

COVER PAGE ONLY

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Indices at October 10, 2008

DJIA	8,451
NASDAQ	1,650
S&P 500	899
FTSE 100	4,088
10-yr U.S. T-Bond	3.86%
USD per GBP	\$1.71
USD per Euro	\$1.34

Making Wall Street & Main Street Work

The financial Servicing, Processing & Technology ("SP&T") industry makes Wall Street and Main Street work: it provides the data, information, processing and tools that allows companies to provide the financial products we use every day. These include mutual funds, ETFs, 401(k) plans, stock quotes, news services, electronic bill payment, and CDOs (ok, no one uses CDOs now, but the rest are valid). Without the SP&T companies, Wall Street could not deliver its products and services to Main Street.

Sectors Covered: Our goal for this report is to create a fundamental framework for key features of the companies in SP&T that provide the infrastructure and support for the global financial services industry. The report examines five business sectors of the global financial services industry:

1. Ratings & Advice
2. Distribution & Intermediation
3. Fund Administration & Risk Management
4. Processing & Custody
5. Data, Information & Software

Product Growth Trends: We review the size and growth of numerous financial products that drive these SP&T businesses including mutual funds, ETFs, hedge funds, private equity and trading in equities, options and other derivatives. Annual growth rates in these product areas have ranged from 5% in equity trading, to 13% in mutual funds, to over 40% in options and derivative volumes. Other products such as CDOs have collapsed.

Business Model Analysis: We have provided an analysis of revenue mix by company and sector, as well as current and historical valuation levels. Current P/E multiples for the five sectors range from 19x to over 45x, pre-tax margins are from 13% up to 30%, and growth rates have been from 10% to 28%, which presents a wide range of opportunities for participants in these sectors.

M&A Framework: The sectors in SP&T offer a wide range of business opportunities for entrepreneurs, private equity investors and strategic buyers. The public firms we have highlighted have market caps ranging from \$40 million to \$77 billion. In addition, there are thousands of privately held firms, which are often the first innovators of new products and services, presenting excellent growth opportunities. Lastly, we review the level and type of M&A activity by sector.

Eric Weber, CFA	Managing Director	+ 1 (212) 830-6162	eweber@freeman-co.com
Michael Kasper	Associate	+ 1 (212) 830-6164	mkasper@freeman-co.com
Gavin Parks	Associate	+ 1 (212) 830-6163	gparks@freeman-co.com
Christopher Pedone	Analyst	+ 1 (212) 830-6166	cpedone@freeman-co.com
Michael Gevertz	Analyst	+ 1 (212) 830-6178	mgevertz@freeman-co.com