



**CANACCORD CAPITAL INC.**  
**Reports fourth quarter and fiscal year 2008 results**

*(All dollar amounts are stated in Canadian dollars unless otherwise indicated)*

**VANCOUVER, June 12, 2008** – Canaccord Capital Inc.’s (TSX & AIM: CCI) revenue for the three months ended March 31, 2008 was \$143.4 million, down 33.7% from the same quarter a year ago. Net loss for the same period was \$35.2 million, down \$61.2 million, and diluted loss per share was \$0.80, down \$1.34 from the same period a year ago. Included in these results are non-recurring (non-GAAP) third party asset-backed commercial paper (ABCP) and restructuring charges of \$58.2 million (pre-tax) related to the Canaccord Relief Program for clients holding ABCP, as previously announced on April 9, 2008, as well as a fair value adjustment of \$4.2 million for the ABCP held by Canaccord in treasury. Excluding the ABCP and restructuring charges and adjustments, net income for the quarter would have been \$7.2 million, down \$18.8 million from the same period a year ago and diluted earnings per share (EPS) would have been \$0.15.

Commenting on the quarter, Paul Reynolds, President and CEO said, “The fourth quarter of Canaccord’s fiscal year was a very challenging one, as it was for the entire industry. We were disappointed by our results and are committed to our efforts to reduce costs and increase margins in any market conditions. The charges we previously announced related to the Canaccord Relief Program and restructuring resulted in a loss for the quarter and further reduced earnings for the year. Despite this, Canaccord remained profitable on a fiscal year basis. As we see a return to normal levels of market activity, we are confident that Canaccord is well positioned and capitalized to return to normal levels of profitability.”

As announced on April 9, 2008, a non-recurring (non-GAAP) charge of \$58.2 million pre-tax, \$39.6 million after tax, or \$0.82 per share has been recorded in Q4 of fiscal 2008 to reflect the cost of the Canaccord Relief Program and restructuring.

An adjustment of \$4.2 million related to ABCP held by Canaccord in treasury has been recorded at March 31, 2008 to reflect management’s view of current market conditions and the limited liquidity for these notes. In total, \$12.8 million has been recorded as an ABCP fair value adjustment in fiscal 2008. This ABCP is now valued at \$29.9 million on the company’s balance sheet. The fair value was estimated by management and the adjustment has been recorded as an “ABCP fair value adjustment”. The incremental adjustment of \$4.2 million booked this quarter is based on management’s estimate of the fair value of the ABCP by discounting expected future cash flows on a probability weighted basis considering the best available data.

Revenue for fiscal 2008 was \$731.5 million, down 3.4% from a year ago. Net income was \$31.3 million for fiscal 2008, representing a decrease of 66.5% from a year ago. Diluted EPS were \$0.64, down \$1.30 from \$1.94 for the same period a year ago. Excluding the ABCP and restructuring charges and adjustments, net income would have been \$79.3 million, down 15.1% compared to a year ago, and diluted EPS would have been \$1.63, down 16.0%.

## Financial highlights: Impact of ABCP adjustments

(C\$ thousands, except EPS in \$)	Three months ended March 31, 2008					Twelve months ended March 31, 2008				
	Revenue	Expenses	Net income (loss) before tax	Net income (loss)	Diluted EPS	Revenue	Expenses	Net income before tax	Net income	Diluted EPS
<b>Including ABCP adjustments</b>	143,446	194,004	(50,558)	(35,154)	(0.80)	731,539	680,008	51,531	31,334	0.64
<b>Canaccord Relief Program &amp; restructuring</b>	-	(58,200)	58,200	39,576		-	(58,200)	58,200	39,576	0.82
<b>ABCP fair value adjustment</b>	-	(4,172)	4,172	2,753		-	(12,797)	12,797	8,436	0.17
<b>Excluding ABCP adjustments<sup>1</sup></b>	143,446	131,632	11,814	7,175	0.15	731,539	609,011	122,528	79,346	1.63

<sup>1</sup> Excluding ABCP adjustments refers to results excluding the charge for the Canaccord Relief Program and restructuring for client held ABCP, and the ABCP fair value adjustments recorded in fiscal 2008. This presentation is considered to be non-GAAP. For more details see the F2008 annual MD&A page 18.

### **Key developments subsequent to March 31, 2008:**

- On April 9, 2008, Canaccord announced a non-recurring (non-GAAP) ABCP related charge of \$58.2 million pre-tax, \$39.6 million after tax, or \$0.82 per share. This charge has been recorded against Canaccord's fiscal fourth quarter 2008 earnings
- Also on April 9, 2008, Canaccord announced 2 senior management departures:
  - Robert Larose, Executive VP, Head of Private Client Services
  - William Whalen, Executive VP, Head of the Fixed Income group at Canaccord
- Paul Reynolds, President and CEO of Canaccord Capital Inc., is acting as interim Head of Private Client Services and Mark Maybank will act as interim Head of Fixed Income. They are both overseeing the process of recruiting permanent leadership for these important divisions
- On May 27, 2008, three Regional Managers in Private Client Services were named (pending regulatory approval): Matthew Cicci and Patrick Lecky were both named Regional Managers (Western Canada), and Mike Reynolds was named Regional Manager (Eastern Canada)
- On June 11, 2008, Jamie Brown was named President of Canaccord Adams Inc. (the US operations), in addition to his duties as Head of Investment Banking. He succeeds Kevin Dunn who is assuming the title of Vice Chairman of US Operations.
- In May 2008, Canaccord closed a fully underwritten financing of 6.7 million common shares at a price of \$10.25 per share for total gross proceeds of \$69.0 million. The net proceeds of the offering will be used for business development and general corporate purposes. Following this equity offering, Canaccord has 54.6 million common shares issued and outstanding.

### **Highlights for the three months ended March 31, 2008 compared to the three months ended March 31, 2007:**

- Revenue of \$143.4 million, down 33.7% or \$73.0 million from \$216.4 million
- Expenses of \$194.0 million, up 10.0% or \$17.7 million from \$176.3 million
- Net loss of \$35.2 million, down \$61.2 million from income of \$26.0 million
- Excluding the Canaccord Relief Program and restructuring charge and the ABCP fair value adjustment, net income would have been \$7.2 million, down 72.4% or \$18.8 million from \$26.0 million

- Diluted EPS of (\$0.80), down \$1.34 from \$0.54
- Excluding the Canaccord Relief Program and restructuring charge and the ABCP fair value adjustment, diluted EPS would have been \$0.15, down \$0.39 from \$0.54
- Return on equity (ROE) of (37.8)%, down from 29.0%
- Excluding the Canaccord Relief Program and restructuring charge and the ABCP fair value adjustment, ROE would have been 7.7%
- Working capital of \$249.4 million, down 17.1% from \$300.7 million
- Book value per diluted common share for the period end was \$7.21, down 6.8% or \$0.53 from \$7.74
- Book value per diluted common share adjusted for the 6,733,250 common shares issued subsequent to year end was \$7.53 per share
- The Board of Directors approved a quarterly dividend of \$0.125 per share on June 11, 2008, payable on July 3, 2008 with a record date of June 24, 2008

***Highlights for fiscal 2008 compared to fiscal 2007:***

- Revenue of \$731.5 million, down 3.4% or \$25.4 million from \$756.9 million
- Expenses of \$680.0 million, up 9.9% or \$61.3 million from \$618.7 million
- Net income of \$31.3 million, down 66.5% or \$62.2 million from \$93.5 million
- Excluding the Canaccord Relief Program and restructuring charge and the ABCP fair value adjustments, net income would have been \$79.3 million, down 15.1% or \$14.2 million from \$93.5 million
- Diluted EPS of \$0.64, down \$1.30 from \$1.94
- ROE of 7.9%, down from 28.4%
- Excluding the Canaccord Relief Program and restructuring charge and the ABCP fair value adjustments, diluted EPS would have been \$1.63, down 16.0% or \$0.31 from \$1.94

***Highlights of operations:***

- Canaccord Adams led 20 transactions globally to raise total proceeds of \$475.1 million<sup>(1)</sup> during fiscal Q4/08
- Canaccord Adams participated in a total of 395 transactions globally to raise total proceeds of \$24.8 billion<sup>(1)</sup> during fiscal 2008
- Canaccord Adams ranked sixth in Canada for block trading market share of 5.6% in Q4/08, up from ninth place and 4.4% in Q4/07<sup>(2)</sup>
- Canaccord Adams ranked number one for the greatest number of transactions with 53 completed Private Investment in Public Equity (PIPE) transactions in North America that raised \$912.5 million in proceeds during fiscal 2008<sup>(3)</sup>
- During Q4/08, Canaccord Adams led or co-led the following equity transactions:
  - \$80.0 million on TSX Venture for Melco China Resorts Investment Limited
  - \$64.5 million on AIM for Phorm, Inc.
  - \$58.0 million on TSX for Centenario Copper Corporation
  - \$40.1 million on AMEX for BPZ Energy, Inc.
  - \$35.9 million on AMEX & TSX Venture for Exeter Resource Corporation
  - \$30.0 million on TSX for Intrinsic Software International, Inc.
  - \$28.8 million on TSX for Migao Corporation
  - \$28.5 million on AMEX for Metalico, Inc.
- Canaccord Adams analysts won three awards at the 7th Annual StarMine Analyst Awards:
  - First for Industry Estimator in the Chemical & Utilities (including Trusts) Industry

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<sup>(1)</sup> Source: FP Infomart and Company information

<sup>(2)</sup> Source: Canada Equity

<sup>(3)</sup> Source: Placement Tracker: includes placements for companies incorporated in Canada and the US

- Second for Industry Stock Picker in the Diversified Industrials Industry
- Second for Industry Estimator in the Health Care Industry
- In the Investment Executive's Annual Survey of Investment Advisors' 2008 Report, Canaccord was ranked<sup>(1)</sup>:
  - First for Technology Tools and Advisor Desktop
  - First for Branch Managers
  - First for IPO and New Issues
  - Tied for first for Freedom to Make Objective Product Choices
  - *Despite a challenging year, Canaccord's rating remained the same in 2008 as in 2007. An improvement was seen in areas where we have focused, such as ongoing training, client account statements and consumer advertising. With continued focus on the Private Client Services division going forward, we hope to improve our score in other categories in fiscal 2009*
- Beginning in Q4/08, we have changed how we report the number of Investment Advisors in Private Client Services to reflect the composition of our advisor force. We are now reporting our Investment Advisors as Advisory Teams to reflect how the business functions. Advisory Teams are normally comprised of one or more Investment Advisors and their assistants and associates, who together manage a shared set of client accounts. In addition to this, we are no longer including Advisory Teams that are led by, or only include, an Investment Advisor who has been licensed for less than 3 years in our Advisory Team count. These teams (also referred to as Rookie Teams) have been removed from the count to reflect the fact that it typically takes a new Investment Advisor approximately three years to build an average sized book. We had 354 Advisory Teams as of Q4/08, down 14 from Q4/07
- Beginning in Q4/08, we have adjusted how we report fee-based revenue to become more consistent with how other firms in the investment dealer industry calculate it. Now included in fee-based revenue are fees earned in separately managed, advisor managed and fee-based accounts, as well as mutual fund and segregated fund trailer revenue. As a result of this change, Canaccord's fee-based revenue accounted for 16.3% of Private Client Services' revenue in Q4/08, compared to a recalculated 11.6% in Q4/07
- Assets under administration (AUA) of \$14.3 billion, down 4.8% from \$15.0 billion in Q4/07, compared to a decline in the TSX Venture Composite Index of 21.0% and an increase in the S&P/TSX Composite Index of 1.4% for fiscal 2008
- During fiscal 2008, Private Client Services implemented a new advisor managed account program known as *Private Investment Management*. Investment Advisors who have their Associate Portfolio Manager or Portfolio Manager designation now have the ability to provide discretionary management services similar to those offered by Investment Counsellors through this program

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<sup>1</sup> Ranking among regional and national independents and bank-owned investment dealers

**ACCESS TO QUARTERLY RESULTS INFORMATION:**

Interested investors, the media and others may review this quarterly earnings release and supplementary financial information at [canaccord.com/investor/financialreports](http://canaccord.com/investor/financialreports).

**ACCESS TO ANNUAL INFORMATION:**

Canaccord Capital Inc. will be filing its Audited Annual Financial Statements and Management's Discussion and Analysis for the year ended March 31, 2008 today on SEDAR ([sedar.com](http://sedar.com))

**CONFERENCE CALL AND WEBCAST PRESENTATION:**

Interested parties can listen to our fiscal fourth quarter 2008 results conference call with analysts and institutional investors, live and archived, via the Internet and a toll free number. The conference call is scheduled for Thursday, June 12, 2008, at 8:30 a.m. (Pacific Time), 11:30 a.m. (Eastern Time), and 4:30 p.m. (UK Time). At that time, senior executives will comment on the results for the fourth quarter of fiscal 2008 and respond to questions from analysts and institutional investors.

The conference call may be accessed live and archived on a listen-only basis via the Internet at [canaccord.com/investor/webcast](http://canaccord.com/investor/webcast).

Analysts and institutional investors can call in via telephone at:

- 416-644-3415 (within Toronto)
- 1-800-732-6179 (toll free outside Toronto)
- 00-800-2288-3501 (toll free from the United Kingdom)

A replay of the conference call can be accessed after 10:30 a.m. (Pacific Time), 1:30 p.m. (Eastern Time) and 6:30 p.m. (UK Time) on June 12, 2008, until 8:59p.m. (Pacific Time), 11:59 a.m. (Eastern Time) and 4:59 a.m. (UK Time) on June 26, 2008, at 416-640-1917 or 1-877-289-8525 by entering passcode 21261151#.

**ABOUT CANACCORD**

Through its principal subsidiaries, Canaccord Capital Inc. (TSX & AIM: CCI) is a leading independent, full service investment dealer in Canada with capital markets operations in the United Kingdom and the United States. Canaccord is publicly traded on both the Toronto Stock Exchange (TSX) and Alternative Investment Market (AIM), a market operated by the London Stock Exchange. Canaccord has operations in two of the principal segments of the securities industry: capital markets and private client services. Together, these operations offer a wide range of complementary investment banking services, investment products, and brokerage services to Canaccord's institutional, corporate and private clients. Canaccord has approximately 1683 employees worldwide in 30 offices, including 23 Private Client Services offices located across Canada. Canaccord Adams, the international capital markets division, has operations in Toronto, London, Boston, Vancouver, New York, Calgary, Montreal, San Francisco, Houston and Barbados.

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None of the information on Canaccord's Web site at: [canaccord.com](http://canaccord.com) should be considered incorporated herein by reference.