

Securities Industry Focus

Freeman & Co. LLC

Focus Shifts From Survival Mode To Strategic Mode

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As we approach the end of the third quarter, we are happy to observe what a difference a year makes. The chart below highlights returns from the Securities Industry sub-sectors that Freeman & Co. tracks and shows that returns for each sub-sector are robust on both a Year-to-Date (YTD) and a Last-Twelve-Months (LTM) basis. Many firms have used (or are using) this rebound in the price of their equity to raise additional capital and strengthen their Balance Sheets that were severely weakened in Q3 and Q4 of 2008. Revamped Balance Sheets have allowed senior management to shift focus from a mode of survival to one of strategic thought.

M&A consolidation will rise as this leads back to five and ten year vision plans and away from an “anything to stay in business” plan.

The industry also emerged from the systemic shocks that the Securities Industry faced in 2008 to discover a once-in-a-lifetime opportunity to re-establish strong middle market full service broker-dealers and replace a category of firms that have disappeared. With DLJ, Bear Stearns and growth equity firms like Alex Brown, Hambrecht & Quist, Montgomery Securities and Robertson Stephens all no longer independent or in business, a robust opportunity exists. We further highlight this opportunity and trend on page 2.

On page 3 we look at the growth of the “Mini-Prime” space, on page 6 we discuss Securities Industry trends in Europe, and pages 8-10 cover the Financial Trading Technology space.

Enjoy,

The Securities Industry Team

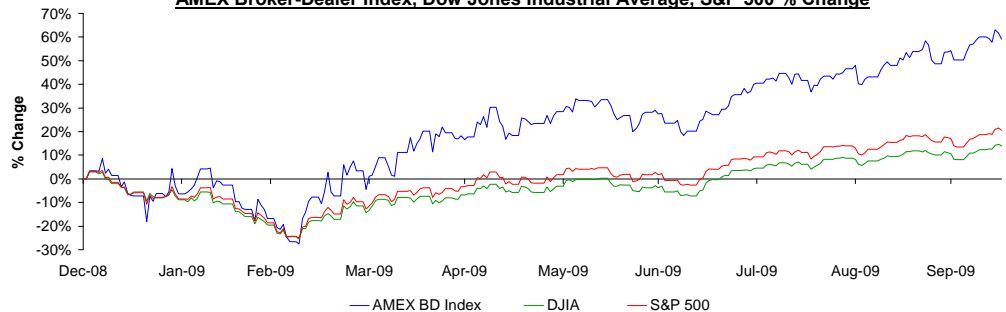
Average Stock Price Changes of Freeman & Co.-Covered Companies by Sub-Sector (October 16, 2009)

	Bank Holding Cos.	M&A Boutiques	US Middle Mkt. Investment Banks	EU Middle Mkt. Investment Banks	Retail Brokerages	Exchanges	US Trading Technology Firms	EU Trading Technology Firms
YTD	45.8%	83.5%	66.0%	92.4%	53.9%	31.0%	47.9%	120.5%
LTM	9.3%	77.2%	66.7%	60.3%	22.6%	16.2%	55.6%	60.6%

Indices at October 16, 2009

Index / Metric	Value
DJIA	9,996
NASDAQ	2,157
S&P 500	1,088
FTSE 100	5,190
Nikkei	10,258
AMEX BD Index	123
10-yr U.S. T-Bond	3.42%
USD per GBP	\$1.64
USD per Euro	\$1.49

AMEX Broker-Dealer Index, Dow Jones Industrial Average, S&P 500 % Change



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M&A Boutiques & Independent Full Service Broker-Dealers

Re-emergence of the Independent Firm focused on the Middle Market

The past 18 months have been a difficult and tumultuous time for many in the investment banking and brokerage industry. We have seen the collapse/acquisition of iconic firms such as Bear Stearns, Lehman Brothers and Merrill Lynch. Yet amongst the shifting sands, the opportunity for others has emerged. Those that are seizing this opportunity include both a group of new investment banking boutiques and a few of the traditional middle market brokerage firms. Talent en masse has become available after having been released or having fled the regulatory compensation overhang of the bank holding companies. This pool of talent has managed to find their way to new upstart boutiques, or to existing middle market broker dealers who had not accepted government funding.

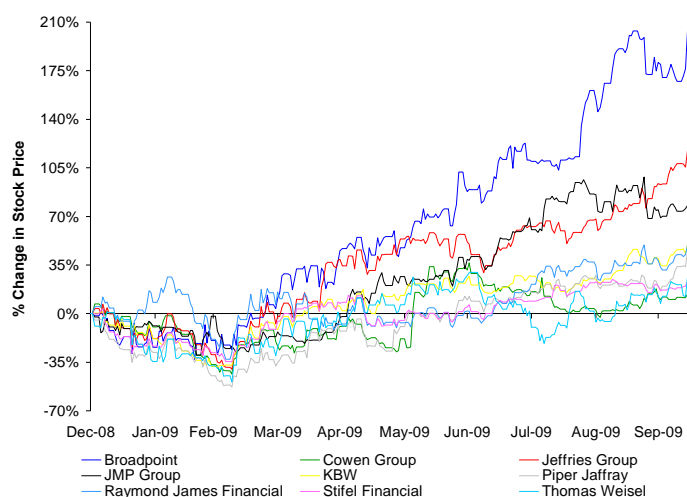
Many of these new boutiques are focused primarily on advisory, as they currently do not have the balance sheet or trading desks to support other capital market activities. It may only be a matter of time though, before these firms start to enter these or other areas to include proprietary trading, asset management or wealth management.

Because of their concentrated focus, the global banks have seen significant encroachment from these groups in both the Global & US M&A league tables. Per Freeman & Co. Benchmarking, for 1H2009 in the US M&A league tables, there are two non-bank holding company broker dealers in the top 10, five in the top 15, and seven in the top 20. This trend will continue as other boutique investment banks founded by senior rainmakers start to emerge and provide advice for their key relationships. This will have some effect on the overall league tables, as other high-fee businesses, such as securitization, are no longer meaningful revenue contributors.

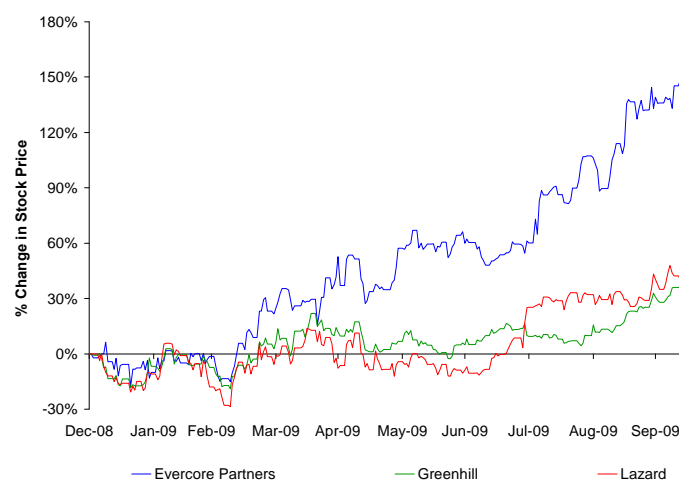
In addition to the new boutiques, the established middle market firms should be well positioned to capitalize on the current market dislocation. As most of these firms have not received government funding, their compensation structure does not have additional stipulations. Also, these firms have historically practiced efficient balance sheet management, and do not need to focus on packaging additional products to gain higher margin business.

This trend should continue as the market is still in a state of flux. Depending on other market dislocations, you could see an even greater emergence of new specialized boutiques. It will be interesting to look back 20 years from now, and see if any of these new upstarts will have taken over the torch once carried by the Merrill Lynchs, Bear Stearns, Lehman Brothers and Donaldson, Lufkin & Jenrettes of our yesterdays.

U.S. Middle Market Investment Bank Stock Performance



U.S. M&A Boutique Stock Performance



Mini-Primes: Not So Mini Anymore

The September 2008 Watershed

As the credit crisis intensified throughout 2008, large prime brokers decreased the number of smaller hedge funds they served to rein in leverage and risk. In order to maximize the profitability of their relationships, large prime brokers focused primarily on funds with greater than \$500mm in AUM.

At the same time, as capital and liquidity dried up, major prime brokers decreased the amount of funding provided to their clients, either explicitly, or through significant rate increases. The sudden changes created wide dissatisfaction among the hedge fund community, which largely relies on leverage and financing acquired through prime brokers.

During 2008 about one third of hedge funds terminated at least one prime broker relationship. These changes in the industry dynamic created a push by small and mid-sized funds towards multi-priming with approximately 2 to 4 prime brokerage relationships.

Making Life Easier

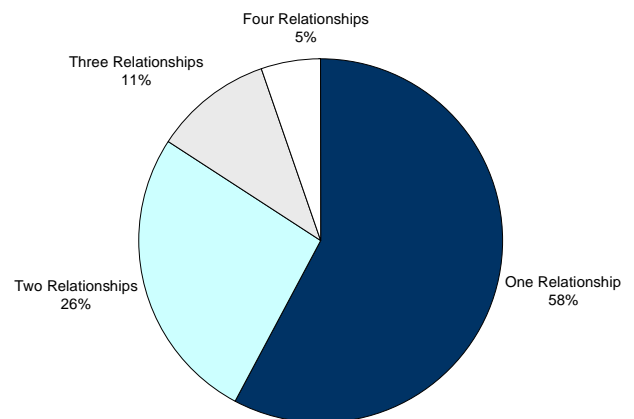
Mini-primes have expanded their product offerings to capture more market share among the funds that left large prime broker platforms. "Hedge Fund Hotels" offer full plug-and-play services for even the smallest funds maintaining risk with the same counterparty, aggregating positions across prime brokers and decreasing complexity of operations.

This value proposition allowed larger mini-primes to grow clientele close to 400 funds. However mini-primes remain at the mercy of large competitors that boast over 1,000 larger clients.

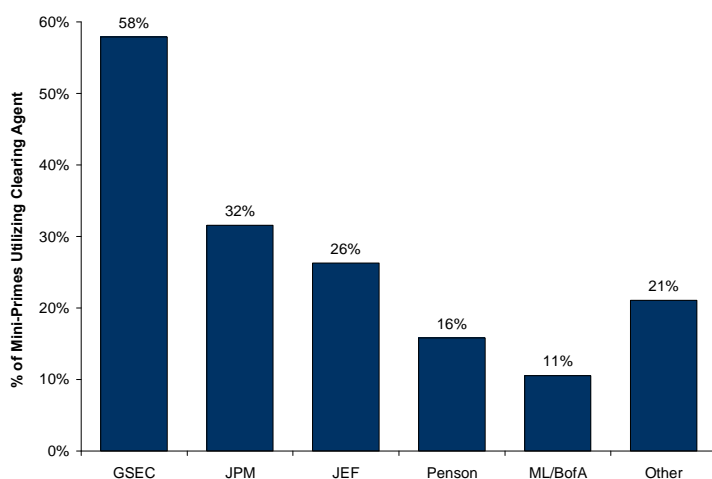
Key Services Offered

Capital Introduction
Middle and Back Office Services
Outsourced Trading Desk
Portfolio Margining
Prime Broker Aggregation
Reporting Tools
Risk Management Tools
Securities Lending
Trade Execution

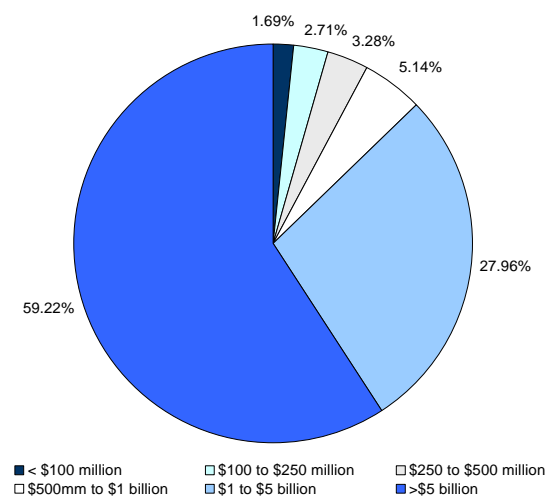
Number of Clearing Relationships per Mini-Prime



Clearing Relationships of Mini-Primes⁽¹⁾



Hedge Fund Universe by AUM



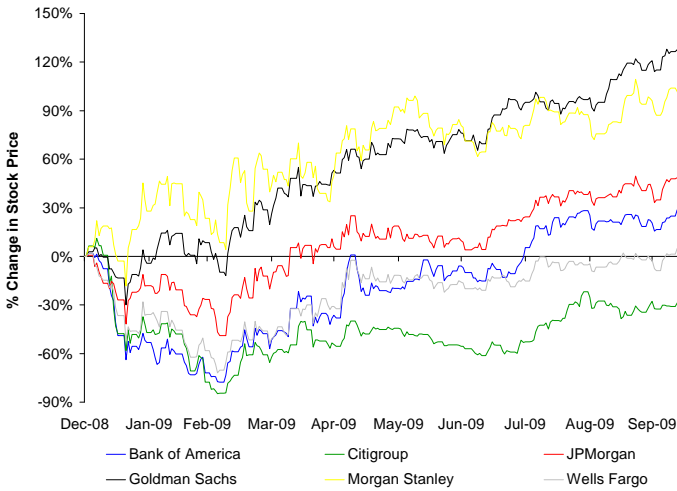
Sources: Global Custodian, Hedge Fund Research, Freeman & Co.

(1) Freeman & Co. survey of mini-primes. The percentages denote the number of mini-primes out of the sample set that utilize a particular clearing agent. Because some mini-primes use more than one clearing agent the percentages sum to more than 100%.

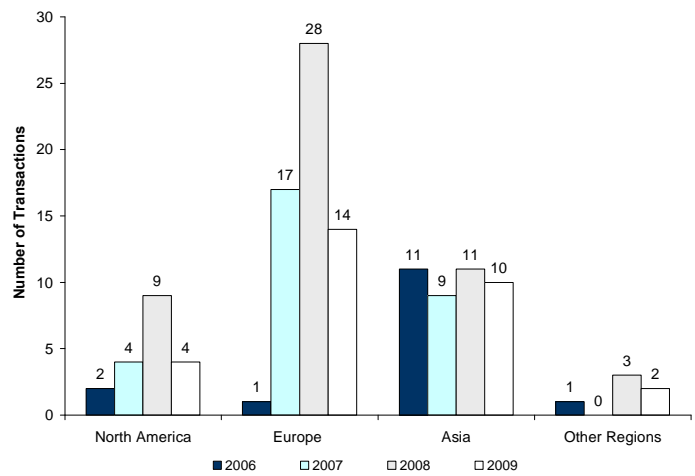
Money Center/Bulge Bracket Bank Holding Companies M&A Activity

- On average, the stock price of Money Center/Bulge Bracket Bank Holding Companies increased by 111% from December 31, 2008 to September 30, 2009
- There were 30 diversified bank transactions in the first 3 quarters of 2009, compared to 51 transactions in 2008
- Tier 1 capital ratios rebounded from an average of 8.1% in 3Q 2008 to 11.5% in 3Q 2009
- Average announced deal value decreased from \$3.7 bn in 2008 to \$1.3 bn in the first 3 quarters of 2009

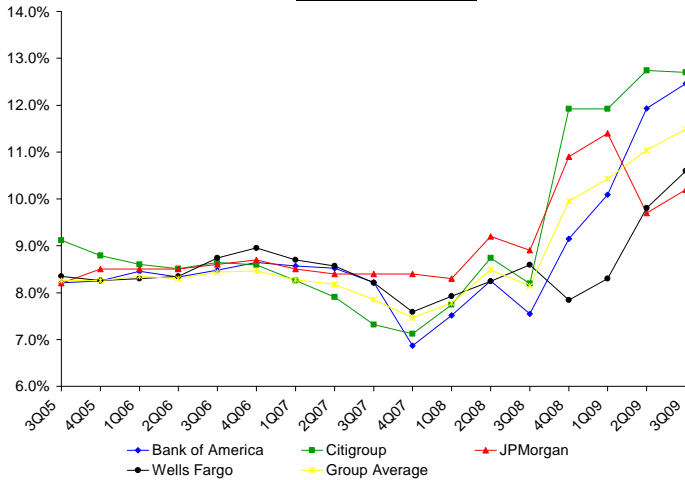
Diversified U.S. Bank Stock Performance



Acquisitions of Diversified Banks



Tier 1 Capital Ratios



Average Deal Value



Selected Diversified Bank Transactions: 2009 YTD (\$ millions)

Announced Date	Target	Target Country	Acquirer	Acquirer Type	Acquirer Country	% Acquired	Deal Value	Target Value
9/12/09	Samba Financial Group	Saudi Arabia	Public Pension Agency	Pension Fund	Saudi Arabia	2%	\$224	\$10,199
7/26/09	Harleysville National Corp.	US	First Niagara Financial Group Inc.	Diversified	US	100%	\$240	\$240
7/1/09	Aozora Bank, Ltd. ⁽²⁾	Japan	Shinsei Bank Ltd.	Diversified	Japan	100%	\$2,380	\$2,380
4/20/09	UBS Pactual	Brazil	BTG Investments LP	Asset Management	Brazil	100%	\$2,475	\$2,475
3/5/09	Troika Dialog	Russia	Standard Bank Group Ltd.	Diversified	South Africa	33%	\$200	\$600
2/27/09	Tebon Securities Co.	China	Shanghai Xingye Investment Development	COther	China	20%	\$36	\$180
2/11/09	Fortis Bank SA/NV	Belgium	BNP Paribas SA	Diversified	France	75%	\$13,100	\$17,467
1/13/09	Eugene Investment & Securities Co.	South Korea	Korea Investment & Credit Capital	Asset Management	South Korea	6%	\$26	\$428

Sources: Freeman & Co., Bloomberg

(1) Dollar value of consideration must be at least \$5M if disclosed

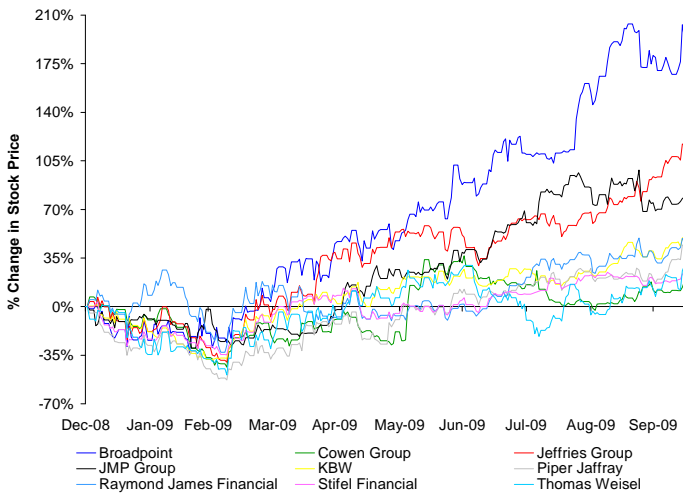
(2) Merger of equals

Note: 2009 data is for the first three quarters of the year

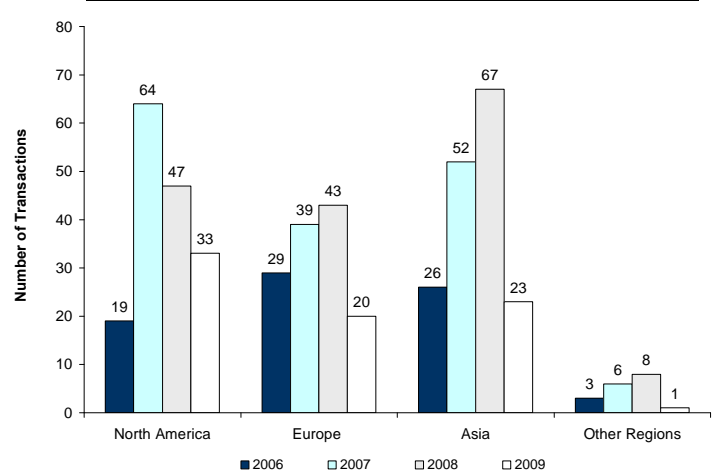
M&A Boutiques and Middle Market Investment Banks M&A Activity

- On average, the stock price of M&A Boutiques and Middle Market Investment Banks has increased by 80% from December 31, 2008 to September 30, 2009
- There were 77 boutique and middle market investment bank transactions in the first 3 quarters of 2009, compared to 155 transactions in 2008
- Average announced deal value decreased from \$1.2 bn in 2008 to \$0.5 bn in the first 3 quarters of 2009

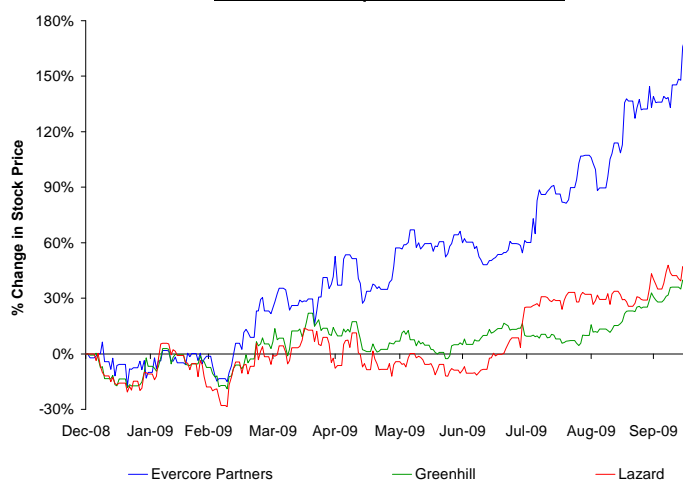
U.S. Middle Market Investment Bank Stock Performance



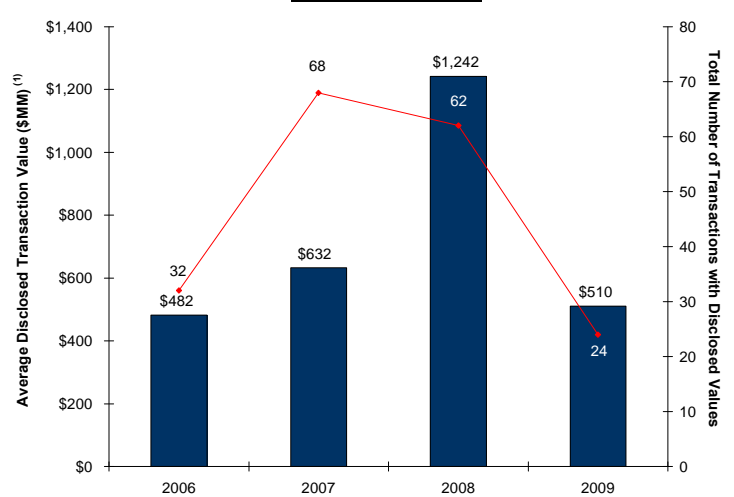
Acquisitions of Middle Market Investment Banks and M&A Boutiques



U.S. M&A Boutique Stock Performance



Average Middle Market Investment Bank and M&A Boutique Deal Values



Selected M&A Boutique and Middle Market Investment Bank Transactions: 2009 YTD (\$ millions)

Announced Date	Target	Target Country	Acquirer	Acquirer Type	Acquirer Country	% Acquired	Deal Value	Target Value
9/30/09	Fox-Pitt Kelton Cochran Coronia Waller	UK	Macquarie Group, Ltd.	Diversified	Australia	100%	\$147	\$147
6/3/09	Cowen Group, Inc.	US	Ramius, LLC	Asset Management	US	71%	\$266	\$375
5/21/09	Panmure Gordon & Co.	UK	Qinvest, LLC	Investment Bank	Qatar	44%	\$36	\$83
5/18/09	Close Brothers Corporate Finance	UK	Daiwa Securities SMBC, Europe	Investment Bank	UK	100%	\$103	\$103
3/26/09	Tristone Capital Global, Inc.	Canada	Macquarie Group Ltd.	Diversified	Australia	100%	\$104	\$104
3/2/09	Gleacher & Co.	US	Broadpoint Securities Group, Inc.	Investment Bank	US	100%	\$75	\$75
2/11/09	Carnegie Investment Bank AB	Sweden	Investor Group	Other Financials	Sweden	100%	\$198	\$198

Sources: Freeman & Co., Bloomberg

Note: 2009 data is for the first three quarters of the year

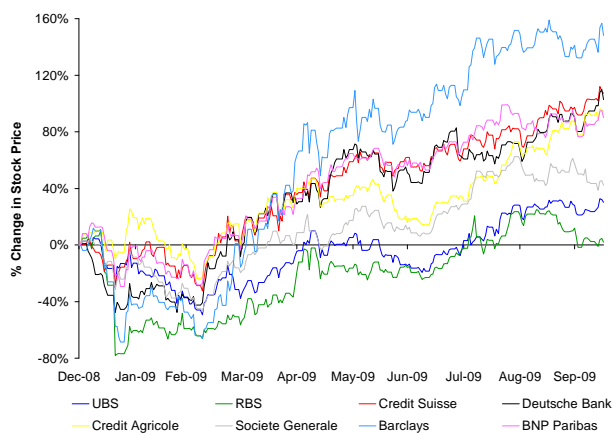
(1) Dollar value of consideration must be at least \$5M if disclosed

European Securities Industry Focus

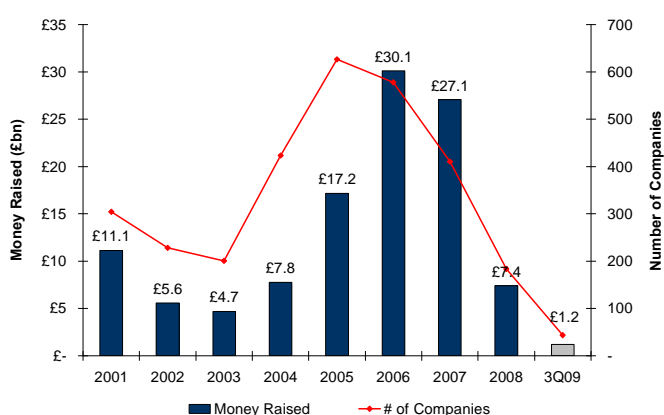
Following sharp drops in profitability and market valuations throughout 2008, the European securities' industry has begun to stabilize and show early signs of recovery. Since April 2009, bank lending and home prices have increased, liquidity concerns have eased, and investors' confidence and risk appetites have, in part at least, returned. Stocks of European diversified banks and middle market investment banks gained 77.1% and 92.4%, respectively, YTD as of October 16. Although many market participants still harbor fears that things may not be as rosy as they currently appear, many companies are beginning to worry less about how to survive and more about how to rebuild. The survival phase prompted the significant rise in secondary market activity (see chart below). The resulting commissions were disproportionately enjoyed by the budget bracket IB firms but, as investor confidence stabilizes, there should be a significant uplift in primary issuance which will be shared more equally across the budget bracket and middle market universe. This is particularly the case as the debt refinancing story in Europe is as strong, if not stronger, than it is in the US.

Not all of the issues brought to light by the credit crisis have been resolved. Many of the issues that are impacting on US based firms are equally relevant in Europe but are compounded by a politically diverse selection of Governments and Regulators. Balance sheet risk, capital, transparency and compensation are defining the new rules of the game across the developed world. While select large diversified banks such as Barclays and BNP Paribas seem to be pulling away from the pack as 'likely winners', we believe the next several years will see a US style rise in boutiques and middle market investment banks fueled by organic and acquisition led growth. These more nimble competitors are free of toxic assets and have succeeded in using the downturn to create leaner operating structures. For example, in response to the credit crisis, UK middle market investment banks on average cut operating expenses by 25% in 2008. The profit potential of such securities firms has already caught the eye of several overseas acquirers such as Daiwa SMBS which purchased Close Brothers Corporate Finance and QInvest LLC which purchased a 44% stake in Panmure Gordon. Activity is, however, in its infancy and we see it set to increase sharply as markets begin to resume a 'normal service'.

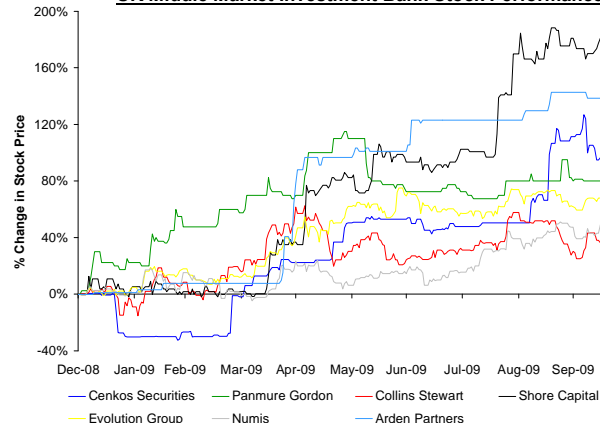
European Diversified Bank Stock Performance



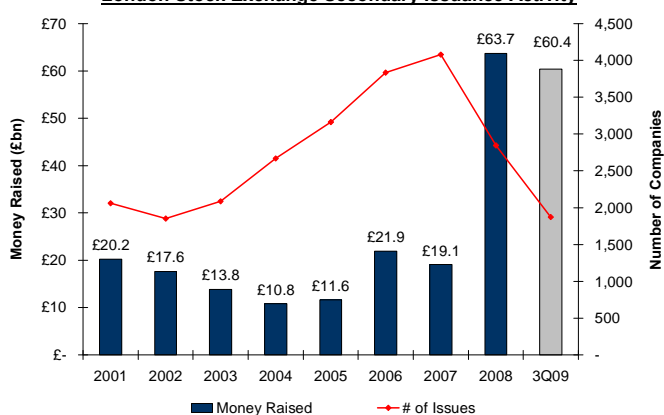
London Stock Exchange Primary Issuance (IPO) Activity



UK Middle Market Investment Bank Stock Performance



London Stock Exchange Secondary Issuance Activity



Sources: Bloomberg, London Stock Exchange

Note: 2009 data is for the first three quarters of the year

MTFs: (Too) Many Trading Facilities?

A Crowded Market:

The European MTF landscape now has a whopping 128 registered MTFs according to the UK Financial Services Authority (FSA). While the majority of MTFs are owned by brokers and operated as internal dark pools or ECNs, there are still almost twice as many MTFs as the 71 SEC registered Alternative Trading Systems (ATs) in the US.

In the listed equity space, the major national exchanges – LSE, Euronext, DB – tend to control about 70–75% of trading in the largest equity names with Chi-X, Turquoise and BATS Europe trading most of the balance. Although there are several more active MTFs (most backed by either a major US or European exchange) our analysis suggests the market today is near saturation with pick ups in market share and overall trading volumes needed to get just three MTFs to profitability. Increases in market share over the last year have been significantly offset by a roughly 50% slump in average daily trading volume measured in Euros – a key metric driving trading revenue.

Notable MTF Launches

Launch Date	MTF	Equities Focus	Key Shareholders	Location
Sep-2009	Quote MTF	Pan-European	Private	London
Jul-2009	Balkal	Pan-European	LSE	London
Jun-2009	Burgundy	Scandinavian	13 Scandinavian banks, Neonet	Stockholm
Mar-2009	Equiduct	Pan-European	Borse Berlin, Citadel	Berlin
Mar-2009	NYSE Arca Europe	Pan-European	NYSE	London
Feb-2009	SmartPool	Block European	NYSE, BNP, HSBC, JPM	London
Oct-2008	BATS Europe	LSE, ENXT, XETRA	BATS Trading	London
Sep-2008	NASDAQ OMX Europe	European Blue-Chips	NASDAQ	London
Sep-2008	Turquoise	Pan-European	9 investment banks, Citadel	London
Mar-2007	Chi-X Europe	Pan-European	Instinet, 12-member consortium	London

Volume in Major Market Indices has fallen sharply...

Index	Average Daily Volume (3-mo. moving average)		% Change
	7/31/2007	7/31/2009	
FTSE 100	€9,853	€5,788	-41%
DAX 30	€8,087	€3,669	-55%
CAC 40	€6,527	€4,102	-37%

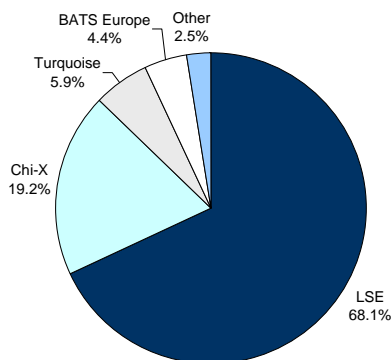
...Meaning MTFs will struggle to boost their top-line

Index	Estimated Annual Revenue in Terms of Market Share			
	5%	10%	15%	
FTSE 100	€0.5	€1.0	€1.5	€1.5
DAX 30	€0.3	€0.6	€1.0	€1.0
CAC 40	€0.4	€0.7	€1.1	€1.1

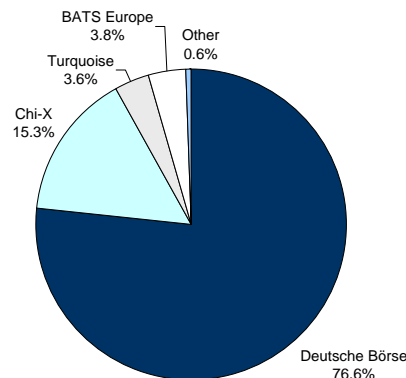
How Does Market Share Translate into P&L?

Market share is commonly quoted by MTFs, but how do these percentages translate to revenue? Many equity MTFs employ maker-taker pricing models often with tiered price/rebate combinations. Net-net however, blended pricing among the larger equity MTFs tends to cluster between 0.05 to 0.1 basis points of traded value, excluding occasional “inverted” pricing or other promotions which are designed to gain market share while losing money on trades. Based on the midpoint of the fee range, we estimate a 10% market share in the FTSE 100, DAX 30 and CAC 40 corresponds to roughly €2.0 to 2.5mm in revenue. With the major indices generally representing the vast majority of traded volume on the exchanges, the MTF space is looking like a truly crowded market.

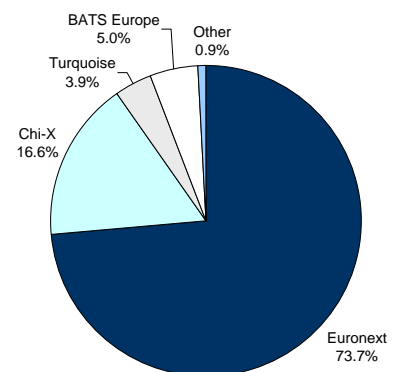
Share of Trading in FTSE 100 Stocks⁽¹⁾



Share of Trading in DAX 30 Stocks⁽¹⁾



Share of Trading in CAC 40 Stocks⁽¹⁾

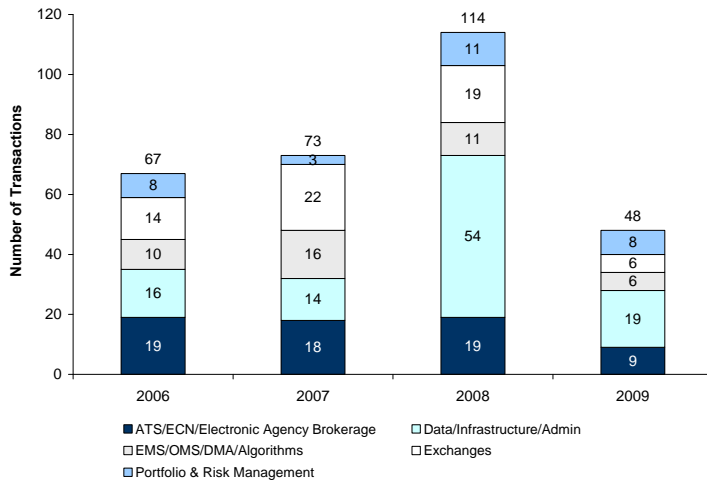


Sources: BATS Exchange, Deutsche Börse, London Stock Exchange, NYSE Euronext, Freeman & Co.

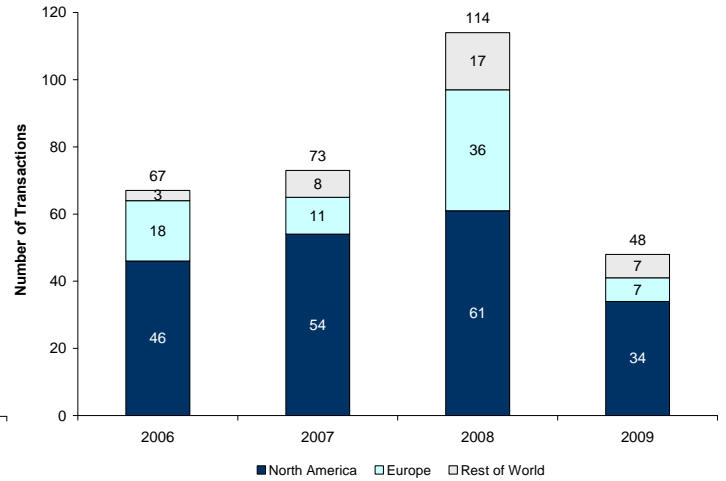
(1) From 5/1/09 to 7/31/09

Trading Technology M&A Activity

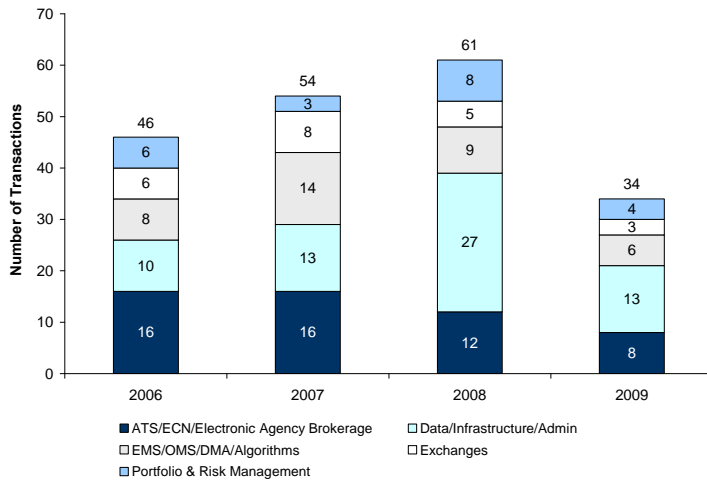
Number of Acquisitions by Target Type



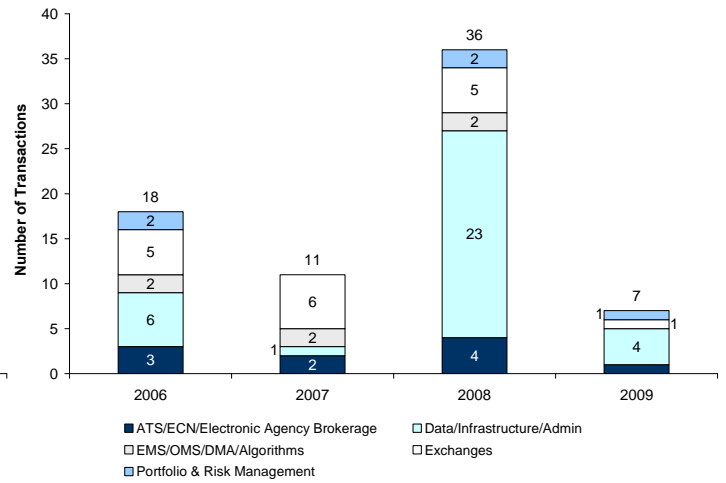
Number of Acquisitions by Target Region



Number of North American Acquisitions by Target Type



Number of European Acquisitions by Target Type



Selected Trading Technology Transactions: 2009 YTD (\$ millions)

Announced Date	Target	Target Type	Target Focus Asset Class	Target Country	Acquirer	Acquirer Country	% Acquired	Deal Value	Entity Value
9/10/09	TradeWeb	ATS	Fixed Income	US	Barclays	UK	N/A	N/A	N/A
9/9/09	ELX Futures	Exchange	Futures	US	Morgan Stanley	US	N/A	N/A	N/A
9/9/09	NYSE Amex Options	Exchange	Options	US	Multiple Firms	US	N/A	N/A	N/A
8/27/09	NYFIX	DMA/Connectivity	Equities	US	NYSE Euronext	US	100%	\$144	\$144
8/26/09	TORC Financial (2)	EMS/OMS	Options	US	Instinet	US	100%	N/A	N/A
7/21/09	Equiduct	ATS	Equities	Germany	Citadel	US	N/A	N/A	N/A
6/30/09	Int'l Derivatives Clearing Group	Data/Infrastructure/Admin	FI Derivatives	US	BNY Mellon	US	N/A	N/A	N/A
6/9/09	Ballista	ATS	Options	US	Multiple Firms	US	N/A	N/A	N/A
5/11/09	ICE Risk	Portfolio & Risk Management	Futures, Options	US	Sungard	US	100%	N/A	N/A
5/8/09	CETIP S.A.	Data/Infrastructure/Admin	All OTC Derivatives	Brazil	Advent International	US	30%	171	569
5/4/09	Mantara	EMS/OMS	Equities	US	Multiple PE Firms	US	N/A	8	N/A
4/22/09	3D Markets, Inc.	ATS	Options	US	Pipeline Financial Group, Inc.	US	100%	N/A	N/A
3/18/09	HedgeServ	Data/Infrastructure/Admin	N/A	Ireland	Aquiline Capital Partners	US	N/A	N/A	N/A
1/8/09	thinkorswim Group	Electronic Agency Brokerage	Equities, Options	US	TD Ameritrade	US	100%	606	606

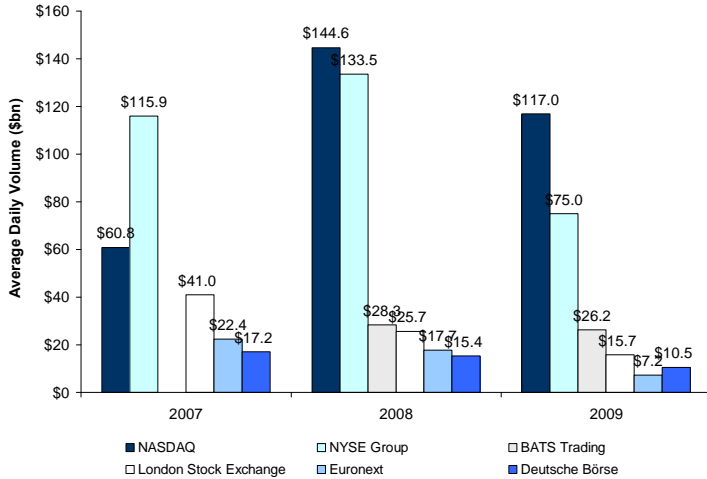
Source: Freeman & Co.

(1) Freeman & Co. advised TORC Financial on the transaction

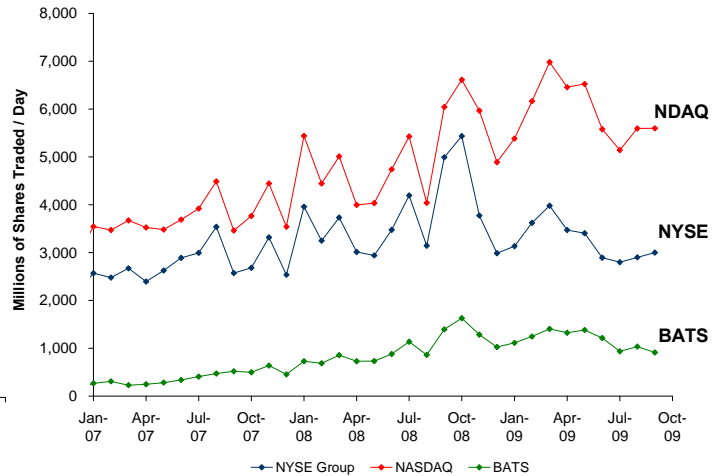
Note: 2009 data is for the first three quarters of the year

Exchanges and Displayed Liquidity

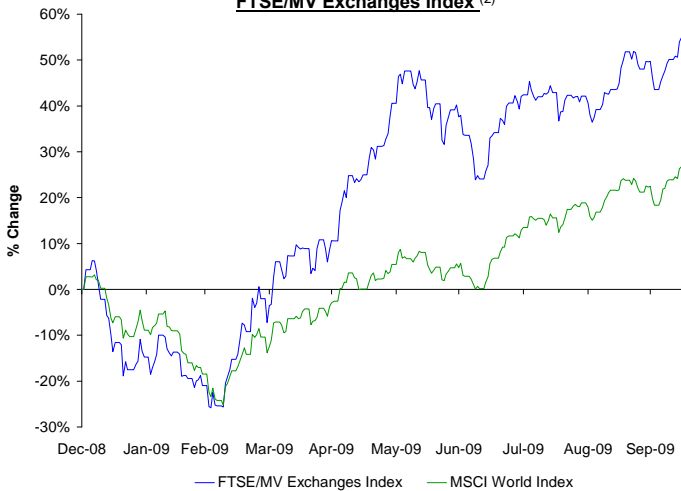
Historical Average Daily Dollar Volume on Select Market Centers ⁽¹⁾



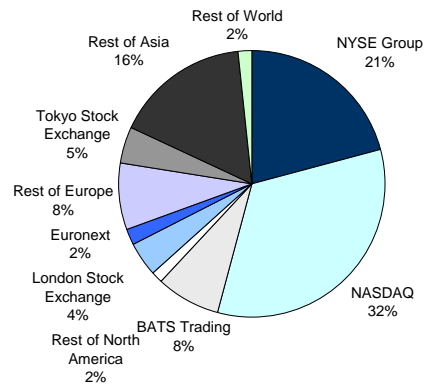
Historical Average Daily Share Volume on U.S. Market Centers



FTSE/MV Exchanges Index ⁽²⁾



Global Market Share (\$ traded) by Exchange – 2009 ⁽¹⁾



Selected Exchange Transactions: 2009 YTD (\$ millions)

Announced Date	Target	Target Focus Asset Class	Target Country	Acquirer	Acquirer Country	% Acquired	Deal Value	Target Value
9/14/09	CNSX Markets	Equities	Canada	DundeeWealth	Canada	N/A	N/A	N/A
9/9/09	ELX Futures	Futures	US	Morgan Stanley	US	N/A	N/A	N/A
9/9/09	NYSE Amex Options	Options	US	Multiple Firms	US	N/A	N/A	N/A
9/7/09	Plus Markets	Equities	UK	Amara Dhari Investments	UAE	19%	\$9	\$47
8/7/09	United Stock Exchange of India	Equities	India	Bombay Stock Exchange	India	15%	N/A	N/A
6/1/09	National Stock Exchange of India	Equities	India	Norwest Venture Partners	US	2%	53	2,519

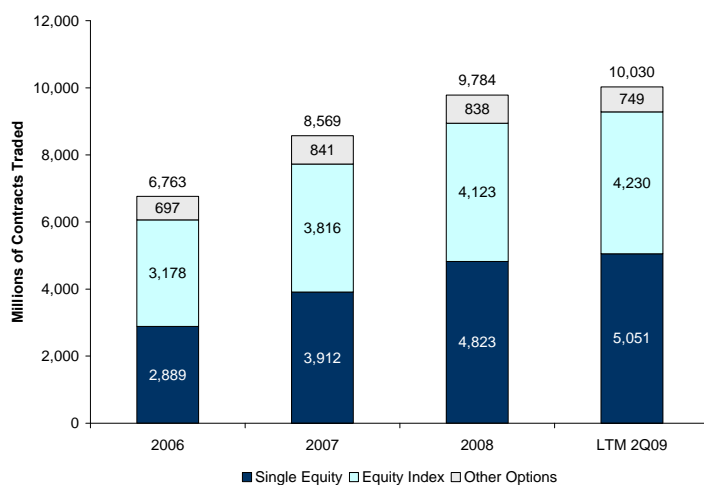
Sources: BATS, Chi-X, NASDAQ, NYSE, World Federation of Exchanges, Freeman & Co.

(1) Dollar volume for BATS is tracked only from its conversion to an exchange; All data through 9/30/09

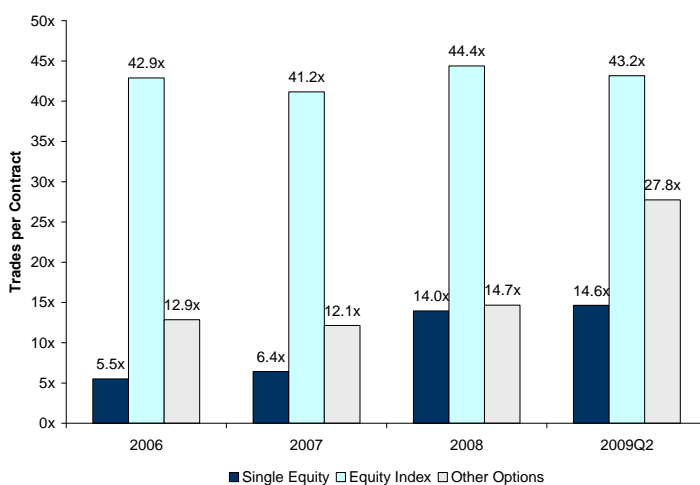
(2) FTSE/MV Exchange Index tracks 17 of the world's largest publicly-traded exchanges

Listed Options and Futures

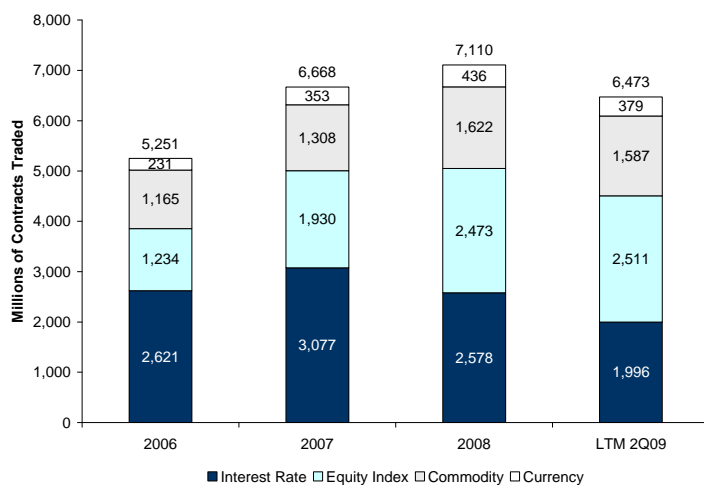
Options Contracts Traded



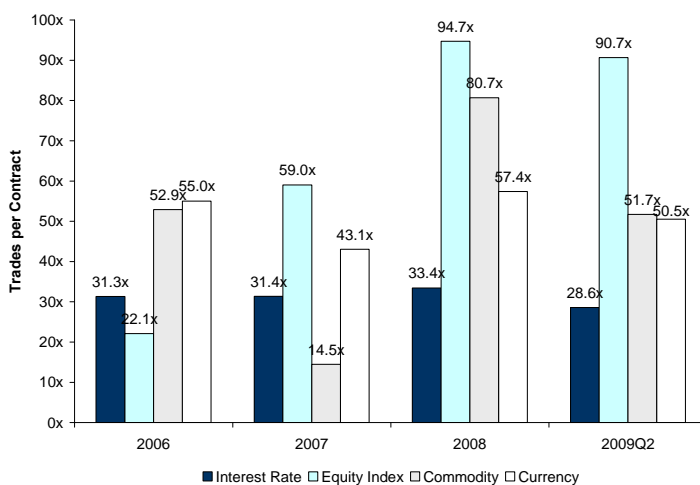
Options Market Churn ⁽¹⁾



Futures Contracts Traded



Futures Market Churn ⁽¹⁾



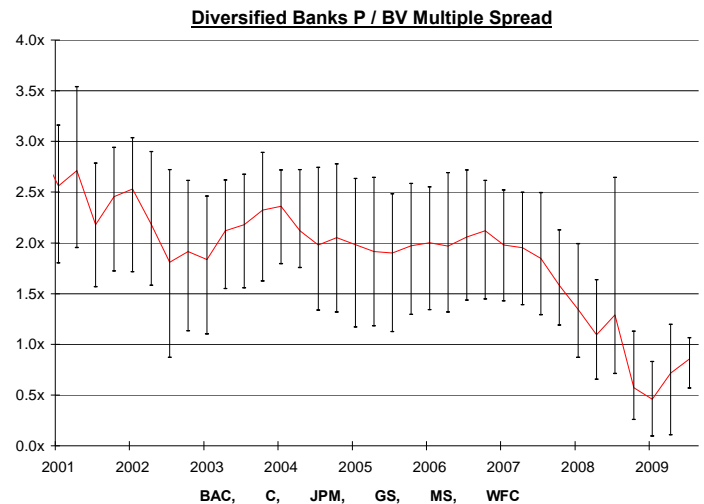
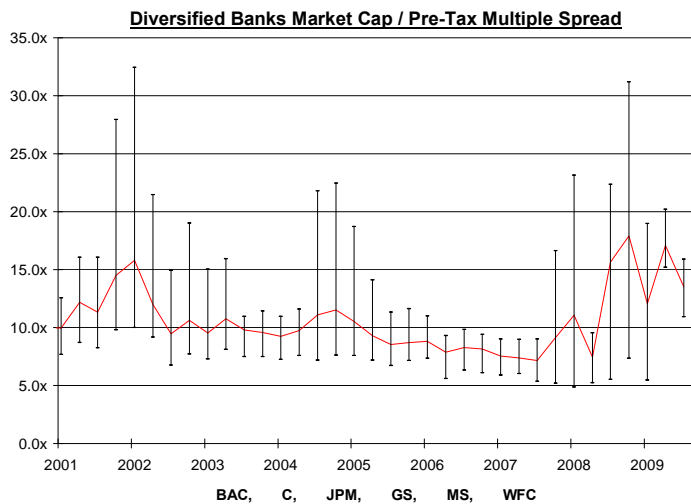
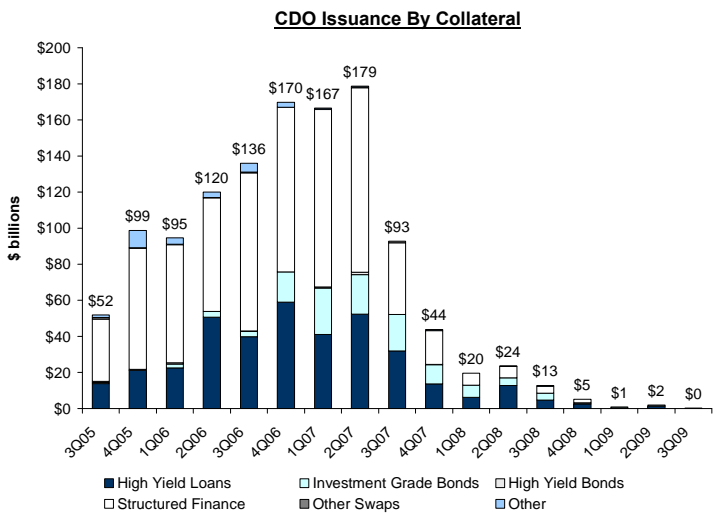
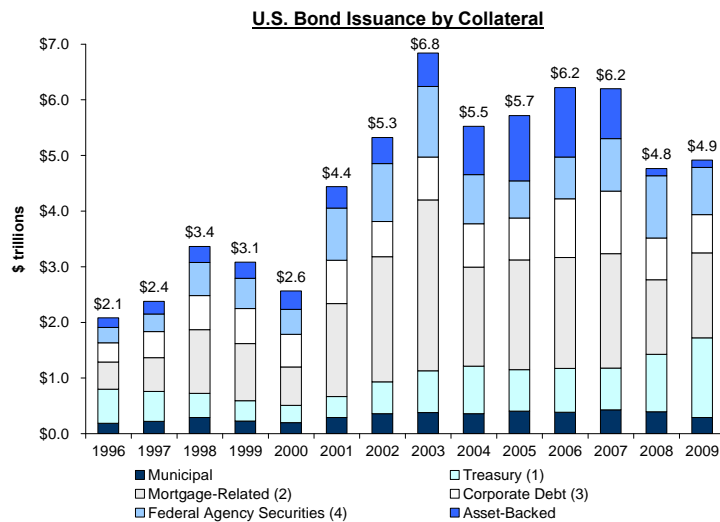
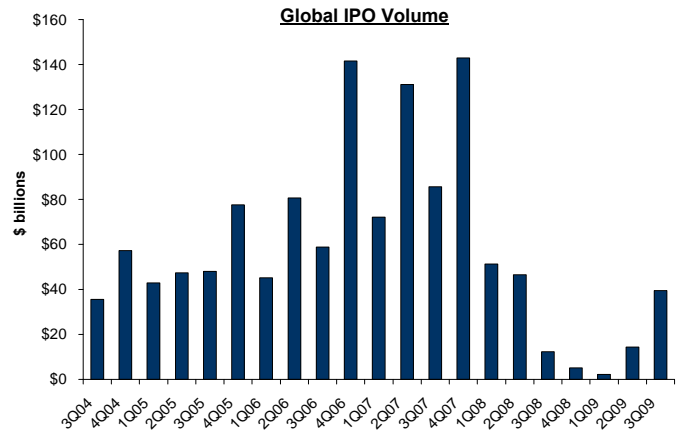
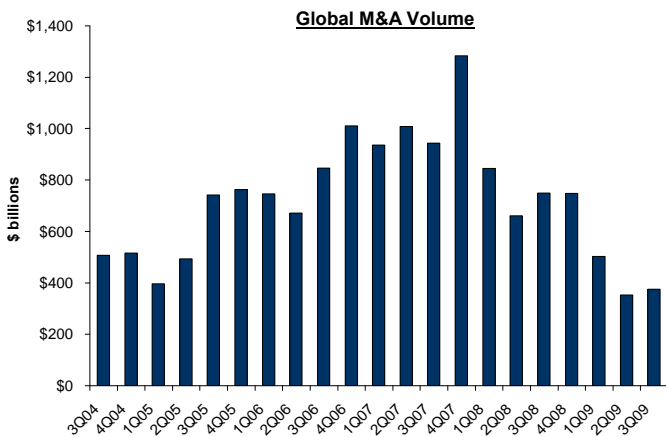
Selected Derivatives Technology Transactions: 2009 YTD (\$ millions)

Announced Date	Target	Target Sector	Target Country	Acquirer	Acquirer Country	% Acquired	Deal Value	Target Value
9/10/09	TradeWeb	ATS	US	Consortium	US	15%	\$180	\$1,200
9/9/09	ELX Futures	Exchange	US	Morgan Stanley	US	N/A	N/A	N/A
9/9/09	NYSE Amex Options	Exchange	US	Multiple Firms	US	N/A	N/A	N/A
8/26/09	TORC Financial	EMS/OMS	US	Instinet	US	100%	N/A	N/A
8/26/09	Reval	Portfolio & Risk Management	US	Multiple PE Firms	US	N/A	16	N/A
6/9/09	Ballista	ATS	US	Multiple Firms	US	N/A	N/A	N/A
4/22/09	3D Markets, Inc.	ATS	US	Pipeline Financial Group, Inc.	US	100%	N/A	N/A
1/8/09	thinkorswim Group	Electronic Agency Brokerage	US	TD Ameritrade	US	100%	606	606

Sources: Bank of International Settlements, Freeman & Co.

(1) Churn is defined as contracts traded during period / contracts outstanding at period end

Current Market Review



Sources: SIFMA, Thomson Financial / Freeman & Co.

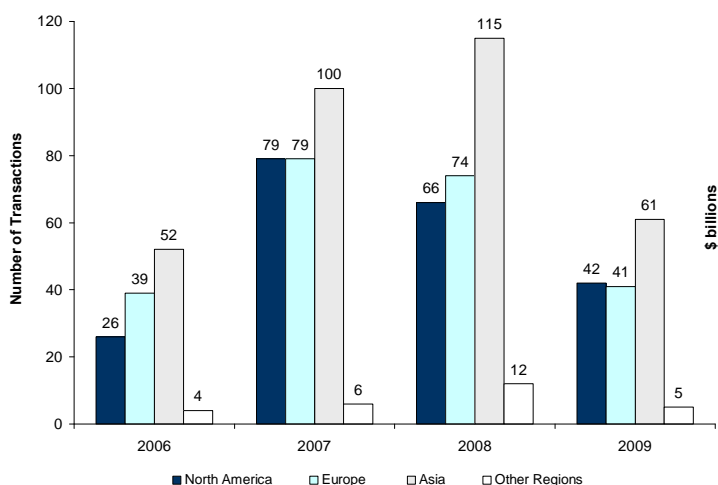
- (1) Interest bearing marketable coupon public debt
- (2) Includes GNMA, FNMA, and FHLMC mortgage-backed securities and CMOs and private-label MBS/CMOs
- (3) Includes all non-convertible debt, MTNs and Yankee bonds, but excludes CDs and federal agency debt

Note: 2009 data is for the first three quarters of the year

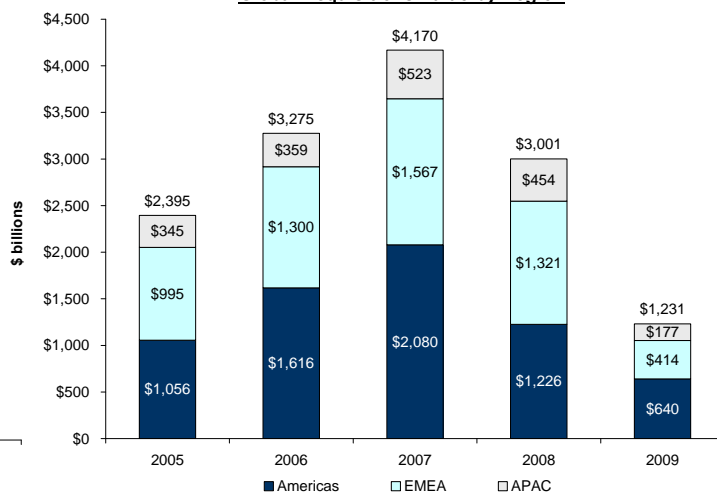
- (4) Beginning with 2004, Sallie Mae has been excluded due to privatization

Global M&A Trends

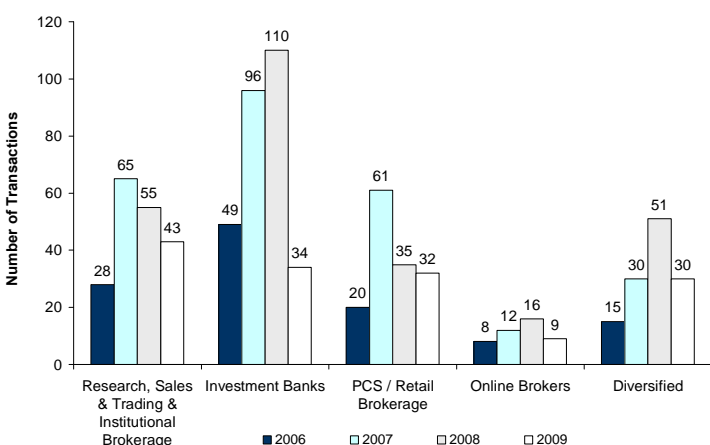
Broker-Dealer Acquisitions – By Region



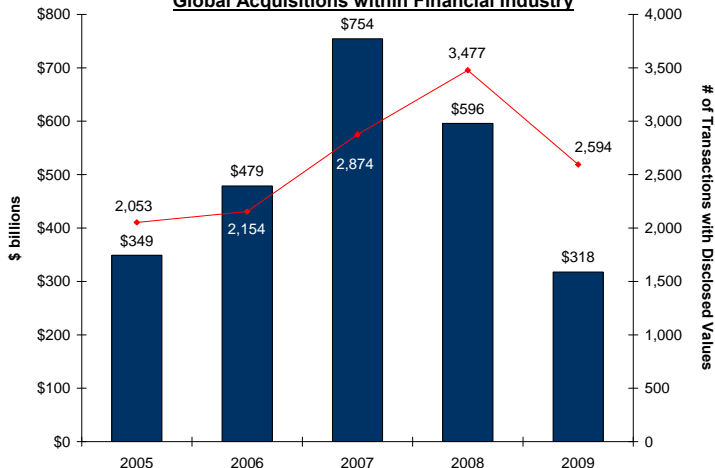
Global Acquisitions Value by Region



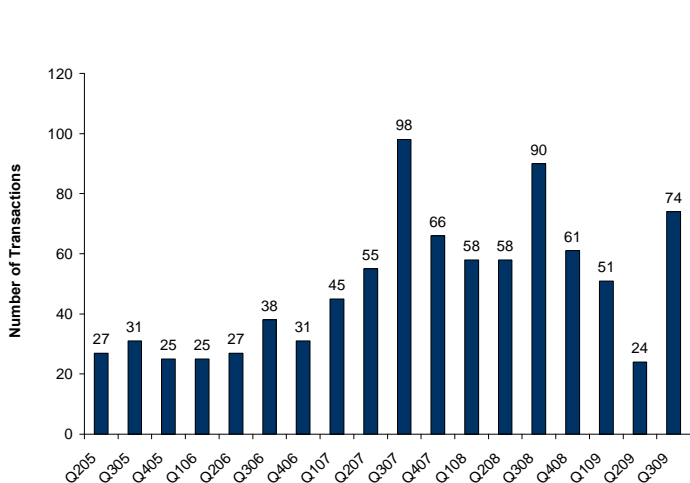
Broker-Dealer Acquisitions by Type



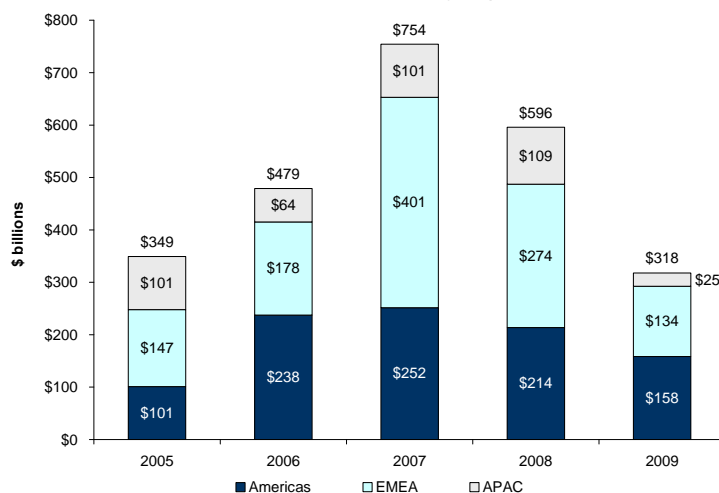
Global Acquisitions within Financial Industry



Broker-Dealer Acquisitions by Quarter



Financial Acquisitions by Region



Sources: Thomson Financial, Freeman & Co.

Note: 2009 data is for the first three quarters of the year

Public Company Comparables – U.S. Bank Holding Companies / Broker-Dealers

(All figures in millions except per share data; All figures have been adjusted for extraordinary and non-recurring items)

Company Name	Summary Financials									Valuation Metrics					
	10/16/09		Book Value	LTM ⁽¹⁾		EPS			Price / Book	Market Cap / LTM ⁽¹⁾			PE Ratio		
	Stock Price	Market Cap		Revenue	Pre-Tax	LTM ⁽¹⁾	2009E ⁽²⁾	2010E ⁽²⁾		Revenue	Pre-Tax	LTM ⁽¹⁾	2009E ⁽²⁾	2010E ⁽²⁾	
Bank Holding Companies															
Bank of America	\$17.26	\$149,327	\$255,152	\$62,256	\$971	\$0.10	\$0.27	\$0.85	0.6 x	2.4 x	N/M	N/M	N/M	20.3 x	
Citigroup	4.59	52,059	152,302	31,196	(30,643)	(3.71)	(0.26)	0.07	0.3 x	1.7 x	N/M	N/M	N/M	N/M	
Goldman Sachs ⁽³⁾	184.37	99,494	62,813	27,834	4,281	3.95	18.96	18.50	1.6 x	3.6 x	23.2 x	N/M	9.7 x	10.0 x	
JPMorganChase	46.06	181,134	154,766	52,884	6,934	1.03	2.25	3.31	1.2 x	3.4 x	26.1 x	N/M	20.5 x	13.9 x	
Morgan Stanley	32.99	44,839	51,463	14,483	(5,211)	(5.17)	(0.60)	3.16	0.9 x	3.1 x	N/M	N/M	N/M	10.4 x	
Wells Fargo	30.02	140,344	121,382	42,813	13,348	1.83	1.78	1.74	1.2 x	3.3 x	10.5 x	16.4 x	16.9 x	17.3 x	
									AVERAGE	1.0 x	2.9 x	20.0 x	16.4 x	15.7 x	14.4 x
									MEDIAN	1.0 x	3.2 x	23.2 x	16.4 x	16.9 x	13.9 x
M&A Boutiques															
Evercore Partners ⁽⁴⁾	\$32.87	\$1,249	\$264	\$211	(\$4)	(\$0.03)	\$0.72	\$1.42	4.7 x	5.9 x	N/M	N/M	N/M	23.1 x	
Greenhill	95.12	2,703	217	152	41	0.84	2.42	3.21	12.4 x	17.8 x	N/M	N/M	39.4 x	29.6 x	
Lazard	41.95	5,173	376	1,407	127	1.04	0.95	2.25	13.8 x	3.7 x	N/M	N/M	N/M	18.7 x	
									AVERAGE	10.3 x	9.1 x	N/M	N/M	39.4 x	23.8 x
									MEDIAN	12.4 x	5.9 x	N/M	N/M	39.4 x	23.1 x
Middle Market Investment Banks															
Broadpoint Gleacher Securities Group	\$8.66	\$1,048	\$192	\$246	\$29	\$0.21	\$0.30	\$0.41	5.5 x	4.3 x	36.2 x	N/M	29.4 x	21.4 x	
Cowen Group	7.74	117	140	193	(24)	(4.62)	(1.39)	0.34	0.8 x	0.6 x	N/M	N/M	N/M	23.0 x	
Jefferies Group	29.91	5,162	2,433	1,361	(145)	0.82	1.07	1.34	2.1 x	3.8 x	N/M	36.5 x	27.9 x	22.4 x	
JMP Group	10.01	208	116	98	(14)	(0.47)	0.46	0.53	1.8 x	2.1 x	N/M	N/M	21.8 x	18.9 x	
KBW	33.34	1,162	425	274	(48)	(1.03)	0.82	1.38	2.7 x	4.2 x	N/M	N/M	N/M	24.2 x	
Piper Jaffray	55.77	1,102	778	352	(40)	(2.09)	1.20	2.02	1.4 x	3.1 x	N/M	N/M	N/M	27.6 x	
Raymond James Financial	24.62	3,046	1,962	2,517	277	1.37	1.26	1.62	1.6 x	1.2 x	11.0 x	17.9 x	19.6 x	15.2 x	
Stifel Financial	56.10	1,660	703	931	109	2.20	2.21	3.38	2.4 x	1.8 x	15.2 x	25.5 x	25.4 x	16.6 x	
Thomas Weisel	6.29	199	148	172	(87)	(4.70)	(1.51)	(0.18)	1.3 x	1.2 x	N/M	N/M	N/M	N/M	
									AVERAGE	2.2 x	2.5 x	20.8 x	26.6 x	24.8 x	21.1 x
									MEDIAN	1.8 x	2.1 x	15.2 x	25.5 x	25.4 x	21.9 x
Retail Brokerages															
Charles Schwab	\$18.21	\$21,166	\$4,614	\$4,731	\$1,897	\$1.00	\$0.72	\$0.90	4.6 x	4.5 x	11.2 x	18.2 x	25.3 x	20.3 x	
E*TRADE	1.75	1,954	2,983	72	(1,459)	(1.69)	(0.58)	(0.00)	0.7 x	27.1 x	N/M	N/M	N/M	N/M	
Oppenheimer & Co. ⁽⁵⁾	28.01	368	433	888	30	1.32	N/A	N/A	0.8 x	0.5 x	12.1 x	21.2 x	N/A	N/A	
OptionsXpress	18.17	1,051	282	235	114	1.23	1.05	1.31	3.7 x	4.5 x	9.2 x	14.7 x	17.3 x	13.9 x	
TD AMERITRADE	20.58	12,283	3,378	2,399	1,112	1.15	1.13	1.38	3.6 x	5.1 x	11.0 x	17.9 x	18.2 x	14.9 x	
									AVERAGE	2.7 x	8.3 x	10.9 x	18.0 x	20.3 x	16.4 x
									MEDIAN	3.6 x	4.5 x	11.1 x	18.1 x	18.2 x	14.9 x
									HIGH	13.8 x	27.1 x	36.2 x	36.5 x	39.4 x	29.6 x
									AVERAGE	2.9 x	4.5 x	15.1 x	18.7 x	20.9 x	18.1 x
									MEDIAN	1.6 x	3.4 x	11.2 x	17.9 x	20.5 x	18.8 x
									LOW	0.3 x	0.5 x	9.2 x	14.7 x	9.7 x	10.0 x

(1) LTM based on calendar year ended 6/30/2009

(2) Based on average consensus Bloomberg estimates as of 10/16/2009; Estimates for firms with fiscal year ends other than 12/31, RJF and AMTD, have been calendarized

(3) Multiples are based on a trailing 13 month basis because of change in fiscal year from November to December

(4) Total share count includes Class A common stock, vested partnership units, vested event-based restricted stock units and vested and unvested service-based restricted stock units

(5) TEV/Revenue multiple used instead of Mkt Cap//Revenue because of significant net long-term debt

Public Company Comparables – European Broker-Dealers

(All figures in millions except per share data; All figures have been adjusted for extraordinary and non-recurring items)

Company Name	Summary Financials									Valuation Metrics					
	10/16/09		Tangible Book Value	LTM ⁽¹⁾		EPS			Price / Book	Market Cap / LTM ⁽¹⁾			PE Ratio		
	Stock Price	Market Cap		Revenue	Pre-Tax	LTM ⁽¹⁾	2009E ⁽²⁾	2010E ⁽²⁾		Revenue	Pre-Tax	LTM ⁽¹⁾	2009E ⁽²⁾	2010E ⁽²⁾	
Cenkos Securities	£1.74	£126.3	£36.8	£30.6	£5.3	£0.05	£0.07	£0.08	3.4 x	4.1 x	23.7 x	32.1 x	25.2 x	22.0 x	
Panmure Gordon	0.36	51.6	26.7	47.4	(6.7)	(0.05)	0.04	0.05	1.9 x	1.1 x	NM	NM	NM	7.1 x	
Collins Stewart	0.79	193.8	103.8	181.8	(18.7)	(0.10)	0.05	0.07	1.9 x	1.1 x	NM	NM	16.5 x	12.2 x	
Shore Capital	0.38	98.5	72.3	21.3	(1.0)	(0.00)	0.01	0.02	1.4 x	4.6 x	NM	NM	42.5 x	25.5 x	
Evolution Group	1.45	327.7	136.7	79.8	(5.2)	(0.02)	0.05	0.07	2.4 x	4.1 x	NM	NM	29.0 x	20.1 x	
Numis	1.75	188.3	113.8	43.0	(12.2)	(0.12)	0.04	0.05	1.7 x	4.4 x	NM	NM	41.7 x	34.3 x	
Arden Partners	1.09	28.7	10.3	9.3	(0.1)	(0.01)	0.02	0.03	2.8 x	3.1 x	NM	NM	54.3 x	37.4 x	
									HIGH	3.4 x	4.6 x	23.7 x	32.1 x	54.3 x	37.4 x
									AVERAGE	2.2 x	3.2 x	23.7 x	32.1 x	34.8 x	22.7 x
									MEDIAN	1.9 x	4.1 x	23.7 x	32.1 x	35.3 x	22.0 x
									LOW	1.4 x	1.1 x	23.7 x	32.1 x	16.5 x	7.1 x

(1) LTM based on calendar year ended 6/30/2009. LTM financials as of 3/31/09 for Numis and 4/30/2009 for Arden Partners

(2) Based on average consensus Bloomberg estimates as of 10/16/2009; Estimates for firms with fiscal year ends other than 12/31, NUM and ARDN have been calendarized

Public Company Comparables – Exchanges

(All figures in millions except per share data; All figures have been adjusted for extraordinary and non-recurring items)

Company Name	Summary Financials								Valuation Metrics						
	10/16/2009			LTM ⁽¹⁾		EPS			Price / Book	Market Cap / LTM ⁽¹⁾			PE Ratio		
	Stock Price	Market Cap	Book Value	Revenue	Pre-Tax	LTM ⁽¹⁾	2009E ⁽²⁾	2010E ⁽²⁾		Revenue	Pre-Tax	LTM ⁽¹⁾	2009E ⁽²⁾	2010E ⁽²⁾	
Exchanges															
CME Group Inc. ⁽³⁾	\$312.86	\$20,835	\$18,981	\$2,773	\$1,632	\$14.28	\$13.25	\$15.38	1.1 x	7.5 x	12.8 x	21.9 x	23.6 x	20.3 x	
Deutsche Boerse AG	€ 58.68	€ 10,945	€ 2,991	€ 2,548	€ 1,193	€ 4.52	€ 3.94	€ 4.47	3.7 x	4.3 x	9.2 x	13.0 x	14.9 x	13.1 x	
London Stock Exchange plc	£9.08	£2,487	£1,053	£671	£305	£0.74	£0.62	£0.63	2.4 x	3.7 x	8.2 x	12.2 x	14.7 x	14.4 x	
Nasdaq OMX Group, Inc.	\$19.71	\$4,056	\$4,513	\$1,538	\$653	\$1.98	\$1.83	\$2.04	0.9 x	2.6 x	6.2 x	9.9 x	10.8 x	9.7 x	
NYSE Euronext, Inc.	\$29.20	\$7,592	\$6,752	\$2,622	\$816	\$2.18	\$1.91	\$2.24	1.1 x	2.9 x	9.3 x	13.4 x	15.3 x	13.0 x	
TMX Group Inc.	C\$35.03	C\$2,602	C\$824	C\$564	C\$283	C\$2.52	C\$2.58	C\$2.93	3.2 x	4.6 x	9.2 x	13.9 x	13.6 x	12.0 x	
IntercontinentalExchange, Inc.	\$105.84	\$7,881	\$2,231	\$863	\$463	\$4.06	\$4.42	\$5.17	3.5 x	9.1 x	17.0 x	26.1 x	23.9 x	20.5 x	
									HIGH	3.7 x	9.1 x	17.0 x	26.1 x	23.9 x	20.5 x
									AVERAGE	2.3 x	5.0 x	10.3 x	15.8 x	16.7 x	14.7 x
									MEDIAN	2.4 x	4.3 x	9.2 x	13.4 x	14.9 x	13.1 x
									LOW	0.9 x	2.6 x	6.2 x	9.9 x	10.8 x	9.7 x

(1) LTM based on calendar year ended 6/30/2009

(2) Based on consensus Bloomberg estimates as of 10/16/2009. EPS estimates for LSE are calendarized because it has a fiscal year ending March 31

(3) Pro Forma Non-GAAP results exclude merger-related costs and include the operating results for CME, CBOT and NYMEX as if they were combined for all periods presented

Public Company Comparables – Trading Technology Firms

(All figures in millions except per share data; All figures have been adjusted for extraordinary and non-recurring items)













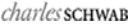
























Company Name	Summary Financials						Valuation Metrics							
	10/16/2009			LTM ⁽¹⁾			Market Cap / LTM ⁽¹⁾			Market Cap / 2010E ⁽²⁾				
	Stock Price	Market Cap	Book Value	Net Revenue	Pre-Tax	Earnings	Price / Book	Net Revenue	Pre-Tax	Earnings	Net Revenue	Pre-Tax	Earnings	
Trading Technology Firms														
Advent Software	\$41.52	\$1,058	\$210	\$282	\$33	\$23	5.0 x	3.8 x	32.3 x	45.1 x	3.8 x	19.2 x	30.0 x	
Interactive Brokers	20.33	8,379	4,638	1,593	990	874	1.8 x	5.3 x	8.5 x	9.6 x	5.5 x	8.7 x	14.2 x	
Investment Technology Group	27.15	1,183	840	702	150	89	1.4 x	1.7 x	7.9 x	13.3 x	1.7 x	7.6 x	13.2 x	
Knight Capital Group	22.46	2,102	1,103	1,015	299	163	1.9 x	2.1 x	7.0 x	12.9 x	1.8 x	8.2 x	13.9 x	
MarketAxess Holdings	13.01	447	235	95	16	9	1.9 x	4.7 x	27.4 x	50.7 x	3.8 x	16.6 x	31.1 x	
Fidessa Group	£12.35	£434	£112	£220	£27	£17	3.9 x	2.0 x	16.0 x	25.0 x	1.6 x	11.7 x	17.9 x	
Neonet	18.50 kr	1,204 kr	302 kr	179 kr	-11 kr	-7 kr	4.0 x	6.7 x	N/A	N/A	1.9 x	18.0 x	25.3 x	
Orc Software	150.00 kr	2,281 kr	346 kr	583 kr	140 kr	99 kr	6.6 x	3.9 x	16.3 x	23.0 x	3.2 x	10.7 x	15.2 x	
							HIGH	6.6 x	6.7 x	32.3 x	50.7 x	5.5 x	19.2 x	31.1 x
							AVERAGE	3.3 x	3.8 x	16.5 x	25.7 x	2.9 x	12.6 x	20.1 x
							MEDIAN	2.9 x	3.8 x	16.0 x	23.0 x	2.5 x	11.2 x	16.6 x
							LOW	1.4 x	1.7 x	7.0 x	9.6 x	1.6 x	7.6 x	13.2 x

(1) LTM based on calendar year ended 6/30/2009

(2) Based on consensus Bloomberg estimates as of 10/16/2009

Freeman & Co. Selected Security Firm Transactions



Broker-Dealer Firms

 <p>has been acquired by</p>  <p>The undersigned acted as exclusive financial advisor to Lane Berry & Co. International, LLC May 26, 2009</p> <p>Freeman & Co. Securities LLC</p>	 <p>has raised an undetermined amount of capital from</p>  <p>The undersigned acted as financial advisor to Pull Capital, Inc. August 2008</p> <p>Freeman & Co. Securities LLC</p>	<p>\$50,000,000 investment in</p>  <p>by</p>  <p>The undersigned acted as financial advisor to the Board of Directors of First Albany Companies, Inc. September 21, 2007</p> <p>Freeman & Co. Securities LLC</p>	 <p>has sold a minority interest to</p>  <p>The undersigned acted as financial advisor to Leerink Swann & Company July 23, 2007</p> <p>Freeman & Co. Securities LLC</p>	<p>The Municipal Capital Markets Division of</p>  <p>has been acquired by</p>  <p>The undersigned acted as financial advisor to First Albany Companies, Inc. announced March 6, 2007</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>The undersigned acted as financial advisor to Panmure Gordon & Co. announced February 20, 2007</p> <p>Freeman & Co. Securities LLC</p>
<p>\$345,577,365</p>  <p>has acquired</p>  <p>Acted as financial advisor to The Charles Schwab Corporation January 18, 2004</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Broadview International December 31, 2003</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Gerard, Klauer & Marston July 7, 2003</p> <p>Freeman & Co. Securities LLC</p>	<p>\$105,000,000</p>  <p>has acquired</p>  <p>Acted as financial advisor to ITG September 3, 2002</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Putnam Lovell, July 19, 2002</p> <p>Freeman & Co. Securities LLC</p>	 <p>has made an investment in</p>  <p>Acted as financial advisor to CRT Capital Group February 2002</p> <p>Freeman & Co. Securities LLC</p>
 <p>has been acquired by</p>  <p>a member of</p>  <p>Acted as financial advisor to Leibenthal & Co. December 3, 2001</p> <p>Freeman & Co. Securities LLC</p>	 <p>has acquired the Private Client Group of</p>  <p>Initiated and acted as Financial advisor to Lehman Brothers, Inc. October 2000</p> <p>Freeman & Co. Securities LLC</p>	<p>\$320,000,000</p>  <p>has been acquired by</p>  <p>Acted as financial advisor to Soundview Technology Group, Inc. January 2000</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Fox Pitt, Kelton March 1999</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Robertson Stephens, August 1988</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Cowen & Co. June 1998</p> <p>Freeman & Co. Securities LLC</p>

Electronic Trading Firms

 <p>has been acquired by</p>  <p>The undersigned acted as financial advisor to TORC Financial, LLC August 26, 2009</p> <p>Freeman & Co. Securities LLC</p>	 <p>ESP has been recapitalized and received a growth equity investment from</p>  <p>The undersigned acted as advisor to ESP Technologies, LLC May 17, 2007</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Carlin Financial Group January 2, 2007</p> <p>Freeman & Co. Securities LLC</p>	 <p>has merged</p>  <p>Acted as financial advisor to GTCR October 2, 2006</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Neovest Holdings, Inc. September 1, 2005</p> <p>Freeman & Co. Securities LLC</p>	 <p>has acquired</p>  <p>Acted as financial advisor to Citigroup Inc. August 2004</p> <p>Freeman & Co. Securities LLC</p>
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Derivatives Firms

 <p>has acquired</p>  <p>The undersigned acted as financial advisor to KBC Financial Products signed June 9, 2007</p> <p>Freeman & Co. Securities LLC</p>	 <p>has been acquired by</p>  <p>Acted as financial advisor to Constellation Financial Management Company LLC, FSP Holdings LP (two affiliates) July 17, 2003</p> <p>Freeman & Co. Securities LLC</p>	<p>\$800 million AUM</p>  <p>has been acquired by</p>  <p>Acted as financial advisor to Volaris Advisors June 6, 2003</p> <p>Freeman & Co. Securities LLC</p>	 <p>has merged with</p> <p>KBC Derivatives</p> <p>Acted as financial advisor to KBC Bank January 2001</p> <p>Freeman & Co. Securities LLC</p>	 <p>has acquired</p>  <p>Acted as financial advisor to KBC Bank October 1999</p> <p>Freeman & Co. Securities LLC</p>
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