

CANACCORD FINANCIAL INC.

# Canaccord Genuity

## INVESTOR PRESENTATION

MARCH 2010

CANACCORD | Financial

# FORWARD LOOKING STATEMENTS

---

This presentation may contain certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations regarding Canaccord's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors, which may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties detailed from time to time in Canaccord's interim and annual financial statements and its Annual Report and Annual Information Form filed on [www.sedar.com](http://www.sedar.com). These forward-looking statements are made as of the date of this document, and Canaccord assumes no obligation to update or revise them to reflect new events or circumstances.

## Non-GAAP measures

Certain non-GAAP measures are utilized by Canaccord as measures of financial performance. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

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. 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 financial performance and the same respective non-GAAP measures should be considered together.

Canaccord's capital is represented by common shareholders' equity and, therefore, management uses return on average common equity ("ROE") as a performance measure.

Assets under administration ("AUA") and assets under management ("AUM") are non-GAAP measures of client assets that are common to the wealth management aspects of the private client services industry. AUA is the market value of client assets administered by Canaccord from which Canaccord earns commissions or fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. Canaccord's method of calculating AUA may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses this measure to assess operational performance of the Private Client Services business segment. AUM includes all assets managed on a discretionary basis under our programs generally described as or known as the Alliance Program and Private Investment Management. Services provided include the selection of investments and the provision of investment advice. AUM is also administered by Canaccord and is included in AUA.

Financial statement items which exclude significant items are non-GAAP measures. Significant items include the ABCP fair value adjustment, additional accrual for client relief programs, fair value adjustment of ABCP purchased by the Company under a client relief program, impairment of CAI and Enermarket goodwill and intangibles and restructuring costs.

# Strategic Rationale

---

## CANACCORD | Genuity

A gold standard independent investment bank – client-focused and values-driven

Leading independent equity research

Material cost synergies combined with excellent revenue enhancement opportunities

Combines a powerhouse in equities with a market leader in M&A

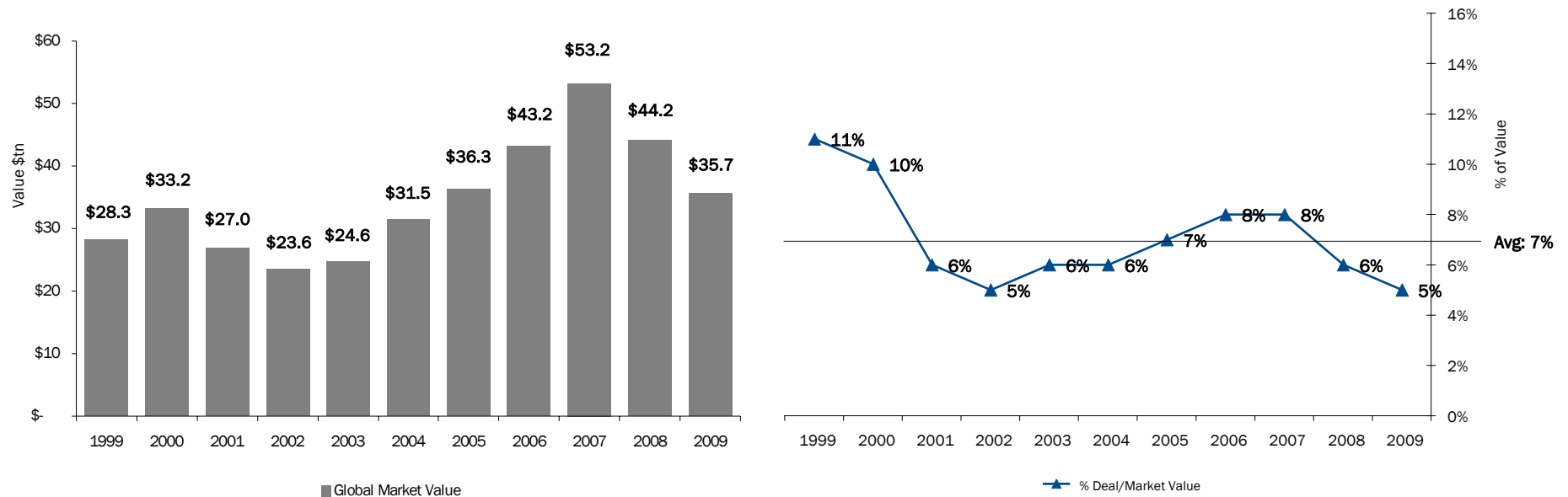
Minimal overlap in client relationships

Attractive acquisition price: Transaction immediately and highly accretive

# Strategic Rationale – The Global M&A Cycle

- M&A cycle currently at low point, with slow growth economy driving an acceleration of advisory business over the near to longer term
- Counter-cyclical investment in M&A capacity, adding complementary advisory DNA to our transactional expertise

ANNOUNCED M&A VOLUME AS % OF MARKET VALUE BELOW HISTORIC AVERAGE



Source: Thomson Financial and Factset Databases; global announced volume.  
 Note: Monthly averages used for annual aggregate market values.

# Strategic Rationale – Seizing the Opportunity

---

- Creation of Canaccord Genuity capitalizes on secular trends and macro themes, including:
  - Client demand for full-service independent dealers
  - Scarcity of independent advice for clients, bias of bank offerings
  - Opportunity for global mid to large cap leadership in our focus sectors
  - Regulatory uncertainty
    - Potential issues: Glass-Steagall 2, forced divestitures within financial services firms, the end of tied selling
  - Stabilizing market activity supports re-balancing the relative priority of maximizing revenue and controlling costs
- Canaccord Genuity's growth strategy positions us as a full-service competitor

# Introducing CANACCORD|Genuity

---

- Both companies have experienced significant success, and combining forces positions Canaccord Genuity for its next level of growth
- Gold standard
  1. World-class advisory and transaction capabilities in our focus sectors
  2. Proven global distribution in equities
  3. Highly-regarded, actionable research
  4. Independent, client focused, entrepreneurial culture
- Continued expansion of our business to service the entire client life cycle
- Global team capitalizing on shared strengths and complementary differences while maintaining client-focused, values-driven independent culture
- Solidifying Canadian market position as a foundation for continued and future growth in the US, UK and Asia

# Comprehensive Platform Serves Entire Client Life-cycle

---

- Canaccord Genuity can provide world-class comprehensive services across the growth life-cycle to our clients, who previously chose one firm for equity underwriting and another for advisory services



# Shared Strengths

	CANACCORD ADAMS	GENUITY	CANACCORD GENUITY ADVANTAGE
Client-focused culture	✓	✓	Committed to excellence in client service throughout the entire client lifecycle
Independent perspective	✓	✓	Credible advice free of conflicts experienced with banks
Idea-driven research	✓	✓	Top ranked independent analysts with deep knowledge of our focus sectors
Proven trading expertise	✓	✓	Execution capability in small/mid and large cap names on seven exchanges
Strong Canadian operations	✓	✓	Solidifies leading Canadian market position as a foundation for global growth
Global operations	✓	✓	Ability to source and execute transactions from US, UK and Canada, combined with cross-border advisory business
Growth strategy	✓	✓	All business units committed to collective growth
Shareholder mentality	✓	✓	Producer owned, led and driven firm



# Complementary Differences

	CANACCORD ADAMS	GENUITY	CANACCORD GENUITY ADVANTAGE
Underwriting powerhouse	✓		Leveraging proven global distribution network Providing comprehensive services to corporate clients as they grow
Gold standard advisory capability		✓	
Leading independent restructuring firm		✓	
Extensive Wealth Management operations in Canada	✓		Broad reach of retail distribution network
Global energy expertise	✓		Continued commitment to focus sectors, with deeper relationships and expertise
Diversified specialization, including financials		✓	
Small to mid cap client base	✓		Strong relationships and deep expertise across the market cap spectrum
Large cap client base		✓	

# Minimal Overlap in Clients and Revenue

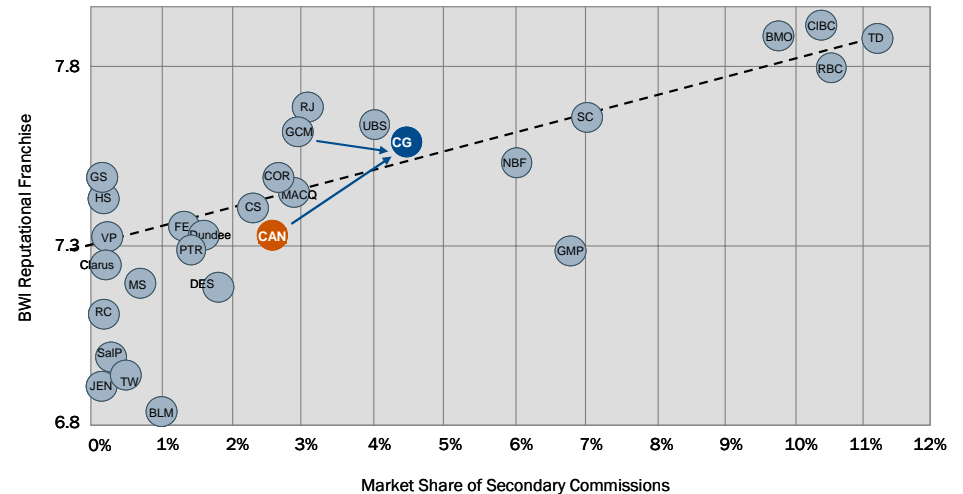
- **Advisory** – Distinct M&A practices with Canaccord and Genuity combining a small-to-mid and large cap focus
- **Equity Underwriting** – In calendar 2009, Canaccord and Genuity shared lead-manager responsibility in only 2 transactions
- **Sales** – Three shared institutional clients in the top 10 relationships at each firm; strong mix of long-only and idea-oriented relationships
- **Trading** – Genuity focus on TSX 60 complements Canaccord’s natural resource and small-to-mid-cap expertise
- **Research** – Creation of the leading independent research team, with Genuity coverage of Financials, Transportation and other Diversifieds with Canaccord’s Natural Resources and Technology focus

M&A LEAGUE TABLES – CANADIAN INDEPENDENTS <sup>(1)</sup>			
#	Firm	Value (\$B)	# Deals
1	<b>Combined Company</b>	<b>\$37.1</b>	<b>99</b>
1	Genuity	25.9	66
2	GMP Securities	19.6	67
3	Canaccord Adams	11.2	33
4	FirstEnergy Capital	10.2	33
5	Cormark	2.8	22

EQUITY LEAGUE TABLES – CANADIAN INDEPENDENTS <sup>(2)</sup>			
#	Firm	Value (\$M)	# Deals
1	<b>Combined Company</b>	<b>\$2,541</b>	<b>101</b>
1	GMP Securities	2,063	53
2	Canaccord Adams	1,487	90
3	Cormark Securities	1,161	41
4	Genuity	1,054	11
5	Peters & Co.	401	7

Combination Increases Market Share and Reputational Franchise<sup>3</sup>



1. Source: Bloomberg, for all major transactions from 1/1/07 to 1/9/10  
 2. Source: Bloomberg, for the year ended 12/31/09; represents equity transactions acting as bookrunner  
 3. Source: Institutional Equity Research, Sales and Trading Performance in Canada 2009 Report, Canaccord Genuity

# Proposed Transaction Terms and Valuation

- Canaccord will acquire 100% of Genuity in exchange for:
  - \$30 mm cash plus post-closing adjustment for net working capital
  - 26,500,000 Canaccord shares
- Values Genuity at \$285.9 million at current Canaccord share trading price
- All Genuity partners will be required to escrow all of the Canaccord shares received to be released over five years. Employment agreements with 3-5 year non-solicitation, non-competition clauses are in place for 10 key partners and all other material equity partners.
- Genuity's partnership group will have the right to nominate two directors for up to five years

TRANSACTION VALUATION				
Cash at Closing				30.0
Est. Working Capital Adj. <sup>(1)</sup>				28.0
CF Shares	26,500,000	@	\$8.60	227.9
<b>Purchase Price</b>				<b>285.9</b>
			Genuity Metric	Implied Multiple
P/E <sup>(2)</sup>	FY2010		\$21.4	13.4 x
P/Revs	12 mos. ended 1/31/10		100.6	2.8 x
P/Book	Est. Closing Book Value		30.0	9.5 x

1. A working capital adjustment amount will be paid to the vendors subsequent to closing.

2. Assumes 33% tax rate on Genuity earnings and estimated 2010 bonus payments.

# Canaccord Genuity Economics

- Transaction is materially accretive across multiple periods, including the challenging environment of the early part of 2009

## COMBINED ECONOMICS

	Trailing 12 Months <sup>(1)</sup>				Trailing Six Months <sup>(1)</sup>			
	Canaccord	Genuity	Adj. <sup>(2)</sup>	Pro Forma	Canaccord	Genuity	Adj. <sup>(3)</sup>	Pro Forma
(All figures in C\$ millions, except per share amounts)								
<b>Total Revenue</b>	<b>\$541.4</b>	<b>\$100.6</b>		<b>\$642.0</b>	<b>\$296.9</b>	<b>\$61.4</b>		<b>\$358.3</b>
Incentive Compensation	271.3	50.6	(\$2.2)	319.8	157.8	31.9	(\$0.4)	189.3
Salaries and Benefits	57.0	1.5	(1.0)	58.5	28.9	0.8	(0.5)	29.2
<b>Total Compensation Expenses<sup>(4)</sup></b>	<b>328.4</b>	<b>52.1</b>	<b>(3.2)</b>	<b>377.3</b>	<b>186.8</b>	<b>32.6</b>	<b>(0.9)</b>	<b>218.5</b>
Total Non-Compensation Expenses	148.9	14.9	(6.2)	157.6	75.1	7.8	(3.1)	79.7
Depreciation & Intangible Amortization <sup>(5)</sup>	7.9	1.5	4.0	13.4	3.8	0.7	2.0	6.5
<b>EBIT</b>	<b>56.3</b>	<b>32.1</b>	<b>5.4</b>	<b>93.8</b>	<b>31.3</b>	<b>20.3</b>	<b>2.0</b>	<b>53.6</b>
Net Interest Expense	3.3	0.2	0.7	4.2	1.1	0.3	0.3	1.8
Other Expense / (Income)	0.1	0.0		0.1	0.0	(1.4)		(1.4)
<b>Pre-Tax Income</b>	<b>52.9</b>	<b>31.9</b>	<b>4.7</b>	<b>89.5</b>	<b>30.2</b>	<b>21.4</b>	<b>1.7</b>	<b>53.2</b>
Taxes <sup>(6)</sup>	18.2	10.5	1.6	30.3	8.3	7.0	0.6	15.9
<b>GAAP Net Income</b>	<b>\$34.6</b>	<b>\$21.4</b>	<b>\$3.2</b>	<b>\$59.2</b>	<b>\$21.9</b>	<b>\$14.3</b>	<b>\$1.1</b>	<b>\$37.3</b>
<b>Cash Net Income</b>	<b>\$39.9</b>	<b>\$22.4</b>	<b>\$5.8</b>	<b>\$68.1</b>	<b>\$24.4</b>	<b>\$14.8</b>	<b>\$2.5</b>	<b>\$41.7</b>
Avg. FD Shares Outstanding	55.4		26.5	81.9	55.8		26.5	82.3
<b>Cash EPS</b>	<b>\$0.72</b>			<b>\$0.83</b>	<b>\$0.44</b>			<b>\$0.51</b>
<b>Per Share Accretion</b>				<b>\$0.11</b>				<b>\$0.07</b>
<b>Percent Accretion</b>				<b>15.5%</b>				<b>15.8%</b>

1. Period ended December 31, 2009 for Canaccord and January 31, 2010 (unaudited combined) for Genuity.

2. Assumes identified cost synergies as shown and forgone interest income on cash component of transaction consideration at 1%.

3. Equal to one half of full year adjustments from table at left.

4. Genuity compensation expense pro-forma for market adjusted compensation ratio of 50% of incentive based revenue.

5. Transaction related amortization assumed at \$20 million over five-year life.

6. Tax rate for Genuity assumed at 33%.

# Pro Forma

- Pro forma this transaction, new Canaccord multiple to book value and earnings is significantly lower than its direct comparable GMP

## IMPLIED VALUATION

	<u>Canaccord At-Market</u>	<u>Implied Genuity<sup>(1)</sup></u>	<u>Pro Forma At-Market<sup>(2)</sup></u>	<u>GMP Current<sup>(3)</sup></u>
Canaccord Share Price	\$8.60		\$8.60	
Implied Fully-Diluted Enterprise Value	502.1	285.9	730.0	988.3
Implied Fully-Diluted Equity Value	492.5	285.9	720.4	970.8
Price /Trailing Cash EPS or Earnings	11.9x	12.8x	10.4x	18.2x
Trailing Cash EPS or Earnings (\$mm)	\$0.72	\$22.40	\$0.83	\$0.73
EV /Trailing Revenue	0.9x	2.8x	1.1x	2.9x
Trailing Revenue	\$541.4	\$100.6	\$642.0	\$344.6
Price /Book	1.2x	9.5x	1.0x	3.0x
Book Value <sup>(4)</sup>	\$400.7	\$30.0	\$686.6	\$325.5
Price /Tangible Book	1.2x	9.5x	1.7x	4.3x
Tangible Book Value <sup>(4)</sup>	\$400.7	\$30.0	\$428.8	\$227.8

1. FYE January 31, 2010 (unaudited combined)

2. Combines Canaccord 12 months ended December 31, 2009 and Genuity FYE January 31, 2010

3. Excludes depreciation & amortization, assuming a 40.5% effective tax rate

4. Book value for Genuity reflects expected book value on closing; pro-forma book value includes Canaccord book value of \$400.7 million and acquired equity and goodwill totaling \$285.9 million; tangible book value includes Canaccord book value plus acquired equity of \$30.0 million

# Synergies

---

- All cost synergies are demonstrable and quantifiable
- Accretion/dilution excludes projected revenue synergies, which are expected to be material even net of cannibalization/anti-synergies


HEADCOUNT	Approximately \$2.2 million
BACK OFFICE	Approximately \$1 million
NON-COMPENSATION EXPENSES <sup>(1)</sup>	Approximately \$6.2 million

1. Regulatory, Technology, Premises, etc.

# Strong Rationale for the Combination

EQUITY UNDERWRITING	Canaccord's distribution platform, through its global sales and trading operation and wealth management business, can be leveraged by Genuity's corporate client base to provide seamless financing options.
ADVISORY	Genuity's advisory and restructuring expertise will provide Canaccord's clients with access to a highly specialized and dedicated service, as well as board level access to large-cap clients.
SALES AND TRADING	Limited overlap in both account base and traded names creates an opportunity to strengthen existing business and further leverage the combined investment banking and research platforms.
RESEARCH	Research-led platform will help Genuity improve its ability to capitalize on banking relationships. Overlap in certain coverage areas provides for synergies while maintaining the high-quality coverage each firm provides in focus areas.
GEOGRAPHY	Genuity's Canadian focus provides a strong complement to Canaccord's global reach. Solidifying Canadian market position will support continued expansion in other markets.

**Canaccord Genuity will be the gold standard independent investment bank  
– a client-focused and values-driven firm**



Paul Reynolds, President and CEO, Canaccord Financial Inc.  
David Kassie, Chairman and CEO, Genuity Capital Markets

CANACCORD|Financial