



News Release

For Immediate Release

FREEMAN & CO. REPORT DETAILS STRONG ASSET MANAGEMENT ACTIVITY AS FIRMS REALIGN THEIR BUSINESS MODELS DUE TO CREDIT CRISIS

NEW YORK, Sept. 10, 2008 – Freeman & Co., a leading independent advisor to the financial services industry, released a report today covering the volume of deal activity in the industry and the potential for increased activity as competitors realign their businesses to manage the credit crisis and take advantage of growth opportunities. The report has three sections covering historical activity, future industry expectations and new areas of growth.

Historical Activity

- Growth has occurred in mid-market transactions involving \$1-10 billion AUM, with 58 deals taking place in the first half of 2008 compared to 74 in full year 2007, up an annualized 57%. Large transactions over \$10 billion AUM are flat with 14 deals versus 27 in 2007.
- Overall acquisitions are up compared to 2007, with 119 acquisitions globally, 28% more than first half of 2007 and on pace to surpass the record 217 in full year 2007.
- Traditional asset managers and “other” firms (including financial planners, trust companies, administrators and private banks) have seen the greatest increase in deal activity, increasing nearly 23% and 85% respectively from first half of 2007.

Future Industry Expectations

- Divestitures will increase as banks seek to raise capital and the report highlights firms controlling approximately \$600 billion AUM that have each had their stocks prices drop by over 50%. Partial spin-outs such as the original PNC / Blackrock deal may be the preferred route.
- Strategic realignments should increase as banks consider keeping their distribution capabilities, but selling or partially spinning-out product manufacturing. However, these Merrill Lynch / BlackRock style deals will be done out of capital necessity, not strategic visions.
- Multiples for public asset managers are following a similar pattern as in 2002-2003 when they dropped considerably for four quarters. However a rebound in this market is likely to take 6-9 months longer than the previous one.

New Areas of Growth

- The report predicts that emerging markets will play a key role for the industry over the next five years, despite current turmoil, as the emerging markets continue to develop their capital markets infrastructure and specialist firms gain critical mass in these regions.
- Retirement solutions, both accumulation products and spending products, are becoming more important as boomers begin focusing on their near-term spending needs. The report predicts more innovative products to be developed, including those in the emerging life settlement area.

Eric C. Weber, Managing Director and COO of Freeman & Co. said: “Activity in the industry was stronger than we expected, particularly in the middle market, and we are beginning to see more strategic discussions as banks reposition their overall businesses and decide what place, if any, asset management will have in their firms.”

About Freeman & Co., LLC

Founded in 1991, Freeman & Co. LLC is an M&A advisory and strategic consulting firm focused exclusively on the financial services industry with offices in New York and London. The company's M&A advisory

services include mergers and acquisitions advice, capital raising, fairness opinions, restructuring advice and private company valuations. Strategic consulting assignments are customized to client needs and have covered a wide array of projects. Additionally, Freeman & Co. developed a proprietary algorithm and methodology for benchmarking the competitive position of capital markets businesses, which has become the industry standard used by major investment banks. For more information, visit www.freeman-co.com.

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