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Broker-Dealer Focus

Freeman & Co. LLC

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Indices at 8/31/06:

DJIA	11,381
Nasdaq	2,184
S&P 500	1,304
FTSE 100	5,906
10-yr U.S. T-Bond	4.72%
USD per GBP	\$1.90
USD per Euro	\$1.28

Press Release:

Freeman & Co. Opens London Office

New York, NY – June 26, 2006 – Freeman & Co., LLC appoints James G. Hatchley as head of its new London office to spearhead growth in Europe.

Mr. Hatchley will act as MD & COO of Europe. James has over 14 years of investment banking and consulting experience and has advised a wide range of global financial services companies on M&A transactions and strategic development.

The decline of the investment banking business in the aftermath of the dot-com bubble and the painful restructuring that followed have kept the industry focused on innovative ways of generating profits. Hedge funds and proprietary trading have led the way, while the core equity and investment banking businesses felt lucky to survive. The last twelve months saw a strong rebound of the traditional businesses, adding significant leverage to a relatively lean cost structure. The net result was record earnings for most investment banks and a pick-up in merger-related activities as financial institutions were once again focused on growth.

Several major trends have characterized activity in the industry over the last year:

1. **Rising institutional commission revenues** were driven by the return of the traditional investment advisor to the equity market. Increased equity assets coupled with increased fund turnover bucked the trend of flat to declining market volumes from traditional investment advisors and mutual funds over the last 3-4 years.
2. **Demand for electronic trading** was further accelerated by increased trading activity, resulting in a number of acquisitions in the sector.
3. **Internationalization of order flow** was a big driver for cross-border exchange mergers – a trend that will potentially gain momentum in the next few years particularly as technology providers increasingly seek to link order and execution management systems.
4. **Emerging markets have developed into a strong source of revenues** for investment banks and the fast growing economies of China and India attracted significant capital inflows. Investment banks have scrambled to build capabilities to meet with business demands, resulting in record acquisitions and partner buy-outs.

Key Statistical Findings:

- There were a total of 136 acquisitions involving broker dealer firms for the year ending June 30, 2006, versus 124 during the comparable period a year ago. This represents an increase of 10% driven mainly by an increase in activity in Asia.
- The top three transactions announced during the year ending June 30, 2006 ranked by total dollar value of consideration were 1) NYSE's merger with Euronext NV valued at \$10.2 billion, 2) UBS's acquisition of Brazil-based Banco Pactual for \$2.6 billion and 3) Sumitomo Mitsui Financial Group's investment in a majority stake in SMBC Friend Securities for \$1.6 billion.

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