Thom: Good afternoon, and thank you for joining our Fourth Quarter Earnings Call. With me is Lionel Conacher, our President and COO, and Ryan Stroub, our CFO.

As we look forward to 2010 and the prospects of an active equity capital market, I want to take a minute to highlight the strategic steps we've taken over the last two years to position our firm for growth. We have a broader platform in terms of vertical and geographic coverage as a result of the acquisition of Westwind Partners. By expanding into the resource sectors, we benefited from the strength of these sectors over the past year. We expect these sectors will continue to perform, driven by growth in the global demand for energy and base materials, as well as increased attention on gold as an alternative currency. We have added a significant amount of leverage to our model by reducing our expenses. Many of these are permanent reductions to our expense base executed by consolidating facilities and renegotiated rates for services. We have increased the value of our most important asset, our people, adding talent to our platform by opportunistically hiring during the downturn. Just as importantly, this fourth quarter we made a significant investment in our employees in order to reinforce a culture of opportunity for our employees and incent and retain those professionals who will drive our revenue growth in 2010 and beyond. Having taken these steps, we emerge from the downturn better positioned today than we were two years ago.

We believe the fourth quarter was an inflection point in our business, as our total revenues and investment banking revenues were higher than any quarter in the last two years.

Investment banking revenues rebounded in the fourth quarter with respect to both capital raising and strategic advisory assignments. As the capital markets window for emerging growth companies started to open, we raised capital for companies across the majority of our industry sectors, with mining, energy, and technology being the most active. Our M&A team completed several visible transactions, primarily in technology and health care, and we continue to build a solid pipeline. Our conversations with our corporate clients continue to pick up, and we are participating in an increasing number of formal IPO bake-offs. This early indicator leads us to believe that the IPO market will be active in the second and third quarters of this year. In 2006 and '07, revenues from IPOs comprised approximately 25 percent of our business, while over the past two years these revenues accounted for only 5 percent of investment banking revenues. As the calendar builds, we expect IPO revenues to increase significantly, driving substantial revenue growth in 2010.

Our primary goal this year is demonstrating the leverage in our business model by returning the firm to profitability and generating significant cash flow. We have a firm with scale and a capacity to generate significant revenue in an active capital market as you can see through our fourth quarter revenues and our 2010 pipeline, we are poised to enter such a period.

I will now turn the call over to Ryan, who will provide details on our financial results.

Ryan: Thanks, Thom. In the fourth quarter, we recorded a GAAP net loss of $13.7 million and a GAAP diluted loss per share of 42 cents. Adjusting for the non-cash tax-adjusted amortization expense of $800,000 related to intangible assets acquired in the Westwind Partners transaction, we recorded a non-GAAP net loss of $12.9 million and a non-GAAP diluted loss per share of 39 cents.

For the quarter, our pre-tax loss, excluding certain non-cash items, was approximately $9 million. From our pre-tax loss we primarily exclude non-cash share-based compensation, depreciation, amortization of intangibles, and unrealized investment gains and losses. We had $97.1 million in cash and cash equivalents and $47 million in excess regulatory capital on a consolidated basis as of December 31st, compared with $66 million and $52 million as of September 30th, respectively. After paying year-end bonuses in the coming weeks, we will end up where we indicated on our last quarterly conference call, at approximately $70 million of cash and cash equivalents.

Total net revenues for the quarter were $60.1 million, a 91% increase compared with net revenues of $31.5 million in the year-ago quarter and a 38% increase compared with $43.6 million in the prior quarter.

Investment banking revenues were $30.3 million in the fourth quarter, an increase of 167% compared with the year-ago quarter and a 95% increase compared with the prior quarter. We completed 49 transactions in the fourth quarter versus 14 in the year-ago quarter and 23 in the prior quarter.

Brokerage revenues were $21.7 million in the fourth quarter, a 20% decline from $27.3 million in the year-ago quarter and a 10% decline from $24.3 million in the prior quarter.

Asset management net revenues were $8.4 million in the fourth quarter compared with net losses of $7 million in the year-ago quarter and net income of $3.9 million in the prior quarter. For the quarter, asset management net revenues consisted of management fees of $4.5 million, net realized and unrealized gains in warrants and other securities of $3.1 million, and net realized and unrealized private equity gains of $800,000.

Turning to expenses, compensation benefits were $45.3 million, an increase of 61% and 66% from the year-ago quarter and prior quarter, respectively. For the year ended 2009, our non-GAAP compensation ratio was 68% as compared to 69% for 2008. At 2008 and 2009 revenue levels, our competitive compensation methodology results in a higher compensation ratio, driven by certain fixed and administrative elements of compensation. Notwithstanding our efforts to reduce these fixed and administrative costs through targeted headcount reductions, our revenues are still a primary driver in reaching a targeted 60% non-GAAP compensation ratio. We believe a 60% non-GAAP compensation ratio would, at our current size, result in annual revenue levels of approximately $250 million.

Our non-compensation expenses totaled $27.6 million in the fourth quarter and represent a 24% decline over the year-ago period and a 9% decline over the prior quarter. Over the last two years we have worked diligently to reduce our expense base in order to create operating leverage in our model. Year-over-year, non-compensation expenses have decreased by $23 million, excluding the goodwill impairment charge in 2008. We will continue to be diligent in 2010, even as our prospect for revenues improves. In 2010, based on the changes we made in 2009, we should see our occupancy and equipment expense decrease by approximately $1.2 million per quarter and other expenses decrease by approximately $400,000 per quarter off of fourth quarter levels. This year we expect our annual non-compensation expenses to be approximately $104 million. As investment banking and brokerage revenues increase, however, our non-compensation expenses will trend higher as a result of an increase in marketing on the banking side and execution and clearing charges on the brokerage side.

For the quarter, occupancy and equipment decreased 52%, communications and data processing decreased 16%, brokerage execution decreased 9%, and other expenses decreased 9%, all compared with the year-ago quarter. Our effective tax rate was negative 7.1% in the fourth quarter compared with a negative 102% in the year-ago quarter and negative 2.4% in the third quarter. As a result of the valuation allowance established a year ago, the tax expense in the fourth quarter related entirely to taxable net income reported by our Canadian operations, which was primarily driven by investment banking activity at a rate of approximately 33%. As we become profitable in the US and UK, we will be able to utilize approximately $35 million of net operating loss carry-forwards.

I will now turn the call over to Lionel.

Lionel: Thank you, Ryan. We are encouraged by our improved revenue results in the fourth quarter, a direct result of the hard work of our employees put forth. Investment banking gained traction, posting the best quarterly revenues in eight quarters. We experienced a significant increase in the number of follow-ons and strategic advisory revenues, and our pipeline for 2010 continues to build. Our brokerage revenues declined in the fourth quarter, primarily as a result of lower market volumes.

We continued to add revenue-producing professionals to our platform in the fourth quarter. We expect these professionals and those we hired in previous quarters to add to the results as they ramp up business. Since the beginning of the fourth quarter, our new hires have been primarily concentrated in brokerage in order to positively impact future revenues. We hired seven net new hires, including two senior research analysts and two sales professionals. In addition, we hired two managing directors in investment banking, expanding the platform. We are excited to have these talented professionals join our platform.

Our brokerage business underperformed in the quarter, resulting in a 10% decline in sequential revenues. While the equity markets closed at or near their 52-week highs, market volumes declined significantly in the quarter as many portfolio managers wound down activity early as the market rally stalled, looking to preserve profits. We expect volumes to return to normalized levels as benchmarks are reset in the new calendar year and as credit markets normalize and equity fund flows increase.

Fourth quarter investment banking revenues significantly improved compared with the third quarter. Contributing to this success were both capital raising revenues, which increased 72% to $18 million, and strategic advisory revenues, which increased 139% from the third quarter to $12.3 million. Our strategic advisory team closed six transactions valued at over $3.4 billion. Highlights included advising E Ink in its revised merger agreement with Prime View International, Dainippon Sumitomo Pharma's acquisition of Sepracor, and Agilent Technologies' sale of a product line to Ixia. Improved market conditions have increased transaction sizes and resulted in larger advisory fees per strategic advisory transaction. We've completed two M&A transactions so far in the first quarter and currently have four previously announced transactions in the technology and health care sectors, all of which are expected to close in the first quarter.

The momentum in capital raising continued as we completed 43 transactions, mainly comprised of follow-on offerings. We were the book or lead manager on 11 capital raising transactions, which generated 46% of our capital raising revenues. Highlights in the quarter were the sole book-managed Allied Gold deal and joint book-managed deals for Metabolix and Microvision.

In the quarter, investment banking revenues in the US represented 63% of the revenues, with 37% generated from Canada and the UK. For the full year, revenues from the US represented 53%, with 47% from Canada and the UK. In the quarter, the mix of investment banking revenues by sector was primarily generated from technology and mining, representing 37% and 29%, respectively. Healthcare generated 16%, and 15% came from energy.

This year, as Thom has said, we expect a substantial increase in the number of IPOs we bring to market. Our current backlog consists of six filed IPOs. However, we have 13 mandated IPOs not reflected in our public backlog. We are either sole book or co-book manager on 37% of these IPOs, and 100% of these are venture or financial sponsor-backed. This compares with only doing five IPOs each year for the last two years. With the momentum we've established in investment banking and the strength of our backlog, our firm is positioned to be highly profitable as our investment banking business improves.

I'll now turn the call back to Thom for details on our asset management business and closing remarks.

Thom: Thanks, Lionel. As of December 31, 2009, our small-cap growth strategy ranked in the top quartile against its peers for the quarter, full year, and trailing in two and three-year periods. This exceptional record is indicative of the strategy's performance, which was up 47.9% or 1350 basis points above the Russell 2000 Growth Index benchmark for the same period. Additionally, for 2009, every growth strategy achieved top quartile performance against their peers.

During the quarter, assets under management increased 10% to $1.5 billion as we were successful in raising funds for existing products. Our Global Growth Partners IV Fund, a secondary fund of venture capital interest, raised an additional $45 million, bringing its total assets to $886 million. We also raised an additional $30 million for our small-cap growth strategy, bringing total assets to $81 million for our activity in small, SMID, and mid-cap growth.

Looking forward, our investment banking activity continues to be robust and should positively improve 2010 results. We began the year with a building IPO calendar and we expect to capture our historical market share of venture-backed IPOs. In recent weeks I have met with various Silicon Valley companies and the venture community, and I expect we will see a large amount of venture-backed technology companies coming to market to raise capital in 2010. With the resource sector active, the fundamentals of technology companies strong and a return to the IPO market, our 2010 investment banking outlook is positive, and results should significantly improve over the suppressed levels of the last two years.

I will now open the call for questions.

Operator: At this time, if you would like to ask a question, please cue our operator by pressing star 1 on your telephone keypad.

Our first question comes from the line of David Trone of Macquarie Securities.

Q: Thanks, and good evening. A couple things. I was trying to keep up. But I'm just trying to clarify the backlog information. You said you were on 13 mandated IPOs and 6 filed. Were they mutually exclusive, or did the 13 include the 6?

Answer: No, it didn't include the 6.

Q: Okay, so 13 not filed and 6 filed, then?

Answer: Right.

Answer: For 19 total.

Q: Got you. Okay, okay, great, great. And then separately, you had mentioned, do you have any done yet in January?

Answer: No.

Q: Okay. And any color on the M&A side?

Answer: Well, the activity has just picked up substantially. I think, Cisco was in the press a couple of days ago saying that they thought M&A activity was going to increase substantially. And our activity in this area both from a backlog, from a closed transaction standpoint, both in the fourth quarter and already in the first quarter here, would indicate that the larger companies are back-feeding. And the M&A activity is down, it's less than half of what it was two years ago, and my guess is it'll come back to levels of '07 as the year progresses.

Q: Okay, thanks. And if I missed it, I apologize. What was the year-end headcount?

Answer: It was about 455.

Q: 455, okay. And you mentioned in the 4Q you added to the brokerage, and I think you mentioned a couple of banking folks. What is your outlook for the year if, let's say, things continue to progress and improve? Will you be aggressive or are you going to be careful and try to get quickly, try to get certain profitability metrics first, or how do you think about that?

Answer: In terms of adding people, or what…?

Q: Yeah, yeah.

Answer: On the people front, I think, as you know, David, we've really focused on trying to keep our revenue producers in place. And that's where we've added, to the extent that we've added over the course of the past six months, is on the senior revenue-producing areas. Right now I can tell you that our investment banking group is flat out. There's a lot of pressure on the support guys at the associate and analyst level. But that said, we're going to be very, very prudent in terms of adding folks and do it behind the revenue envelope, as opposed to ahead of it. I think we're very comfortable, with the number of people that we have right now to be able to generate the kind of revenues that we've been able to generate in the past, and we won't be adding unless we're literally, have folks working 90-hour weeks.

Q: Right, right. Okay, then last question. You had mentioned in the past the breakeven on a cash basis was $53 million. Is that still the case? And then what was the cash flow in the quarter?

Answer: David, let me answer that. I think the breakeven on a cash basis is a little bit higher than that. We're probably looking at about $60 million, or sorry, $58 million on a cash basis.

Q: Okay.

Answer: And sorry, what was the second part of the question?

Q: What was the cash flow in the quarter?

Answer: The cash flow, we spent about $9 million.

Q: Okay. Okay, thanks a lot, guys, I appreciate it.

Answer: Backing out depreciation, amortization.

Q: Right. Okay, thank you very much.

Operator: Your next question comes from the line of Devin Ryan with Sandler O'Neill.

Q: Hi, guys.

Answer: Hey, Devin.

Q: Thanks for the comments on the backlog. I think that gives us a pretty good flavor of what the appetites are like from the issuers on the IPO side. But can you give any color on what the investor demand is like and what you think the risks are of investor's potentially pulling back if, I guess if risk appetites are lessened?

Answer: Well, let me, Devin, let me answer that question. I think the investor interest in growth companies is high. There's a bunch of dicey companies that have tried to get out in the market recently or in the last quarter that either didn't make it or got pounded in the market. But if you look at the higher quality particularly tech or Internet companies that have gone public last year, they were met with an enthusiastic response and went to substantial premiums, and that's kind of the nature of the company that we will be dealing with. And because I think the consumer-facing companies, there are some that are doing well, but most aren't. Tech and health care kind of stick out in a very prominent way, particularly if they've grown 30% or 40% during the '08 timeframe. I think they're going to be met with a real enthusiastic response. And many of these companies are larger. They're $200 to $300 to $400 million in revenue and making anywheres from $50 to $100 million in EBITDA, so you're not talking about small, one-product, sub-$50 million revenue companies here. Many of them are very, very substantive.

Q: Okay, thanks. And on the non-comp expense side, is there anything else that you can do to tighten down on non-comp expenses? Obviously you guys have made a lot of progress, but it still looks like there's some room there. For example, just looking at where the brokerage execution and clearing expenses are relative to the level of commission revenues, it seems like that there may be some level to bring, for example, that line item down a bit.

Answer: Well, first of all, that number is going down roughly $19 million in 2010 versus '09, so the number that Ryan gave you was for the fourth quarter, on fourth quarter '09 numbers. But if you apply 2010 numbers, you just took the number down another $19 million or roughly $5 million a quarter. And so at the current run rate in the fourth quarter in revenue, we think we would have a non-comp line item, as Ryan mentioned, of about $104 million or $26 million a quarter. We've taken it down, Devin, over $40 million on the non-comp side over the course of the past 24 months, and I'll let Ryan answer the question on brokerage charges. But we have yet to see the full impact of, we certainly didn't, in '09, see the full impact of the work we've done on the non-comp side. We will see the bulk of that come through in 2010, and then with some remaining savings on the lease side for the various offices that we have, which were rationalized earlier coming through in 2011.

Answer: And Devin, specific to your question, I think, with respect to brokerage execution in 2009, the reason why you didn't see it ramp down with commissions, when we got into a situation with light volumes, we just weren't able to drive that expense down proportionally to commissions. But I think on the flip side, as we go into 2010, as you see commissions pick back up, you're not going to see it ramp up to the extent you would expect driven by the commissions, so I don't think it'll go up much relative to where revenues will drive to.

Q: Got you.

Answer: I hope that helps.

Q: Yeah. No, that does. And then I think you guys also said that, with revenues of approximately $250 million, the right comp level is around 60%. If, assuming revenues kind of even leverage up from there, do you have room to bring comp down even further, just kind of thinking out further?

Answer: Probably not. I think that's kind of our goal, and if our people produce that kind of revenue, they expect to get paid. So give or take $50 or $100 million, certainly if we did over $400 million of revenue, it might start to come down, but I think our people fully expect to get paid if they produce the revenue. So we're really running the firm on the base of a 60% comp model.

Q: Okay. And then just lastly, if you could talk just a little bit more about the gains in asset management? I know there were some specific things this quarter, but really just try to get a sense of the expectations going forward, just given where the marks are. I know that it's, as of last quarter, it sounded like things were marked pretty conservatively and the expectations were that you could have at least a couple quarters ahead of you with some gains in there.

Answer: Yeah, Devin, I think we had a particularly strong quarter on the asset management front. Our warrant portfolio got marked up pretty substantially, and I think about, I'm looking for the data right now, but I think about $3 million of that related to our warrant portfolio. That being said, we didn't see much marks in our private equity funds. And I really think, as we've talked about before, there's a lot of strong companies within their portfolios, and we do expect to see some movement on the fair value front in 2010 there. Obviously, we had a huge year in 2007. I don't know if it gets back up to that level, but you should see, we expect asset management to be somewhere flat with where we were '09, conservatively, I think.

Q: Okay. And then I just, I missed the number on the 19 IPOs. How many were lead-managed?

Answer: About 37% of them, 6, specifically, 7 of them.

Q: Okay, got it. Okay. Okay, great. Thanks a lot, guys.

Answer: Okay.

Operator: Your next question comes from the line of Joel Jeffrey with KBW.

Q: Hi, guys, how you doing?

Answer: Good.

Answer: Hey, Joel.

Q: Just quickly, in thinking about what's going on in Washington, the sort of stalling of what appears to be the stalling of the health care legislation, would you guys expect that to be a benefit to any IPOs coming out of the health care industry?

Answer: Definitely, yeah. I think people were braced for the worst. And this kind of puts a level of uncertainty in there, but it's got to be positive for the service sector, but probably also in terms of cost containment in the medical device area. So I think kind of across the board, our analysts feel that if this legislation does not get enacted, it would be a huge positive for the overall industry.

Q: Okay, great. And then in terms of, I know you mentioned that the venture firms are coming back to market with opportunities, but what is it specifically that sort of spurred them back into the market? Is it just the pick-up in the overall economy, or was there something that we should be looking for that could turn one way or the other?

Answer: Well, I think the 60% move we've had in the market, so prices of technology companies in general are up, and now they're high enough for them to either sell or to take public. And I think the last couple of years, certainly the market hasn't been receptive to anything. These companies have gestated longer, they're generally larger. And they haven't had realizations and they've got to get money back to their LPs, so they're highly motivated to monetize a certain part of their part of their portfolio in a much better environment at better prices. So I think the combination of all those things will lead to a very robust IPO market and a very high-quality one of venture-backed companies.

Q: And then just lastly, I think you guys had mentioned that equity commissions were obviously down because the markets overall were down. But you guys were on a significantly larger number of deals during the quarter. Were you not seeing any sort of flow-through to the trading side of the business from the deals you were on, or is there typically a lag that would occur?

Answer: Well, most of that was secondary business. We did very little, the IPO business is where you pick up a significant amount of flow business, whereas if it's just a secondary, there isn't that high-volume spike after you do it, and that was 95 percent of our capital raising activity in the quarter. So I think as the IPO market starts to ramp, you should see an effect, a positive effect on our brokerage business.

Q: All right, great, thank you.

Operator: There are no further questions at this time. I will turn the call back over to Mr. Weisel for concluding remarks.

Thom: Thank you for joining our call this afternoon and for your interest in our firm.

Operator: This concludes our program. You may now disconnect from the audio portion of this event.

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