

CANACCORD FINANCIAL INC. REPORTS FOURTH QUARTER AND RECORD FISCAL 2011 RESULTS

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

VANCOUVER, May 17, 2011 – Canaccord Financial Inc. (TSX: CF & AIM: CF.) generated record revenue and net income during its 2011 fiscal year. Revenue for the twelve months ended March 31, 2011 was \$803.6 million, an all-time high and up 39% from \$577.5 million a year ago. Net income for fiscal 2011 was a record \$98.2 million, up 155% from fiscal 2010, and diluted earnings per share were \$1.20, a 74% increase over last year. Excluding acquisition-related items⁽¹⁾, net income during fiscal 2011 was \$112.6 million, up 168% or \$70.6 million compared to fiscal 2010, and diluted earnings per share for fiscal 2011 were \$1.38, compared to \$0.76 the previous year.

Canaccord Financial Inc.'s revenue for the three months ended March 31, 2011 was \$247.6 million, up 73% from \$143.1 million the same quarter a year ago. Net income for the fourth quarter was \$40.9 million, up 445% compared to the same quarter last year. Diluted earnings per share were \$0.48, a 243% increase compared to \$0.14 in the fourth quarter of fiscal 2010. Excluding acquisition-related items⁽¹⁾, net income during Canaccord's fourth quarter was \$41.9 million, or \$0.50 per diluted share.

“Fiscal 2011 was a pivotal year for Canaccord. We not only achieved exceptional results throughout much of our business, we also built broader capabilities, captured market share and established an important presence in Asia,” noted Paul Reynolds, President and CEO of Canaccord Financial Inc. “The results of these initiatives had positive impacts in all of our geographies and divisions. Globally, revenue and net income grew to all-time record levels, largely due to our expanded capital markets team and our deep domain knowledge of resource sectors. While in Canaccord Wealth Management, our Advisors were able to leverage our growing sector coverage and the dynamic market environment to drive significant revenue gains and deliver a strong contribution to our bottom line.”

FISCAL 2011 VS. FISCAL 2010

(Twelve months ended March 31, 2011 vs. twelve months ended March 31, 2010)

- Record revenue of \$803.6 million, up 39.2% or \$226.1 million from \$577.5 million
- Expenses of \$663.2 million, up 26.1% or \$137.3 million from \$525.9 million
- Record net income of \$98.2 million, up 155.1% or \$59.7 million compared to net income of \$38.5 million
- Return on equity (ROE) of 14.0%, up from 9.8%⁽¹⁾⁽²⁾
- Diluted EPS of \$1.20 compared to diluted EPS of \$0.69 in the prior year

Excluding acquisition-related expense items⁽¹⁾⁽³⁾

- Expenses of \$645.3 million, up 23.9% or \$124.4 million from \$520.9 million
- Net income of \$112.6 million, up 168.1% or \$70.6 million compared to net income of \$42.0 million
- ROE of 16.1%, up from 10.7%⁽¹⁾⁽²⁾
- Diluted EPS of \$1.38 compared to diluted EPS of \$0.76 in the prior year

¹ See non-GAAP measures

² ROE is presented on an annualized basis. Quarterly ROE is calculated by dividing the annualized net income for the three month period over the average shareholders' equity for the quarter. ROE for a fiscal year is calculated by dividing the net income for the year over the average shareholders' equity.

³ Acquisition-related expense items are related to the acquisition of Genuity Capital Markets and The Balloch Group Limited. See non-GAAP measures.

FOURTH QUARTER 2011 VS. FOURTH QUARTER 2010

- Revenue of \$247.6 million, up 73.0% or \$104.5 million from \$143.1 million
- Expenses of \$189.8 million, up 37.8% or \$52.1 million from \$137.7 million
- Net income of \$40.9 million, up 445.3% or \$33.4 million compared to net income of \$7.5 million
- ROE of 22.4%, up from 7.6%⁽¹⁾⁽²⁾
- Diluted EPS of \$0.48 compared to diluted EPS of \$0.14

Excluding acquisition-related expense items⁽¹⁾⁽³⁾

- Expenses of \$188.9 million, up 42.4% or \$56.2 million from \$132.7 million
- Net income of \$41.9 million, up 277.5% or \$30.8 million compared to net income of \$11.1 million
- ROE of 22.4%, up from 11.1%⁽¹⁾⁽²⁾
- Diluted EPS of \$0.50 compared to diluted EPS of \$0.21

FOURTH QUARTER 2011 VS. THIRD QUARTER 2011

- Revenue of \$247.6 million, down 2.8% or \$7.2 million from \$254.8 million
- Expenses of \$189.8 million, down 1.8% or \$3.5 million from \$193.3 million
- Net income of \$40.9 million, down 4.2% or \$1.8 million compared to net income of \$42.7 million
- ROE of 22.4%, down from 24.2%⁽¹⁾⁽²⁾
- Diluted EPS of \$0.48 compared to diluted EPS of \$0.51 in the third quarter of 2011

Excluding acquisition-related expense items⁽¹⁾⁽³⁾

- Expenses of \$188.9 million, down 0.9% or \$1.8 million from \$190.7 million
- Net income of \$41.9 million, down 7.5% or \$3.4 million compared to net income of \$45.3 million
- ROE of 22.4%, down from 25.1%⁽¹⁾⁽²⁾
- Diluted EPS of \$0.50 compared to diluted EPS of \$0.54 in the third quarter of 2011

FINANCIAL CONDITION AT END OF FOURTH QUARTER 2011 VS. FOURTH QUARTER 2010

- Cash and cash equivalents balance of \$954.1 million, up \$222.2 million from \$731.9 million
- Working capital of \$412.9 million, up \$54.3 million from \$358.6 million
- Total shareholders' equity of \$756.5 million, up \$354.8 million from \$401.7 million
- Book value per diluted common share for the period end was \$8.79, up 26.3% or \$1.83 from \$6.96⁽¹⁾
- On May 17, 2011 the Board of Directors approved a quarterly dividend of \$0.10 per share payable on June 15, 2011 with a record date of June 3, 2011

SUMMARY OF OPERATIONS

Corporate

- On January 17, 2011, Canaccord completed its acquisition of The Balloch Group Limited. Canaccord's operations in Asia were launched as Canaccord Genuity Asia
- On January 17, 2011, Canaccord Financial Inc. welcomed Howard Balloch to its Board of Directors
 - Mr. Balloch was the founder and president of The Balloch Group Limited, and is now the Chairman of Canaccord Genuity Asia

Capital Markets

- Canaccord Genuity recorded \$51.2 million of net income before taxes during Q4/11⁽⁴⁾
- Canaccord Genuity led 39 transactions globally to raise total proceeds of \$1.7 billion⁽⁵⁾ during fiscal Q4/11
- Canaccord Genuity participated in a total of 119 transactions globally to raise total proceeds of \$3.0 billion⁽⁵⁾ during fiscal Q4/11
- During fiscal Q4/11, Canaccord Genuity led or co-led the following transactions:
 - *C\$213.0 million for Keegan Resources Inc. on the TSX*
 - *£205.0 million for Petra Diamonds Ltd. on AIM*
 - *C\$181.1 million for Canaco Resources Inc. on the TSX*
 - *C\$172.5 million for Griffiths Energy International (non-exchange listed)*
 - *US\$133.0 million for Bellzone Mining PLC on AIM*
 - *US\$123.8 million for Triangle Petroleum Corporation on the AMEX*
 - *US\$91.2 million for Amarin Corp. on the NASDAQ*
 - *US\$90.2 million for Abraxas Petroleum on the NASDAQ*
 - *C\$86.2 million for Valeura Energy Inc. on the TSX Venture*
 - *C\$58.2 million for GLG Life Tech Corporation on the TSX*
 - *C\$57.6 million for Canacol Energy Ltd. on the TSX Venture*
 - *US\$50.0 million for Voyager Oil & Gas on the AMEX*
 - *C\$42.4 million for MBAC Fertilizer Corp. on the TSX*
 - *C\$40.3 million for Goldgroup Mining Inc. on the TSX*
 - *C\$39.6 million for Hyperion Exploration Corp. on the TSX Venture*
 - *C\$39.0 million for Claymore Silver Bullion Fund on the TSX*
 - *C\$36.4 million for Forbes & Manhattan Coal Corp. on the TSX*
 - *C\$36.0 million for Crocotta Energy Inc. on the TSX*
 - *C\$35.0 million for Petrodorado Energy Ltd. on the TSX Venture*
 - *C\$34.5 million for Pure Industrial Real Estate Trust on the TSX Venture*
 - *C\$34.5 million for Quetzel Energy Ltd. on the TSX Venture*
- Canaccord Genuity broke into the top 20 investment banks worldwide, tied for 17th based on total equity underwriting fees during calendar 2010, according to the April edition of Bloomberg Markets. Canaccord Genuity advanced 15 places from the year earlier⁽⁶⁾
- Canaccord Genuity was ranked 17th in Thomson Reuters' Global Equity Fees league table for the first calendar quarter of 2011 (Canaccord's fiscal fourth quarter of 2011)
- Canaccord Genuity completed 3 Private Investment in Public Equity (PIPE) transactions in the United States that raised US\$174.4 million in proceeds during fiscal Q4/11⁽⁵⁾
- Canaccord Genuity generated record advisory revenue of \$25.7 million during fiscal Q4/11, above the previous record last quarter and 209% higher than the same quarter last year

⁴ Net income before taxes for Canaccord Genuity and Canaccord Wealth Management includes certain Corporate and Other costs such as certain trade processing, research and other expenses that have been incurred to support the activities within these divisions. Costs that are not allocable to such divisions include executive incentive compensation and certain administrative support, foreign exchange gains and losses and net interest.

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

⁶ Bloomberg Markets. April 2011.

- During fiscal Q4/11, Canaccord Genuity advised on the following M&A transactions:
 - *Levon Resources Ltd. on its acquisition of Valley High Ventures Ltd.*
 - *ArPetrol Inc. on its consolidation with ArPetrol Ltd.*
 - *Dalsa Corporation on its acquisition by Teledyne Technologies Inc.*
 - *Pediment Gold Corp. on its merger with Argonaut Gold Inc.*
 - *CyDex Pharmaceuticals, Inc. on its acquisition by Ligand Pharmaceuticals Inc.*
 - *Innovectra Corporation on its acquisition by ImmersiFind Inc.*
 - *Rivermine, Inc. on its acquisition by Emptoris, Inc.*
 - *Curamik Electronics GmbH on its acquisition by Rogers Corporation*
- During the quarter, Canaccord Genuity advised Newport Income Fund on its recapitalization
- Three US-based Canaccord Genuity research analysts received top two rankings for their sector coverage by the Wall Street Journal's 'Best on the Street 2011' rankings, which were published in April 2011
 - *Paul Mansky ranked first for his coverage in the Computers & Office Equipment sector category*
 - *Scott Van Winkle ranked first for his coverage in the Food & Tobacco sector category*
 - *Jason Mills ranked second for his coverage in the Medical Equipment & Supplies sector category*

Wealth Management

- Canaccord Wealth Management recorded \$9.2 million of net income before taxes during Q4/11⁽⁴⁾
- Assets under administration of \$17.0 billion, up 31.8% from \$12.9 billion at the end of Q4/10, and up 6.3% from \$16.0 billion at the end of Q3/11⁽¹⁾
- Assets under management of \$546 million, up 22.7% from \$445 million at the end of Q4/10, and up 6.2% from \$514 million at the end of Q3/11⁽¹⁾
- As at March 31, 2011, Canaccord had 271 Advisory Teams⁽⁷⁾, down one from 272 Advisory Teams as of December 31, 2010 and down 32 from 303 Advisory Teams as of March 31, 2010
 - This decrease is largely due to the conversion of corporate branches to the Independent Wealth Management (IWM) platform, where each branch is led by one Investment Advisor (IA) and is counted as one Advisory Team, and an ongoing strategic review of our Wealth Management division
- On January 1, 2011, Canaccord Wealth Management's Simcoe, Ontario branch converted to the IWM platform
- Canaccord Wealth Management welcomed two new branches to the IWM platform:
 - On January 21, 2011, Canaccord Wealth Management welcomed a new Burlington, Ontario branch
 - On March 7, 2011, Canaccord Wealth Management welcomed a new Calgary, Alberta branch

Subsequent to March 31, 2011

- On April 1, 2011, Canaccord Wealth Management's corporate Ottawa branch converted to the IWM platform, and on May 11, 2011, the division added a new Kitchener, Ontario branch
- Canaccord Wealth Management now has 32 offices across Canada, including 18 branches on the IWM platform

⁷ 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.

- On April 15, 2011, Canaccord Financial Inc. shareholders approved changes to the Company's articles to clarify the rights, privileges, restrictions and conditions attached to the shares of the Company and to alter the authorized capital of the Company by creating an additional class of preferred shares. The amendments provide the Company with a wider range of financing options

Non-GAAP Measures

Non-GAAP measures presented include assets under administration, assets under management, book value per diluted common share, return on equity and figures that exclude acquisition-related expense items. 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. Figures that exclude acquisition-related expense items provide useful information by excluding certain items that may not be indicative of Canaccord's core operating results. A limitation of utilizing these figures that exclude acquisition-related expense items is that the GAAP accounting effects of the acquisition-related expense 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 financial performance and the respective non-GAAP measures should be considered together.

Acquisition-related expense items in the fourth quarter 2011 include \$0.9 million of amortization of intangible assets in connection with the acquisition of Genuity Capital Markets. Acquisition-related expense items during the year ended March 31, 2011 include \$11.0 million for acquisition-related costs and \$5.1 million for the amortization of intangible assets related to the acquisition of Genuity Capital Markets, and \$1.8 million costs incurred for the acquisition of The Balloch Group Limited.

ACCESS TO QUARTERLY RESULTS INFORMATION:

Interested investors, the media and others can view Canaccord's fourth quarter and fiscal 2011 year results and supplementary financial information at:

www.canaccordfinancial.com/EN/IR

QUARTERLY CONFERENCE CALL AND WEBCAST:

Interested parties are invited to listen to Canaccord's fourth quarter and fiscal 2011 results conference call with analysts and institutional investors, via a live webcast or a toll free number. The conference call is scheduled for Wednesday, May 18, 2011 at 5:00 a.m. (Pacific Time), 8:00 a.m. (Eastern Time) and 1:00 p.m. (UK Time). At that time, senior executives will comment on the results for the fourth quarter and fiscal 2011 year, 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:

www.canaccordfinancial.com/EN/NewsEvents/Pages/Events.aspx

Analysts and institutional investors can call in via telephone at:

- 647-427-7450 (within Toronto)
- 1-888-231-8191 (toll free outside Toronto)
- 0-800-051-7107 (toll free from the United Kingdom)
- 10-800-714-1191 (toll free from Northern China)
- 10-800-140-1195 (toll free from Southern China)

Please request to participate in Canaccord Financial's Q4/11 earnings call and enter passcode 59939918.

A replay of the conference call can be accessed after 8:00 a.m. (Pacific Time), 11:00 a.m. (Eastern Time) and 4:00 p.m. (UK Time) on May 18, 2011 until July 1, 2011 at 416-849-0833 or 1-800-642-1687 by entering passcode 59939918.

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 46 offices worldwide, including 32 Wealth Management offices located across Canada. Canaccord Genuity, the international capital markets division, operates in Canada, the U.S., the U.K., China 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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