

**AGM SPEAKING NOTES**  
**JUNE 26, 2009**  
**10:00 am (Pacific)**

*Paul Reynolds*  
*President & CEO*

Thank you Peter, and thanks to all of you for your interest and attendance this morning.

Before I get started with today's presentation, it's important you know that my remarks and our responses to questions may contain forward-looking statements that involve risks and uncertainties relating to expected future events, and financial and operating results of Canaccord Capital Inc.

A number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements.

I would also like to note that any financial figures I mention today are in Canadian dollars, unless otherwise specified.

As many of you know, our Annual General Meeting has traditionally occurred the same day as one of our quarterly earnings releases. We've planned this year's AGM a little differently, and rather than discuss quarterly or annual results, I would like to share my thoughts with you about our current business environment, our recent accomplishments and our vision for the future.

I want to speak first to the partners and associates of Canaccord who are attending this annual meeting in person, or via the webcast.

I know you're here not just as interested employees. Many of you are committed shareholders as well.

As employees and shareholders, we've witnessed business conditions during the past year that none of us would have predicted.

We've seen the global financial system seize up.

We've seen dramatic market declines – and equally dramatic rallies.

And we've seen storied competitors bailed out, broken up and taken over.

Despite that exceptionally difficult business context – and despite the challenges we faced as a firm – you demonstrated the best of what has always made Canaccord great – qualities we should all be proud of.

This includes our strong work ethic and entrepreneurial culture. We have a team that's aggressively seeking new ways of doing old things – that's driving down costs without driving down service.

It includes our commitment to our set of core values, which surround us here. Values that are not just words on paper, but are evident in our actions each day. Values demonstrated by your tangible commitment to clients and by the initiatives we're taking to build value for shareholders.

We have a global ability to win, and execute, money-making ideas for our clients. From Canada, to the U.S., to the U.K., you are getting the deals done that can be done. And you're proving again the power of Canaccord's global platform.

And so I say to all employees, whether you are here today or not, that I am proud – deeply proud – to call each of you my partner.

It is through our firm's hard work, great ideas, and in some cases, real sacrifice, that we're building a stronger, more competitive Canaccord – a Canaccord that is capable of creating lasting value for our franchise, and our shareholders.

If I seem enthusiastic about the direction Canaccord is headed, I am.

I'm encouraged that we made very good progress during 2009 in managing those aspects of the business we can control so that we're better prepared to weather market conditions we can't control.

Take cost containment as an example.

Over the last year, we have undertaken a major rationalization of all of our business units. This effort has included adjusting our staff levels to meet changing business conditions, consolidating our back-office operations, and eliminating or deferring many forms of discretionary spending.

We believe these cost reduction strategies have lowered our revenue breakeven by approximately \$70 million annually. We're about half way towards realizing the full savings of these initiatives. And though we will continue to identify ways to run the firm more efficiently, I'm very pleased with the progress we've made to date.

As just one indication of our success so far, we were able to drive down General and Administrative expenses by 45% from the third quarter of fiscal 2009 to the fourth. That speaks volumes about the hard work and sacrifices employees are making so Canaccord can become a stronger, more efficient organization – one that ultimately provides even better value for our shareholders and our clients.

Another key variable for long-term success is a strong capital base.

Under-capitalization became a major headache for many of our competitors last year, and even pushed some over the edge.

I am proud that Canaccord was not faced with similar issues.

In fact, throughout fiscal 2009, much of senior management's attention was focused on strengthening the Company's balance sheet.

We completed a public offering of common shares.

The board approved a temporary suspension of the dividend.

And we wrote down goodwill where necessary.

Combined with our initiatives to lower costs, those actions enabled us to end the year with more than \$700 million in cash and cash equivalents, and \$286 million in net working capital.

That's more than enough capital for virtually any business environment we can currently foresee. More importantly, our financial strength enables us to be aggressive in pursuing the right opportunities for growth.

The truth is, we're winning mandates to lead or co-lead deals because clients know we have the capital and the capability to get deals done.

As of market close yesterday, Canaccord Adams has participated in 144 deals globally since January 1st, with total proceeds of \$13 billion. And we've led or co-led a total of 64 deals, with total proceeds of \$2 billion.

But it's the kind of deals we're winning that truly showcases the power and potential of our capital markets team.

We were a dominant underwriter in the Canadian mining sector in our fiscal fourth quarter, based largely on the strength of deals like a \$345 million offering by IAMGOLD and a \$115 million transaction for Gold Wheaton.

In the U.S., we led a \$75 million transaction for Hecla Mining on the New York Stock Exchange. Earlier this month, we completed a \$66 million bought deal for Telvent and quickly followed that up with a \$167 million offering for ITRON.

You should know that we won the Telvent and ITRON business away from very established competitors in the U.S. And it's clear that we're winning quality business like this because clients are coming to appreciate not just the power, but the staying power of our platform.

During 2005 and 2006, we launched a strategy built on strong, local franchises in Canada, the U.S and the U.K. And we brought these local assets together to create a very effective global distribution network for our clients – one in which the whole is definitely greater than the sum of its parts.

This has been a winning strategy for Canaccord. It does more than differentiate us from our peers in local markets. It allows us to compete with many global players in our chosen sectors.

Not surprisingly, a number of investment banks have tried to emulate our strategy. But whether due to cutbacks or capital constraints, many of these competitors have not been successful.

This reality has given us a window to re-emphasize the effectiveness of Canaccord's platform with our clients. And so in the year ahead, you'll see us focusing a great deal of energy on:

Leveraging our expertise in core sectors,

Building on strong client relationships,

Delivering proven, global distribution,

And always providing innovative ideas that are in the best interests of our clients.

I want to spend just a minute on the latest initiatives in each of our key businesses.

I said earlier that Canaccord draws on strengths that come from a great heritage. Another of those strengths is a history of getting better during downturns. We've used market dislocations to find new assets and skills or to launch new products and services.

The global recession, though challenging, provides us with another opportunity to improve our operations, and we are ensuring each of our businesses make the best of it.

In the U.K., we've hired many key professionals from our peers, we've built our agency and market-making capabilities, and expanded into the Financials and Media sectors.

We've added to the strength of our existing management team by recently hiring a new President for U.K. operations, Giles Fitzpatrick.

Giles was formerly the chief executive of a global investment bank, and he brings a wealth of new, global relationships in Asia, Europe and the U.K. to Canaccord.

In the U.S., the market dislocations of the past year were hugely challenging for financial services firms, and Canaccord Adams was certainly not spared from these challenges. But as I mentioned earlier, our U.S. team is winning high-profile banking assignments and the bought deal business remains strong, given the business context.

The exciting story in the U.S. comes from what our team has done to make the most of the upheaval in the industry. With many highly regarded professionals looking for new opportunities, we've been able to make significant new hires at very reasonable costs.

This new depth has enabled our agency and market-making businesses to gain share in a very competitive market and we're cautiously optimistic that we will see continued growth from our operations in the months ahead.

In Canada, we continue to have a great platform. Whether we're talking about banking or agency business, Canaccord Adams is a very strong and well-established franchise.

In fiscal 2009, our Canadian capital markets team participated in 143 transactions, raising proceeds of \$13 billion, and led or co-led 64 of these deals. Though these numbers are down from previous years, they were achieved in one of the most competitive market environments we've ever experienced. So I commend our Canadian team for their truly impressive work in getting these deals done.

The major story – and major opportunity – in Canada is unlocking the value in Private Client Services.

As many of you may know, PCS is in the first year of a three-year, strategic re-alignment. We're very pleased with the progress we're seeing under the leadership of John Rothwell. John has hired senior professionals to drive recruiting, training, marketing, and product development.

He's addressing cost and capacity issues.

And he's concentrating resources on our most productive brokers.

And just yesterday, we announced the addition of George Karkoulas and a new initiative to expand our private client business model through a Principal-Agent offering. We are very excited about the potential to complement our existing Private Client Services, leveraging our independence, infrastructure and operational expertise to recruit more Investment Advisors, grow our asset base and reach more Canadians with high-quality wealth creation and management services.

These are both necessary and exciting initiatives. Yet, the scale of success we envision for PCS requires a broader definition of our business. I want to be very clear that we have a deep respect for the transactional heritage of our business. Financing small businesses has long been an engine of economic growth in Canada. And frankly, it's something that's in our DNA.

But I want to be equally clear that transactional brokerage – while important and necessary – is no longer sufficient for long-term value creation.

The broader definition of PCS that we must embrace requires that we continue to develop products and services that make Canaccord more relevant for more Canadians.

I'm talking about adding depth to our products and expertise – especially those that focus specifically on money management needs like asset management, estate planning, charitable giving and wealth transfer. Products and advice that our clients have indicated to us are becoming increasingly important to them.

But I'm also talking about broadening the services we provide – through our people, through our technology and through our processes – that enhance a client's total experience of managing their wealth with Canaccord.

We're in the early days of this strategic shift and there is much more to come. I can assure you that John Rothwell is a dynamic leader with a very clear vision of where PCS needs to go, and how it can create lasting value for our franchise and for our shareholders.

The idea of creating enduring value for our shareholders is a good one to leave you with.

While changes to our business and the challenges of the markets can be difficult, our strategic plan is designed to ensure that Canaccord's full value is recognized by our clients, evident in the marketplace and shared by all our partners. I believe we will all be rewarded by our collective ownership of a leaner and more competitive firm.

As we work toward that goal, it is important to remember the many ways that value is created and enjoyed. Recently, many of you participated in an employee survey, sharing your impressions of, and aspirations for, our firm.

The most striking result of this dialogue – and one that was consistent across all our geographies and business lines – was how proud we all are to work for Canaccord.

Over 94% of employees expressed highly favourable views of our company, strategy and future... an assessment that is based on the quality of our partners, our commitment to operating with integrity and our collective focus on putting our clients first. We truly value our work at Canaccord.

Personally, I am not surprised by this result; I share in this overwhelming pride in our firm. From the experiences of our rich heritage to the promises of our bright future, I am committed – as you are – to the winning strategy of expertise, distribution and financial strength that will create enduring value for our clients, partners and shareholders.

At this point in 2009, we may not know what the remainder of the year will look like. But I am certain that Canaccord is stronger today, and better positioned than ever, to make the most of our opportunities.

Thank you.

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