



**CANACCORD FINANCIAL INC. TO ACQUIRE GENUITY CAPITAL MARKETS**  
*Transformative transaction creates gold standard independent investment bank*

**TORONTO, Thursday, March 4, 2010** – Canaccord Financial Inc. ("Canaccord", TSX : CF, AIM : CF.) is pleased to announce that it has signed a definitive agreement to acquire Genuity Capital Markets ("Genuity"), creating the gold standard full-service independent investment bank. This transaction combines equity underwriting strength with advisory and restructuring leadership, leverages proven global distribution and consolidates leading independent, idea-driven research into one strong global platform that can serve the entire client lifecycle. The combined capital markets operations in Canada, the United States and the UK will be renamed Canaccord Genuity on closing.

"Canaccord's acquisition of Genuity more than satisfies our stated acquisition criteria: the Genuity partners are an excellent strategic and cultural fit with our business, and this transaction is immediately accretive to shareholders, increasing Canaccord's trailing 12-month EPS on a pro-forma basis by more than 15%," noted Paul Reynolds, President and CEO of Canaccord. "Canaccord and Genuity have each built strong independent businesses, and we have enormous respect for each others' accomplishments as well as a shared vision of how best to serve our clients. Our combination will propel us into the next phase of our growth, and position us as an aggressive, full-service competitor."

Genuity is the leading independent advisory and restructuring firm in Canada. Founded in 2005, the firm has been involved in over 106 advisory assignments, with an average transaction size of \$392 million since 2007. In 2009, Genuity was lead manager on 13 public underwriting transactions with an average deal size of \$109 million, demonstrating its deep expertise and relationships in the large cap market. For its fiscal year ended January 31, 2010, Genuity had \$100.6 million in revenue and \$31.9 million in pre-tax net income (pro-forma, unaudited), continuing a trend of strong results in a variety of market environments (see Figure 1). As of January 31, 2010, Genuity had total estimated assets of \$100.2 million (unaudited). Genuity has 135 employees and offices in Toronto, Vancouver, Montreal, Calgary, Boston and New York.

"We are excited to join Canaccord's strong global platform," said David Kassie, Chairman and CEO of Genuity. "Like Canaccord, Genuity is a producer owned and driven business. Our firms share a deep commitment to creating long-term value for our clients and shareholders, and I look forward to our combination and continued success."

The definitive agreement provides that Canaccord will acquire 100% of Genuity for consideration consisting of 26.5 million Canaccord common shares and cash of \$30 million. In addition, the vendors will receive up to \$28 million as a working capital adjustment subsequent to closing. Based on the closing price of Canaccord's common shares on Thursday, March 4, 2010 of \$8.60, this values Genuity at approximately \$285.9 million. It is expected that this transaction will be immediately and significantly accretive to Canaccord's earnings.

All of the Canaccord common shares issued as part of the purchase price will be placed in escrow at closing and released ratably over five years. Genuity's ten largest partners have entered into employment agreements that will become effective on closing, and on closing will also enter into non-competition, non-solicitation and standstill agreements. All of the other Genuity partners are expected to become Canaccord Genuity employees on closing.

Upon closing, Canaccord will appoint two nominees of the existing Genuity partnership (David Kassie and Philip Evershed) to its board of directors. David Kassie will serve as Canaccord's Group Chairman while Peter Brown will serve as Chairman and Founder.

"As the founder of the firm, I'm very proud of this transaction and how Canaccord is continuing to evolve," said Peter Brown, Chairman of Canaccord Financial Inc. "Canaccord was founded in 1950 and since then we've been building a firm that worked to put its clients first and demonstrate Canadian leadership on a global stage. This opportunity to join forces with Genuity makes that goal even more of a reality."

Paul Reynolds, Mark Maybank and Brad Kotush will continue as President and Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, respectively.

Jens Mayer (from Canaccord) and Ted Hirst (from Genuity) will serve as Global Co-Heads of Investment Banking. Daniel Daviau (from Genuity) will be Head of Canadian Investment Banking. Earl Rotman (from Genuity) will be appointed Vice Chairman, Investment Banking, and Barry Goldberg (from Genuity) will be Global Head of Mergers, Acquisitions and Restructuring. Matthew Gaasenbeek (from Canaccord) will be Global Head of Sales and Trading. Mark Maybank will continue to serve as Global Director of Research.

Completion of the transaction is subject to a number of conditions including the receipt of regulatory and Toronto Stock Exchange ("**TSX**") approvals. Pursuant to TSX rules, the transaction must also be approved by Canaccord's shareholders due to the number of Canaccord common shares issuable as part of the purchase price.

Figure 1: Genuity Financial Performance (combined<sup>1</sup> and unaudited)

12 months ended (C\$000s)	Pro-Forma <sup>2</sup> Jan 31 2007	Pro-Forma <sup>2</sup> Jan 31 2008	Pro-Forma <sup>2</sup> Jan 31 2009	Pro-Forma <sup>2</sup> Jan 31 2010
Gross Revenue	69,997	228,563	103,121	104,330
Total Revenue <sup>3</sup>	65,682	216,449	63,360	100,630
Total Non-Comp Expenses	11,710	17,224	16,961	15,101
Total Compensation Expenses	34,998	114,282	45,024	52,131
Earnings before Amortization	18,974	84,943	1,375	33,398
Amortization	1,350	1,224	1,375	1,520
Earnings before Taxes	17,624	83,719	0	31,878

### ***Recommendation of the Board of Directors***

Keefe, Bruyette & Woods, Inc., financial advisor to Canaccord's special committee of independent directors, has provided its opinion that the acquisition consideration is fair, from a financial point of view, to Canaccord. The board of directors, based upon their investigations, including their consideration of that fairness opinion and the recommendation of the special committee, concluded that the transaction is in the best interests of Canaccord shareholders, and will be recommending that shareholders vote in favour of a resolution at the special meeting of shareholders.

### ***Special Meeting and Information Circular***

Canaccord will be convening a special meeting of its shareholders to consider the transaction. Canaccord currently anticipates that the special meeting will be held in late April 2010 and that an information circular containing additional details regarding the business of the special meeting will be mailed to shareholders in early April.

### ***Service contracts of proposed directors***

In accordance with the disclosure requirements of the AIM Rules, the details of any service contracts of the proposed directors David Kassie and Philip Evershed are that they have entered into employment agreements that will become effective on closing. These agreements provide

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<sup>1</sup> This pro forma financial information is prepared on a combined basis to include the operating results of the principal operating entities of the Genuity group: Genuity Capital Markets, Genuity Capital Markets USA Corp. and Genuity Limited Partnership.

<sup>2</sup> Total compensation expenses are calculated on a pro-forma basis as to 50% of gross revenue, subject to certain conditions and other adjustments.

<sup>3</sup> Total revenue is gross revenue net of facilitation losses and includes certain other income items

for a base salary, participation in group benefit plans and policies provided to other executives, an annual bonus incentive award as determined by the firm's executive committee based on performance and participation in the firm's Long Term Incentive Plan. These agreements also provide for certain material non-competition and non-solicitation covenants.

### ***Investor Presentation and Conference Call***

A presentation for the investment community with highlights of the transaction will be available for the distribution of this release on Canaccord's website in the investor relations section at: <http://www.canaccordfinancial.com>.

The highlights will be presented by senior executives to analysts and institutional investors on a webcast conference call which will include a question and answer session. The call is scheduled for **Thursday, March 4, 2010** at 5:00 a.m. (Pacific Time), 8:00 a.m. (Eastern Time) and 1:00 p.m. (UK Time). The conference call and webcast may be accessed live and archived on a listen-only basis via the Internet at: <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)
- 0-800-051-7107 (toll free from the United Kingdom)

Please request to participate in Canaccord's Genuity acquisition call and enter passcode 60405700.

A replay of the conference call can be accessed after 7:00 a.m. (Pacific Time), 10:00 a.m. (Eastern Time) and 3:00 p.m. (UK Time) on Thursday, March 4, 2010 until Thursday, March 11, 2010 at 416-849-0833 or 1-800-642-1687 by entering passcode 60405700.

### **ABOUT CANACCORD ADAMS:**

Canaccord Adams is a leading independent financial services firm committed to fostering the entrepreneurial economy by bringing corporate and institutional clients a unique perspective on global investment opportunities. With operations in research, sales and trading, and investment banking, our 250 professionals seek out emerging opportunities in our key sectors – Mining and Metals, Energy, Technology, Life Sciences, Consumer, Real Estate, Sustainability and Infrastructure. Located in ten offices internationally, our experienced team generates focused, actionable ideas that identify opportunity and facilitate growth. Canaccord Adams, the international capital markets division of the Canaccord group, has operations in Toronto, London, Edinburgh, Boston, Vancouver, New York, Calgary, San Francisco, Houston and Barbados.

In Canada, Canaccord Adams is a division of Canaccord Financial Ltd. Canaccord Adams Limited operates in the United Kingdom and Canaccord Adams Inc. operates in the United States. These companies are all part of the corporate group headed by Canaccord Financial Inc.

More information is available at [www.canaccordadams.com](http://www.canaccordadams.com).

#### **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 37 offices worldwide, including 29 Wealth Management offices located across Canada. Canaccord Adams, the international capital markets division, operates in the U.S., U.K., 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.

#### **ABOUT GENUITY CAPITAL MARKETS:**

Genuity Capital Markets is Canada's leading partner-owned investment bank. Genuity was formed in 2005 by a group of principals who are among the most experienced in the industry and have helped shape the Canadian capital markets over the last 25 years. They have led many of the largest and most complex merger & acquisition, restructuring and financing transactions in Canada. Genuity provides clients with corporate finance, mergers & acquisitions, restructuring, sales & trading and research services with senior level attention, creative ideas and effective solutions leveraged by longstanding relationships and astute market insight. Genuity has offices in Toronto, Montreal, Vancouver, Montreal, New York and Boston.

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#### CAUTION REGARDING FORWARD LOOKING STATEMENTS:

This document may contain certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events including business and economic conditions and 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. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend" or the negative of these terms or other comparable terminology. 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 that 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 consolidated financial statements and its Annual Report and Annual Information Form filed on 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. Non-GAAP measures included are return on average common equity (ROE), assets under administration (AUA), assets under management (AUM), expenses as a % of revenue and book value per diluted share. Canaccord's capital is represented by shareholders' equity and, therefore,

management uses ROE as a performance measure. AUA and 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 Wealth Management business segment. AUM includes all assets managed on a discretionary basis under our programs generally described as or known as the Complete Canaccord Investment Counselling Program and Complete Canaccord Managed Accounts (1). Services provided include the selection of investments and the provision of investment advice. AUM are also administered by Canaccord and are included in AUA. Financial statement items which exclude significant items are non-GAAP measures. Significant items include the asset backed commercial paper (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 goodwill and intangibles and restructuring costs.

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