
MANAGEMENT'S DISCUSSION AND ANALYSIS

FIRST QUARTER REPORT ENDED MARCH 31, 2008

April 23, 2008

The following management's discussion and analysis ("MD&A") provides information concerning the Montréal Exchange Inc.'s ("MX") operating results and financial condition for the quarter ended March 31, 2008.

This discussion should be read in conjunction with our unaudited Interim Consolidated Financial Statements for the quarter ended March 31, 2008 and the accompanying notes as well as the audited Consolidated Financial Statements for the year ended December 31, 2007 and its related management report. Our unaudited Interim Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Unless otherwise indicated, the financial information presented in this discussion and analysis, including the amounts appearing in the tables, is expressed in Canadian dollars.

The unaudited Interim Consolidated Financial Statements contained in this report have not been subject to a review by MX's auditors.

You will find more information about MX on our website at www.m-x.ca and on SEDAR at www.sedar.com.

Forward-Looking Statements, Risks and Uncertainties

This document contains certain forward-looking information within the meaning of the Quebec Securities Act and the Ontario Securities Act. Forward-looking information often contains terms such as "believe," "anticipate," "estimate," "plan," "expect," "intend," "may," "will" and similar expressions. This forward-looking information is based on current expectations, estimates, forecasts and projections about the industry in which we operate, as well as certain assumptions made by our management. Although we believe that the expectations and assumptions reflected in the forward-looking information are reasonable, forward-looking information involves risks and uncertainties and is not a guarantee of future performance. Some of the factors that could cause actual results to differ materially from those contemplated by this forward-looking information include, but are not limited to, risks associated with general market and economic conditions, evolving national and international competition, credit risks and clearing house risk, reliability of information systems and regulatory risks. We caution you that this list of factors is not exhaustive. The forward-looking information in this document is subject to the risks identified in our periodic filings with the Canadian securities regulatory authorities. Given the uncertainty of forward-looking information, you are cautioned not to place undue reliance on this information. We disclaim any obligation to update any forward-looking information, except as may be required by applicable law.

Recent Developments

MX and TSX Group Inc. Join Forces to Create TMX Group Inc.

On December 10, 2007, MX and TSX Group Inc. ("TSX Group") announced that they have agreed to combine their organizations to create TMX Group Inc. ("TMX Group"), a new integrated exchange group.

MX's shareholders approved the proposed combination by 99.6% during a special general meeting held on February 13, 2008. The combination has received all regulatory approvals, including those of the Autorité des marchés financiers ("AMF") on April 10, 2008 and of the Ontario Securities Commission ("OSC") on April 15, 2008. The transaction is expected to close on May 1, 2008. Full details of the amalgamation are included in the Management Proxy Circular which can be found on SEDAR at www.sedar.com.

Boston Options Exchange Group LLC ("BOX")

On December 21, 2007, MX announced that it had reached an agreement to increase its ownership position in BOX from 31.4% to 53.2%, subject to regulatory approval. Under the terms of the agreement with the Boston Stock Exchange ("BSE"), a partner in BOX, MX will pay US\$52.5 million in cash (C\$53.9 million as at March 31, 2008) for the 21.9% partnership interest in BOX held by the BSE. MX intends to finance this transaction with its existing cash resources. The request for formal regulatory approval should be filed with the SEC in the second quarter of 2008. There is no assurance that this acquisition will be approved by the SEC or that it will close.

Montréal Climate Exchange Inc. ("MCeX")

On October 5, 2007, MX announced that it had filed an application for regulatory approval of market rules designed to govern the trading of MCeX environmental products on its electronic trading platform, SOLA[®], namely futures contracts on Canada carbon dioxide equivalent (CO₂e) units.

On March 14, 2008, MCeX announced that it plans to launch trading of these futures contracts on May 30, 2008, subject to regulatory approvals. MX expects to obtain regulatory approvals during the second quarter of 2008.

Superior Court of Québec Dismisses Action for Damages by Former MX Independent Traders

In a judgment rendered on February 27, 2008, the Superior Court of Québec dismissed with costs the actions for damages filed by 39 former independent traders holding restricted trading permits (the "locals") against MX for claims of approximately \$27.3 million. The Superior Court confirmed that MX had the right to automate its markets in 2000-2001, gave adequate advance notice to traders about the automation, and implemented concrete measures to ease the transition from open-outcry trading to electronic trading.

Use of Non-GAAP Performance Measures

In this MD&A, we use certain supplemental financial measures that are not calculated in accordance with Canadian GAAP to assess our financial performance. These measures, which include adjusted operating earnings, adjusted net earnings and assets excluding certain clearing assets, are not required by or recognized under Canadian GAAP. Other companies may define or calculate those measures differently, limiting its usefulness as a comparative measure.

We define adjusted operating earnings as operating earnings excluding other items which are described in the section "Expenses - Other Items" of this MD&A. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are necessarily non-recurring. The following table provides a reconciliation of operating earnings under Canadian GAAP as disclosed in our financial statements to adjusted operating earnings:

Three months ended	March 31, 2008	March 31, 2007
	(\$ in thousands)	
Operating earnings	\$ 8,072	\$ 6,458
Other items	410	2,725
Adjusted operating earnings	\$ 8,482	\$ 9,183

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

We define adjusted net earnings as net earnings excluding other items and unrealized gain on foreign exchange on temporary investments and the tax impact of these items. The following table provides a reconciliation of net earnings under Canadian GAAP as disclosed in our financial statements to adjusted net earnings:

Three months ended	March 31, 2008	March 31, 2007
	(\$ in thousands)	
Net earnings	\$ 8,375	\$ 5,574
Other items	410	2,725
Unrealized gain on foreign exchange on temporary investments	(1,067)	-
Income tax effect of above adjustments (estimated based on statutory tax rate in each respective period applicable to MX)	290	(670)
Adjusted net earnings	\$ 8,008	\$ 7,629

We define assets excluding certain clearing assets as total assets less daily settlements due from clearing members, clearing members' cash margin deposits and clearing fund cash deposits. Since these excluded clearing assets have a corresponding liability and that the values of these assets vary with market volatility, we believe that to measure assets excluding certain clearing assets is more effective for analysing our assets relating to our ongoing operating activities. The following table provides a reconciliation of assets excluding certain clearing assets to total assets under Canadian GAAP as disclosed in our financial statements.

	March 31, 2008	December 31, 2007
	(\$ in thousands)	
Total assets	\$ 296,181	\$ 215,256
Daily settlements due from clearing members	(71,213)	(23,817)
Clearing members' cash margin deposits	(30,800)	(492)
Clearing fund cash deposits	(22,715)	(22,949)
Assets excluding certain clearing assets	\$ 171,453	\$167,998

Adjusted operating earnings, adjusted net earnings, assets excluding certain clearing assets and ratios using these measures, including adjusted earnings per share, are used by financial analysts and other users of our financial information to assess our financial performance and results of operations, and to compare us to other companies in our industry. You should not consider these non-GAAP measures in isolation from, or as a substitute for analysis of, our financial information reported under Canadian GAAP. You should note that other companies, including other companies in our industry, may not use such measures or may calculate these measures differently than as presented in this discussion, limiting their usefulness as comparative measures.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Highlights

Selected Consolidated Quarterly Data

(\$ in thousands, except ratios, per share data, number of shares, other data and average daily volume)

Operating Results	Quarters ended March 31	
	2008	2007
Revenues	\$ 20,679	\$ 21,913
Operating earnings	8,072	6,458
Adjusted operating earnings	8,482	9,183
Operating margin ⁽¹⁾	39%	29%
Adjusted operating margin ⁽¹⁾	41%	42%
Net earnings	8,375	5,574
Adjusted net earnings	8,008	7,629
Net margin ⁽²⁾	41%	25%
Adjusted net margin ⁽²⁾	39%	35%
Cash flows from operating activities	985	(494)
Per Share Data⁽³⁾		
Earnings per share		
Basic	0.27	0.20
Diluted	0.27	0.20
Adjusted earnings per share		
Basic	0.26	0.27
Diluted	0.26	0.27
Dividends declared per share	—	0.33½
Weighted average number of shares outstanding		
Basic	30,633,959	27,792,659
Diluted	30,656,800	28,216,474
Financial Position		
	March 31, 2008	December 31, 2007
Total assets	296,181	215,256
Assets excluding certain clearing assets	171,453	167,998
Long-term liabilities	2,693	2,605
Other Data		
	Quarters ended March 31	
	2008	2007
Average daily volume (# of contracts)	164,686	187,501
SOLA [®] availability rate	99.82%	99.74%

⁽¹⁾ Operating margin calculated as operating earnings as a percentage of revenues and adjusted operating margin calculated as adjusted operating earnings as a percentage of revenues.

⁽²⁾ Net margin calculated as net earnings as a percentage of revenues and adjusted net margin calculated as adjusted net earnings as a percentage of revenues.

⁽³⁾ All references to earnings per share, dividends per share, shares issued and outstanding, shares held in guarantee and options outstanding have been restated in this MD&A to reflect the three-for-one stock split that we effected on March 15, 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Results of Operations for the Quarter Ended March 31, 2008 Compared to the Quarter Ended March 31, 2007

Revenues

Total revenues amounted to \$20.7 million in Q1 2008 compared to \$21.9 million in Q1 2007, a decrease of \$1.2 million, or 6%. The following table provides a breakdown of our revenues for the quarters ended March 31, 2008 and 2007.

(\$ in thousands)	Q1 2008		Q1 2007		Change	
	\$	% of total	\$	% of total	\$	%
Revenues						
Transactions	8,996	44%	10,768	49%	(1,772)	(16%)
Clearing and option exercise	3,306	16%	3,899	18%	(593)	(15%)
Information systems services	4,334	21%	3,600	16%	734	20%
Market data	2,978	14%	2,635	12%	343	13%
Participants	932	4%	870	4%	62	7%
Other	133	1%	141	1%	(8)	(6%)
Total revenues	20,679	100%	21,913	100%	(1,234)	(6%)

Transactions

In Q1 2008, our transactions revenues amounted to \$9 million, compared to \$10.8 million in Q1 2007, a decrease of \$1.8 million or 16% driven mainly by a reduction in volume and a decrease in average revenue per contract. Average daily volume amounted to 164,686 contracts in Q1 2008, compared to 187,501 contracts in Q1 2007, a decrease of 22,815 contracts, or 12%. In Q1 2008, average transaction revenue per contract decreased to \$0.88 per contract from \$0.90 per contract in Q1 2007 due to a combination of variations in product and client mix. The following table illustrates trading volumes across the different categories of products traded on our markets for the quarters ended March 31, 2008 and 2007.

Quarters ended March 31	Volumes			Average Daily Volume ⁽¹⁾		
	2008	2007	% Change	2008	2007	% Change
Interest Rate Derivatives	5,299,247	7,945,188	(33%)	85,472	124,144	(31%)
Index Derivatives	1,189,991	910,744	31%	19,193	14,230	35%
Equity Options	3,721,311	3,144,116	18%	60,021	49,127	22%
Total	10,210,549	12,000,048	(15%)	164,686	187,501	(12%)

(1) Average daily volume ("ADV") per product statistics are calculated as the total traded contracts per product divided by the number of trading days for each product and may include rounding differences. Total ADV is calculated as the total traded contracts divided by the overall number of trading days in the given period.

Interest rate derivatives, representing 52% of trading volume, consist primarily of the "Three-Month Canadian Bankers' Acceptance Futures Contract" ("BAX") and the "Ten-Year Government of Canada Bond Futures Contract" ("CGB"). The decrease in the average daily volumes of interest rate derivatives is related to a 23% decrease in the CGB and a drop of 36% in the BAX. The decline is largely due to the global credit markets and the difficult liquidity conditions affecting the Canadian short term interest rate market since August 2007. Furthermore, during Q1 2007, our markets experienced uniquely favourable conditions, namely as a result of the turmoil related to heightened risk around the Chinese financial markets. Some factors, that we believe contributed to increased activities on index and equity derivatives, which represent 12% and 36% respectively of trading volume, can be explained primarily by the following: 1) higher equity market volatility; 2) liquidity provider programs; 3) continued business development efforts focused on these products towards our customer base; and 4) increased educational programs offered by our Training Service.

Clearing and Option Exercise

Clearing and option exercise revenues decreased to \$3.3 million in Q1 2008, compared to \$3.9 million in Q1 2007, a decrease of \$0.6 million or 15% due principally to the decreased trading volumes on our markets.

In Q1 2008, average clearing revenue per contract remained stable at approximately \$0.32 per contract.

Information Systems Services

Revenues from information systems services amounted to \$4.3 million in Q1 2008, compared to \$3.6 million in Q1 2007, an increase of \$0.7 million or 20% due to additional revenues from services rendered to BOX.

Market Data

Market data revenues reached \$3 million in Q1 2008, compared to \$2.6 million in Q1 2007, an increase of \$0.3 million or 13%, driven principally by increased data subscriptions and an increase in average revenue per screen, subsequent to an increase in our fees effective January 1, 2008. In March 2008, our market data was displayed on approximately 28,500 screens, compared to over 26,100 in March 2007, an increase of 9%.

Participants

Revenues from approved participants, generated primarily by the Regulatory Division, remained stable at \$0.9 million in Q1 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Expenses

Our total expenses amounted to \$12.6 million in Q1 2008, compared to \$15.5 million in Q1 2007, a decrease of \$2.8 million, or 18%. Excluding other items (as described in the "Use of Non-GAAP Performance Measures" and the "Other Items" sections of this MD&A), expenses in Q1 2008 decreased by 4% compared to Q1 2007. The following table provides a breakdown of our expenses in Q1 2008 and Q1 2007.

(\$ in thousands)	Q1 2008		Q1 2007		Change	
	\$	% of total	\$	% of total	\$	%
Total revenues	20,679	100%	21,913	100%	(1,234)	(6%)
Expenses:						
Compensation and benefits	6,897	55%	6,342	41%	555	9%
Occupancy	997	8%	816	5%	181	22%
Computer licences and maintenance	488	4%	1,288	9%	(800)	(62%)
Amortization of capital assets and other assets	872	7%	806	5%	66	8%
General and administrative	1,762	14%	2,362	15%	(600)	(25%)
Telecommunications	804	6%	620	4%	184	30%
Public affairs	377	3%	482	3%	(105)	(22%)
Interest on obligations under capital leases and debts due within one year	—	—	14	0%	(14)	—
Other items	410	3%	2,725	18%	(2,315)	(85%)
Total Expenses	12,607	100%	15,455	100%	(2,848)	(18%)
Operating earnings	8,072		6,458		1,614	25%
Adjusted operating earnings	8,482		9,183		(701)	(8%)

Compensation and Benefits

Total compensation and benefits amounted to \$6.9 million in Q1 2008, compared to \$6.3 million in Q1 2007, an overall increase of \$0.6 million or 9%. This increase is explained mainly by a higher number of employees generating an increase in wages and employee benefits as well as by the introduction of new stock option and share purchase plans.

Our total number of employees at March 31, 2008 was 229, compared to 217 at March 31, 2007.

Occupancy

Occupancy expenses amounted to \$1 million in Q1 2008 compared to \$0.8 million in Q1 2007, an increase of \$0.2 million or 22% due mainly to the relocation of BOX's operating site to New Jersey and BOX's new backup facilities.

Computer Licences and Maintenance

Computer licences and maintenance expenses were \$0.5 million in Q1 2008, compared to \$1.3 million in Q1 2007, a decline of \$0.8 million, or 62%. The drop is related mainly to the early termination on September 24, 2007 of the licence and maintenance agreements with Atos Euronext, subsequent to our decision to develop SOLA[®], our customized trading platform and a reduction of other maintenance expenses due to the transition to SOLA[®].

Amortization of Capital Assets and Other Assets

Amortization of capital assets and other assets increased to \$0.9 million in Q1 2008 compared to \$0.8 million in Q1 2007, an increase of \$0.1 million or 8% associated mainly with the technology investments.

General and Administrative

General and administrative expenses decreased to \$1.8 million in Q1 2008 compared to \$2.4 million in Q1 2007, a decrease of \$0.6 million or 25% due mainly to a reduction in professional fees.

Telecommunications

Telecommunication expenses increased to \$0.8 million in Q1 2008, compared to \$0.6 million in Q1 2007, an increase of \$0.2 million or 30%, attributable mainly to additional capacity at BOX.

Public Affairs

Public affairs decreased to \$0.4 million in Q1 2008, compared to \$0.5 million in Q1 2007, a slight decrease of \$0.1 million.

Other Items

The following table provides a breakdown of other items in Q1 2008 and Q1 2007:

	Q1 2008	Q1 2007
	(\$ in thousands)	
Fees in connection with the preparation of our non-offering prospectus and the listing of our shares	\$ –	\$ 2,725
Fees in connection with the planned combination with TSX Group	1,110	–
Reversal of provision relating to the closing of our trading floor	(700)	–
	<u>\$ 410</u>	<u>\$ 2,725</u>

In Q1 2008, MX incurred fees of \$1.1 million in connection with the planned combination with TSX Group. The commitments related to the planned combination are described under the "Contractual Obligations, Commitments and Guarantees" section of this MD&A. The reversal of provision relates to litigation brought against us in connection with the closing of our physical trading floor in 2001. Subsequent to the Superior Court of Québec's dismissal of all actions for damages in February 2008, MX reversed the provision of \$0.7 million which had been previously recorded.

Operating Earnings

Operating earnings reached \$8.1 million in Q1 2008, compared to \$6.5 million in Q1 2007, an increase of \$1.6 million, or 25%. Operating margin amounted to 39% compared to 29% in Q1 2007. Adjusted operating earnings amounted to \$8.5 million in Q1 2008, compared to \$9.2 million in Q1 2007, a decrease of \$0.7 million, or 8%. Adjusted operating margin decreased to 41% compared to 42% for the same period in 2007. This decline can be explained by a 6% decrease in revenue in Q1 2008, combined with a decrease of 4% in expenses excluding other items as described in the sections "Use of Non-GAAP Performance Measures" and "Other Items" of this MD&A.

Investment Income

Investment income reached \$3.2 million in Q1 2008, compared to \$0.7 million in Q1 2007, a net rise of \$2.6 million, as a result of increased cash and cash equivalents and temporary investments held throughout the period as well as an unrealized gain on foreign exchange of \$1.1 million. The unrealized gain on foreign exchange relates to cash equivalents denominated in US dollar that will be used to finance part of the additional 21.9% interest in BOX that MX intends to acquire.

Equity in Results of a Company Subject to Significant Influence

Equity in results of a company subject to significant influence represents our share of BOX's results. This investment is accounted for on an equity basis in accordance with Canadian GAAP, based on a 31.4% interest in BOX as at March 31, 2008. Equity in the results of BOX amounted to \$0.5 million in Q1 2008, compared to \$0.7 million in Q1 2007, a decrease of \$0.1 million.

During Q1 2008, BOX's average daily volume stood at 675,549 contracts compared to 407,949 in Q1 2007, an increase of 267,600 contracts or 66%. Revenue per contract decreased as compared to Q1 2007, as a result of the introduction of a new pricing structure during Q4 2007. The resulting increase in revenues as compared to Q1 2007 was offset by higher expenses, mainly caused by higher regulatory and technology, and amortization costs, leading to a decrease of 6% in operating earnings (in US dollars) as compared to Q1 2007. Combined with the stronger Canadian dollar as compared to the US dollar, this led to the decrease of \$0.1 million in our share of BOX's earnings.

Income Taxes

MX's income tax expense for Q1 2008 was \$3.5 million, compared to \$2.2 million in Q1 2007, with this increase being attributable to the rise in net earnings and in the effective tax rate. The effective tax rate for Q1 2008 was 29%, compared to 28% for Q1 2007. The higher effective tax rate applicable on investment income was greater in Q1 2008 due to a portion of the investment income taxable at a higher rate and not eligible for the Québec tax holiday. This was partially compensated by the reduction of the federal corporate income tax rate.

Net Earnings

Net earnings for Q1 2008 amounted to \$8.4 million, compared to \$5.6 million in Q1 2007, an increase of \$2.8 million or 50%. The increase in net earnings results from increased operating earnings and investment income, partly offset by lower equity in the results of a company subject to significant influence. Net margin stood at 41% in Q1 2008 compared to 25% at Q1 2007. Basic and diluted earnings per share in Q1 2008 amounted to \$0.27, compared to \$0.20 in Q1 2007.

Adjusted net earnings in Q1 2008 amounted to \$8 million, compared to \$7.6 million in Q1 2007, an increase of \$0.4 million, or approximately 5%. Adjusted net margin stood at 39% in Q1 2008, compared to 35% in Q1 2007. Adjusted basic and diluted earnings per share in Q1 2008 amounted to \$0.26, compared to \$0.27 in Q1 2007.

In Q1 2008, earnings per share and adjusted earnings per share were negatively affected due to a higher weighted average number of shares outstanding, which stood at 30,633,959 compared to 27,792,659 in Q1 2007.

Segment Analysis

Exchange

Revenues from the Exchange segment were \$17.3 million in Q1 2008, compared to \$18 million in Q1 2007, a decrease of \$0.6 million, or 4% mainly due to lower levels of activity on our markets. Investment income reached \$2.7 million in Q1 2008, compared to \$0.4 million in Q1 2007, a rise of \$2.3 million as a result of increased cash and cash equivalents and temporary investments, including a \$1.1 million unrealized gain on our foreign exchange.

Equity in results of a company subject to significant influence represents our share of BOX's results. This investment is accounted for on an equity basis in accordance with Canadian GAAP, based on a 31.4% interest in BOX as at March 31, 2008. Equity in the results of BOX amounted to \$0.5 million in Q1 2008, compared to \$0.7 million in Q1 2007, a decrease of \$0.1 million.

Net earnings amounted to \$6.6 million in Q1 2008, compared to \$3.5 million in Q1 2007, a rise of \$3.1 million. Net earnings represented 38% of our revenues in Q1 2008, compared to 20% in Q1 2007.

Clearing House

Revenues from Canadian Derivatives Clearing Corporation ("CDCC") were \$3.4 million in Q1 2008, compared to \$4 million in Q1 2007, a decrease of \$0.6 million, or 15%, mainly due to a lower level of activity on our markets. Net earnings stood at \$1.8 million in Q1 2008, compared to \$2 million in Q1 2007, a decline of \$0.3 million, or 13% due to the above-mentioned reason. Net earnings represented 53% of our revenues in Q1 2008, compared to 52% in Q1 2007.

Regulatory Division

Pursuant to a decision rendered by the AMF on November 24, 2000, MX created a separate regulatory division, responsible for approved participants and market regulation and operating on a cost recovery basis. Results of the Regulatory Division are included in the Exchange segment above. For March 31, 2008, the Regulatory Division generated gross revenues of \$0.8 million (\$1 million in Q1 2007) and incurred direct expenses of \$0.4 million (\$0.4 million in Q1 2007) and indirect expenses of \$0.3 million (\$0.3 million in Q1 2007). The surplus of the Regulatory Division at March 31, 2008 totals \$1.4 million (\$1.7 million on December 31, 2007) and is presented in accounts payable and accruals, and an equivalent amount is included in restricted cash.

For a discussion of our most recent quarterly results, see "Quarterly Financial Information" of this MD&A.

Cash Flow Analysis

Cash Flows from Operating Activities

Cash flows from operating activities generated \$1 million in Q1 2008, compared to a reduction of \$0.5 million in Q1 2007. This variance is mainly due to an increase in net earnings of \$2.8 million partly offset by a decrease in non-cash items of \$0.9 million and in net change in non-cash operating assets and liabilities of \$0.4 million.

Cash Flows from Investing Activities

Investing activities generated cash inflows of \$23.1 million in Q1 2008, compared to cash inflows of \$1 million in Q1 2007. The cash inflows in Q1 2008 are due to the net sale of \$24 million in investments and \$0.7 million invested in capital assets, primarily to further develop the SOLA[®] software, and an increase of \$0.2 million in other assets. The cash inflows in Q1 2007 are due to the net sale of \$1.6 million in investments and a decrease of \$0.3 million in other assets and \$0.9 million invested in capital assets.

Cash Flows from Financing Activities

Cash flows from financing activities generated \$0.4 million in net funds in Q1 2008, compared to \$78.1 million in Q1 2007. The restricted cash decreased by \$0.3 million due to the distribution to the approved participants of a portion of the surplus generated from the activities of the Regulatory Division.

In Q1 2007, cash flow from financing activities were affected by the following: 1) share issuances generated \$91.7 million in connection with an investment made by NYMEX Holdings, Inc.; 2) restricted cash increased by \$0.7 million; 3) a dividend payment totalled \$13.9 million; and 4) capital lease and debt repayments reached \$0.4 million.

Financial Position

Total assets excluding certain clearing assets reached \$171 million as at March 31, 2008 compared to \$168 million as at December 31, 2007, an increase of \$3 million, or 2%. This increase is attributable mainly to an increase in cash and cash equivalents, temporary investments, receivables and long-term investment.

Daily settlements due from and to clearing members consist of amounts due from and to clearing members as a result of marking open futures positions to market and settling option transactions each day that are required to be collected from or paid to clearing members prior to the commencement of the next trading day. The amounts due from clearing members are presented as an asset in the balance sheet and are not offset against amounts due to other clearing members, which are presented as a liability.

Cash deposits of clearing members are held in the name of CDCC and are disclosed in our consolidated balance sheets under Clearing members' cash margin deposits and Clearing fund cash deposits.

Clearing fund and margin deposits held by custodians, and of which CDCC is the beneficiary, that are not included in our consolidated balance sheets, consist of government securities and other securities that are deposited by the clearing members with approved depositories under irrevocable agreements. Clearing members may also deposit letters of credit and escrow receipts directly with CDCC.

Shareholders' equity as at March 31, 2008 was \$159.3 million, compared to \$150.4 million as at December 31, 2007. The \$8.9 million increase is mainly attributable to net earnings of \$8.4 million generated in Q1 2008.

Liquidity and Capital Resources

Liquidity

Our operations are usually the major source of our liquidity. Our cash requirements primarily consist of operating expenses, as well as capital expenditures for the development of technology solutions and technology enhancements.

As at March 31, 2008, we had total cash, cash equivalents and temporary investments of \$128.7 million, compared to \$126.7 million as at December 31, 2007. As at March 31, 2008 and December 31, 2007, we had no external borrowings. We intend to use part of our liquidities to finance our planned acquisition of a 21.9% interest in BOX.

We believe that current cash balances and future funds generated through our operations will be sufficient to meet cash requirements currently and for the foreseeable future. If we were to experience a significant reduction in our cash flows from operations, we believe we currently have a variety of options for raising capital for short-term cash needs, including an unused revolving line of credit and extending our available credit facilities.

Financing Facilities

We have an operating line of credit of \$3 million, of which an amount of \$2.1 million has been drawn (by way of letter of credit) as a guarantee to the trustee under our employee future benefit plan in respect of our accrued future employee benefits. Borrowings under our operating line of credit bear interest at the bank's prime rate. The line of credit contains customary covenants requiring us to maintain certain financial ratios.

CDCC has also arranged a total of \$30 million in revolving standby credit facilities with a Canadian Schedule I bank to provide liquidity in the event of default by a clearing member. Borrowings under the facilities, which are required to be collateralized, bear interest based on the bank's prime rate plus 0.75%. These facilities have not been utilized since the date they were established.

Contractual Obligations, Commitments and Guarantees

Under the combination agreement with TSX Group, MX has agreed to pay TSX Group a termination fee of up to \$45.7 million, including expense reimbursement of up to \$7.5 million, if the amalgamation, in certain circumstances, is not completed. MX's commitment towards service providers, including amounts which are variable and fluctuate based on MX share price at the effective date of the amalgamation, is estimated at \$10 million if the amalgamation is completed, in addition to a reimbursement of out-of-pocket expenses over \$0.1 million in all cases. Furthermore, MX has awarded retention bonuses amounting to \$0.7 million of which \$0.4 million is payable even if the amalgamation is not completed.

Our material obligations under firm contractual arrangements include operating lease agreements expiring between 2008 and 2015 for our premises and equipment, and licence and maintenance agreements until 2010. We believe that current cash balances and future funds generated through operations will be sufficient to meet current obligations and commitments.

We have entered into a commitment in respect of MCeX, pursuant to which we have agreed with Chicago Climate Exchange Inc. that MX will fund the first US\$3 million of MCeX's initial working capital requirements. Between MCeX's inception and March 31, 2008, MX has funded approximately C\$0.6 million for working capital requirements.

As previously mentioned, a letter of credit of \$2.1 million has been issued as a guarantee to the trustee under our employee future benefit plan in respect of accrued future employee benefits.

Business Acquisition and Strategic Investment

On December 21, 2007, MX announced that it had reached an agreement to increase its ownership position in BOX from 31.4% to 53.2%, subject to regulatory approval. Under the terms of the agreement with the BSE, a partner in BOX, MX will pay US\$52.5 million in cash (C\$53.9 million as at March 31, 2008) for the 21.9% partnership interest in BOX held by the BSE. MX intends to finance this transaction with its existing cash resources. The request for formal regulatory approval should be filed with the SEC in the second quarter of 2008. There is no assurance that this acquisition will be approved by the SEC or that it will close.

Capital Stock and Outstanding Share Data

As at March 31, 2008, our capital stock consisted of 30,655,683 issued and outstanding common shares, all of which are voting and participating shares. Of this number, 4,059 were held in guarantee for loans under our previous share purchase plan. As at April 15, 2008, all loans had been fully reimbursed. In addition, 154,763 stock options were outstanding as at March 31, 2008.

MX recorded a compensation cost of \$0.1 million in Q1 2008. No charge was recorded in Q1 2007 related to the stock option plans.

See also note 6 to our unaudited interim consolidated financial statements for further details.

Financial Risk Management

For information on financial risks to which we are exposed, refer to Note 9 to the unaudited interim consolidated financial statements.

Critical Accounting Estimates

During Q1 2008, there has been no change in the critical accounting estimates as described in our 2007 MD&A.

Accounting Developments

Changes in Accounting Policies

We monitor the application of new accounting policies, including proposed harmonization to international financial reporting requirements. On January 1, 2008, we adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosure* and Section 3863, *Financial Instruments – Presentation*. These new Handbook Sections apply to fiscal years beginning on or after October 1, 2007. The Sections relate to disclosure and presentation and do not have an impact on our financial results.

See Notes 1 and 3 to the unaudited interim consolidated financial statements for more information about the accounting policies we used to prepare our financial statements.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. No changes were made in our internal control over financial reporting during the period ended March 31, 2008, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Quarterly Financial Information (unaudited)

(\$ in thousands, except trading days, volume, margins and per share amounts)

Quarters ended	2008	2007				2006		
	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
Trading days	62	61	62	63	64	62	62	63
Average daily volume (contracts)	164,686	152,458	161,516	176,560	187,501	165,110	158,750	173,735
Revenues	\$20,679	\$19,559	\$20,140	\$21,435	\$21,913	\$19,545	\$19,924	\$20,714
Operating earnings	8,072	5,380	6,553	8,550	6,458	7,566	7,275	7,355
Operating margin	39%	28%	33%	40%	29%	39%	37%	36%
Net earnings	8,375	6,292	6,924	6,917	5,574	7,506	5,929	6,465
Basic earnings per share	0.27	0.21	0.23	0.22	0.20	0.28	0.23	0.25
Diluted earnings per share	0.27	0.21	0.23	0.22	0.20	0.27	0.22	0.24
Cash flows from operating activities	985	8,778	9,277	7,630	(494)	9,229	11,395	9,877

Our revenues are driven primarily by transaction volume. Transaction volume is not subject to any specific seasonality effects, although it does fluctuate based on prevailing market conditions and volatility, and can be particularly responsive to Canadian and U.S. interest rate announcements as well as the announcement of other key economic indicators. Our cash flows from operating activities are generally lower during the first quarter of the year, principally due to cash outlays in respect of corporate tax payments and executive and employee bonus payments.

2008

Revenues in the Q1 2008 were higher compared to Q4 2007 due mainly to an increase of 8% in average daily volume. Average daily volume in interest rate derivatives, index derivatives and equity options posted an increase of 8%, 14% and 4% respectively. Operating earnings increased in Q1 2008 compared to Q4 2007, principally due to higher volume, higher revenues in information systems services and a decrease in expenses. The increase in net earnings results mainly from increases in operating earnings and investment income.

2007

Revenues in Q1 2007 were higher compared to Q4 2006 due mainly to increased transaction volume. Operating earnings and net earnings decreased compared to Q4 2006 principally as a result of fees in connection with the preparation of our non-offering prospectus and the listing of our shares.

Revenues in Q2 2007 were slightly down compared to Q1 2007 due mainly to reduced transaction volume. Operating earnings and net earnings increased compared to Q1 2007 principally as a result of fees in connection with the preparation of our non-offering prospectus and the listing of our shares incurred in Q1 2007.

Revenues in Q3 2007 were slightly down compared to Q2 2007 due mainly to transaction volume. Operating earnings also decreased in Q3 2007 compared to Q2 2007 principally due to a combination of reduced revenues and non-recurring early termination penalty on computer licence and maintenance agreements. Net earnings remained stable due to an increase in investment income and equity in the results of BOX offset by the reduction in operating earnings.

Revenues in the Q4 2007 were slightly lower compared to Q3 2007 due mainly to a decline of 4% in average daily volume. Average daily volume in interest rate derivatives and index derivatives posted a decline of 14% and 2% respectively, while the average daily volume in equity options posted an increase of 10%. Operating earnings in the Q4 2007 declined compared to the Q3 2007 principally due to expenses incurred in connection with the planned combination with TSX Group. The decline in net earnings results mainly from a drop in operating earnings combined with a rise in income taxes, partly offset by increased investment income.

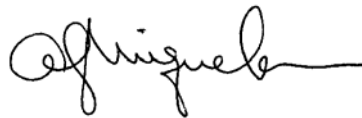
2006

Revenues in Q3 2006 decreased compared to Q2 2006, which had experienced a strong performance, due to a decrease in transaction volume. Despite a decrease in revenues, operating earnings remained stable due to a reduction of expenses in the quarter.

Revenues in Q4 2006 were slightly down compared to Q3 2006. Despite an increase of average daily volume in Q4 2006, the decrease in revenues was due mainly to a reduction of information system service revenues, subsequent to a reduction of capital lease payments that are re-invoiced to BOX. Operating earnings increased compared to Q3 2006 principally as a result of an increase in transaction and clearing revenues, offset by a provision for claim settlements. The increase in net earnings Q4 2006 compared to Q3 2006 was mainly due to a realization of the income tax valuation allowance.



Luc Bertrand
President and Chief Executive Officer



Alain Miquelon
Executive Vice-President,
Chief Financial Officer and Head of Strategic Development

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)
(unaudited)

	March 31, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 71,136	\$ 46,648
Temporary investments	57,588	80,023
Restricted cash	1,377	1,650
Receivables	8,961	7,841
Daily settlements due from clearing members	71,213	23,817
Clearing members' cash margin deposits	30,800	492
Clearing fund cash deposits	22,715	22,949
Prepaid expenses	1,153	1,166
	264,943	184,586
Long-term investment	11,768	10,869
Capital assets	15,376	15,454
Future income taxes	2,019	2,359
Other assets	2,075	1,988
	\$ 296,181	\$ 215,256
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accruals	\$ 9,121	\$ 13,848
Daily settlements due to clearing members	71,213	23,817
Clearing members' cash margin deposits	30,800	492
Clearing fund cash deposits	22,715	22,949
Income taxes payable	322	1,154
	134,171	62,260
Future income taxes	1,624	1,606
Accrued employee benefits liability	1,069	999
Shareholders' equity:		
Capital stock (Note 6)	139,812	139,712
Contributed surplus	658	572
Retained earnings	20,928	12,553
Accumulated other comprehensive loss	(2,081)	(2,446)
	159,317	150,391
Contingencies (Note 8)		
	\$ 296,181	\$ 215,256

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of dollars, except per share amounts and number of shares)
(unaudited)

	Three months ended	
	March 31, 2008	March 31, 2007
Revenues:		
Transactions	\$ 8,996	\$ 10,768
Clearing and option exercise	3,306	3,899
Information systems services	4,334	3,600
Market data	2,978	2,635
Participants	932	870
Other	133	141
	20,679	21,913
Expenses:		
Compensation and benefits (Note 5)	6,897	6,342
Occupancy	997	816
Computer licences and maintenance	488	1,288
Amortization of capital assets and other assets	872	806
General and administrative	1,762	2,362
Telecommunications	804	620
Public affairs	377	482
Interest on obligations under capital leases and debts due within one year	-	14
Other items (Note 7)	410	2,725
	12,607	15,455
Operating Earnings	8,072	6,458
Investment income (Note 9)	3,239	665
Equity in results of a company subject to significant influence	534	656
Earnings before income taxes	11,845	7,779
Income taxes		
Current	3,104	1,677
Future	366	528
	3,470	2,205
Net earnings	\$ 8,375	\$ 5,574
Basic earnings per share	\$ 0.27	\$ 0.20
Diluted earnings per share	\$ 0.27	\$ 0.20
Weighted average number of shares outstanding - basic	30,633,959	27,792,659
Weighted average number of shares outstanding - diluted	30,656,800	28,216,474

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of dollars)
(unaudited)

	Three months ended	
	March 31, 2008	March 31, 2007
Net earnings	\$ 8,375	\$ 5,574
Other comprehensive income (loss)		
Unrealized gain or (loss) on translating financial statements of a self-sustaining foreign operation	365	(113)
Comprehensive income	\$ 8,740	\$ 5,461

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of dollars)
(unaudited)

	March 31, 2008	March 31, 2007
Capital stock at beginning of period	\$ 139,712	\$ 49,258
Issuance of common shares		
New issuance of common shares (Note 6)	–	90,866
Transaction fees related to issued common shares, net of income taxes of \$391	–	(1,199)
Stock Option Plan (Note 6)	–	103
Variation of shares held in guarantee (Note 6)	100	1,928
Capital stock at end of period	139,812	140,956
Contributed surplus at beginning of period	572	434
Stock option expense	86	–
Employee share purchase plan expense	19	23
Stock options exercised and share purchase plan reimbursed	(19)	(23)
Contributed surplus at end of period	658	434
Retained earnings at beginning of period	12,553	16,991
Net earnings	8,375	5,574
Impact of initial adoption of new accounting standards (Note 3)	–	571
Dividends	–	(9,293)
Retained earnings, end of period	20,928	13,843
Accumulated other comprehensive loss, beginning of period	(2,446)	(966)
Impact of changes in currency rates on net investment in self-sustaining foreign operation and impact resulting from distributions from a company subject to significant influence	365	(113)
Accumulated other comprehensive loss, end of period	(2,081)	(1,079)
Shareholders' equity, end of period	\$ 159,317	\$ 154,154

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars)
(unaudited)

	Three months ended	
	March 31, 2008	March 31, 2007
Cash flows from (used in) operating activities:		
Net earnings	\$ 8,375	\$ 5,574
Adjustments for:		
Amortization of capital assets and other assets	872	806
Equity in results of a company subject to significant influence	(534)	(656)
Amortization of premium on investments	15	20
Interest income on discount investments	46	(295)
Future income taxes	366	137
Cost of stock option plan and employee share purchase plan	105	23
Change in fair value of financial instruments held for trading	(589)	56
Unrealized gain on foreign exchange	(1,067)	-
Net change in non-cash operating assets and liabilities:		
Receivables	(1,120)	(1,267)
Prepaid expenses	13	413
Accounts payable, accruals and income taxes payable	(5,567)	(5,305)
Increase in the accrued employee benefits liability	70	-
	985	(494)
Cash flows from (used in) investing activities:		
Purchase of capital assets	(693)	(854)
(Increase) decrease in other assets	(188)	278
Purchase of investments	(71,999)	(301,575)
Sale of investments	96,029	303,160
	23,149	1,009
Cash flows from (used in) financing activities:		
Restricted cash	273	749
Repayment of obligations under capital leases and debts	-	(372)
Share issuance	81	91,675
Dividends	-	(13,910)
	354	78,142
Net increase in cash and cash equivalents	24,488	78,657
Cash and cash equivalents, beginning of period	46,648	22,919
Cash and cash equivalents, end of period	71,136	101,576
Temporary investments, end of period	57,588	36,074
Cash and cash equivalents, and temporary investments, end of period	\$ 128,724	\$ 137,650
Supplemental cash flow information:		
Interest paid	\$ -	\$ 14
Income taxes paid	3,952	4,718

See accompanying Notes to the Interim Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

On March 27, 2007, MX listed its shares on the Toronto Stock Exchange ("TSX") through a non-offering listing. MX's shares are now publicly traded under the symbol MXX.

1. Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), using the same accounting policies as outlined in Note 1 to the audited consolidated financial statements for the year ended December 31, 2007, with the exception of the changes in accounting policies presented in Note 3 below. MX's unaudited interim consolidated financial statements do not include all disclosures required by Canadian GAAP for annual financial statements and accordingly, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2007.

2. Interest in a joint venture

On March 13, 2007, MX concluded an agreement with NYMEX Holdings, Inc. (« NYMEX ») to create the Canadian Resources Exchange Inc. (« CAREX »), a joint venture over which the two partners exercise joint control and share equally in the profits or losses. CAREX will provide the Canadian market with trading and clearing services for over-the-counter and on-exchange products relating to energy (including natural gas, heavy crude oil and electricity), metals and soft commodities. Under the terms of this agreement, on March 23, 2007, MX and NYMEX each invested \$2,000 in the new joint venture in order to fund initial working capital requirements. MX uses the proportionate consolidation method to account for its 50% interest in the assets, liabilities, revenue, expenses and cash flows of the joint venture.

3. Changes in accounting policies

On January 1, 2008, MX adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, Capital Disclosures, CICA Handbook Section 3862, Financial Instruments – Disclosure, and CICA Handbook Section 3863, Financial Instruments – Presentation. These new Handbook Sections apply to fiscal years beginning on or after October 1, 2007. The Sections relate to disclosure and presentation and do not have an impact on our financial results (see notes 9 and 10).

On January 1, 2007, MX adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook: Section 1530, *Comprehensive Income*, Section 3251, *Equity*, Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments – Disclosure and Presentation*. The adoption of these new standards resulted in an increase in retained earnings as at January 1, 2007 of \$571, net of income taxes, resulting mainly from the unrealized appreciation of temporary investments. Furthermore, the unrealized loss on translating financial statements of a self-sustaining foreign operation of \$966 as at December 31, 2006, previously presented under Cumulative translation adjustment, has been reclassified to accumulated other comprehensive loss in the consolidated balance sheet.

Notes to the Interim Consolidated Financial Statements (continued)

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

4. Going-private transaction

On December 10, 2007, MX and TSX Group Inc. ("TSX Group") announced that they had agreed to combine their organizations to create TMX Group Inc. ("TMX Group"). TMX Group will list, trade, clear and offer market data for both cash and derivatives markets across multiple asset classes.

Under this combination agreement, TSX Group will indirectly acquire all of MX's outstanding common shares for total consideration of 15,346,000 TSX Group common shares and \$428,200 in cash.

The combination required the approval of two thirds of the votes cast by the shareholders of MX present at a special meeting which was held on February 13, 2008. MX's shareholders approved the proposed combination by 99.6% during the special general meeting. The combination has received all regulatory approvals including those of the Autorité des marchés financiers ("AMF") on April 10, 2008 and of the Ontario Securities Commission ("OSC") on April 15, 2008. The transaction is expected to close on May 1, 2008.

5. Employee future benefits

For the quarter ended March 31, 2008, the total net benefit plan expense cost was \$90 (\$94 in 2007).

6. Capital stock

On February 13, 2007, the Board of Directors of MX (the « Board ») approved a three-for-one stock split of MX's common shares, effective March 15, 2007. All per share amounts and the number of shares are presented on a split basis as well as for comparative figures purposes.

	March 31, 2008	December 31, 2007
Authorized:		
An unlimited number of shares, without face value:		
Common, voting and participating		
Preferred, non-voting, dividend to be determined upon issuance		
Total issued, including in guarantee:		
30,655,683 common shares		
(30,655,683 as at December 31, 2007)	\$ 139,840	\$ 139,821
Held in guarantee for loans under share purchase plan:		
4,059 common shares		
(33,228 as at December 31, 2007) ⁽¹⁾	(28)	(109)
Issued and paid:		
30,651,624 common shares		
(30,622,455 as at December 31, 2007)	\$ 139,812	\$ 139,712

⁽¹⁾ As at April 15, 2008, the loans under the share purchase plan were totally reimbursed.

On March 13, 2007, MX and NYMEX entered into an agreement whereby NYMEX purchased, on March 23, 2007, 3,097,718 newly-issued MX common shares for \$29½ per common share totalling net proceeds of \$89,667 (net of transaction fees).

On March 13, 2007, MX concluded a second agreement with NYMEX whereby MX granted NYMEX a pre-emptive right allowing it, subject to regulatory approval and certain conditions, to maintain its proportionate ownership in MX shares should there be an issuance of MX shares.

Notes to the Interim Consolidated Financial Statements (continued)

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

6. Capital stock (continued)

MX used a portion of the proceeds from the NYMEX Investment to fund the payment of a special dividend of \$0.33 $\frac{1}{2}$ per common share of an aggregate dividend amount of \$9,293. This dividend was paid on April 12, 2007 to shareholders of record on March 22, 2007. In addition to general corporate purposes, the proceeds were also used under a normal course issuer bid to purchase in the normal course of its activities 387,500 common shares at an average price of \$31.89 per share for a total consideration of \$12,357. The repurchase period was held from March 23, 2007 to March 22, 2008. Following the announcement by MX and TSX Group on December 10, 2007, concerning their agreement to combine their organization, the purchase of shares under the normal course issuer bid has been halted. The purchases were made at market prices through the facilities of TSX in accordance with its rules and policies. The common shares thereby purchased were cancelled. Premiums paid above the average carrying value of the common shares of \$10,589 were charged to retained earnings.

a) Share Purchase Plan

On February 13, 2007, the Board agreed to terminate the existing employee share purchase plan and approved the creation of a new employee share purchase plan. Under the terms of this plan, the eligible employees may contribute up to 10% of their annual base salary. MX contributes an amount equal to 50% of the eligible employee's contribution, up to a maximum of \$2.5 per year. This plan took effect on March 23, 2007, the date on which the receipt in respect to the final non-offering prospectus was issued by the securities regulatory authorities, and employee and employer contributions started in the second quarter of 2007.

During the first quarter of 2008, the compensation cost related to the employee share purchase plan totalled \$76 (nil in 2007).

b) Stock Option Plan

On February 13, 2007, the Board agreed to terminate the existing stock option plan, but to maintain the options still outstanding and unexercised.

At the same time, the Board approved the creation of a new stock option plan for officers and key employees of MX and its wholly-owned subsidiary, Canadian Derivatives Clearing Corporation ("CDCC"). This plan, for a total duration varying between 7 to 10 years, foresees a total reserve of 1,800,000 common shares. A block of fifty percent (50%) of options granted is subject to the passage of time, and in general the second block of 50% will be vested upon achieving performance criteria as determined annually except if the decision is taken not to grant such criteria for a specific year. In this circumstance, the options granted for the year in which there is no performance criteria, will be subject to passage of time only. The stock options are vested evenly over a four-year period. The exercise price of a stock option shall not be less than the weighted average price of the shares on the TSX during the five trading days immediately preceding the day on which the stock option was granted. The Board has full latitude on all aspects of the plan.

Notes to the Interim Consolidated Financial Statements (continued)

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

6. Capital stock (continued)

b) Stock Option Plan (continued)

The following table summarizes information on outstanding as at March 31, 2008:

	Three months ended March 31, 2008		Twelve months ended December 31, 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	98,600	\$40.09	129,000	\$ 1.72
Granted	56,163	38.03	128,880	41.59
Cancelled	—	—	(33,280)	42.42
Exercised	—	—	(126,000)	1.72
Options, end of period	154,763	\$39.34	98,600	\$ 40.09

During the first quarter of 2008, MX recorded a compensation cost of \$86 (nil in 2007) related to the stock option plans. The following weighted average assumptions were used:

	2008
Weighted average fair value of options at grant date	\$7.87
Risk-free interest rate	4.35%
Dividend yield	2.00%
Expected volatility	25%
Expected life	3.91 years

As at March 31, 2008, 19,600 of the outstanding options were exercisable at the weighted average price of \$36.19.

7. Other items

Other items are comprised of:

Three months ended	March 31, 2008	March 31, 2007
Fees in connection with the preparation of our non-offering prospectus and the listing of our shares	\$ —	\$ 2,725
Fees in connection with the planned combination with TSX Group	1,110	—
Reversal of provision relating to the closing of our trading floor (note 8)	(700)	—
	\$ 410	\$ 2,725

Notes to the Interim Consolidated Financial Statements (continued)

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

8. Contingencies

MX was a defendant in legal actions for damages in connection with the closing of the trading floor. As at March 31, 2007, there was a total of \$27,269 remaining in unsettled legal actions. On February 27, 2008, the Superior Court of Québec dismissed the actions for damages filed against MX. The plaintiffs did not appeal the decision. MX had previously recorded a provision in regards of the litigation and the provision was reversed in March 2008 (note 7).

9. Financial instruments

a) Financial instruments – carrying values and fair values:

The fair values of financial assets and liabilities, together with the carrying amounts included in the consolidated balance sheet, are as follows:

	As at March 31, 2008		As at December 31, 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial assets</u>				
Held for trading:				
Cash and cash equivalents	\$ 71,136	\$ 71,136	\$ 46,648	\$ 46,648
Temporary investments	57,588	57,588	80,023	80,023
Restricted cash	1,377	1,377	1,650	1,650
Loans and receivables:				
Accounts receivable - trade	8,940	8,940	7,488	7,488
Accounts receivable - other	21	21	353	353
Daily settlements due from clearing members	71,213	71,213	23,817	23,817
Clearing members' cash margin deposits	30,800	30,800	492	492
Clearing fund cash deposits	22,715	22,715	22,949	22,949
Long-term receivable included in other assets	8	8	61	61
<u>Financial liabilities</u>				
Other financial liabilities:				
Accounts payable and accruals	9,121	9,121	13,848	13,848
Daily settlements due to clearing members	71,213	71,213	23,817	23,817
Clearing members' cash margin deposits	30,800	30,800	492	492
Clearing fund cash deposits	22,715	22,715	22,949	22,949

MX has determined that the fair value of its short-term financial assets and liabilities not classified as held for trading approximates their respective carrying amounts as at the balance sheet dates because of the short-term maturity of those instruments. The fair value of the long-term receivable approximates its carrying amount.

Notes to the Interim Consolidated Financial Statements (continued)

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

9. Financial instruments (continued)

b) Investment income

The following components of income relating to financial instruments are included in the consolidated statement of earnings.

	Three months ended	
	March 31, 2008	March 31, 2007
Interest income on financial assets classified as held for trading	\$ 1,583	\$ 609
Variation in fair value of financial assets classified as held for trading	589	56
Unrealized gain on foreign exchange	1,067	–
Investment income	\$ 3,239	\$ 665

c) Financial Risk Management

This section provides disclosures relating to the nature and extent of MX's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk as well as to how MX manages those risks.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from MX's trade receivables. MX may also have credit risk relating to cash and cash equivalents, temporary investments and restricted cash which we manage by limiting our investments to government bonds or corporate bonds rated A and above. The carrying amount of financial assets, as disclosed above, represents MX's maximum credit exposure.

MX is also exposed to credit risk arising from its clearing activities. This risk is described in detail in note 25 of the December 31, 2007 audited consolidated financial statements.

MX's credit risk for trade receivables is concentrated, since approximately 21% of MX's revenues for the first quarter ended March 31, 2008 were generated by BOX in information systems services, while four approved participants on behalf of numerous clients, representing individually at least 6% of MX's revenues, generated 35% of MX's revenues, for a combined total of 56% as at March 31, 2008.

Revenues are invoiced with payment terms of 30 days. MX reviews a customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information.

With the exception of the receivable from BOX which totalled \$400 and is classified under the « Not Past due » category in the following table, the majority of receivables comes from our approved participants.

Notes to the Interim Consolidated Financial Statements (continued)

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

9. Financial instruments (continued)

c) Financial Risk Management (continued)

The ageing of trade receivable balances as at March 31, 2008 was as follows:

	March 31, 2008
Not past due	\$ 8,403
Past due 0-30 days	393
Past due 31-60 days	107
Past due 61-90 days	14
Past due over 91 days	23
Trade receivables	\$ 8,940

Liquidity Risk

Liquidity risk is the risk that MX will not be able to meet its financial obligations as they fall due. MX manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 10. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves MX's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures.

We have an operating line of credit of \$3,000, of which an amount of \$2,100 has been drawn as a guarantee (by way of letter of credit) to the trustee under our employee future benefit plan in respect of our accrued future employee benefits. Borrowings under our operating line of credit bear interest at the bank's prime rate. The line of credit contains customary covenants requiring us to maintain certain financial ratios.

CDCC has also arranged a total of \$30,000 in revolving standby credit facilities with a Canadian Schedule I bank to provide liquidity in the event of default by a clearing member. Borrowings under the facilities, which are required to be collateralized, bear interest based on the bank's prime rate plus 0.75%. These facilities have not been utilized since the date they were established.

MX's financial liabilities include accounts payable and accruals, whereby their contractual maturities are less than one year.

Foreign Currency Risk

The majority of MX's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is MX's functional and reporting currency. Foreign currency risk is limited to a portion of cash and cash equivalents denominated in US dollars whose fair market value was US\$30,443 (C\$31,250) as at March 31, 2008 and which will be used to finance a portion of the acquisition of the additional units in BOX as described in note 15 of the December 31, 2007 consolidated financial statements.

Notes to the Interim Consolidated Financial Statements (continued)

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

9. Financial instruments (continued)

c) Financial Risk Management (continued)

Interest Rate Risk

MX is exposed to interest rate risk as interest rate fluctuations could have an impact on the investment income generated by MX on its cash and cash equivalents, temporary investments and restricted cash, which, when interest bearing, bear interest at fixed rates. MX has established special guidelines whereby the objectives are to preserve capital, to keep the investment portfolio liquid and to achieve reasonable returns. The special guidelines also stipulated authorized investment vehicles, the acceptable credit rating and their maximum term.

As at March 31, 2008, should interest rates vary by 100-basis-points, all the other parameters remaining the same, MX's net earnings would have increased or decreased by \$794.

10. Capital disclosure

MX's objectives in term of capital management is to maintain a sound financial situation in order to satisfy its role as an exchange, to maintain CDCC's credit rating at the required level for a clearing corporation, to respect the regulatory ratios imposed by the AMF and to ensure financial flexibility in order to maintain its capacity for growth.

MX's capital is composed of its shareholders' equity and its primary uses are to finance increases in acquisitions, increases in non-cash working capital and capital expenditures for capacity expansion and to maintain the technological infrastructure up-to-date. MX believes that current cash balances and future funds generated through its operations will be sufficient to meet cash requirements currently and for the foreseeable future. If MX were to experience a significant reduction in its cash flows from operations, MX believes it currently has a variety of options for raising capital for short-term cash needs, including an unused revolving line of credit and extending its available credit facilities.

MX must also maintain sufficient financial resources for the proper performance of its functions. Hence, MX maintains certain regulatory ratios as defined in the AMF recognition order, as follows: i) cash flow ratio above 1.5 ii) debt to cash flow ratio above 20% and iii) financial leverage ratio lower than 4.0 (total assets to shareholders' equity).

11. Segmented information

MX operates in two industry segments. The commercial activities of these segments are undertaken in Canada and are defined as follows:

Exchange (Bourse):

This segment acts as the only standardized financial derivatives exchange in Canada, providing a complete range of equity, index and interest rate derivatives.

Clearing house (Canadian Derivatives Clearing Corporation):

This segment acts as a clearing house and guarantor for derivative instruments traded at MX and certain other derivative instruments from the over-the-counter market (OTC).

Notes to the Interim Consolidated Financial Statements (continued)

For the three months ended March 31, 2008

(in thousands of dollars, except per share amounts and number of shares)

(unaudited)

11. Segmented information (continued)

These segments are managed and evaluated separately based on revenues and net earnings.

Three months ended March 31

	Bourse		CDCC		Consolidated	
	2008	2007	2008	2007	2008	2007
Revenues from exchange and clearing	\$12,973	\$14,350	\$3,372	\$3,963	\$16,345	\$18,313
Revenues from information systems services	4,334	3,600	–	–	4,334	3,600
Investment income	2,743	440	496	225	3,239	665
Amortization of capital assets and other assets	851	779	21	27	872	806
Equity in results of company subject to significant influence	534	656	–	–	534	656
Net earnings	6,598	3,528	1,777	2,046	8,375	5,574
Purchase of capital assets and other assets	855	535	26	15	881	550
Assets	156,801	162,846	139,380	77,765	296,181	240,611

Regulatory Division:

Pursuant to a decision rendered by the AMF on November 24, 2000, MX created a separate regulatory division, responsible for approved participants and market regulation and operating on a cost recovery basis.

For the first quarter ended March 31, 2008, the Regulatory Division generated gross revenues of \$812 (\$974 in 2007) and incurred direct expenses of \$372 (\$357 in 2007) and indirect expenses of \$288 (\$257 in 2007). The surplus of the Regulatory Division at March 31, 2008 totals \$1,377 (\$1,650 at December 31, 2007) and is presented in accounts payable and accruals and an equivalent amount is included in restricted cash.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.



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