



## CANACCORD CAPITAL INC. REPORTS FOURTH QUARTER AND FISCAL YEAR 2009 RESULTS

*Profitable quarter is a result of cost controls and continued client focus*

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

**VANCOUVER, May 20, 2009** – Canaccord Capital Inc.’s (TSX & AIM: CCI) revenue for the three months ended March 31, 2009 was \$107.0 million, down 25.4% from the same quarter a year ago. The net income for the fourth quarter was \$3.7 million or \$0.07 per diluted share. Commenting on the quarter, Paul Reynolds, President and CEO said, “I am pleased that Canaccord met the challenging operating environment in our fiscal Q4 with strategies and actions. Our continued focus on our clients, combined with our efforts to lower our breakeven, have resulted in a profitable quarter.”

Revenue for fiscal 2009 was \$477.7 million, down 34.7% from a year ago. The net loss for the year ending March 31, 2009 was \$47.7 million and diluted loss per share was \$0.97. Excluding significant items, a non-GAAP measure, net loss during fiscal 2009 was \$1.4<sup>(1)</sup> million and diluted loss per share was \$0.03<sup>(1)</sup>. These significant items included asset-backed commercial paper (ABCP) fair value adjustments, a provision for the client relief program, a fair value adjustment of ABCP purchased by the Company under a client relief program, impairment of goodwill and intangibles, and restructuring costs as announced in the third quarter of fiscal year 2009.

### ***Financial condition at fourth quarter 2009 vs. fourth quarter 2008***

- Cash and cash equivalents balance of \$701.2 million, up \$265.6 million from \$435.6 million
- Working capital of \$286.1 million, up \$36.7 million from \$249.4 million
- Total shareholders’ equity of \$372.7 million, up \$15.3 million from \$357.4 million
- Return on equity (ROE) of 4.0%, up from (37.8)%
- Book value per diluted common share for the period end was \$6.51, down 9.7% or \$0.70 from \$7.21

### ***Fourth quarter 2009 vs. fourth quarter 2008, excluding significant items<sup>(1)</sup>***

- Revenue of \$107.0 million, down 25.4% or \$36.4 million from \$143.4 million
- Expenses of \$100.2 million, down 23.9% or \$31.4 million from \$131.6 million
- Net income of \$3.8 million compared to a net income of \$7.2 million in the same period of the prior year
- Diluted earnings per share (EPS) of \$0.07 compared to a diluted EPS of \$0.15
- On May 19, 2009 the Board of Directors considered the dividend policy in the context of the market environment and Canaccord’s business activity and approved the continued suspension of Canaccord’s quarterly dividend for this quarter. This measure was taken to enable Canaccord to preserve its working capital and book value, as well as to position the Company to take advantage of growth opportunities that may become available.

***Fiscal 2009 vs. fiscal 2008, excluding significant items<sup>(1)</sup>***

- Revenue of \$477.7 million, down 34.7% or \$253.8 million from \$731.5 million
- Expenses of \$473.7 million, down 22.2% or \$135.3 million from \$609.0 million
- Net loss of \$1.4 million compared to a net income of \$79.3 million in fiscal 2008
- Diluted loss per share of \$0.03 compared to a diluted EPS of \$1.63 in fiscal 2008

***Fourth quarter 2009 vs. third quarter 2009, excluding significant items<sup>(1)</sup>***

- Revenue of \$107.0 million, up 22.7% or \$19.8 million from \$87.2 million
- Expenses of \$100.2 million, down 7.7% or \$8.3 million from \$108.5 million
- Net income of \$3.8 million compared to a net loss of \$16.2 million
- Diluted EPS of \$0.07 compared to a diluted loss per share of \$0.33 in the third quarter of 2009

***Summary of operations:***

- Canaccord Adams led 14 transactions globally to raise total proceeds of \$597.6 million<sup>(2)</sup> during fiscal Q4/09
- Canaccord Adams participated in a total of 37 transactions globally to raise total proceeds of \$2.8 billion<sup>(2)</sup> during fiscal Q4/09
- Canaccord Adams continued to rank first in Canada for block trading market share on the TSX Venture, with 20.5% of market share in Q4/09, up from 11.9% in Q4/08<sup>(3)</sup>
- Canaccord Adams completed three Private Investment in Public Equity (PIPE) transactions in North America that raised US\$21.1 million in proceeds during fiscal Q4/09<sup>(4)</sup>
- During Q4/09, Canaccord Adams led or co-led the following equity transactions:
  - \$345.1 million on TSX for IAMGOLD Corporation
  - \$115.0 million on TSX for Endeavour Financial Corporation
  - \$115.0 million on TSX for Gold Wheaton Gold Corporation
  - \$80.0 million on TSX for Rusoro Mining Ltd.
  - US\$75.4 million on NYSE for Hecla Mining Company
- Assets under administration of \$9.2 billion, down 35.8% from \$14.3 billion in Q4/08, and up 1.7% from \$9.0 billion in Q3/09
- Assets under management of \$393.0 million, down 46.2% from \$730.0 million in Q4/08, and down 13.4% from \$454.0 million in Q3/09

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<sup>(1)</sup> Financial statement items that exclude significant items are non-GAAP measures (see Non-GAAP Measures). Q4/09 data excludes \$0.1 million of restructuring costs. Q3/09 data excludes ABCP fair value adjustment of \$6.7 million, \$2.7 million relief provision, \$2.6 million client relief program fair value adjustment, \$31.5 million impairment of goodwill and intangibles, and \$7.5 million of restructuring costs. Q4/08 data excludes ABCP fair value adjustment of \$4.2 million, \$54.2 million relief provision and \$4 million of restructuring costs.

<sup>(2)</sup> Source: FP Infomart and Company information

<sup>(3)</sup> Source: Canada Equity. Market share by trade volume

<sup>(4)</sup> Source: Placement Tracker. Includes placements for companies incorporated in Canada and the US

- As at March 31, 2009 Canaccord had 338 Advisory Teams<sup>(5)</sup>, down 16 from 354 Advisory Teams as of Q4/08 and down nine from 347 teams in Q3/09, largely due to a strategic review of our Private Client Services division
- During fiscal 2009, Canaccord implemented a broad program of activities, initiatives and investments designed to lower breakeven and ensure the efficiency of corporate operations by approximately \$20.0 million annually. Further initiatives announced at the end of Q4/09 are expected to result in an additional \$15.0 million of annualized cost savings over fiscal 2010

***Subsequent to March 31, 2009:***

- Canaccord Adams analysts won three awards at the 2009 StarMine Analyst Awards, including first place for Overall Earnings Estimator

***Non-GAAP Measures***

Management believes that the non-GAAP measures presented provide useful information by excluding certain items that may not be indicative of Canaccord's core operating results. Management believes that these non-GAAP measures will allow for a better evaluation of the operating performance of Canaccord's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Reference to these non-GAAP measures should not be considered as a substitute for results that are presented in a manner consistent with GAAP. These non-GAAP measures are provided to enhance investors' overall understanding of Canaccord's current financial performance.

A limitation of utilizing these non-GAAP measures is that the GAAP accounting effects of the significant items do in fact reflect the underlying financial results of Canaccord's business and these effects should not be ignored in evaluating and analyzing Canaccord's financial results. Therefore, management believes that Canaccord's GAAP measures of net income (loss) and diluted earnings (loss) per share and the same respective non-GAAP measures of financial performance should be considered together.

<sup>5</sup> Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licenced for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average sized book.

## **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, 2009 today on SEDAR ([sedar.com](http://sedar.com)).

## **CONFERENCE CALL AND WEBCAST PRESENTATION:**

Interested parties can listen to our fiscal fourth quarter 2009 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 Wednesday, May 20, 2009 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 2009 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:

- 416-644-3414 (within Toronto)
- 1-800-732-9307 (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 May 20, 2009 until 8:59 p.m. (Pacific Time) and 11:59 a.m. (Eastern Time) on July 6, 2009 at 416-640-1917 or 1-877-289-8525 by entering passcode 21303541#.

## **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 and 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 products, brokerage services and investment banking services to Canaccord's private, institutional and corporate clients. Canaccord has 31 offices worldwide, including 24 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.

## **FOR FURTHER INFORMATION, CONTACT:**

### **North American media:**

Scott Davidson  
Managing Director, Global Head of Marketing & Communications  
Phone: 416-869-3875  
email: [scott\\_davidson@canaccord.com](mailto:scott_davidson@canaccord.com)

### **London media:**

Bobby Morse or Ben Willey  
Buchanan Communications (London)  
Phone: +44 (0) 207 466 5000  
email: [bobbym@buchanan.uk.com](mailto:bobbym@buchanan.uk.com)

### **Investor relations inquiries:**

Joy Fenney  
Vice President, Investor Relations & Communications  
Phone: 416-869-3515  
email: [joy\\_fenney@canaccord.com](mailto:joy_fenney@canaccord.com)

### **Nominated Adviser and Broker:**

Marc Milmo or Dugald J. Carlean  
Fox-Pitt, Kelton Limited  
Phone: +44 (0) 207 663 6000  
email: [marc.milmo@fpk.com](mailto:marc.milmo@fpk.com)

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