. Related-Party Transactions

The following balances arose from transactions with related parties:

As at,	September 30, 2009	December 31, 2008
Current assets		
Receivable from clients	65,691	43,200
Employee loans receivable	9,546	11,221
Trading securities	21,024	15,734
Available-for-sale securities	7,247	5,465
Other assets	728	9,298
Current liabilities		
Payable to clients	79,236	57,081
Other liabilities	10,853	6,208
Shareholders'/Unitholders' equity		
Share/unit loan receivables	23,199	25,019

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, 2008. For further details, refer to Note 11 to the 2008 Annual Financial Statements.

Note 9. Bank Loans and Long-Term Debt

GMP Securities has a \$17,500 subordinated loan facility outstanding with a Schedule I Canadian chartered bank at September 30, 2009 (December 31, 2008 – \$17,500). The subordinated loan bears interest at prime plus 4% and prior to February 3, 2009 bore interest at prime plus 2%. GMP Securities was in compliance with the financial covenants associated with the subordinated loan as at September 30, 2009. There have been no significant changes to the Corporation's credit facilities during the three and nine months ended

September 30, 2009. As at September 30, 2009, the Corporation had no amounts outstanding under these credit facilities (December 31, 2008 – \$6,834).

As at September 30, 2009, the Corporation was in compliance with all financial covenants associated with the senior, unsecured notes issued by GMP Holding Partnership, as described in Note 16 to the 2008 Annual Financial Statements.

Note 10. Dividends and Distributions

Common share dividends

Subsequent to the Conversion, the Board of Directors adopted a dividend policy for fiscal 2009 with expected quarterly dividend payments of \$0.05 per common share. The Corporation declared the following common share dividends in 2009:

Record date	Payment date	Cash dividend per common share	Total dividend amount
June 30, 2009	July 15, 2009	\$0.05	\$3,203

On November 4, 2009, the Board of Directors declared a cash dividend of \$0.05 per common share with reference to the three months ended September 30, 2009, with a record date of November 16, 2009, and a payment date of November 25, 2009.

Notes to Unaudited Interim Consolidated Financial Statements

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

Preferred share dividends

The Corporation has declared the following preferred share dividends in 2009:

Record date	Payment date	Cash dividend per preferred share	Total dividend amount
June 30, 2009	July 20, 2009	\$0.1625	\$1,000
September 30, 2009	October 20, 2009	\$0.1625	\$1,000

Unit distributions

Prior to the Conversion, the Fund made the following distributions to its holders of Fund units and Exchangeable L.P. units during 2009:

Record date	Payment date	Cash distribution per Fund and Exchangeable L.P. unit	Total distribution amount
January 30, 2009	February 20, 2009	\$0.05	\$3,203
February 27, 2009	March 20, 2009	\$0.05	\$3,203

Note 11. Other Liabilities

Other liabilities consist of the following:

As at,	September 30, 2009	December 31, 2008
Amounts payable to EdgeStone Funds and its investors	12,926	6,548
Deferred fee income	4,883	4,705
Income taxes payable	11,343	420
Deferred lease inducements	3,411	3,308
Other	2,559	3,169
	35,122	18,150

Note 12. Net Income per Common Share/Unit

Net income per common share/unit consists of the following for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net income	8,413	6,947	23,632	43,680
Less: Dividends declared on Series A preferred shares	(1,000)	-	(2,000)	-
Net income available to common shareholders	7,413	6,947	21,632	43,680
Weighted average number of shares/units outstanding				
Basic				
Common shares/units	64,066	46,689	64,062	46,252
Exchangeable L.P. units	-	17,368	-	17,789
Common shares pledged on share purchase loans	(2,812)	-	(2,919)	-
	61,254	64,057	61,143	64,041
Dilutive effect of common share/unit options and Warrants	3,048	239	1,802	344
Dilutive effect of shares pledged on share purchase loans	2,812	-	2,919	-
Diluted	67,114	64,296	65,864	64,385
Net income per common share/unit				
Basic	\$0.12	\$0.11	\$0.35	\$0.68
Diluted	\$0.11	\$0.11	\$0.33	\$0.68

For the three and nine months ended September 30, 2009, the calculation of diluted net income per share/unit excluded 1,719 and 2,194, respectively, weighted average options (December 31, 2008 – 2,895 weighted average options) outstanding having a weighted average exercise price of \$14.49 and \$13.51, respectively (December 31, 2008 – \$21.35), as the exercise price of these options was greater than the average market price of GMP's shares/units.

Note 13. Capital Transactions

Conversion

On May 15, 2009, concurrent with the closing of the Conversion, the Corporation acquired the remaining 13.13% ownership interest in its subsidiary, GMP Holding Partnership, for total non-cash preferred share consideration of \$38,093. The purchase generated goodwill of \$5,838 which relates primarily to the Capital Markets business. In addition, non-controlling interest of \$32,255 was eliminated in the unaudited interim consolidated balance sheet upon the consolidation of GMP Preferred.

Pursuant to the Conversion, holders of Fund units and holders of Exchangeable L.P. units received one common share of the Corporation for each Fund unit and/or Exchangeable L.P. unit held. Holders of Preferred units of GMP Preferred received one Series A preferred share of the Corporation for each Preferred unit held.

Normal course issuer bid ("NCIB")

During the three and nine months ended September 30, 2009, GMP did not repurchase any common shares and/or units under its NCIB, which expires on November 30, 2009.

Note 14. Commitments and Contingencies

A full description of the commitments and contingencies outstanding as of December 31, 2008, can be found in Note 24 to the 2008 Annual Financial Statements. There have been no significant changes to these commitments and contingencies during the three and nine months ended September 30, 2009.

Note 15. Financial Instruments and Risk Management

Financial instruments have been classified on a basis consistent with the presentation in Note 19 to the 2008 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 September 30, 2009, are outlined in the “Risk Management” and “Off-Balance Sheet Arrangements” sections of GMP’s management’s discussion and analysis for the three and nine months ended September 30, 2009.

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. At September 30, 2009, the Corporation’s subsidiaries were in compliance with their local regulatory capital requirements.

Capital management

The Corporation’s capital structure is comprised of share capital, contributed surplus and retained earnings, and is further complemented by subordinated loans and long-term debt. The following table summarizes the Corporation’s capital as at September 30, 2009:

Type of capital	Carrying amount
Common shares	205,611
Preferred shares	36,438
Contributed surplus	14,319
Retained earnings	33,573
Subordinated bank loans	17,500
Long-term debt	60,000
	<u>367,441</u>

Note 16. Segmented Information

The following table presents selected financial results for the three business segments and the Corporate segment for the three and nine months ended September 30, 2009 and 2008:

	Capital Markets		Wealth Management		Alternative Investments		Corporate		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Three months ended September 30,										
Revenue	51,266	58,020	11,086	11,998	10,436	5,858	(1,307)	(1,077)	71,481	74,799
Employee compensation and benefits	28,264	34,270	8,158	7,867	3,051	3,060	847	1,095	40,320	46,292
Selling, general and administrative	8,381	11,060	3,653	3,540	1,409	1,179	(663)	(551)	12,780	15,228
Interest	532	441	31	911	7	37	1,397	1,252	1,967	2,641
Depreciation and amortization	533	779	341	336	60	88	3,222	3,271	4,156	4,474
Operating earnings (loss)	13,556	11,470	(1,097)	(656)	5,909	1,494	(6,110)	(6,144)	12,258	6,164
Nine months ended September 30,										
Revenue	184,120	204,019	31,841	38,641	27,945	18,768	(4,158)	(3,331)	239,748	258,097
Employee compensation and benefits	94,188	109,384	23,288	24,319	9,266	9,550	2,544	2,320	129,286	145,573
Selling, general and administrative	27,932	29,225	11,019	10,691	4,215	3,362	(258)	(1,166)	42,908	42,112
Interest	1,404	2,003	420	3,673	60	127	4,457	3,870	6,341	9,673
Depreciation and amortization	1,635	2,232	1,002	1,205	181	233	9,706	9,741	12,524	13,411
Operating earnings (loss)	58,961	61,175	(3,888)	(1,247)	14,223	5,496	(20,607)	(18,096)	48,689	47,328

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 September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Canada	65,440	66,459	221,298	225,825
United States	2,767	5,319	8,018	19,191
Europe	3,274	3,021	10,432	13,081
	71,481	74,799	239,748	258,097

Note 17. Net Change in Non-Cash Operating Items

The net change in non-cash operating items consists of the following for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Trading securities	(80,725)	36,303	(112,799)	68,657
Available-for-sale securities	(2,978)	(4)	(2,962)	305
Receivable from clients	(107,585)	370,130	(225,301)	(85,109)
Receivable from brokers	(38,887)	(58,939)	(87,768)	(84,091)
Employee loans receivable	1,410	(13,717)	695	(16,950)
Other assets	(2,489)	28,589	(20,120)	(1,998)
Deferred costs	(690)	(4,093)	615	(4,083)
Obligations related to securities sold short	753	(8,635)	15,098	(7,005)
Payable to clients	76,848	(213,346)	141,056	183,125
Payable to brokers	(904)	(62,741)	34,619	15,848
Payable to issuers	135,561	(44,680)	131,697	(56,936)
Accounts payable and accrued liabilities	(9,363)	(9,927)	10,007	(244)
Future income taxes	(1,777)	530	(1,780)	1,298
Agency fee obligation	-	(341)	(414)	(789)
Other liabilities	11,332	220	16,145	(83,492)
	(19,494)	19,349	(101,212)	(71,464)

Note 18. Wealth Management Transaction

On July 23, 2009, the Corporation entered into a definitive agreement with Richardson Partners Financial Limited, a private wealth management firm controlled by Richardson Financial Group (“RFG”), a subsidiary of James Richardson & Sons, Limited (“JRSL”), in respect of transactions that

will result in the combination of their respective wealth management businesses (the “Transaction”).

Closing of the Transaction is expected to occur on November 12, 2009, pending receipt of all corporate and regulatory approvals.

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Legal Counsel: Goodmans LLP

Listing: Toronto Stock Exchange

Symbol: GMP

CUSIP: 380134106

Fiscal Year End: December 31

Operating Subsidiaries:

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