

## CANACCORD FINANCIAL INC. REPORTS FOURTH QUARTER AND FISCAL YEAR 2010 RESULTS

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

**VANCOUVER, May 19, 2010** – Canaccord Financial Inc.'s (TSX: CF & AIM: CF.) revenue for the three months ended March 31, 2010 was \$143.1 million, up 33.8% from \$107.0 million the same quarter a year ago. The net income for the fourth quarter was \$7.5 million or \$0.14 per diluted share.

Revenue for fiscal 2010 was \$577.5 million, up 20.9% from \$477.7 million a year ago. Net income for the year ended March 31, 2010 was \$38.5 million and diluted earnings per share was \$0.69. Excluding significant items, a non-GAAP measure, net income during fiscal 2010 was \$42.0<sup>(1)</sup> million and diluted earnings per share was \$0.76<sup>(1)</sup>. Significant items during fiscal 2010 include \$3.5 million of charges, net of taxes, related to the acquisition of Genuity Capital Markets (“Genuity”), which was announced on March 4, 2010. “Canaccord achieved a great deal over the course of the year,” noted Paul Reynolds, President and CEO. “Our recent acquisition of Genuity Capital Markets has greatly enhanced our capital markets capabilities, while investments in our Wealth Management group are beginning to show early signs of success. These initiatives, as well as the rebranding of Canaccord Financial, have made fiscal 2010 a landmark year in our company’s evolution.”

*Canaccord Financial Inc. completed the acquisition of Genuity Capital Markets on April 23, 2010. As a result, on May 10, 2010, Canaccord’s capital markets operations were rebranded from Canaccord Adams to Canaccord Genuity. Accordingly, Canaccord’s capital markets division is referred to herein as either Canaccord Adams or Canaccord Genuity.*

### ***Financial condition at fourth quarter 2010 vs. fourth quarter 2009***

- Cash and cash equivalents balance of \$731.9 million, up \$30.7 million from \$701.2 million
- Working capital of \$358.6 million, up \$72.5 million from \$286.1 million
- Total shareholders’ equity of \$401.7 million, up \$29.0 million from \$372.7 million
- Return on equity (ROE) of 7.6%, up from 4.0%
- Book value per diluted common share for the period end was \$6.96, up 6.9% or \$0.45 from \$6.51
- On May 18, 2010 the Board of Directors considered the dividend policy and approved a quarterly dividend of \$0.05 per share payable on June 15, 2010 with a record date of June 4, 2010

### ***Fourth quarter 2010 vs. fourth quarter 2009, excluding significant items***<sup>(1)</sup>

- Revenue of \$143.1 million, up 33.8% or \$36.1 million from \$107.0 million
- Expenses of \$132.7 million, up 32.4% or \$32.5 million from \$100.2 million
- Net income of \$11.1 million compared to a net income of \$3.8 million in the same period of the prior year
- Diluted earnings per share (EPS) of \$0.21 compared to \$0.07

<sup>1</sup> Q4/10 data excludes \$5.0 pre-tax million acquisition-related costs connected to the purchase of Genuity. Q4/09 data excludes \$0.1 million of restructuring costs. Financial statement items which exclude significant items are non-GAAP measures. (See Non-GAAP Measures).

***Fourth quarter 2010 vs. third quarter 2010, excluding significant items***<sup>(2)</sup>

- Revenue of \$143.1 million, down 17.4% or \$30.1 million from \$173.2 million
- Expenses of \$132.7 million, down 12.1% or \$18.2 million from \$150.9 million
- Net income of \$11.1 million, down 26.5% or \$4.0 million from \$15.1 million
- Diluted EPS of \$0.21 compared to \$0.27 in the third quarter of fiscal 2010

***Fiscal 2010 vs. fiscal 2009, excluding significant items***<sup>(3)</sup>

- Revenue of \$577.5 million, up 20.9% or \$99.8 million from \$477.7 million
- Expenses of \$520.9 million, up 10.0% or \$47.2 million from \$473.7 million
- Net income of \$42.0 million compared to a net loss of \$1.4 million in fiscal 2009
- Diluted earnings per share of \$0.76 compared to a loss per share of \$0.03 in fiscal 2009

***Summary of operations:***

- Canaccord Genuity led 35 transactions globally to raise total proceeds of \$854.4 million<sup>(4)</sup> during fiscal Q4/10
- Canaccord Genuity participated in a total of 90 transactions globally to raise total proceeds of \$3.1 billion<sup>(2)</sup> during fiscal Q4/10
- During Q4/10, Canaccord Genuity led or co-led the following equity transactions:
  - \$115.8 million for two separate transactions for Artis Real Estate Investment Trust on the TSX
  - £112.0 million for Aberdeen Asset Management on the LSE
  - \$100.8 million for Aura Minerals Inc. on the TSX
  - US\$81.0 million for Aveo Pharmaceuticals on the NASDAQ
- Canaccord Genuity completed five Private Investment in Public Equity (PIPE) transactions in North America that raised US\$121.8 million in proceeds during fiscal Q4/10<sup>(5)</sup>
- Assets under administration of \$12.9 billion, up 40.7% from \$9.2 billion in Q4/09, and up 5.8% from \$12.2 billion in Q3/10
- Assets under management of \$445 million, up 13.2% from \$393 million in Q4/09, and up 5.2% from \$423 million in Q3/10
- As at March 31, 2010 Canaccord had 303 Advisory Teams<sup>(6)</sup>, down 35 from 338 Advisory Teams as of Q4/09 and down 24 from 327 teams in Q3/10
  - This decrease is largely due to a strategic review of our Wealth Management division and the conversion of corporate branches to the Independent Wealth Management platform, where each branch is led by one IA and is counted as one Advisory Team.

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<sup>2</sup> Q4/10 data excludes pre-tax \$5.0 million acquisition-related costs connected to the purchase of Genuity. Financial statement items which exclude significant items are non-GAAP measures. (See Non-GAAP Measures).

<sup>3</sup> Fiscal 2010 data excludes \$5.0 million of pre-tax acquisition-related costs. Fiscal 2009 data excludes an 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 \$7.7 million of restructuring costs. Financial statement items which exclude significant items are non-GAAP measures. (See Non-GAAP Measures).

<sup>4</sup> Transactions over \$1.5 million. Source: FP Infomart and Company information

<sup>5</sup> Source: Placement Tracker. Includes placements for companies incorporated in Canada and the US.

<sup>6</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.

- During Q4/10, two corporate Canaccord Wealth Management branches converted to the Independent Wealth Management (IWM) platform, which allows advisers to operate as independent agents of the company. Both the Vernon (British Columbia) and Whitehorse (Yukon) locations now operate as IWM branches.
- During the quarter, Canaccord disposed of substantially all of the Company's holdings of Asset Backed Commercial Paper (ABCP).
- On March 2, 2010, it was announced that Stephen Buell joined Canaccord Genuity Inc. (US) as managing director and director of US Equity Research. He leads a team of 32 research professionals focused on growth companies in the energy, technology, life sciences, consumer and sustainability sectors. Prior to joining Canaccord, Mr. Buell held positions at Piper Jaffray, as Head of Investment Research, and Thomas Weisel, as Director of Research.
- On March 4, 2010, Canaccord announced that it had signed a definitive agreement to acquire Genuity Capital Markets, a leading Canadian boutique investment bank specializing in M&A and Advisory services.

***Subsequent to March 31, 2010:***

- On April 22, 2010, Canaccord Financial Inc. shareholders approved the share issuance to complete the acquisition of Genuity Capital Markets.
- On April 23, 2010, Canaccord Financial Inc. closed its acquisition of Genuity Capital Markets.
- The integration of Genuity operations with Canaccord Adams was completed on May 10, 2010. As a result, Canaccord Adams was renamed Canaccord Genuity.
- During April 2010, Canaccord Wealth Management welcomed the addition of the Cobourg (Ontario) branch, which operates on the IWM platform.
- Canaccord Wealth Management now has 30 offices across Canada, including 10 branches on the IWM platform.

***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.

### **ACCESS TO QUARTERLY RESULTS INFORMATION:**

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

### **ACCESS TO ANNUAL INFORMATION:**

Canaccord Financial Inc. will be filing its Audited Annual Financial Statements and Management's Discussion and Analysis for the year ended March 31, 2010 on SEDAR ([www.sedar.com](http://www.sedar.com)).

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

Interested parties can listen to our fiscal fourth quarter and 2010 year-end 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 19, 2009 at 8:00 a.m. (Pacific Time), 11:00 a.m. (Eastern Time), and 4:00 p.m. (UK Time). At that time, senior executives will comment on the results for the fourth quarter of fiscal 2010 and respond to questions from analysts and institutional investors.

The conference call may be accessed live and archived on a listen-only basis via a webcast available on the events page of [www.canaccordfinancial.com](http://www.canaccordfinancial.com).

Analysts and institutional investors can call in via telephone at:

- 647-427-7450 (within Toronto)
- 1-888-231-8191 (toll free outside Toronto)
- 00-800-051-7107 (toll free from the United Kingdom)

A replay of the conference call can be accessed after 11:00 a.m. (Pacific Time), 2:00 p.m. (Eastern Time) and 7:00 p.m. (UK Time) on May 19, 2010 until July 2, 2010 at 416-849-0833 or 1-800-642-1687 by entering passcode 72553190#.

### **ABOUT CANACCORD FINANCIAL INC.:**

Through its principal subsidiaries, Canaccord Financial Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and global capital markets. Since its establishment in 1950, Canaccord has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord has 38 offices worldwide, including 30 Wealth Management offices located across Canada. Canaccord Genuity, the international capital markets division, operates in the US, UK, Canada and Barbados.

Canaccord Financial Inc. is publicly traded under the symbol CF on the TSX and the symbol CF. on AIM, a market operated by the London Stock Exchange.

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