



Quarterly Report
Q1

ended
March 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2007

April 24, 2007

The following discussion and analysis provides information concerning our, the Montréal Exchange's ("MX"), operating results and financial condition for the quarter ended March 31, 2007.

This discussion should be read in conjunction with our unaudited interim consolidated financial statements for the quarter ended March 31, 2007 and the accompanying notes as well as the audited consolidated financial statements for the year ended December 31, 2006 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 interim consolidated financial statements contained in this report have not been subject to a review by the MX's auditors.

This discussion contains forward-looking information. 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 this forward-looking information are reasonable, forward-looking information involves known and unknown risks and uncertainties and is not a guarantee of future performance. 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, concentration of credit risk, credit risk and clearing house risk, reliability of information systems and regulatory risk. We caution you that this list of factors is not exhaustive. A description of these factors and certain additional risk factors are discussed in our non-offering prospectus, dated March 23, 2007. Given the uncertainty of forward-looking information, you are cautioned not to place undue reliance on these statements. We disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Background

Mission

Our mission is to operate and develop high-quality market and clearing services for our Canadian and international clients as well as to commercialize our internally developed technology solutions. We aim to accomplish our mission by remaining at the forefront of worldwide developments in risk management, market technology, market models and regulation, as well as outsourcing services. To fulfill our mission, we rely on employee teams that continually strive to improve their skills and client service practices.

Segments and Main Activities

We have two reporting segments, Exchange and Clearing House.

Exchange

Within our Exchange segment, our principal business activities are conducted through our Financial Markets business unit which includes our financial markets activities as well as activities related to our training service and the sale of market data, our Information Technology Solutions business unit in which we undertake our technology services and solutions, including the development, operation, enhancement and licencing of our SOLA® suite of products, and our Regulatory Division.

Clearing House

Our Clearing House segment generates revenues from clearing and settlement, as well as from options and futures exercise activities. We offer central counterparty, clearing and settlement services through our wholly-owned subsidiary, Canadian Derivatives Clearing Corporation ("CDCC"). CDCC is the issuer of options traded on our markets and the clearing house and guarantor for options and futures contracts traded on our markets. CDCC reduces investor risk by guaranteeing all contractual commitments made between parties during transactions executed on our markets.

Recent Developments

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

On March 15, 2007, we effected a three-for-one subdivision of our common shares (and a corresponding adjustment to the MX stock options that were outstanding on that date). The subdivision did not change any shareholder's proportionate ownership of our outstanding common shares. We refer to this subdivision as our "Stock Split". All references to earnings per share, dividends per share, shares issued and outstanding, shares held in guarantee, and options outstanding have been restated to reflect the impact of the Stock Split.

On March 13, 2007, MX and NYMEX Holdings Inc. ("NYMEX") entered into an agreement whereby NYMEX purchased on March 23, 2007, 3,097,718 newly-issued MX common shares, representing 10% of our outstanding share capital after giving effect to this issuance, for \$29½ per common share, totalling net proceeds of \$89.7 million (net of transaction fees). We refer to this issuance and sale as the "NYMEX Investment".

We used a portion of the proceeds from the NYMEX Investment to fund the payment of a special dividend of \$0.33½ per common share of an aggregate dividend amount of \$9.3 million. This dividend was paid on April 12, 2007 to shareholders of record on March 22, 2007. In addition to general corporate purposes, the proceeds will also be used, as approved by our Board of Directors, under a normal course issuer bid, to purchase, in the normal course of our activities, which started on March 23, 2007 and ending on March 22, 2008, up to 2,412,143 MX common shares. The purchases will be made at market prices through the facilities of Toronto Stock Exchange ("TSX") in accordance with its rules and policies. The common shares thereby purchased will be cancelled. As at March 31, 2007, no shares were repurchased by the MX under the normal course issuer bid.

As part of this agreement, together with NYMEX, we created a business venture, called Canadian Resources Exchange Inc. ("CAREX"), for the trading and clearing of different energy products in the Canadian market. Under the terms of this agreement, MX and NYMEX each invested \$2.0 million in the new entity in order to fund initial working capital requirements. MX and NYMEX will share CAREX's net earnings equally and control will be exercised jointly.

Strategy and Outlook

To achieve our objectives, we have built a strategy around the following elements:

- Expand our current market business by adding new market participants, expanding our access network, and offering a range of products that remain adapted to client needs. Our development efforts are designed to promote greater use of derivatives in Canada.
- Expand the range of clearing services that we may offer to include OTC products, commodities and energy and widen our clientele.
- Continue to make regular investments to keep the SOLA® suite at the leading edge of market solutions, and complete the development of the SOLA® suite of products, namely SOLA® Surveillance and SOLA® Clearing components, which are currently expected in 2007 and 2008 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- Continue commercialization efforts with respect to our SOLA® Trading platform, and, ultimately, our full suite of SOLA® products.
- Expand and enhance our alliances' operations and take advantage of new strategic opportunities.
- Continue to manage our expenses tightly to remain a lean operator in order to increase profitability and shareholders' value.

Use of Non-GAAP Performance Measures

In this discussion, we refer to "operating earnings", a performance measure that is not recognized under Canadian GAAP. Although operating earnings is typically understood to be a non-GAAP performance measure, in our case operating earnings is equivalent to the line item "earnings before investment income, other items and income taxes" in our unaudited interim consolidated financial statements prepared in accordance with Canadian GAAP. Other companies may define or calculate operating earnings differently, limiting its usefulness as a comparative measure.

In this discussion, we also 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.

We define adjusted operating earnings as operating earnings excluding: a) a \$2.7 million charge relating to non-recurring professional fees in connection with the preparation of our non-offering prospectus and the listing of our shares (which is included in "General and administrative" expenses in the first quarter of 2007); b) a \$0.8 million charge relating to legal settlements in connection with the closing of our trading floor (which is included in "General and administrative" expenses in the first quarter of 2006). The following table provides a reconciliation of adjusted operating earnings to operating earnings under Canadian GAAP as disclosed in our financial statements:

	<i>March 31, 2007</i>	<i>March 31, 2006</i>
	<i>(\$ in thousands)</i>	
<i>Reconciliation of operating earnings and adjusted operating earnings disclosed herein</i>		
<i>Operating earnings</i>	\$ 6,458	\$ 5,449
<i>Non-recurring professional fees in connection with the preparation of our non-offering prospectus and the listing of our shares</i>	2,725	–
<i>Settlement charge relating to the closing of our trading floor</i>	–	805
<i>Adjusted operating earnings</i>	\$ 9,183	\$ 6,254

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

We define adjusted net earnings as net earnings excluding: a) a \$2.7 million charge (\$2.1 million net of tax) relating to non-recurring professional fees in connection with the preparation of our non-offering prospectus and the listing of our shares (which is included in "General and administrative" expenses in the first quarter of 2007); b) a \$0.8 million charge (\$0.6 million net of tax) relating to legal settlements in connection with the closing of our trading floor (which is included in "General and administrative" expenses in the first quarter of 2006). The following table provides a reconciliation of adjusted net earnings to net earnings under Canadian GAAP as disclosed in our financial statements:

	March 31, 2007	March 31, 2006
	(\$ in thousands)	
Reconciliation of net earnings and adjusted net earnings disclosed herein		
Net earnings	\$ 5,574	\$ 4,931
Non-recurring professional fees in connection with the preparation of our non-offering prospectus and the listing of our shares	2,725	-
Settlement charge relating to the closing of our trading floor	-	805
Income tax effect of adjustments (estimated based on statutory tax rate in each respective year applicable to MX)	(670)	(196)
Adjusted net earnings	\$ 7,629	\$5,540

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 the 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, 2007	December 31, 2006
	(\$ in thousands)	
Reconciliation of total assets and assets excluding certain clearing assets disclosed herein		
Total assets	\$ 240,611	\$122,694
Clearing fund cash deposits	(14,721)	(14,807)
Clearing members' cash margin deposits	(1,097)	(2,312)
Daily settlements due from clearing members	(47,813)	(6,951)
Assets excluding certain clearing assets	\$ 176,980	\$ 98,624

Operating earnings, 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 and other data)

Operating Results	March 31, 2007	March 31, 2006
Revenues	\$ 21,913	\$ 19,077
Operating earnings	6,458	5,449
Adjusted operating earnings	9,183	6,254
Operating margin	29%	29%
Adjusted operating margin	42%	33%
Net earnings	5,574	4,931
Adjusted net earnings	7,629	5,540
Net margin	25%	26%
Adjusted net margin	35%	29%
Return on average shareholders' equity	26%	34%
Adjusted return on average shareholders' equity	28%	35%
Cash flows (used in) from operating activities	(494)	(938)

Financial Position	March 31, 2007	December 31, 2006
Total assets	240,611	122,694
Assets excluding certain clearing assets	176,980	98,624
Long-term financial liabilities	700	1,072

Per Share Data	March 31, 2007	March 31, 2006
Earnings per share		
Basic	0.20	0.19
Diluted	0.20	0.18
Adjusted earnings per share		
Basic	0.27	0.22
Diluted	0.27	0.20
Dividends declared per share	0.33½	–
Weighted average number of shares outstanding		
Basic	27,792,659	25,585,485
Diluted	28,216,474	27,242,487

Other Data	March 31, 2007	March 31, 2006
Average daily volume (# of contracts)	187,501	148,691
SOLA® availability rate ⁽¹⁾	99.74%	99.96% ⁽²⁾

⁽¹⁾ Calculated on a trailing twelve month basis.

⁽²⁾ SOLA® was implemented and operational beginning in October 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Performance Indicators

Management believes that our key performance indicators are the following:

- Average daily volume and total annual volume;
- Operating earnings;
- Earnings per share;
- Cash flows from operating activities; and
- Reliability of our electronic trading platform, and the related information systems, measured in terms of the availability rate of the trading platform.

Results of Operations for the Quarter Ended March 31, 2007 Compared to the Quarter Ended March 31, 2006

Revenues

Total revenues amounted to \$21.9 million in the first quarter of 2007 compared to \$19.1 million for the same period in 2006, an increase of \$2.8 million, or 15%. The following table provides a breakdown of our revenues for the quarters ended March 31, 2007 and 2006.

(\$ in thousands)	March 31, 2007		March 31, 2006		Change	
	\$	% of total	\$	% of total	\$	%
Revenues						
Transactions	10,768	49%	8,454	45%	2,314	27%
Clearing and option exercise	3,899	18%	3,043	16%	856	28%
Information systems services	3,600	16%	4,057	21%	(457)	(11%)
Market data	2,635	12%	2,499	13%	136	5%
Participants	870	4%	810	4%	60	7%
Other	141	1%	214	1%	(73)	(34%)
Total revenues	21,913	100%	19,077	100%	2,836	15%

Transactions

In the first quarter of 2007, our transactions revenues grew to \$10.8 million, compared to \$8.5 million for the same period in 2006, an increase of \$2.3 million or 27%. Average daily volumes grew to 187,501 contracts in the first quarter of 2007, compared to 148,691 contracts for the same period in 2006, an increase of 38,810 contracts, or 26%, driven mainly by favourable market conditions resulting in an increase in transaction revenues of \$2.7 million. However, growth in overall volumes also gave rise to additional volume rebates (liquidity provider programs) in the first quarter of 2007 compared to the first quarter of 2006, with these incremental rebates amounting to \$0.4 million, resulting in the net increase of \$2.3 million.

Interest rate derivatives maintained the most robust growth, with a 41% rise in average daily volume. Index derivatives also showed strong growth, posting a 40% increase in average daily volume, while equity options posted a decrease in volume of 2%.

In the first quarter of 2007, average revenue per contract increased to \$0.90 per contract from \$0.89 per contract for the same period in 2006 due to a combination of variations in product and client mix, and additional volume rebates, pursuant to liquidity provider programs.

Clearing and Option Exercise

Clearing and option exercise revenues increased to \$3.9 million in the first quarter of 2007, compared to \$3.0 million for the same period in 2006, an increase of \$0.9 million or 28% due principally to the increased trading volumes on our markets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Information Systems Services

Revenues from information systems services amounted to \$3.6 million in the first quarter of 2007, compared to \$4.1 million for the same period in 2006, a decrease of \$0.5 million, or 11%.

A decrease of \$0.8 million was due to a reduction of obligations under capital leases for computer hardware and software that are held at Boston Options Exchange Group LLC (« BOX ») premises and re-invoiced to BOX at cost. This decrease is equally reflected in our amortization expense.

Furthermore, this decrease in revenues was offset by approximately \$0.3 million in additional revenues from services rendered to BOX, and reflected by an increase in our compensation and benefits expense and, general and administrative expense.

Market Data

Market data revenues reached \$2.6 million in the first quarter of 2007, compared to \$2.5 million for the same period in 2006, an increase of \$0.1 million or 5%, driven principally by increased data subscriptions and giving effect to variations in subscription levels and mix distribution type.

Participants

Revenues from approved participants, generated primarily by the Regulatory Division, amounted to \$0.9 million in the first quarter of 2007 compared to \$0.8 million for the same period in 2006, an increase of 7%.

Expenses

Our total expenses amounted to \$15.5 million in the first quarter of 2007 compared to \$13.6 million for the same period in 2006, an overall increase of \$1.8 million, or 13%. The following table provides a breakdown of our expenses in the first quarters of 2007 and 2006.

(\$ in thousands)	March 31, 2007		March 31, 2006		Change	
	\$	% of total	\$	% of total	\$	%
Total revenues	21,913	100%	19,077	100%	2,836	15%
Expenses:						
Compensation and benefits	6,342	41%	5,783	43%	559	10%
Occupancy	705	5%	691	5%	14	2%
Computer licences and maintenance	1,490	10%	1,622	12%	(132)	(8)%
Amortization of capital assets and other assets	806	5%	1,690	12%	(884)	(52)%
General and administrative	4,996	32%	2,629	19%	2,367	90%
Telecommunications	620	4%	538	4%	82	15%
Public affairs	482	3%	617	5%	(135)	(22)%
Interest on obligations under capital leases and debts due within one year	14	0%	58	0%	(44)	(76)%
Total Expenses	15,455	100%	13,628	100%	1,827	13%
Operating earnings	6,458		5,449		1,009	19%

Compensation and Benefits

Total compensation and benefits amounted to \$6.3 million in the first quarter of 2007, compared to \$5.8 million for the same period in 2006, an overall increase of \$0.6 million, or approximately 10%. This increase is explained mainly by a higher number of employees generating an increase in wages and employee benefits of which a portion is related to additional information systems services re-invoiced to BOX.

Our total number of full-time equivalent employees at March 31, 2007 was 217, compared to 211 at March 31, 2006.

Occupancy

Occupancy expenses remained relatively stable at \$0.7 million in the first quarter of 2007.

Computer Licences and Maintenance

Computer licences and maintenance expenses decreased to \$1.5 million in the first quarter of 2007 compared to \$1.6 million for the same period in 2006, a decrease of \$0.1 million, or 8%. This decrease is attributable mainly to a reduction of licences and maintenance expense due to the transition to SOLA®.

Amortization of Capital Assets and Other Assets

Amortization of capital assets and other assets decreased to \$0.8 million in the first quarter of 2007 compared to \$1.7 million for the same period in 2006, a decrease of \$0.9 million, or 52%. This decrease amounting to \$0.8 million is attributable mainly to reduced amortization related to assets under capital lease for computer hardware and software related to BOX operations.

General and Administrative

General and administrative expenses increased to \$5.0 million in the first quarter of 2007 compared to \$2.6 million for the same period in 2006, an increase of \$2.4 million, or approximately 90%.

This increase is attributable principally to various non-recurring professional fees of \$2.7 million incurred in connection with the preparation of our non-offering prospectus and the listing of our shares, increased professional fees relating to technology projects amounting to \$0.3 million. In the first quarter of 2006, settlement charges relating to the closing of our trading floor amounted to \$0.8 million.

Telecommunications

Telecommunication expenses increased to \$0.6 million in the first quarter of 2007, compared to \$0.5 million for the same period in 2006, an increase of \$0.1 million, or 15%, attributable mainly to additional capacity.

Public Affairs

Public affairs decreased to \$0.5 million in the first quarter of 2007 compared to \$0.6 million for the same period in 2006, a decrease of \$0.1 million, or 22%.

Operating Earnings

Operating earnings rose to \$6.5 million in the first quarter of 2007 compared to \$5.4 million for the same period in 2006, an increase of \$1.0 million, or 19%. Operating margin (calculated as operating earnings as a percentage of revenues) remained stable at 29%.

Adjusted operating earnings rose to \$9.2 million in the first quarter of 2007 compared to \$6.3 million for the same period in 2006, an increase of \$2.9 million, or 47%. Adjusted operating margin (calculated as adjusted operating earnings as a percentage of revenues) increased to 42% compared to 33% in the first quarter of 2006. This increase can be explained by the increase in revenues experienced in the first quarter of 2007 coupled with a decrease in expenses after giving effect to non-recurring expenses as described in detail in the section "Use of non-GAAP performance measures".

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Investment Income

Investment income increased to \$0.7 million in the first quarter of 2007 compared to \$0.5 million for the same period in 2006, a net increase of \$0.2 million, or 46%, as a result of increased cash and cash equivalents, and temporary investments, increased clearing fund cash deposits held throughout the quarter net of the effect of adopting new accounting standards requiring the mark-to-market of temporary investments.

Other Items

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, 2007. Equity in the results of BOX amounted to \$0.7 million in the first quarter of 2007, compared to \$0.6 million for the same period in 2006, a slight increase of approximately 4%.

Income Taxes

MX's income tax expense for the first quarter of 2007 was \$2.2 million compared to \$1.6 million for the same period in 2006. The effective tax rate for the first quarter of 2007 was 28%, compared to 25% for the same period in 2006. The lower effective tax rate in the first quarter of 2006 is a result of the application of previously unrecognized tax losses from BOX to reduce income taxes on our share of BOX's earnings. The tax benefit of the remaining losses was fully recognized during the fourth quarter of 2006, thereby resulting in a higher effective tax rate in 2007.

Net Earnings

Net earnings for the first quarter of 2007 amounted to \$5.6 million compared to \$4.9 million for the same period in 2006, an increase of \$0.6 million or approximately 13%. Net margin (calculated as net earnings as a percentage of revenues) stood at 25% in the first quarter of 2007 compared to 26% for the same period in 2006. Basic earnings per share for the first quarter of 2007 amounted to \$0.20 compared to \$0.19 for the same period in 2006. Diluted earnings per share for the first quarter of 2007 were \$0.20 compared to \$0.18 for the same period in 2006.

Adjusted net earnings for the first quarter of 2007 amounted to \$7.6 million compared to \$5.5 million for the same period in 2006, an increase of \$2.1 million or approximately 38%. Adjusted net margin (calculated as adjusted net earnings as a percentage of revenues) stood at 35% in the first quarter of 2007, compared to 29% for the same period in 2006. Adjusted basic earnings per share for the first quarter of 2007 amounted to \$0.27 compared to \$0.22 for the same period in 2006. Adjusted diluted earnings per share for the first quarter of 2007 were \$0.27 compared to \$0.20 for the same period in 2006.

Segment Analysis

Exchange

Revenues from the Exchange segment increased to \$18.0 million in the first quarter of 2007 compared to \$16.0 million for the same period in 2006, an increase of \$2.0 million, or 12% mainly due to the increased level of activity on our markets.

Investment income increased to \$0.4 million in the first quarter of 2007 compared to \$0.3 million for the same period of 2006, an increase of \$0.1 million or 45% as a result of increased cash and cash equivalents, and temporary investments, net of the effect of adopting new accounting standards requiring the mark-to-market of temporary investments.

Equity in the results of BOX amounted to \$0.7 million in the first quarter of 2007, compared to \$0.6 million for the same period in 2006, a slight increase of approximately 4%.

Net earnings remained stable at \$3.5 million. Net earnings represented 20% of our revenues in the first quarter of 2007, compared to 22% for the same period in 2006.

Clearing House

Revenues from CDCC increased to \$4.0 million in the first quarter of 2007 compared to \$3.1 million for the same period in 2006, an increase of \$0.9 million, or 28%, mainly due to the increased level of activity on our markets. Net earnings stood at \$2.0 million in the first quarter of 2007 compared to \$1.5 million for the same period in 2006, an increase of \$0.6 million, or 39%, principally as result of increased revenues net of applicable income taxes. Net earnings represented 52% of our revenues in the first quarter of 2007, compared to 47% for the same period in 2006.

For a discussion of our most recent quarterly results, see “— Quarterly Financial Information” below.

Liquidity and Financial Resources

Liquidity

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

As at March 31, 2007, we had total cash and cash equivalents, and temporary investments of \$137.7 million, compared to \$59.6 million as at December 31, 2006. On March 12, 2007, we declared a special dividend of \$0.33 1/3 per common share (\$9.3 million in the aggregate) which was paid on April 12, 2007 to shareholders of record on March 22, 2007. On March 23, 2007, we received net proceeds of \$89.7 million in connection with the NYMEX Investment. We intend to use the remaining proceeds from the NYMEX Investment for general corporate purposes and to fund a portion of our normal course issuer bid that we announced on March 23, 2007.

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

We have an operating line of credit of \$2.0 million, of which an amount of \$1.8 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 banks' prime rate. The line of credit contains customary covenants requiring us to maintain certain financial ratios.

CDCC has also arranged a total of \$30.0 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.

We currently intend to finance our planned acquisition of an additional 13.3% ownership interest in BOX through a revolving line of credit in an amount of US\$34.0 million with a Canadian Schedule I Bank. The revolving line of credit will have a maturity date of 5 years following the close of the transaction. This line of credit will be available in Canadian funds by way of advances, bankers acceptances and letters of credit, and in US funds by way of advances, LIBOR loans and letters of credit. Interest rates and fees will range from bankers' acceptance or LIBOR, as applicable, plus a margin of up to 0.7% based on certain financial ratios. The line of credit will contain certain covenants which will, among other things, require us to maintain certain financial ratios and restrict our ability to incur additional indebtedness, except in specified instances. The line of credit will also allow for an upsized or additional revolving line of credit of up to US\$30.0 million, which may be financed through the same lender or an alternative lender (which is referred to as the accordion feature).

Under the terms of the Autorité des marchés financiers (the “AMF”) decision recognizing MX as an exchange and self-regulatory organization (“SRO”) and pursuant to the Rules of MX regarding the Regulatory Division, no regulatory fees, fines or penalties collected by or on behalf of the Regulatory Division may be distributed to MX or any entity other than the Regulatory Division itself. As a result, the use of regulatory fees, fines and penalties

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

collected by or on behalf of the Regulatory Division may be considered restricted, and we could be required to report the related cash balances, if any, as restricted cash in future periods. At March 31, 2007, an amount of \$1.3 million is included in restricted cash (\$1.7 million at December 31, 2006).

MX's Recognition Order contains specified financial viability tests (financial ratios) with which we are required to comply. If we fail to comply with these ratios for a period of more than three months, we are required to notify the AMF staff of the reasons for the continued ratio deficiencies and the steps being taken to remedy the non-compliance. In these circumstances, we will not, without the prior approval of the AMF, be permitted to pay dividends, bonuses to directors or officers, or make certain other payments or distributions until the deficiencies have been eliminated for at least six months, or a shorter period of time as agreed to by the AMF.

Cash Flows from Operating Activities

Cash flows from operating activities used funds of \$0.5 million in the first quarter of 2007 compared to \$0.9 million for the same period in 2006. The resulting cash outflows are mainly due to net earnings generated in the quarter less the net change in non-cash operating assets and liabilities (resulting namely from the payment of 2006 income taxes and employees' bonuses).

Cash Flows from Investing Activities

Cash flows from investing activities generated funds of \$1.0 million in the first quarter of 2007 compared to \$7.4 million for the same period in 2006. The resulting cash inflows are due to the net sale of \$1.6 million in investments, net of \$0.6 million invested in capital assets and other assets during the first quarter of 2007.

Cash Flows from Financing Activities

Cash flows from financing activities generated \$78.1 million in funds compared to a use of funds of \$12.1 million for the same period in 2006. The inflows are due primarily to net proceeds from share issuances amounting to \$91.7 million. During the first quarter of 2007, dividend payments totalled \$13.9 million while capital lease repayments reached \$0.4 million and restricted cash generated \$0.7 million in funds.

Total Assets

Total assets excluding certain clearing assets increased to \$177.0 million as at March 31, 2007 compared to \$98.6 million as at December 31, 2006, an increase of \$78.4 million, or 79%. This increase is attributable mainly to an increase in cash and cash equivalents, and temporary investments resulting from the share issuance to NYMEX.

Daily settlements due from 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 are presented as an asset on the balance sheet and 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 sheet under Clearing members' cash margin deposits and Clearing fund cash deposits. Government securities, letters of credit and other securities 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.

Also, there are margin and clearing fund deposits held by custodians, of which CDCC is beneficiary, that are not included in our consolidated balance sheet.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Stock

As at March 31, 2007, our capital stock consisted of 30,977,183 issued and outstanding common shares, all of which are voting and participating shares. Of this number, 129,522 were held in guarantee for loans under our previous employee share purchase plan.

On March 12, 2007, the MX declared a special dividend of \$0.33 $\frac{1}{3}$ per common share (\$9.3 million in the aggregate). This dividend was paid on April 12, 2007.

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, representing 10% of our outstanding share capital after giving effect to this issuance, for \$29 $\frac{1}{2}$ per common share, totalling net proceeds of \$89.7 million (net of transaction fees). Concurrently, the MX concluded a second agreement with NYMEX whereby the 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.

On March 23, 2007, as approved by our Board of Directors, we announced a normal course issuer bid, to purchase, in the normal course of our activities, which started on March 23, 2007 and ending on March 22, 2008, up to 2,412,143 MX common shares. The purchases will be made at market prices through the facilities of TSX in accordance with its rules and policies. The common shares thereby purchased will be cancelled. As at March 31, 2007, no shares were repurchased under the normal course issuer bid.

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. We will contribute an amount equal to 50% of the eligible employee's contribution, up to a maximum of \$2.5 thousand per year. This plan took effect on March 23, 2007, the date that the receipt in respect to the final non-offering prospectus was issued by the securities regulatory authorities, and employee and employer contributions will start at the beginning of the second quarter of 2007.

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 the MX and its wholly-owned subsidiary, CDCC. This plan, for a total duration of 10 years, foresees a total reserve of 1,800,000 common shares. Fifty percent (50%) of options granted will be vested upon achieving performance criteria, as determined annually, and exercisable in part or in whole at all times at 25% per year and 50% of the stock option will be vested and exercisable in part or in whole at all times after the passage of time at 25% per year. The exercise price for each option represents the weighted average price of the shares on the Toronto Stock Exchange for the five trading days preceding the date of grant of the options. The Board has full latitude on all aspects of the plan.

During the first quarter of 2007, 60,000 of the 129,000 outstanding stock options granted under the previous plan were exercised at an average exercise price of \$1.72.

See also Note 5 to our unaudited interim consolidated financial statements.

Data on outstanding shares and options

	March 31, 2007	December 31, 2006
Shares issued and outstanding	30,977,183	27,819,465
Options outstanding	69,000	129,000

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Instruments

Our financial instruments include cash and cash equivalents, and temporary investments, receivables, certain other assets (employee loans), clearing members' cash margin deposits (assets and liabilities), clearing fund cash deposits (assets and liabilities), daily settlements due from/to clearing members, accounts payable and accruals, and short-term debt.

Cash and cash equivalents and temporary investments are carried at the lower of cost or market. The carrying amount of receivables, clearing members' cash margin deposits (assets and liabilities), clearing fund cash deposits (assets and liabilities), daily settlements due from/to clearing members, accounts payable and accruals and short-term debt approximates their fair value due to the near-term maturity of those instruments. The fair value of loans to employees is calculated based on the present value of future repayments.

Contractual Obligations and Commitments and Related Party Transactions

Our material obligations under firm contractual arrangements, including commitments for future payments under operating leases and other debt arrangements as of March 31, 2007 are summarized as follows:

Contractual Obligations:	Payments Due By Period				
	Total	2007	2008-2009	2010-2011	Thereafter
(\$ in thousands)					
Operating leases	\$ 13,155	\$ 1,471	\$ 3,328	\$ 3,307	\$ 5,049
Purchase obligations	12,105	3,597	6,327	2,181	–
Financial debt	700	700	–	–	–
Interest payments ⁽¹⁾	13	13	–	–	–
Total contractual obligations	\$ 25,973	\$ 5,781	\$ 9,655	\$ 5,488	\$ 5,049

(1) Includes interest and fees to be paid on financial debt.

We rent our premises and equipment under operating lease agreements expiring between 2007 and 2015 and we are committed under service and licence agreements through 2010.

In 2000, we entered into licence and maintenance agreements with AtosEuronext for the use of AtosEuronext's electronic trading software and pursuant to which AtosEuronext was obliged to provide services related to the operation and support of our trading platform. Licence and maintenance fees under these agreements are \$2.9 million in respect of 2007 (on an annualized basis). Pursuant to our decision to internally develop SOLA®, our customized trading platform, we may consider terminating these licence and maintenance agreements prior to their expiry date should the implementation of the remaining outstanding SOLA® protocol at MX be completed during the third quarter of 2007, as currently scheduled. Should we exercise this termination right in 2007, we will be subject to early termination penalties amounting to €0.9 million (\$1.4 million at March 31, 2007).

Our financial debt consists of our obligations under capital leases and debts due within one year.

We have also entered into a commitment in respect of Montréal Climate Exchange Inc. ("MCeX"), pursuant to which we have agreed with Chicago Climate Exchange Inc. ("CCX") that MX will fund the first US\$3.0 million of MCeX's initial working capital requirements. This commitment is staggered in "tranches," of which the first is of US\$300,000 (and has not been exhausted as at March 31, 2007), and we may terminate this commitment upon the exhaustion of each tranche, subject to certain conditions and subject to withdrawing from MCeX project with CCX.

During the first quarter of 2007, we were party to related party transactions with affiliated companies in the normal course of business. Beginning in 2004, we became an official supplier to BOX and, in this regard, we charge BOX for salaries, telecommunication services, computer equipment, and other services at rates set forth in our

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

agreement with BOX. The amounts invoiced to BOX during the first quarter of 2007 amounted to \$3.6 million (compared to \$4.1 million in the same period of 2006). These transactions were undertaken in the normal course of business.

Business Acquisitions

During 2006, MX made a commitment to acquire a further 13.3% ownership interest in BOX from the Boston Stock Exchange Inc. ("BSE") for US\$34.2 million (\$39.5 million at March 31, 2007). Should this transaction be completed, our interest in BOX would rise from 31.4% to 44.7%. This acquisition is subject to the prior approval of the United States Securities and Exchange Commission ("SEC") as well as customary closing conditions. The formal filing of the regulatory approval application is currently expected to occur in the second quarter of 2007. There is no assurance that this acquisition will be approved by the SEC or that it will close.

Shareholders' Equity

Shareholders' equity as at March 31, 2007 was \$154.2 million compared to \$65.7 million as at December 31, 2006. The increase of \$88.4 million reflects namely net earnings generated during the quarter as well as share issuances of \$91.7 million, less dividends of \$9.3 million recorded during the quarter.

Critical Accounting Estimates

During the first quarter of 2007, there has been no change in the critical accounting estimates as described in our non-offering prospectus dated March 23, 2007.

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, 2007, we 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*.

As a result of the adoption of these new standards, we have classified cash and cash equivalents, and temporary investments as held-for-trading. Receivables are classified as loans and receivables. Our long-term investment consists of an equity investment which is accounted for the equity method and thus, is excluded from the recommendations of this standard. Accounts payable and accrued liabilities, and short-term debt, including interest payable, are classified as other liabilities, all of which are measured at amortized cost. We have measured all derivatives at fair value.

The adoption of these new standards resulted in an increase in retained earnings as at January 1, 2007 of \$0.6 million, 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 as at December 31, 2006 of \$1 million, previously presented under Cumulative translation adjustment, has been reclassified to Accumulated other comprehensive loss in the consolidated balance sheet.

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

No changes were made in our internal control over financial reporting during the interim period ended March 31, 2007, 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

Quarterly Financial Information (unaudited)

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

	2007	2006				2005		
	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
Trading days	64	62	62	63	64	61	63	64
Average daily volume (contracts)	187,501	165,110	158,750	173,735	148,691	120,548	125,747	107,265
Revenues	\$ 21,913	\$ 19,545	\$ 19,924	\$ 20,714	\$19,077	\$ 16,512	\$ 16,569	\$ 15,484
Operating earnings	6,458	7,566	7,275	7,355	5,449	3,320	4,735	3,925
Operating margin	29%	39%	37%	36%	29%	20%	29%	25%
Net earnings	5,574	7,506	5,929	6,465	4,931	2,484	4,570	3,867
Basic earnings per share	0.20	0.28	0.23	0.25	0.19	0.10	0.19	0.16
Diluted earnings per share	0.20	0.27	0.22	0.24	0.18	0.09	0.17	0.15
Cash flows from operating activities	(494)	9,229	11,395	9,877	(938)	7,417	7,798	7,296

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.

2005

Revenues in the third quarter of 2005 improved over revenues in the second quarter of 2005 due to higher transaction volume.

Revenues in the fourth quarter of 2005 remained stable compared to the previous quarter. Net quarterly earnings decreased mainly due to the additional depreciation, and a loss and termination expense of \$0.7 million (before income taxes) on the disposal of investments in a company subject to significant influence and a joint venture.

2006

Revenues in the first quarter of 2006 improved over the previous quarter due to higher transaction volume.

The second quarter of 2006 experienced record volumes for various products resulting in another quarter of growth in revenues, operating earnings and net earnings.

Revenues in the third quarter of 2006 decreased compared to the previous quarter due to a decrease in transaction volume. Despite decrease in revenues, operating earnings remained stable due to a reduction of expenses in the quarter.

Revenues in the fourth quarter of 2006 were slightly down compared to the previous quarter. Despite an increase of average daily volume in the fourth quarter of 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 the third quarter of 2006 principally as a result of a reduction in amortization expense related to assets under capital lease, offset by a provision for claim settlements. The increase in net earnings in the fourth quarter compared to the third quarter of 2006 was mainly due to a realization of the income tax valuation allowance.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

2007

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



Luc Bertrand
President and Chief Executive Officer



Louise Laflamme
Executive Vice-President and
Chief Financial Officer

CONSOLIDATED BALANCE SHEET

(in thousands of dollars)
(unaudited)

	March 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 101,576	\$ 22,919
Temporary investments	36,074	36,639
Restricted cash	1,951	2,700
Receivables	9,156	7,889
Daily settlements due from clearing members	47,813	6,951
Clearing members' cash margin deposits	1,097	2,312
Clearing fund cash deposits	14,721	14,807
Prepaid expenses	1,277	1,690
	213,665	95,907
Long-term investment	9,845	9,302
Capital assets	12,469	12,319
Future income taxes	2,395	2,523
Other assets	2,237	2,643
	\$ 240,611	\$ 122,694
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accruals	\$ 10,699	\$ 13,057
Dividends payable	9,293	13,910
Daily settlements due to clearing members	47,813	6,951
Clearing members' cash margin deposits	1,097	2,312
Clearing fund cash deposits	14,721	14,807
Income taxes payable	301	3,343
Debts due within one year	661	992
Current portion of obligations under capital leases	39	80
	84,624	55,452
Future income taxes	1,025	812
Accrued employee benefits liability	808	713
Shareholders' equity:		
Capital stock (Note 5)	140,956	49,258
Contributed surplus	434	434
Retained earnings	13,843	16,991
Accumulated other comprehensive loss	(1,079)	(966)
	154,154	65,717
Contingencies (Note 6)		
	\$ 240,611	\$ 122,694

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF EARNINGS

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

	Quarter ended	
	March 31, 2007	March 31, 2006
Revenues:		
Transactions	\$ 10,768	\$ 8,454
Clearing and option exercise	3,899	3,043
Information systems services	3,600	4,057
Market data	2,635	2,499
Participants	870	810
Other	141	214
	21,913	19,077
Expenses:		
Compensation and benefits (Note 4)	6,342	5,783
Occupancy	705	691
Computer licences and maintenance	1,490	1,622
Amortization of capital assets and other assets	806	1,690
General and administrative	4,996	2,629
Telecommunications	620	538
Public affairs	482	617
Interest on obligations under capital leases and debts due within one year	14	58
	15,455	13,628
Earnings before investment income, other items and income taxes	6,458	5,449
Investment income	665	454
Equity in results of a company subject to significant influence	656	631
Earnings before income taxes	7,779	6,534
Income taxes		
Current	1,677	1,541
Future	528	62
Net earnings	\$ 5,574	\$ 4,931
Basic earnings per share	\$ 0.20	\$ 0.19
Diluted earnings per share	\$ 0.20	\$ 0.18
Weighted average number of shares outstanding - basic	27 792 659	25 585 485
Weighted average number of shares outstanding - diluted	28 216 474	27 242 487

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of dollars)
(unaudited)

	Quarter ended March 31, 2007
Net earnings	\$ 5,574
Other comprehensive income (loss)	-
Unrealized loss on translating financial statements of a self-sustaining foreign operation	(113)
Comprehensive income	\$ 5,461

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of dollars)
(unaudited)

	March 31, 2007	March 31, 2006
Common shares at beginning of period	\$ 49,258	\$ 45,405
Issuance of common shares		
New issuance of common shares (Note 5)	90,866	-
Transaction fees related to common shares issuance, net of income taxes of \$391	(1,199)	-
Stock Option Plan (Note 5)	103	4,026
Variation of shares held in guarantee (Note 5)	1,928	(1,404)
Common shares at end of period	140,956	48,027
Contributed surplus at beginning of period	434	825
Stock option expense	-	76
Share employee purchase plan expense	23	19
Stock options and share purchase plan reimbursed	(23)	(486)
Contributed surplus at end of period	434	434
Retained earnings at beginning of period	16,991	16,532
Net earnings	5,574	4,931
Impact of initial adoption of new accounting standard (Note 3)	571	-
Dividend	(9,293)	(1,189)
Retained earnings, end of period	13,843	20,274
Accumulated other comprehensive income (loss), beginning of period	(966)	(1,790)
Unrealized gain or loss on translating financial statements of a self-sustaining foreign operation	(113)	47
Accumulated other comprehensive income (loss), end of period	(1,079)	(1,743)
Shareholders' equity, end of period	\$ 154,154	\$ 66,992

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of dollars)
(unaudited)

	Quarter ended	
	March 31, 2007	March 31, 2006
Cash flows from (used in) operating activities:		
Net earnings	\$ 5,574	\$ 4,931
Adjustments for:		
Amortization of capital assets and other assets	806	1,690
Equity in results of a company subject to significant influence	(656)	(631)
Amortization of premium on investments	20	16
Interest income on discount investments	(295)	20
Future income taxes	137	62
Cost of stock option plan and employee share purchase plan	23	95
Change in fair value of derivative financial instruments	56	–
Net change in non-cash operating assets and liabilities:		
Receivables	(1,267)	(2,263)
Prepaid expenses	413	392
Accounts payable, accruals and income taxes payable	(5,305)	(5,250)
	(494)	(938)
Cash flows from (used in) investing activities:		
Purchase of capital assets	(854)	(954)
Decrease (increase) in other assets	278	(350)
Sale of capital assets	–	–
Purchase of investments	(301,575)	(68,605)
Sale of investments	303,160	77,272
	1,009	7,363
Cash flows from (used in) financing activities:		
Restricted cash	749	603
Decrease in obligations under capital leases and debts	(372)	(903)
Share issuance	91,675	2,136
Dividends	(13,910)	(13,910)
	78,142	(12,074)
Net increase (decrease) in cash and cash equivalents	78,657	(5,649)
Cash and cash equivalents, beginning of period	22,919	24,382
Cash and cash equivalents, end of period	101,576	18,733
Temporary investments, end of period	36,074	23,874
Cash and cash equivalents, and temporary investments, end of period	\$ 137,650	\$ 42,607

See accompanying Notes to the Interim Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements

Quarter ended March 31, 2007

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

(unaudited)

On March 27, 2007, the MX listed its shares on the Toronto Stock Exchange ("TSX") through a non-offering listing. The 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, 2006, with the exception of the changes in accounting policies presented in Note 3 below. The 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, 2006 which are included in the 2006 Annual Report.

2. Joint venture

On March 13, 2007, the 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. 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, the MX and NYMEX each invested \$2,000 in the new joint venture in order to fund initial working capital requirements. The 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 1st, 2007, the 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*. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Section 1530 also establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income, but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included in the consolidated balance sheet and are measured at fair value with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet.

As a result of the adoption of these new standards, the MX has classified its cash and cash equivalents, and temporary investments as held-for-trading. Receivables are classified as loans and receivables. The MX's long-term investment consists of an equity investment and is accounted for under the equity method and thus excluded from the recommendations of this standard. Accounts payable and accruals and short-term debt, including interest payable, are classified as other liabilities, all of which are measured at amortized cost. The MX has measured all derivatives at fair value.

Notes to the Interim Consolidated Financial Statements (continued)

Quarter ended March 31, 2007

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

(unaudited)

3. Changes in accounting policies (continued)

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 as at December 31, 2006 of \$966, previously presented under Cumulative translation adjustment, has been reclassified to accumulated other comprehensive loss in the consolidated balance sheet.

4. Employee future benefits

For the quarter ended March 31, 2007, the total retirement benefit cost was \$94 (\$85 in 2006).

5. Capital stock

On February 13, 2007, the Board of Directors of the MX (the « Board ») approved a three-for-one stock split of the MX's common shares, effective March 15, 2007. All numbers of shares below are presented on a split basis.

	March 31, 2007	December 31, 2006
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:		
30,977,183 common shares		
(27,819,465 as at December 31, 2006)	\$ 141,382	\$ 51,589
Held in guarantee for loans under Employee share purchase plan:		
129,522 common shares		
(256,173 as at December 31, 2006)	(426)	(800)
Held in guarantee for loans under stock option plan:		
nil common shares		
(894,954 as at December 31, 2006)	–	(1,531)
Issued and paid:		
30,847,661 common shares		
(26,668,338 as at December 31, 2006)	\$ 140,956	\$ 49,258

On March 13, 2007, the MX and NYMEX entered into an agreement whereby NYMEX purchased, on March 23, 2007, 3,097,718 newly-issued MX common shares for \$29 $\frac{1}{2}$ per common share totalling net proceeds of \$89,667 (net of transaction fees).

On March 13, 2007, the MX concluded a second agreement with NYMEX whereby the 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)

Quarter ended March 31, 2007

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

(unaudited)

5. 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 will also be used, as approved by the Board, under a normal course issuer bid to purchase, in the normal course of its activities, which started on March 23, 2007 and ending on March 22, 2008, up to 2,412,143 MX common shares. The purchases will be made at market prices through the facilities of TSX in accordance with its rules and policies. The common shares thereby purchased will be cancelled. As at March 31, 2007, no shares were repurchased by the MX under the normal course issuer bid.

a) Employee 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. The 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 that the receipt in respect to the final non-offering prospectus was issued by the securities regulatory authorities, and employee and employer contributions will start at the beginning of the second quarter of 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.

During the first quarter of 2007, 60,000 of the 129,000 outstanding stock options granted under the previous plan were exercised at an average exercise price of \$1.72, for an amount of \$103.

At the same time, the Board approved the creation of a new stock option plan for officers and key employees of the MX and its wholly-owned subsidiary, CDCC. This plan, for a total duration of 10 years, foresees a total reserve of 1,800,000 common shares. Fifty percent (50%) of options granted will be vested upon achieving performance criteria, as determined annually, and exercisable in part or in whole at all times at 25% per year and 50% of the stock option will be vested and exercisable in part or in whole at all times after the passage of time at 25% per year. The exercise price for each option represents the weighted average price of the shares on the TSX for the five trading days preceding the date of grant of the options. The Board has full latitude on all aspects of the plan. As at March 31, 2007, no stock options were granted.

During 2006, 2,376,000 of the 2,505,000 stock options granted were exercised at an average exercise price of \$1.69. The MX has granted loans bearing interest at 5% on 1,785,000 shares for an amount of \$3,042, repayable at the latest in February 2009. During the first quarter of 2007, all of these loans have been reimbursed.

Notes to the Interim Consolidated Financial Statements (continued)

Quarter ended March 31, 2007

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

(unaudited)

5. Capital stock (continued)

b) Stock Option Plan (continued)

The following table summarizes information on outstanding and exercisable options as at March 31, 2007:

	Three months ended March 31, 2007		Twelve months ended December 31, 2006	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	129,000	1.72\$	2,505,000	\$ 1.70
Granted				
Exercised	(60,000)	1.72	(2,376,000)	1.69
Options, end of period	69,000	1.72\$	129,000	\$ 1.72

6. Contingencies

The MX is a party to legal actions for damages in connection with the closing of the trading floor. During the quarter ended March 31, 2007, no legal actions have been settled. As at March 31, 2007, there was a total of \$27,269 remaining in unsettled legal actions against which the MX intends to defend itself vigorously. Even though the outcome of these legal actions as at March 31, 2007 cannot be determined with certainty, management of the MX believes that their outcome will not have a material adverse impact on the MX's operating results or financial position.

7. Segmented information

The 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 the MX and certain other derivative instruments from the over-the-counter market (OTC).

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

Notes to the Interim Consolidated Financial Statements (continued)

Quarter ended March 31, 2007

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

(unaudited)

7. Segmented information (continued)

Quarter ended March 31

	Bourse		CDCC		Consolidated	
	2007	2006	2007	2006	2007	2006
Revenues from exchange and clearing	\$ 14,350	\$ 11,915	\$ 3,963	\$ 3,105	\$ 18,313	\$ 15,020
Revenues from information systems services	3,600	4,057	–	–	3,600	4,057
Investment income	440	304	225	150	665	454
Amortization of capital assets and other assets	779	1,669	27	21	806	1,690
Equity in results of company subject to significant influence	656	631	–	–	656	631
Net earnings	3,528	3,463	2,046	1,468	5,574	4,931
Purchase of capital assets and other assets	535	1,297	15	7	550	1,304
Assets	162,846	66,170	77,765	87,330	240,611	153,500

Regulatory Division:

Pursuant to a decision rendered by the AMF on November 24, 2000, the MX created a separate regulatory division, responsible for approved participants and market regulation and operating on a cost recovery basis. Since January 1, 2005, with the concurrence of the AMF, the Regulatory Division regulates exclusively the derivative area. At that date, the Regulatory Division transferred its functions and delegated authority on securities dealers to the Investment Dealers Association of Canada (IDA) in order to bring all dealers and their representatives and officers under the jurisdiction of one self-regulatory organization in Québec.

For the first quarter ended March 31, 2007, the Regulatory Division generated gross revenues of \$974 (\$746 in 2006) and incurred direct expenses of \$357 (\$355 in 2006) and indirect expenses of \$257 (\$198 in 2006). The surplus of the Regulatory Division at March 31, 2007 totals \$1,261 (\$1,728 at December 31, 2006) and is presented in accounts payable and accruals and an equivalent amount is included in restricted cash.

8. Comparative figures

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



Tour de la Bourse

P.O. Box 61

800 Victoria Square

Montréal, Québec

H4Z 1A9

Telephone: (514) 871-2424

Toll-free within Canada and the U.S.:

1 800 361-5353

communications@m-x.ca

www.m-x.ca

Ce rapport trimestriel est également
disponible en français.