

REPORTS

Volume VII, No. 10

September 26, 2006

INDUSTRY RESULTS REMAIN STRONG IN 3Q'06, THOUGH DOWN FROM NEAR-RECORD FIRST-HALF LEVELS

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SECURITIES INDUSTRY EMPLOYMENT UPDATE

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MONTHLY STATISTICS REVIEW

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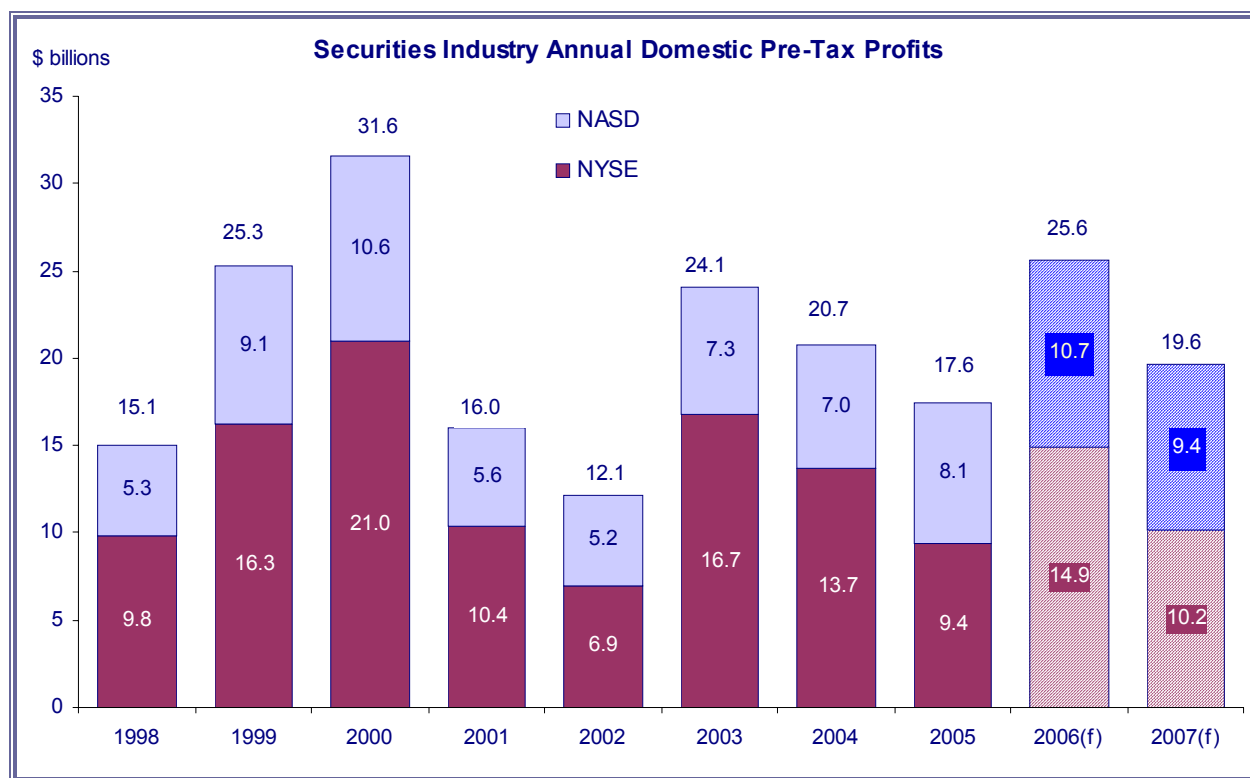
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- 15..... **Securities Industry Employment Update**, by Paul Rainy. Securities industry employment increased in August for the second consecutive month. The Bureau of Labor Statistics estimates that the national securities industry gained 2,100 jobs in August, up 0.3% from July's level. Securities industry employment in New York State decreased by 0.3%, or 700 jobs, and increased in New York City by 0.3%, or 500 jobs, from July's levels.
- 23..... **Monthly Statistics Review**, by Charles M. Bartlett, Jr. In August, the major U.S. stock indices were stronger, with the NASDAQ, S&P 500 and DJIA up 4.4%, 2.1% and 1.7%, respectively. Trading volume was down on the NYSE and NASDAQ in terms of daily average share and dollar volume. The average 10-year Treasury bond yield dropped below the average 3-month Treasury bill yield in August for the first time since the end of 2000. Underwriting recovered somewhat from a very steep drop in July, with stronger corporate bond and equity issuances.

INDUSTRY RESULTS REMAIN STRONG IN 3Q'06, THOUGH DOWN FROM NEAR-RECORD FIRST-HALF LEVELS

Summary

Industry results remained strong in 2Q'06, in line with earlier estimates, while 3Q'06 results, though lower, are exceeding expectations. The U.S. securities industry¹ posted profits² of \$7.5 billion for 2Q'06, \$328 million, or 4.2% less than the stellar \$7.8 billion result recorded in 1Q'06, but 89% above levels for the same year-earlier period. For the first half of 2006, industry profits reached \$15.3 billion, the best half-year performance in six years.³ However, financial market activity slowed in 3Q'06 and industry results declined to more modest levels. We expect profits in the second half of this year to reach \$10.3 billion, raising full-year 2006 results to \$25.6 billion, \$8 billion higher than in 2005 and eclipsing the industry's second best annual performance of \$25.3 billion set in 1999. In 2007, we expect profits to decline to roughly \$20 billion as revenue margin compression continues and slower growth in the economy and in corporate profits constrains activity in both primary and secondary securities markets. Accentuating this drop are expectations that revenues from outsized gains in proprietary trading come to an end, and rapid growth abates in revenues from corporate financial advisory services other than underwriting (such as mergers and acquisitions, leveraged buyouts, private equity, etc.) and in prime brokerage services.



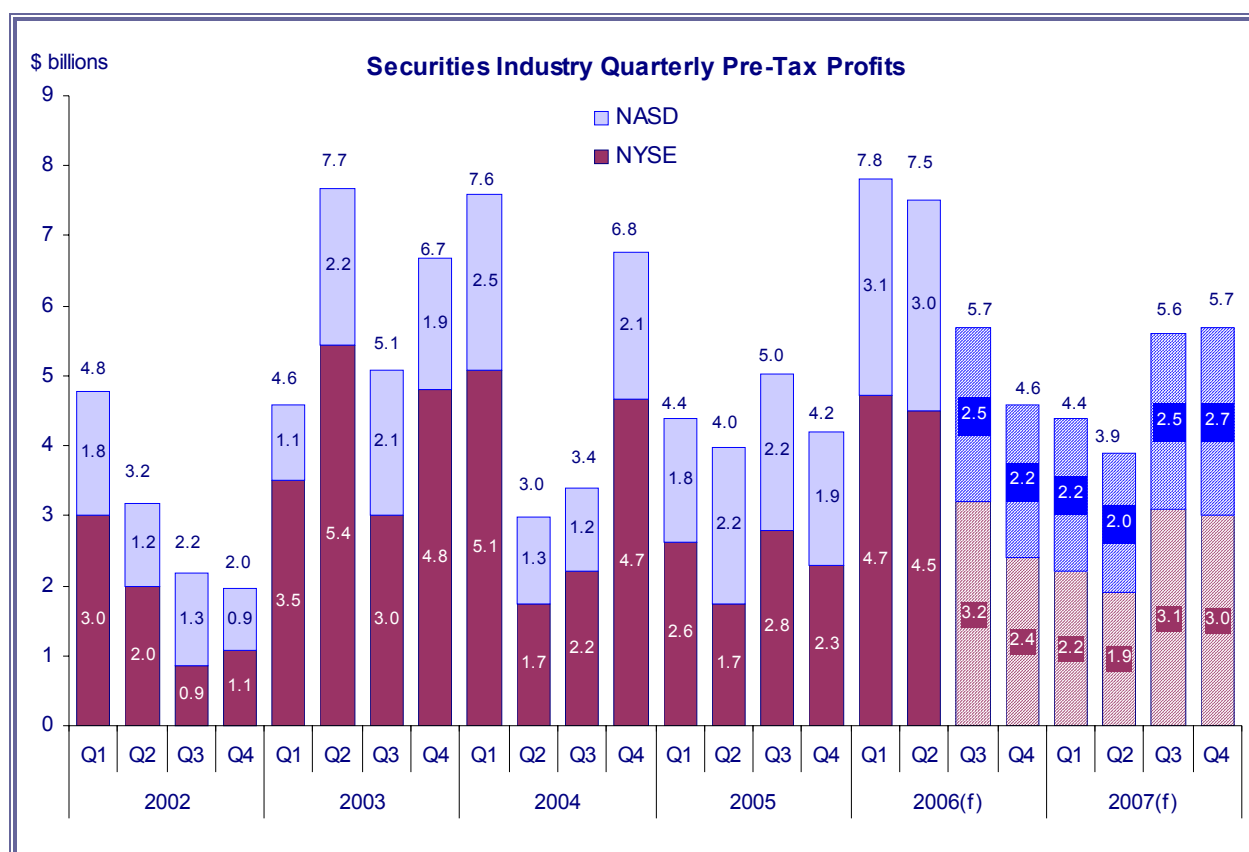
Subtotals may not add due to independent rounding.
Source: SIA DataBank; SIA forecast

¹ All registered broker-dealers doing a public business in the U.S., based on Financial and Operational Combined Uniform Single (FOCUS) filings by 4,909 firms filing with the NASD (all firms other than those also reporting to the NYSE) and 213 firms reporting to the NYSE during 2Q 2006.

² Pre-tax net income.

³ Since the first half of 2000.

The securities industry posted exceptional back-to-back results in the first two quarters of 2006. In 2Q'06, total (gross) revenues reached \$104.8 billion, only 1.7% above the prior quarter but 38.4% above the same year-earlier period. However, net revenues (total revenues minus interest expense) fell to \$53.7 billion, 4.4% below the immediately preceding quarter, but still 21.0% above 2Q'05. Slower net revenue growth reflected a number of factors, including: a 1.5% drop in commission and fee income, as lower margin, institutional trading activity continued to account for a rising share of all trades; smaller gains from proprietary trading, which dropped from an extraordinary \$11.6 billion in 1Q'06 to a significantly lower, but still above average gain of \$8.3 billion in 2Q'06; and slower, though still strong, growth of interest rate sensitive revenues, which failed to keep pace with the rise in interest expense. Weaker results in those business lines more than offset a 14.5% rise in underwriting revenue and a 6.3% rise in asset management fees.



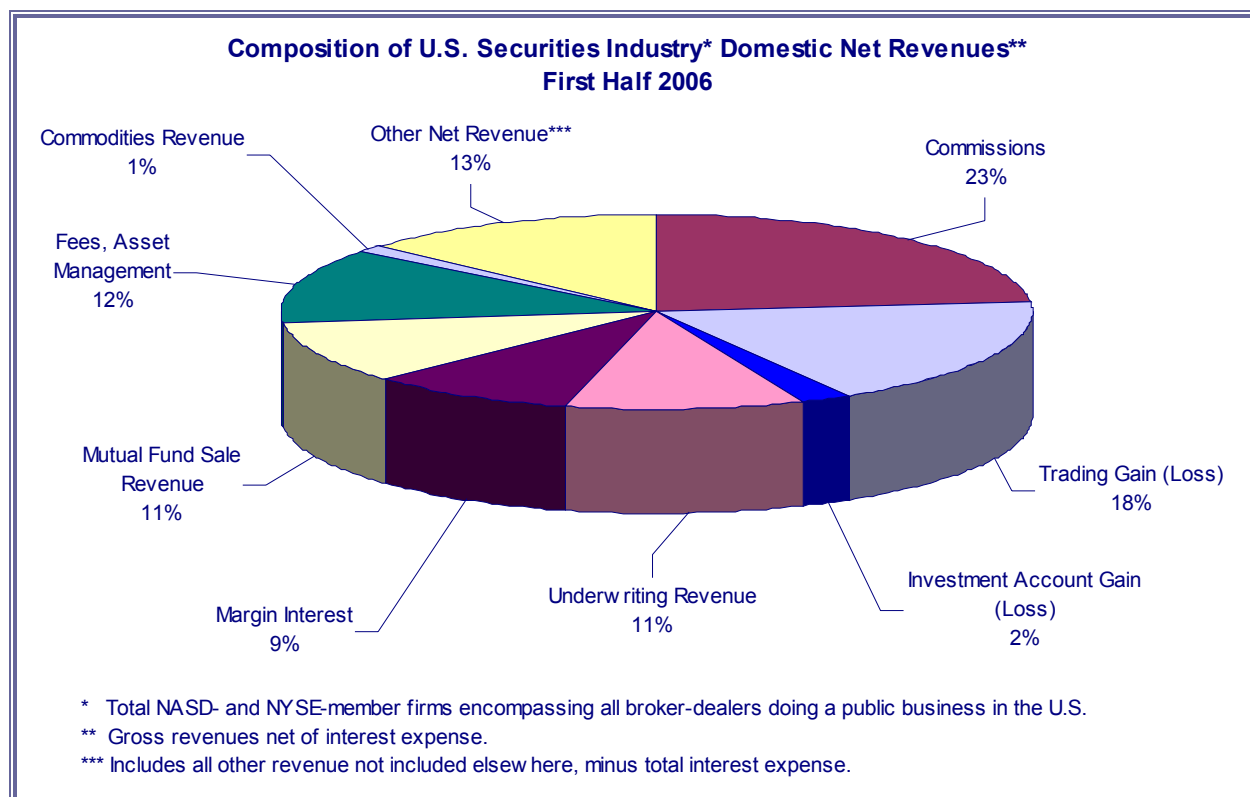
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Source: SIA DataBank; SIA forecast

Introduction

All registered broker-dealers doing a public business in the U.S. file quarterly Financial and Operational Combined Uniform Single (FOCUS) reports, providing income statements and balance sheets to their respective self-regulatory organizations (SROs), the regulatory arms of the New York Stock Exchange (NYSE) and the National Association of Securities Dealers (NASD), who aggregate these reports encompassing the U.S. operations of the securities industry.

NYSE-member firms, though far fewer in number, are generally substantially larger than NASD-member firms. In 2Q'06 (the latest available data), there were 213 NYSE-reporting member firms, compared to 4,909 NASD-reporting firms (all firms other than those reporting to

the NYSE). Net revenues of the average NYSE-member firm were \$149.9 million while the comparable figure for the average NASD-member firm was \$4.4 million.



Composition of U.S. Securities Industry* Domestic Net Revenues**

	06:Q1	06:Q2	06:Q3(f)	06:Q4(f)	2001	2002	2003	2004	2005	2006(f)
Commissions	22.9%	23.6%	25.3%	25.2%	25.3%	28.0%	26.6%	26.4%	24.9%	24.6%
Trading Gain (Loss)	20.6%	15.5%	13.1%	11.6%	18.5%	12.1%	18.1%	13.2%	12.6%	15.4%
Investment Account Gain (Loss)	3.2%	1.3%	1.3%	1.0%	0.9%	0.7%	1.8%	1.5%	1.5%	1.8%
Underwriting Revenue	9.5%	11.4%	8.0%	8.9%	9.8%	9.3%	10.2%	10.7%	10.8%	9.2%
Margin Interest	8.9%	8.7%	9.4%	9.4%	7.9%	4.1%	3.1%	3.9%	7.1%	9.4%
Mutual Fund Sale Revenue	10.4%	10.8%	11.1%	11.4%	9.5%	10.0%	9.6%	10.5%	11.1%	10.9%
Fees, Asset Management	11.4%	12.7%	12.4%	12.6%	10.9%	11.4%	10.6%	11.7%	12.5%	12.2%
Commodities Revenue	0.5%	2.1%	0.5%	0.9%	3.1%	3.9%	-1.1%	0.8%	0.7%	0.6%
Other Net Revenue***	12.7%	14.0%	12.9%	14.8%	14.1%	20.7%	21.2%	21.3%	18.8%	17.0%

* Total NASD- and NYSE-member firms encompassing all broker-dealers doing a public business in the U.S.
 ** Gross revenues net of interest expense.
 *** Includes all other revenue not included elsewhere, minus total interest expense.

Source: SIA DataBank

The composition of the revenues of these two groups is distinct, although industry consolidation and structural change increasingly blur these distinctions. For NYSE-member firms, a relatively larger share of revenue comes from: investment banking activities, such as underwriting and corporate financial advisory work; trading gains, the gains (or losses) from the proprietary trading activities of the firms and from positions taken as a dealer; and margin lending. NASD-reporting firms realize a comparatively larger share of revenues from

“traditional” brokerage activities, such as commissions (commission and fee income earned from executing customer orders), mutual fund sales revenues, and asset management fees.

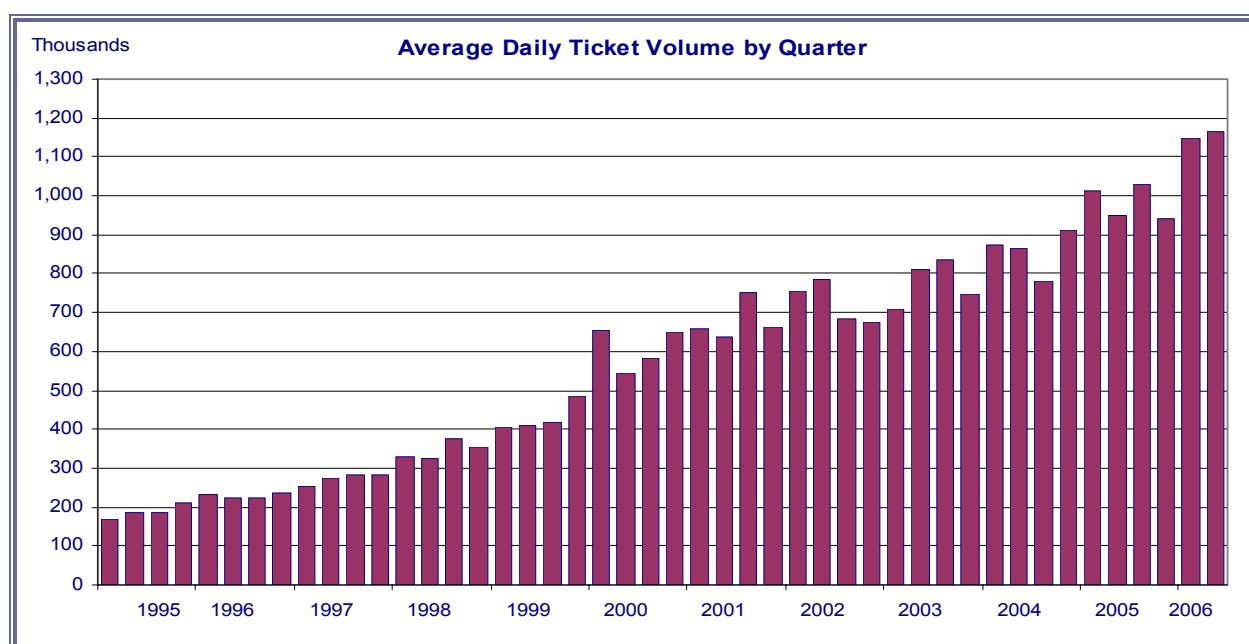
Differences in product mixes engender different business models and practices. For example, trading and investment banking employ greater leverage and incur greater interest expense than do traditional brokerage services (other than margin lending). During 2Q’06 NYSE-member firms had total revenues of \$78.6 billion and interest expense of \$46.7 billion, while NASD-member firms realized total revenues of \$26.1 billion and incurred \$4.3 billion of interest expense. For the former group, net revenues (net of interest expense) represented 40.6% of total revenues, while for the latter group that number was 83.4%.

Highlights for these two distinct groups of firms, NYSE-reporting and NASD-reporting firms, for 2Q’06 are presented below. Detailed results for individual line items for other analytical groups of firms (by size, principal business line, etc.) are available for subscribers to the SIA DataBank.

Results for NYSE-reporting Firms: 2Q’06

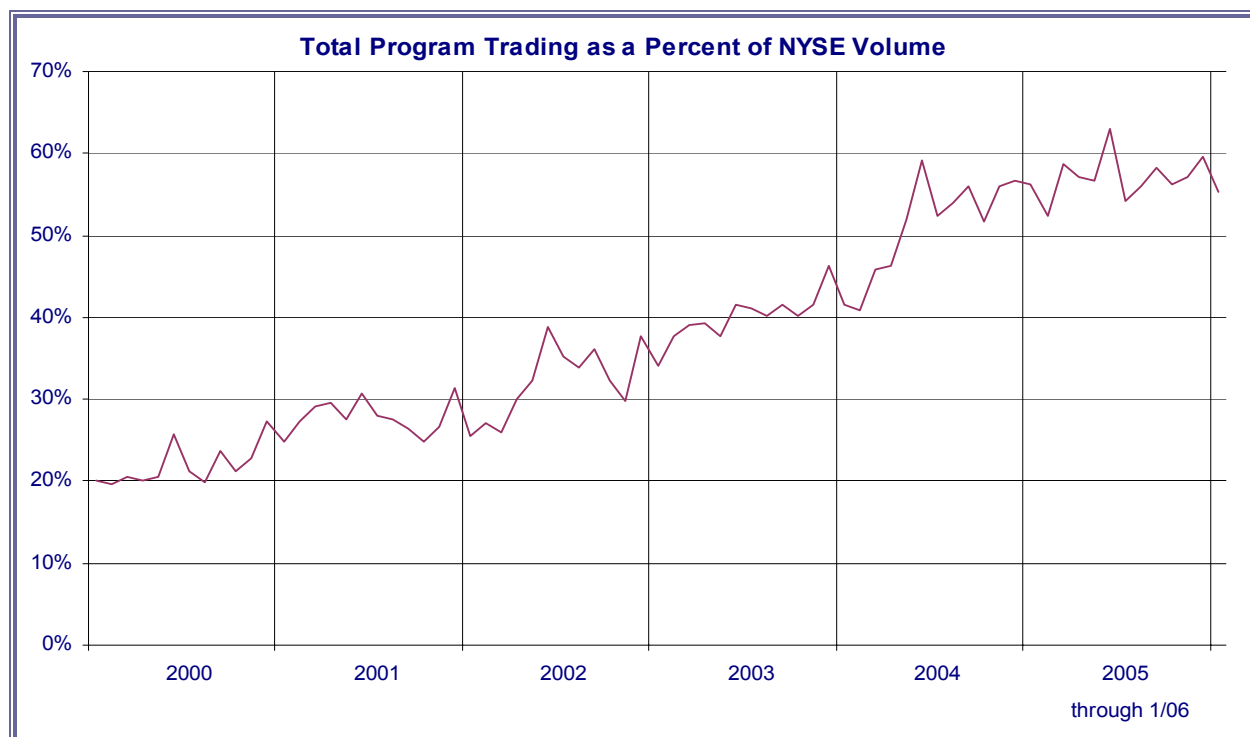
NYSE-member firms reported 2Q’06 pre-tax net income (profits) of \$4.53 billion, which was 4.2% less than the \$4.73 billion of profits reported for this group of securities firms in the immediately preceding period (1Q’06), but still more than double the disappointing \$1.74 billion earned in the same year-earlier period. The actual 2Q’06 result was also slightly (6%) above our forecast of \$4.26 billion, as both revenues and interest expenses came in higher than expected.

Total revenues for NYSE-member firms reached \$78.6 billion in 2Q’06, a result that was 1.4% above the immediately preceding quarter and 47.5% higher than in the same year-earlier period. Net revenues were \$31.9 billion, which represented a 7.6% decline from net revenues of \$34.6 billion in 1Q’06, which was roughly in line with expectations and still 24.6% ahead of results in the same year-earlier period. Total expenses were \$74.1 billion, 1.7% above 1Q’06 levels, solely reflecting higher interest expense, which reached \$46.7 billion, 8.6% above the immediately preceding period and representing 63% of total expenses.



Source: Omgeo

Commission and fee income was lower than expected, falling 2.6% to \$6.98 billion in 2Q'06 from \$7.16 billion in the preceding period. Strong growth in transaction volume failed to offset the continued compression of margins, as institutional trading activity, which commands lower average commission and fee rates, continues to account for a growing share of all activity in secondary markets.



Source: NYSE

Trading gains, which surged in 1Q'06, more than doubling to \$9.58 billion from \$4.40 billion in 4Q'05, fell back to more normal levels, totaling \$6.70 billion in 2Q'06, in line with expectations. While gains from debt trading continued to rise, and again accounted for more than half of the total, gains from all other trading fell sharply in 2Q'06.

Underwriting revenue of \$5.45 billion was 14.6% above 1Q'06, well ahead of our estimates. Total equity placements were 2.3% higher than in the preceding quarter, and the higher fees on these transactions (particularly given a 28.6% jump in the value of true initial public offerings), along with an increase in municipal bond issuance activity, more than offset a fall in the issuance of corporate debt.

Margin interest revenues dropped unexpectedly, declining 10.5% from 1Q'06 levels, despite interest rates that were estimated to be 30 basis points higher, on average, during 2Q'06, as, apparently, there was both reduced investor demand for margin utilization and a narrower spread between borrowing and lending rates.

Mutual fund sales revenue of \$2.1 billion in 2Q'06 was virtually unchanged (down 0.5%) from 1Q'06 results, reflecting a drop of comparable magnitude (0.4%) in the total value of mutual fund assets under management across the quarter and changes in the composition of assets during the period, as net flows into equity funds fell sharply while inflows into money market funds (which generate lower sales revenues per unit) rose sharply after net outflows were recorded in 1Q'06. Asset management fees were \$4.4 billion in 2Q'06, up a surprising 9.0% from the preceding period.

Other revenues, largely items other than margin lending which is reported separately that are highly sensitive to interest rates, rose 8.4% in 2Q'06 relative to the immediately preceding period, roughly matching the 8.6% rise in interest expense.

Compensation expenses were almost exactly in line with expectations, down from the seasonally high levels during 1Q'06, but still 30% ahead of payouts in the same year-earlier period. Expenses other than interest and compensation fell in 2Q'06, both with respect to 1Q'06, as well as the same year-earlier period, as the impact of cost savings from the ongoing industry consolidation, outsourcing, tight controls on discretionary expenses and continued strong productivity growth was even greater than anticipated.

Results for NASD-reporting Firms: 2Q'06

NASD-reporting firms⁴ posted profits of \$2.96 billion in 2Q'06, which was down only slightly (4.1%) from the \$3.09 billion reported in 1Q'06, and a third higher than the \$2.23 billion profit figure posted in the same year-earlier period. Total revenues reached \$26.1 billion and net revenues were \$21.8 billion in 2Q'06, up 2.5% and 0.8%, respectively, compared to 1Q'06, and both were more than 16% above results for the same year-earlier period.

Commission and fee income was unchanged from 1Q'06 levels at \$5.68 billion and still stood 13.4% above 2Q'05 results. While commissions and fees earned by NASD-reporting firms are not as sensitive to the growth of program trading as NYSE-reporting firms, the former group still has to cope with the long-running compression of margins on trades executed for individual investors. Similarly, mutual fund sales revenue of \$3.77 billion in 2Q'06 was unchanged from 1Q'06 levels, but still 16% ahead of revenues realized in 2Q'05.

Underwriting, margin interest and asset management fees provided a boost to revenues in 2Q'06. Underwriting revenues rose 13.7% relative to 1Q'06. Margin interest earned increased 12.4%, up at a slightly faster pace than the firms' general interest expenses. Stronger results also came from asset management fees, which reached \$2.4 billion, up 1.5% from 1Q'06 and 23.5% higher than in the same year-earlier period. Unfortunately, the improved performance in these product and service lines (along with a slight increase in fees earned on other corporate financial advisory work) was fully offset by lower trading gains during 2Q'06.

Trading gains for NASD-reporting firms, while accounting for a substantially smaller share of net revenue than for NYSE-reporting firms, nonetheless remains an increasing important component of revenues. Trading gains for the former group fell from \$2.0 billion in 1Q'06 to \$1.6 billion in the most recent quarter. Other revenue (which includes other corporate financial advisory fees and other interest-related revenues) was up 9.2% relative to the immediately preceding quarter and 14.2% relative to 2Q'05. However, this failed to keep pace with the rise in interest expense, constraining profit growth.

Interest expense of \$4.3 billion was up 11.9% from 1Q'06 and 20.1% from the same year-earlier period. Compensation expense in 2Q'06 fell only 3.2% from 1Q'06 (less of a dip than expected after seasonally high first-quarter bonus payouts) and was 10.7% above compensation expense in 2Q'05. Higher-than-expected compensation in 2Q'06 was reflected in a rise in total floor costs, which is a net revenue item for some firms, but a net expense for others. Floor costs, in aggregate, were up 6.9% from levels in 1Q'06 and 16.5% from 2Q'05. All other expenses were

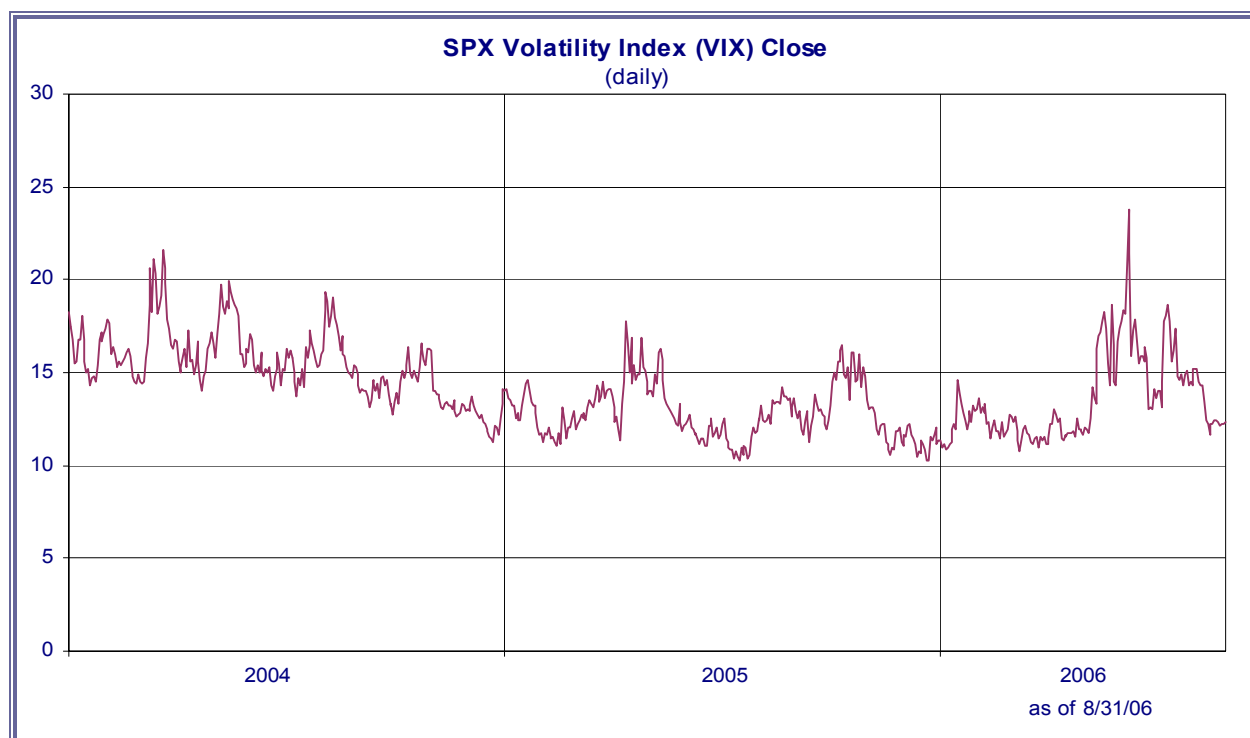
⁴ Firms other than those firms reporting to the NYSE.

sharply higher, rising 4.1% above 1Q'06 levels and 16.0% above costs in the same year-earlier period.

The Outlook: Second Half 2006 and 2007

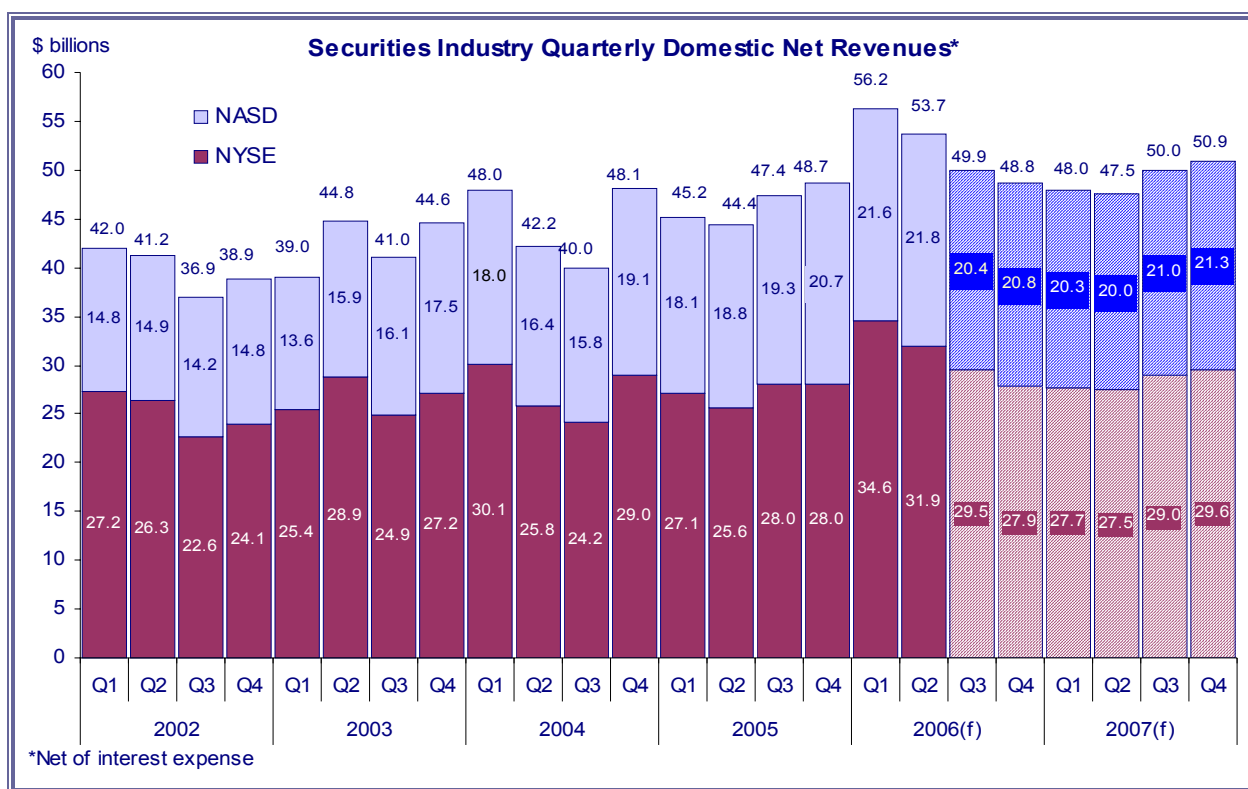
Although 3Q'06 is not yet over, a weak start in July ensured that results in this current quarter would be below the exceptional performance seen in the first two quarters of this year. Although summer months tend to be seasonably slow, for some revenue lines, such as for underwriting activity, this began as the weakest summer in three years. Underwriting activity fell more than expected, particularly with respect to IPOs, as economic uncertainty, poor market conditions and weakening investor sentiment led many corporations to postpone equity issuances. The pace of debt issuance was also a disappointment, in part due to near record levels of cash on corporate balance sheets, and uncertainty over interest rates and the strength of near-term consumer demand.

Activity picked up after the Federal Reserve 'paused' in early August, and accelerated in September. Strong continued growth of secondary market activity in futures and options more than offset somewhat weaker growth in trading in cash markets during the summer months, but not by enough to offset continued margin compression. Hence we expect a decline in overall commission and fee income in 3Q'06. Proprietary trading revenues are also expected to fall in 3Q'06 as volatility, which spiked in May, fell back to relatively low levels during the current quarter and as firms appear to have reduced the amount of capital applied to these desks.



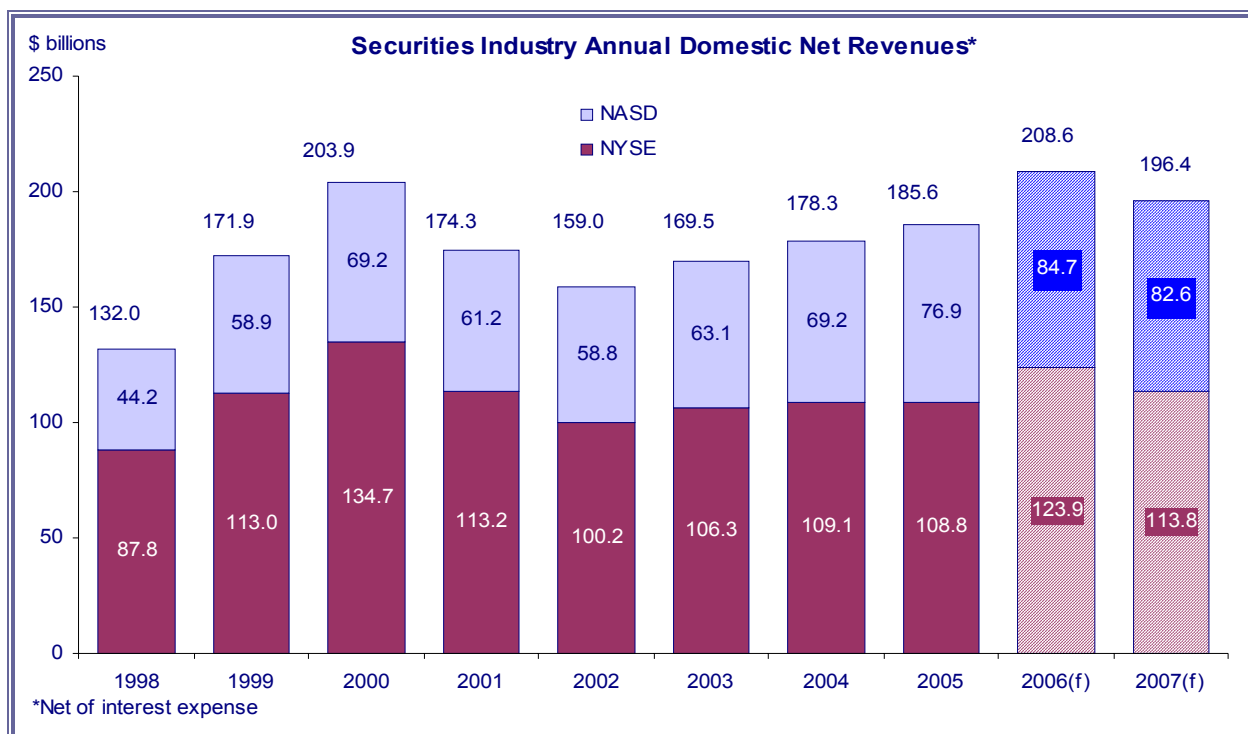
Source: Chicago Board of Options Exchange

No boost to total revenues from either mutual fund sales revenues or asset management fees appears to have materialized in 3Q'06, and results from these operations are expected to be largely unchanged from the prior quarter. Similarly, earnings from interest-sensitive operations are expected to show little growth in the current quarter.



Subtotals may not add due to independent rounding.
Source: SIA DataBank; SIA forecast

As a result, we expect net revenues in 3Q'06 to fall to \$49.9 billion, down 7.1% from 2Q'06, but still 5.4% higher than in the same year-earlier period. Industry profits are expected to fall to \$5.7 billion. These are still strong results but well below the outsized gains seen in the first half of the year. Similar results are expected in 4Q'06.



Subtotals may not add due to independent rounding.
Source: SIA DataBank; SIA forecast

We expect these trends, falling net revenues and lower profits, to extend into 4Q'06 and early 2007. We expect profits in the second half of this year to reach \$10.2 billion, raising full-year 2006 results to \$25.6 billion, \$8 billion, or 45%, higher than in 2005 and just ahead of the industry's second best annual performance set in 1999, when profits reached \$25.3 billion. In 2007, profits are forecast to decline to roughly \$20 billion as slower growth in the economy and in corporate profits constrains activity in both primary and secondary securities markets, while outsized gains in proprietary trading come less frequently, and rapid growth in other corporate financial advisory (other than underwriting) and prime brokerage services abates.

Frank A. Fernandez

Senior Vice President, Chief Economist and Director of Research

TOTAL NASD + NYSE
INCOME STATEMENT & SELECTED ITEMS
\$ Millions

REVENUE:	04:Q1	04:Q2	04:Q3	04:Q4	05:Q1	05:Q2	05:Q3	05:Q4	06:Q1	06:Q2	06:Q2 vs 06:Q1	06:Q2 vs 05:Q2
Commissions	13,154.6	11,479.2	10,371.0	12,136.2	11,606.3	11,126.7	11,573.0	11,838.5	12,843.6	12,654.1	-1.48%	13.73%
- Commissions - Listed Equity on an Exchange	5,372.3	4,553.1	4,105.3	4,878.2	4,704.5	4,499.4	4,649.6	4,567.5	4,812.8	4,735.2	-1.61%	5.24%
- Commissions - Listed Equity OTC	871.0	728.7	617.7	855.5	816.2	747.8	836.8	868.4	897.8	849.6	-5.37%	13.61%
- Commissions - Listed Options	611.9	424.6	370.5	555.3	433.5	424.0	446.3	474.2	545.4	558.5	2.41%	31.72%
- Commissions - All Other	6,299.2	5,772.8	5,277.4	5,847.2	5,652.1	5,455.4	5,640.2	5,928.5	6,587.7	6,511.0	-1.16%	19.35%
Trading Gain (Loss)	7,667.0	4,655.5	4,085.3	7,093.4	5,963.1	5,051.2	6,410.8	5,884.6	11,587.6	8,302.0	-28.35%	64.36%
- Gain from OTC Market Making	468.3	165.9	127.9	217.7	206.6	160.2	305.7	82.8	230.5	218.5	-5.19%	36.38%
-- Gain from OTC Market Making in Listed Equity	8.0	4.0	1.0	5.1	4.0	-0.3	-0.3	-1.1	2.8	4.7	64.91%	-1617.80%
- Gain from Debt Trading	4,960.0	3,156.5	5,079.4	4,237.3	4,596.3	3,150.2	2,755.5	2,227.1	4,427.8	4,336.7	-2.06%	37.66%
- Gain from Listed Options Market Making	-29.7	114.3	5.5	177.1	-77.9	132.8	119.2	30.3	125.0	42.1	-66.31%	-68.29%
- Gain from All Other Trading	2,268.4	1,218.8	-1,127.6	2,461.2	1,238.1	1,367.6	3,230.4	3,544.5	6,804.3	3,704.8	-45.55%	170.89%
Investment Account Gain (Loss)	751.4	221.2	387.0	1,309.9	339.3	815.5	1,003.2	698.5	1,772.7	718.6	-59.46%	-11.88%
- Realized Gain	984.9	-566.0	540.9	557.9	578.2	384.5	351.9	546.5	707.3	598.2	-15.43%	55.60%
- Unrealized Gain	-530.1	726.4	-148.2	445.5	-302.0	102.3	282.2	-154.8	566.6	-134.3	-123.70%	-231.22%
Underwriting Revenue	5,159.7	4,452.1	4,213.6	5,298.6	4,622.0	4,699.6	5,138.8	5,527.2	5,359.2	6,136.8	14.51%	30.58%
- Equity Underwriting Revenue	1,087.3	1,017.3	931.1	1,199.3	996.5	1,011.9	1,079.8	1,114.6	1,183.2	1,303.7	10.19%	28.85%
Margin Interest	1,337.3	1,480.9	1,722.8	2,409.1	2,696.9	3,060.5	3,579.8	3,919.9	5,014.1	4,652.3	-7.22%	52.01%
Mutual Fund Sale Revenue	5,024.9	4,543.1	4,327.6	4,760.3	5,002.0	5,047.1	5,170.2	5,437.6	5,836.2	5,824.6	-0.20%	15.41%
Fees, Asset Management	5,042.1	5,115.1	5,118.7	5,571.5	5,423.7	5,785.3	5,802.3	6,264.7	6,401.6	6,803.6	6.28%	17.60%
Research Revenue	59.4	53.5	54.7	43.6	34.6	46.8	29.0	27.2	60.3	53.2	-11.77%	13.75%
Commodities Revenue	382.8	708.6	669.8	-274.8	1,240.6	-183.2	-26.0	212.6	271.8	1,104.4	306.25%	-702.73%
Other Revenue Related to the Securities Business	13,695.7	14,280.5	17,312.8	22,331.1	25,219.9	30,620.9	35,742.7	34,960.0	44,621.6	46,539.5	4.30%	51.99%
Other Revenue	6,402.8	6,938.4	7,248.6	7,907.9	8,226.2	9,627.8	10,081.6	16,418.8	9,308.2	11,984.5	28.75%	24.48%
TOTAL REVENUE	58,677.7	53,928.2	55,511.8	68,586.7	70,374.4	75,698.2	84,505.2	91,189.5	103,077.0	104,773.6	1.65%	38.41%
Net Revenue	48,017.2	42,208.4	39,978.9	48,086.3	45,190.6	44,390.4	47,369.4	48,669.6	56,197.4	53,723.0	-4.40%	21.02%
EXPENSES:												
Total Compensation	22,158.4	20,727.1	18,597.7	21,681.8	21,979.7	20,251.1	22,892.2	23,256.8	27,590.8	25,098.0	-9.03%	23.93%
- Registered Representative Compensation	7,906.7	7,614.1	6,914.0	7,808.6	8,139.1	7,664.1	8,178.4	8,057.0	9,436.1	9,032.9	-4.27%	17.86%
- Clerical Employee Compensation	10,035.8	9,101.6	7,948.7	9,400.2	9,812.9	8,602.9	10,486.7	10,361.3	13,628.5	11,534.8	-15.36%	34.08%
- Voting Officer Compensation	902.2	840.7	764.5	1,102.0	846.6	790.0	805.9	1,033.7	820.3	815.3	-0.62%	3.20%
- Other Employee Compensation (FOCUS IIA Only)	3,313.5	3,170.7	2,970.5	3,371.0	3,181.1	3,194.1	3,421.2	3,804.9	3,705.9	3,714.9	0.24%	16.30%
Total Floor Costs	4,319.2	4,223.1	3,951.1	4,255.9	4,307.7	4,449.7	4,557.1	4,724.7	5,081.0	5,464.9	7.56%	22.81%
- Floor Brokerage Paid to Brokers	373.2	386.2	383.2	328.6	353.7	383.3	380.4	464.6	447.1	494.3	10.54%	28.96%
- Commissions & Clearance Paid to Other Brokers	995.5	915.8	827.1	933.5	976.8	994.0	1,004.7	1,044.1	1,300.2	1,641.0	26.21%	65.09%
- Clearance Paid to Non-Brokers	287.7	299.9	313.3	342.8	347.5	376.0	373.0	387.1	367.9	433.7	17.88%	15.34%
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	2,662.7	2,621.2	2,427.5	2,650.9	2,629.7	2,696.4	2,799.1	2,828.8	2,965.7	2,895.9	-2.36%	7.40%
Communications Expense	1,065.1	1,145.7	1,177.9	1,285.2	1,217.2	1,255.5	1,245.1	1,277.8	1,349.8	1,352.9	0.23%	7.76%
Occupancy & Equipment Costs	1,552.4	1,567.0	1,621.2	1,733.3	1,563.9	1,586.7	1,591.2	1,598.3	1,529.3	1,552.2	1.50%	-2.18%
Promotional Costs	572.0	569.8	540.0	658.4	583.5	603.3	588.6	669.2	648.1	666.3	2.82%	10.45%
Interest Expense	10,660.5	11,719.7	15,532.8	20,500.4	25,183.8	31,307.8	37,135.8	42,519.9	46,879.6	51,050.6	8.90%	63.06%
Losses from Error Accounts & Bad Debts	87.6	84.3	59.8	101.8	90.9	95.3	78.0	104.9	97.0	88.4	-8.88%	-7.25%
Data Processing Costs	817.6	789.4	771.1	848.7	830.9	862.7	834.8	977.8	909.4	906.1	-0.37%	5.03%
Regulatory Fees & Expenses	330.7	377.5	340.6	409.1	325.5	391.1	385.1	450.0	366.5	425.9	16.20%	8.91%
Non-Recurring Charges	107.3	176.7	187.4	209.3	38.5	89.0	122.3	34.2	52.0	40.0	-23.18%	-55.09%
Other Expenses	9,422.0	9,563.2	9,337.8	10,148.0	9,859.9	10,836.7	10,063.8	11,371.9	10,749.0	10,631.4	-1.09%	-1.89%
TOTAL EXPENSES	51,092.8	50,943.6	52,117.5	61,831.8	65,981.7	71,728.7	79,493.9	86,985.5	95,252.4	97,276.6	2.13%	35.62%
PRE-TAX NET INCOME	7,584.9	2,984.6	3,394.3	6,754.9	4,392.7	3,969.5	5,011.3	4,204.1	7,824.7	7,497.0	-4.19%	88.87%
Federal Income Tax (Tax Benefit)	1,125.6	-1,072.5	395.6	1,716.3	1,020.1	563.2	1,293.8	1,009.2	1,591.3	1,786.3	12.26%	217.18%
Income (Loss) from Unconsolidated Subsidiaries	462.1	250.5	279.7	591.2	441.7	505.0	414.9	595.3	696.8	434.4	-37.66%	-13.99%
Extraordinary Gain (Loss)	-1.0	-7,610.2	0.3	-2.6	-535.9	-212.1	107.4	0.0	-0.3	-4.6	1321.81%	-97.85%
Cumulative Effect of Accounting Changes	0.0	0.0	0.3	-0.1	5.5	0.0	0.0	23.2	24.5	0.0	-100.09%	633.33%
NET INCOME	6,920.6	-3,302.5	3,279.0	5,627.2	3,254.6	3,699.2	4,239.9	3,813.4	6,954.3	6,140.5	-11.70%	66.00%
TOTAL ASSETS	4,149,870.4	4,383,531.3	4,481,652.8	4,623,588.9	4,965,238.9	5,052,188.6	5,207,099.0	5,039,209.2	5,477,428.8	5,398,248.3	-1.45%	6.85%
TOTAL LIABILITIES	4,009,138.4	4,243,361.4	4,337,808.8	4,477,399.6	4,825,397.7	4,911,516.0	5,064,261.8	4,890,918.1	5,320,334.7	5,239,360.8	-1.52%	6.68%
TOTAL OWNERSHIP EQUITY	140,731.9	140,169.8	143,844.0	146,189.3	139,841.2	140,672.6	142,837.2	148,291.1	157,094.1	158,887.5	1.14%	12.95%
TOTAL NET CAPITAL	80,019.3	82,418.4	86,064.9	87,126.7	88,321.9	94,168.0	92,691.2	101,334.0	99,996.5	104,611.4	4.62%	11.09%
NUMBER OF FIRMS IN CATEGORY	5,290	5,274	5,269	5,219	5,191	5,196	5,184	5,134	5,127	5,122	-0.10%	-1.42%
PERSONNEL - INCOME PRODUCING	186,574	187,643	190,240	197,680	190,468	190,475	190,109	190,767	189,076	181,387	-4.07%	-4.77%
PERSONNEL - ALL OTHER	186,434	190,715	191,524	198,557	191,840	196,043	193,214	192,514	195,542	193,786	-0.90%	-1.15%
PERSONNEL - TOTAL	373,008	378,358	381,764	396,237	382,308	386,518	383,323	383,281	384,618	375,173	-2.46%	-2.94%

TOTAL NYSE Member Firms doing public business
INCOME STATEMENT & SELECTED ITEMS
\$ Millions

REVENUE:	04:Q1	04:Q2	04:Q3	04:Q4	05:Q1	05:Q2	05:Q3	05:Q4	06:Q1	06:Q2	06:Q2 vs 05:Q1	06:Q2 vs 05:Q2
Commissions	7,622.9	6,332.1	5,691.6	6,693.2	6,475.0	6,119.0	6,446.4	6,571.8	7,164.1	6,977.5	-2.60%	14.03%
- Commissions - Listed Equity on an Exchange	4,014.3	3,369.7	2,993.7	3,559.7	3,446.8	3,306.2	3,475.1	3,364.2	3,562.1	3,481.6	-2.26%	5.31%
- Commissions - Listed Equity OTC	553.8	481.4	416.9	562.1	487.5	454.4	477.6	531.8	547.4	507.0	-7.38%	11.58%
- Commissions - Listed Options	361.3	286.5	257.9	309.3	270.1	267.7	293.3	302.9	354.5	365.6	3.13%	36.57%
- Commissions - All Other	2,693.5	2,194.5	2,023.1	2,262.1	2,270.6	2,090.7	2,200.4	2,372.9	2,700.1	2,623.4	-2.84%	25.48%
Trading Gain (Loss)	5,669.8	3,567.4	2,622.7	5,503.7	4,329.0	3,568.5	4,712.4	4,396.6	9,577.6	6,704.0	-30.00%	87.87%
- Gain from OTC Market Making	176.7	78.3	70.2	122.4	146.6	90.7	222.4	20.8	146.2	155.9	6.63%	71.89%
-- Gain from OTC Market Making in Listed Equity	-1.3	-1.7	-2.2	-2.4	-3.7	-4.7	-4.5	-4.4	-1.7	0.3	-117.65%	-106.38%
- Gain from Debt Trading	4,538.4	2,837.4	4,633.7	3,745.0	4,031.2	2,425.5	2,066.8	1,552.8	3,497.5	3,531.0	0.96%	45.58%
- Gain from Listed Options Market Making	-63.5	81.2	-20.6	156.9	-4.4	116.8	85.6	5.3	133.3	36.7	-72.47%	-68.58%
- Gain from All Other Trading	1,018.2	570.5	-2,060.6	1,479.4	155.6	695.1	2,337.6	2,817.7	5,800.6	2,980.4	-48.62%	328.77%
Investment Account Gain (Loss)	377.7	148.7	280.4	849.3	203.0	517.5	631.1	207.8	1,189.4	354.6	-70.19%	-31.48%
- Realized Gain	948.8	-640.2	435.7	461.5	471.0	235.7	179.1	332.7	445.8	320.1	-28.20%	35.81%
- Unrealized Gain	-588.0	785.1	-152.2	369.5	-275.8	52.5	247.4	-202.9	462.1	-153.3	-133.17%	-392.00%
Underwriting Revenue	4,549.9	3,871.2	3,654.1	4,583.7	4,036.7	4,004.8	4,487.4	4,732.3	4,759.1	5,454.4	14.61%	36.20%
- Equity Underwriting Revenue	1,078.4	1,009.7	925.4	1,190.7	992.9	1,005.5	1,037.8	1,099.6	1,126.3	1,236.1	9.75%	22.93%
Margin Interest	1,191.2	1,327.3	1,556.7	2,070.8	2,286.2	2,647.8	3,041.3	3,296.7	4,304.4	3,854.5	-10.45%	45.57%
Mutual Fund Sale Revenue	1,908.2	1,636.9	1,554.6	1,738.8	1,808.5	1,793.2	1,796.8	1,764.5	2,061.4	2,051.0	-0.50%	14.38%
Fees, Asset Management	3,390.2	3,461.9	3,441.0	3,648.5	3,526.8	3,871.6	3,837.9	4,031.7	4,073.4	4,440.8	9.02%	14.70%
Research Revenue	58.7	52.9	54.2	42.0	32.5	45.5	27.8	25.8	54.6	52.1	-4.58%	14.51%
Commodities Revenue	215.6	545.3	788.1	-618.7	1,302.1	-295.8	-100.6	146.9	80.5	735.8	814.04%	-348.75%
Other Revenue Related to the Securities Business	11,984.2	12,474.0	15,327.9	19,474.3	22,021.8	27,114.7	31,950.3	30,675.4	40,519.6	41,761.4	3.06%	54.02%
Other Revenue	2,459.0	2,648.8	2,783.0	2,963.5	3,199.0	3,936.2	4,297.6	10,297.5	3,779.0	6,245.5	65.27%	58.67%
TOTAL REVENUE	39,427.4	36,066.5	37,754.3	46,949.1	49,220.6	53,323.1	61,128.4	66,147.0	77,563.1	78,631.6	1.38%	47.46%
Net Revenue	30,052.9	25,824.6	24,226.1	29,009.5	27,103.0	25,627.5	28,040.0	27,987.3	34,562.1	31,920.5	-7.64%	24.56%
EXPENSES:												
Total Compensation	15,739.6	14,622.6	12,796.0	14,692.9	15,128.5	13,479.9	15,830.9	15,514.1	19,845.5	17,600.3	-11.31%	30.57%
- Registered Representative Compensation	5,846.7	5,619.0	5,017.8	5,818.0	5,916.1	5,483.1	5,942.2	5,814.8	6,916.8	6,714.9	-2.92%	22.47%
- Clerical Employee Compensation	9,150.5	8,291.4	7,162.5	8,270.0	8,582.1	7,388.5	9,279.5	9,058.3	12,263.4	10,298.0	-16.03%	39.38%
- Voting Officer Compensation	345.3	321.1	270.6	285.4	287.1	283.2	273.5	302.1	295.3	288.0	-2.47%	1.69%
- Other Employee Compensation (FOCUS IIA Only)	397.1	391.1	345.1	319.5	343.2	325.1	335.7	338.9	370.1	299.3	-19.13%	-7.94%
Total Floor Costs	1,288.0	1,208.6	1,141.4	1,201.0	1,261.4	1,282.8	1,294.7	1,394.6	1,629.0	1,774.8	8.95%	38.35%
- Floor Brokerage Paid to Brokers	315.9	329.3	328.1	285.0	302.7	330.9	329.0	383.9	365.3	411.7	12.70%	24.42%
- Commissions & Clearance Paid to Other Brokers	607.7	531.8	487.4	540.2	602.9	595.1	588.9	644.0	868.0	942.7	8.61%	58.41%
- Clearance Paid to Non-Brokers	192.4	216.3	229.8	238.4	227.3	241.7	250.2	246.7	248.7	304.5	22.44%	25.98%
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	172.0	131.2	96.1	137.4	128.5	115.1	126.6	120.0	147.0	115.9	-21.16%	0.70%
Communications Expense	949.7	1,036.0	1,063.8	1,121.4	1,049.8	1,093.7	1,083.3	1,117.0	1,190.1	1,197.0	0.58%	9.45%
Occupancy & Equipment Costs	1,364.7	1,370.9	1,430.0	1,411.6	1,249.3	1,274.2	1,282.1	1,281.2	1,228.6	1,263.2	2.82%	-0.86%
Promotional Costs	412.1	418.3	398.2	424.6	370.9	388.0	376.5	376.1	367.6	428.9	16.68%	10.54%
Interest Expense	9,374.5	10,241.9	13,528.2	17,939.6	22,117.6	27,695.6	33,088.4	38,159.7	43,001.0	46,711.1	8.63%	68.66%
Losses from Error Accounts & Bad Debts	70.5	70.0	48.0	86.3	62.9	73.4	54.8	114.4	72.3	58.9	-18.53%	-19.75%
Data Processing Costs	602.6	586.2	590.9	642.8	649.6	669.6	641.4	764.2	698.7	715.2	2.36%	6.81%
Regulatory Fees & Expenses	263.5	290.4	275.9	320.2	252.2	293.2	293.0	355.0	289.2	328.0	13.42%	11.87%
Non-Recurring Charges	104.4	97.5	184.5	90.8	37.6	88.0	121.6	27.3	51.0	38.8	-23.92%	-55.91%
Other Expenses	4,179.2	4,390.1	4,100.6	4,347.4	4,426.0	5,244.5	4,267.0	4,746.8	4,455.8	3,982.3	-10.63%	-24.07%
TOTAL EXPENSES	34,348.8	34,332.5	35,557.5	42,278.6	46,605.8	51,582.9	58,333.7	63,850.4	72,828.7	74,098.4	1.74%	43.65%
PRE-TAX NET INCOME	5,078.6	1,734.0	2,196.8	4,670.5	2,614.8	1,740.2	2,794.7	2,296.6	4,734.5	4,533.2	-4.25%	160.50%
Federal Income Tax (Tax Benefit)	705.2	-1,357.4	244.8	1,260.0	590.0	114.4	848.0	596.9	1,019.7	1,192.5	16.95%	942.40%
Income (Loss) from Unconsolidated Subsidiaries	229.0	351.5	196.6	286.7	401.0	482.1	366.0	562.9	658.4	409.2	-37.85%	-15.12%
Extraordinary Gain (Loss)	0.0	-7,520.7	0.0	-0.4	-535.3	-209.3	107.7	-0.1	-0.2	-4.1	1950.00%	-98.04%
Cumulative Effect of Accounting Changes	0.0	0.0	0.0	0.0	5.6	0.0	0.0	32.4	22.4	0.0	-100.00%	#DIV/0!
NET INCOME	4,602.4	-4,077.7	2,148.6	3,696.8	1,866.8	1,898.6	2,420.4	2,294.9	4,395.3	3,745.8	-14.78%	97.29%
TOTAL ASSETS	3,413,461.4	3,628,434.1	3,681,450.2	3,841,155.7	4,036,634.2	4,167,419.7	4,228,906.9	4,211,633.2	4,504,236.2	4,584,732.5	1.79%	10.01%
TOTAL LIABILITIES	3,320,762.0	3,535,377.5	3,585,950.5	3,745,006.8	3,941,098.1	4,071,449.1	4,131,891.5	4,110,979.4	4,394,639.4	4,476,091.4	1.85%	9.94%
TOTAL OWNERSHIP EQUITY	92,699.4	93,056.5	95,499.7	96,148.9	95,536.1	95,970.6	97,015.4	100,653.8	109,596.8	108,641.1	-0.87%	13.20%
TOTAL NET CAPITAL	55,344.1	57,261.4	60,264.4	61,201.0	62,878.3	68,177.7	66,891.1	74,619.6	73,448.9	78,379.6	6.71%	14.96%
NUMBER OF FIRMS IN CATEGORY	236	232	232	229	227	225	219	217	216	213	-1.39%	-5.33%
PERSONNEL - INCOME PRODUCING	134,114	135,328	137,642	139,118	131,177	131,557	131,051	131,119	129,807	129,308	-0.38%	-1.71%
PERSONNEL - ALL OTHER	156,684	160,622	161,377	160,935	154,063	157,617	156,633	155,359	157,010	160,092	1.96%	1.57%
PERSONNEL - TOTAL	290,798	295,950	299,019	300,053	285,240	289,174	287,684	286,478	286,817	289,400	0.90%	0.08%

Source: SIA DataBank

ALL NASD MEMBERS Other than NYSE Firms
INCOME STATEMENT & SELECTED ITEMS
\$ Millions

REVENUE:	04:Q1	04:Q2	04:Q3	04:Q4	05:Q1	05:Q2	05:Q3	05:Q4	06:Q1	06:Q2	06:Q2 vs 06:Q1	06:Q2 vs 05:Q2
Commissions	5,531.7	5,147.1	4,679.4	5,443.0	5,131.3	5,007.7	5,126.6	5,266.7	5,679.5	5,676.6	-0.05%	13.36%
- Commissions - Listed Equity on an Exchange	1,358.0	1,183.4	1,111.6	1,318.5	1,257.7	1,193.2	1,174.5	1,203.3	1,250.7	1,253.6	0.23%	5.06%
- Commissions - Listed Equity OTC	317.2	247.3	200.8	293.4	328.7	293.4	359.2	336.6	350.4	342.6	-2.24%	16.75%
- Commissions - Listed Options	250.6	138.1	112.6	246.0	163.4	156.3	153.0	171.3	190.9	192.9	1.07%	23.40%
- Commissions - All Other	3,605.7	3,578.3	3,254.3	3,585.1	3,381.5	3,364.7	3,439.8	3,555.6	3,887.6	3,887.6	0.00%	15.54%
Trading Gain (Loss)	1,997.2	1,088.1	1,462.6	1,589.7	1,634.1	1,482.7	1,698.4	1,488.0	2,010.0	1,598.0	-20.49%	7.78%
- Gain from OTC Market Making	291.6	87.6	57.7	95.3	60.0	69.5	83.3	62.0	84.3	62.6	-25.70%	-9.94%
-- Gain from OTC Market Making in Listed Equity	9.3	5.7	3.2	7.5	7.7	4.4	4.2	3.3	4.5	4.4	-3.39%	-0.02%
- Gain from Debt Trading	421.6	319.1	445.7	492.3	565.1	724.7	688.7	674.3	930.3	805.7	-13.40%	11.17%
- Gain from Listed Options Market Making	33.8	33.1	26.1	20.2	-73.5	16.0	33.6	25.0	-8.3	5.4	-164.70%	-66.16%
- Gain from All Other Trading	1,250.2	648.3	933.0	981.8	1,082.5	672.5	892.8	726.8	1,003.7	724.4	-27.83%	7.71%
Investment Account Gain (Loss)	373.7	72.5	106.6	460.6	136.3	298.0	372.1	490.7	583.3	364.0	-37.59%	22.14%
- Realized Gain	36.1	74.2	105.2	96.4	107.2	148.8	172.8	213.8	261.5	278.1	6.34%	86.95%
- Unrealized Gain	57.9	-58.7	4.0	76.0	-26.2	49.8	34.8	48.1	104.5	19.0	-81.83%	-61.89%
Underwriting Revenue	609.8	580.9	559.5	714.9	585.3	694.8	651.4	794.9	600.1	682.4	13.70%	-1.79%
- Equity Underwriting Revenue	8.9	7.6	5.7	8.6	3.6	6.4	42.0	15.0	56.9	67.6	18.87%	961.92%
Margin Interest	146.1	153.6	166.1	338.3	410.7	412.7	538.5	623.2	709.7	797.8	12.41%	93.34%
Mutual Fund Sale Revenue	3,116.7	2,906.2	2,773.0	3,021.5	3,193.5	3,253.9	3,373.4	3,673.1	3,774.8	3,773.6	-0.03%	15.97%
Fees, Asset Management	1,651.9	1,653.2	1,677.7	1,923.0	1,896.9	1,913.7	1,964.4	2,233.0	2,328.2	2,362.8	1.49%	23.47%
Research Revenue	0.7	0.6	0.5	1.6	2.1	1.3	1.2	1.4	5.7	1.1	-80.89%	-13.47%
Commodities Revenue	167.2	163.3	-118.3	343.9	-61.5	112.6	74.6	65.7	191.3	368.6	92.62%	227.38%
Other Revenue Related to the Securities Business	1,711.5	1,806.5	1,984.9	2,856.8	3,198.1	3,506.2	3,792.4	4,284.6	4,102.0	4,778.1	16.48%	36.27%
Other Revenue	3,943.8	4,289.6	4,465.6	4,944.4	5,027.2	5,691.6	5,784.0	6,121.3	5,529.2	5,739.0	3.79%	0.83%
TOTAL REVENUE	19,250.3	17,861.7	17,757.5	21,637.6	21,153.8	22,375.1	23,376.8	25,042.5	25,513.9	26,142.0	2.46%	16.84%
Net Revenue	17,964.3	16,383.8	15,752.8	19,076.8	18,087.6	18,762.9	19,329.4	20,682.3	21,635.3	21,802.5	0.77%	16.20%
EXPENSES:												
Total Compensation	6,418.8	6,104.5	5,801.7	6,988.9	6,851.2	6,771.2	7,061.3	7,742.7	7,745.3	7,497.7	-3.20%	10.73%
- Registered Representative Compensation	2,060.0	1,995.1	1,896.2	1,990.6	2,223.0	2,181.0	2,236.2	2,242.2	2,519.3	2,318.0	-7.99%	6.28%
- Clerical Employee Compensation	885.3	810.2	786.2	1,130.2	1,230.8	1,214.4	1,207.2	1,303.0	1,365.1	1,236.8	-9.40%	1.85%
- Voting Officer Compensation	556.9	519.6	493.9	816.6	559.5	506.8	532.4	731.6	525.0	527.3	0.43%	4.05%
- Other Employee Compensation (FOCUS IIA Only)	2,916.4	2,779.6	2,625.4	3,051.5	2,837.9	2,869.0	3,085.5	3,466.0	3,335.8	3,415.6	2.39%	19.05%
Total Floor Costs	3,031.2	3,014.5	2,809.7	3,054.9	3,046.3	3,166.9	3,262.4	3,330.1	3,452.0	3,690.1	6.90%	16.52%
- Floor Brokerage Paid to Brokers	57.3	56.9	55.1	43.6	51.0	52.4	51.4	80.7	81.8	82.6	0.92%	57.63%
- Commissions & Clearance Paid to Other Brokers	387.8	384.0	339.7	393.3	373.9	398.9	415.8	400.1	432.2	698.3	61.58%	75.06%
- Clearance Paid to Non-Brokers	95.3	83.6	83.5	104.4	120.2	134.3	122.8	140.4	119.2	129.2	8.37%	-3.81%
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	2,490.7	2,490.0	2,331.4	2,513.5	2,501.2	2,581.3	2,672.5	2,708.8	2,818.7	2,780.0	-1.38%	7.70%
Communications Expense	115.4	109.7	114.1	163.8	167.4	161.8	161.8	160.8	159.7	155.9	-2.39%	-3.62%
Occupancy & Equipment Costs	187.7	196.1	191.2	321.7	314.6	312.5	309.1	317.1	300.7	289.0	-3.90%	-7.54%
Promotional Costs	159.9	151.5	141.8	233.8	212.6	215.3	212.1	293.1	280.5	237.4	-15.34%	10.30%
Interest Expense	1,286.0	1,477.8	2,004.6	2,560.8	3,066.2	3,612.2	4,047.4	4,360.2	3,878.6	4,339.5	11.88%	20.13%
Losses from Error Accounts & Bad Debts	17.1	14.3	11.8	15.5	28.0	21.9	23.2	-9.5	24.7	29.5	19.36%	34.64%
Data Processing Costs	215.0	203.2	180.2	205.9	181.3	193.1	193.4	213.6	210.7	190.9	-9.43%	-1.14%
Regulatory Fees & Expenses	67.2	87.1	64.7	88.9	73.3	97.9	92.1	95.0	77.3	97.9	26.60%	0.03%
Non-Recurring Charges	2.9	79.2	2.9	118.5	0.9	1.0	0.7	6.9	1.0	1.2	12.99%	16.47%
Other Expenses	5,242.8	5,173.1	5,237.2	5,800.6	5,433.9	5,592.2	5,796.8	6,625.1	6,293.2	6,649.1	5.66%	18.90%
TOTAL EXPENSES	16,744.0	16,611.1	16,560.0	19,553.2	19,375.9	20,145.8	21,160.2	23,135.1	22,423.7	23,178.2	3.36%	15.05%
PRE-TAX NET INCOME	2,506.3	1,250.6	1,197.5	2,084.4	1,777.9	2,229.3	2,216.6	1,907.5	3,090.2	2,963.8	-4.09%	32.95%
Federal Income Tax (Tax Benefit)	420.4	284.9	150.8	456.3	430.1	448.8	445.8	412.3	571.6	593.8	3.89%	32.32%
Income (Loss) from Unconsolidated Subsidiaries	233.1	-101.0	83.1	304.5	40.7	22.9	48.9	32.4	38.4	25.2	-34.36%	9.93%
Extraordinary Gain (Loss)	-1.0	-89.5	0.3	-2.2	-0.6	-2.8	-0.3	0.1	-0.1	-0.5	283.47%	-83.39%
Cumulative Effect of Accounting Changes	0.0	0.0	0.3	-0.1	-0.1	0.0	0.0	-9.2	2.1	0.0	-101.03%	633.33%
NET INCOME	2,318.2	775.2	1,130.4	1,930.4	1,387.8	1,800.6	1,819.5	1,518.5	2,559.0	2,394.7	-6.42%	32.99%
TOTAL ASSETS	736,409.0	755,097.2	800,202.6	782,433.2	928,604.7	884,768.9	978,192.1	827,576.0	973,192.6	813,515.8	-16.41%	8.05%
TOTAL LIABILITIES	688,376.4	707,983.9	751,858.3	732,392.8	884,299.6	840,066.9	932,370.3	779,938.7	925,695.3	763,269.4	-17.55%	-9.14%
TOTAL OWNERSHIP EQUITY	48,032.5	47,113.3	48,344.3	50,040.4	44,305.1	44,702.0	45,821.8	47,637.3	47,497.3	50,246.4	5.79%	12.40%
TOTAL NET CAPITAL	24,675.2	25,157.0	25,800.5	25,925.7	25,443.6	25,990.3	25,800.1	26,714.4	26,547.6	26,231.8	-1.19%	0.93%
NUMBER OF FIRMS IN CATEGORY	5,054	5,042	5,037	4,990	4,964	4,971	4,965	4,917	4,911	4,909	-0.04%	-1.25%
PERSONNEL - INCOME PRODUCING	52,460	52,315	52,598	58,562	59,291	58,918	59,058	59,648	59,269	52,079	-12.13%	-11.61%
PERSONNEL - ALL OTHER	29,750	30,093	30,147	37,622	37,777	38,426	36,581	37,155	38,532	33,694	-12.56%	-12.31%
PERSONNEL - TOTAL	82,210	82,408	82,745	96,184	97,068	97,344	95,639	96,803	97,801	85,773	-12.30%	-11.89%

Source: SIA DataBank

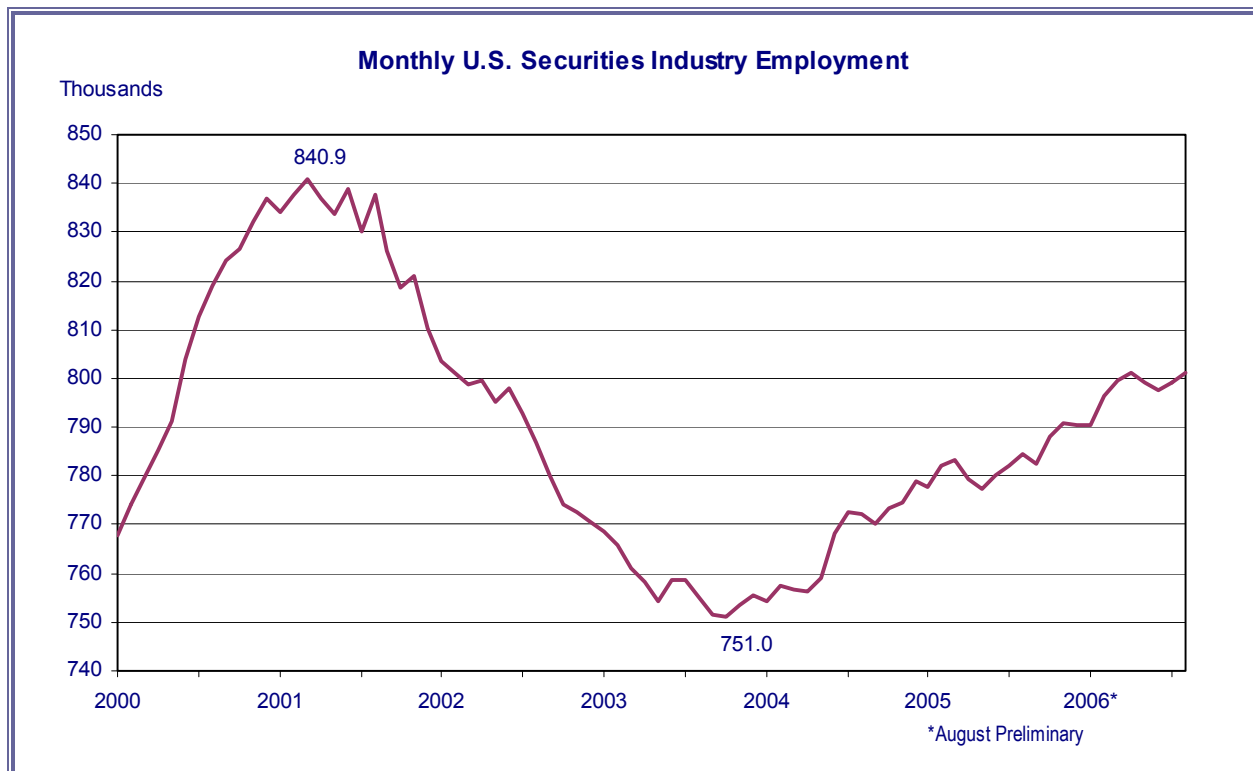
SECURITIES INDUSTRY EMPLOYMENT UPDATE

Summary

The number of jobs in the securities industry increased in August for the second consecutive month. The U.S. Department of Labor's Bureau of Labor Statistics (BLS) estimates that the securities industry gained 2,100 jobs, up 0.3% from July's level. BLS reported that securities industry employment in New York State shrank in August while it grew in New York City. Securities industry employment in New York State decreased by 0.3%, or 700 jobs, and increased in New York City by 0.3%, or 500 jobs, from July's levels.

U.S. Employment

National securities industry employment reached a year-to-date high of 801,300 jobs in August, the highest month-end level since April 2002, when there were 801,900 jobs and 2.3% above the same year-earlier period. Securities industry employment in the U.S. has gradually trended upward during the 31 months since the end of the last cyclical employment downturn, when the industry lost 89,900 jobs, or 10.7%, of its total workforce. From the October 2003 nadir of 751,000 jobs through August 2006, the securities industry gained 50,300 jobs. This represents a recovery of 56.0% of the jobs lost between the peak of 840,900 in March 2001 and the trough of October 2003.

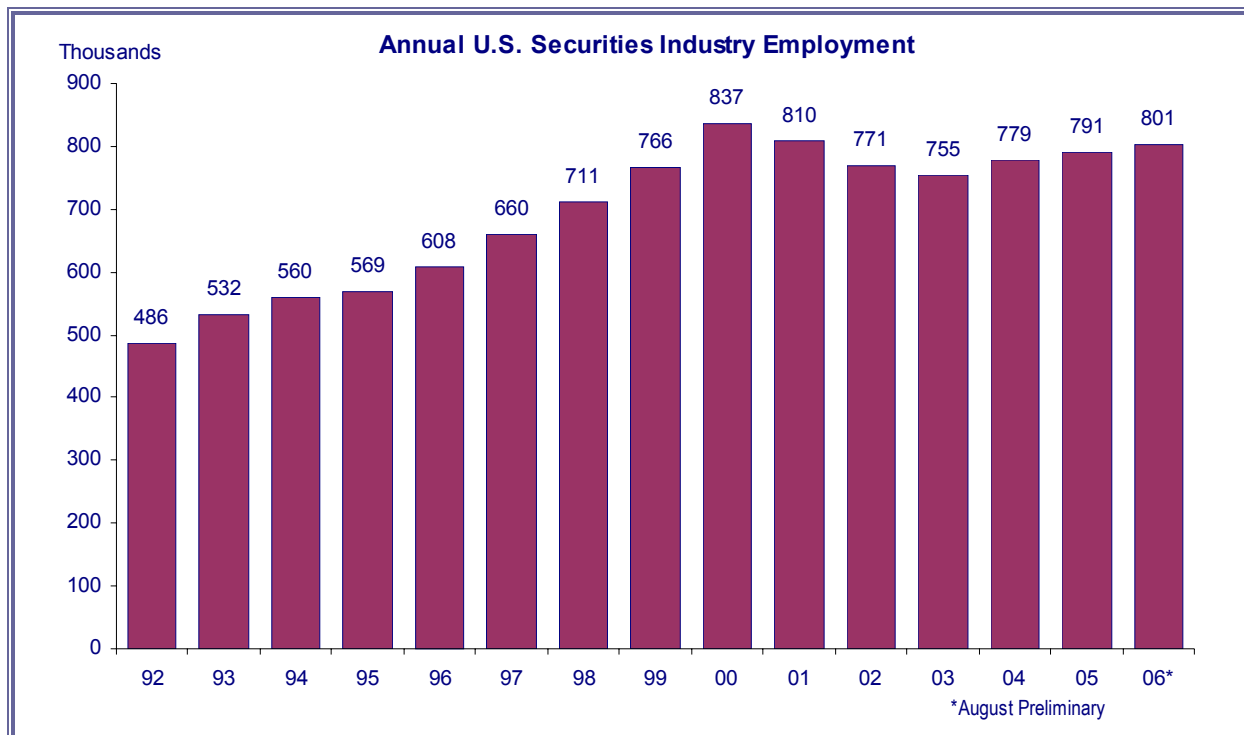


Source: Bureau of Labor Statistics, U.S. Department of Labor

National Securities Industry Employment 1 Month Net Change (Thousands)												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	-0.1	4.1	2.6	3.3	3.7	5.2	4.3	1.4	-2.2	0.8	1.3	2.2
1993	-0.2	2.1	2.9	4.5	3.5	8.0	6.5	3.6	1.5	4.1	5.2	3.9
1994	2.4	4.9	5.7	3.9	3.0	8.5	3.8	-0.3	-4.0	-2.2	2.4	0.6
1995	-2.3	0.9	-0.2	-1.3	1.3	4.2	1.3	1.3	-1.2	-0.3	2.5	2.4
1996	0.9	2.8	2.3	3.2	4.8	8.3	5.7	4.1	-3.5	1.9	4.3	4.7
1997	2.8	5.4	3.3	4.3	3.8	6.1	8.7	3.2	-1.0	5.6	5.4	4.0
1998	3.9	4.2	4.3	4.9	5.7	11.8	10.2	2.0	-1.1	4.6	-1.7	2.3
1999	0.9	-1.1	3.1	5.5	6.0	11.0	12.2	2.6	-3.1	5.2	8.4	4.7
2000	1.3	6.5	5.6	5.4	6.1	12.6	8.9	6.4	4.9	2.3	5.6	4.9
2001	-2.9	3.5	3.4	-4.2	-2.8	4.9	-8.7	7.4	-11.2	-7.5	2.1	-10.7
2002	-6.8	-2.3	-2.4	1.0	-4.4	2.8	-5.4	-5.7	-7.0	-6.0	-1.5	-1.8
2003	-2.0	-2.9	-4.8	-2.9	-3.8	4.3	0.2	-3.8	-3.4	-0.6	2.7	1.6
2004	-1.2	3.2	-0.7	-0.5	2.8	9.3	4.4	-0.3	-2.0	3.1	1.2	4.5
2005	-1.2	4.0	1.2	-3.6	-2.1	2.6	1.9	2.7	-2.2	5.7	2.8	-0.3
2006	0.0	5.6	3.3	1.7	-2.2	-1.4	1.6	2.1				

Source: BLS

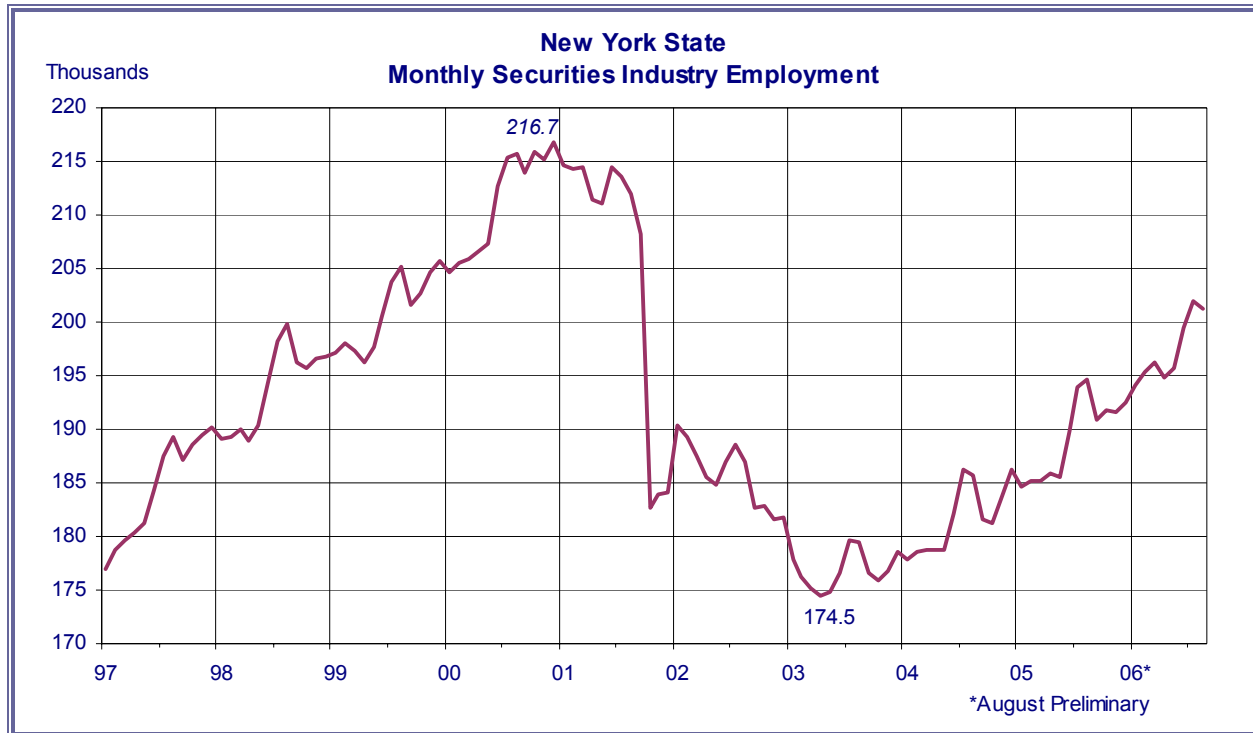
The August 2006 securities industry national headcount of 801,300 is still 4.7% below its peak level of 840,900 set in March 2001.



Source: BLS (year-end data)

New York State Employment

BLS estimates that the securities industry headcount in New York State decreased by 0.3%, or 700 jobs, in August, bringing the number of securities industry positions down to 201,300 from July's level of 202,000.



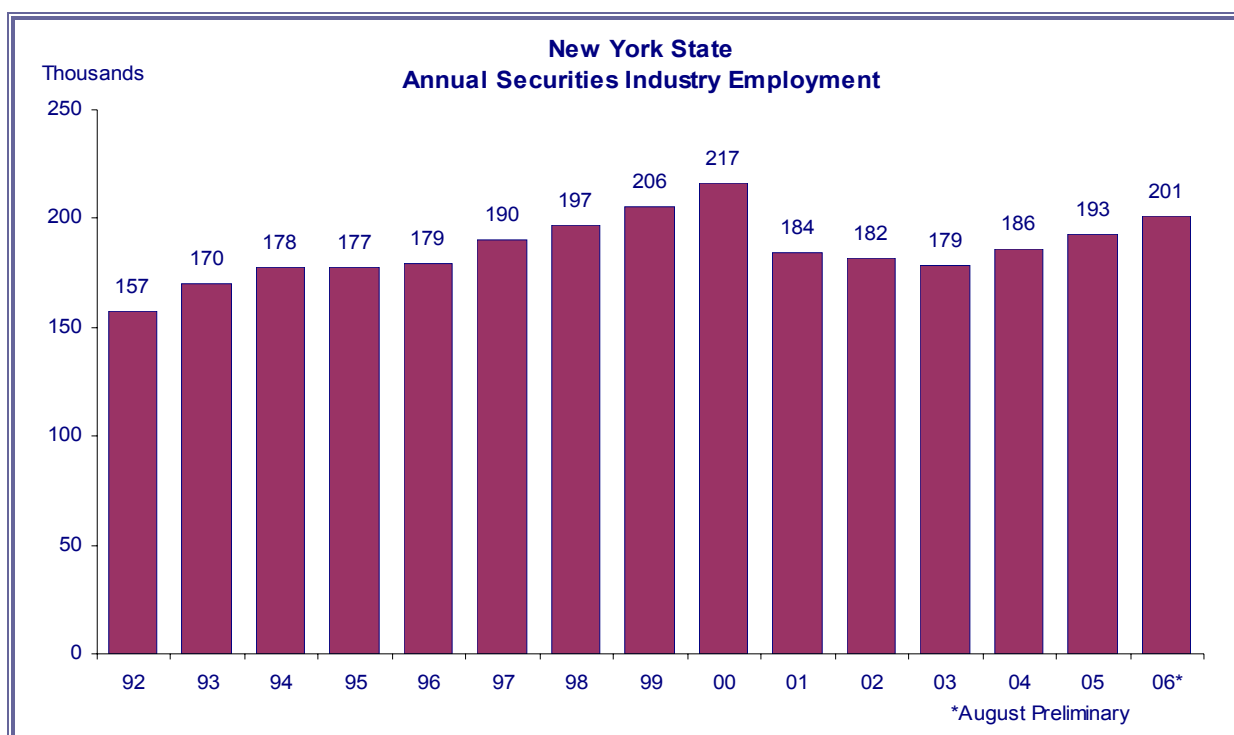
Source: BLS

Year-to-date the securities industry added 8,800 jobs in New York State, increasing its headcount by 4.6%. Although employment levels have been over 200,000 during the last two months, past employment data shows that the industry's headcount tends to trend downward in September and October. In fact, securities employment in New York has fallen every September since 1990, in part reflecting the return of summer interns to universities.

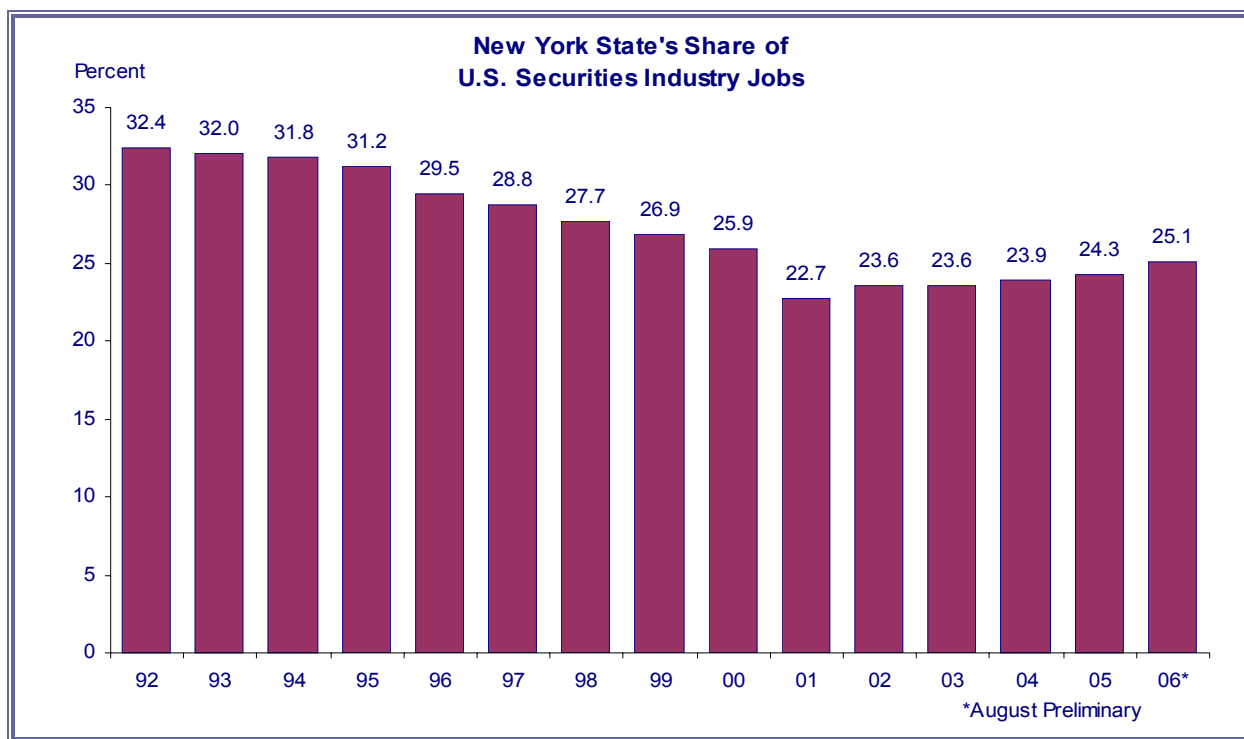
New York State Securities Industry Employment 1 Month Net Change (Thousands)												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	-3.6	0.6	0.3	3.9	0.4	1.8	-1.1	0.7	-2.2	-2.1	0.0	1.3
1993	0.8	0.7	0.1	1.3	0.2	2.4	2.2	1.2	-1.2	2.4	1.2	1.5
1994	-1.4	1.6	1.2	2.0	0.1	3.0	1.9	1.0	-1.7	-2.1	1.5	0.9
1995	-2.7	1.3	-0.7	-2.6	0.0	1.3	-0.7	1.0	-1.2	1.7	0.8	1.2
1996	-6.0	1.5	0.9	-0.1	1.0	2.7	-0.8	0.4	-1.7	0.7	1.8	1.5
1997	-2.3	1.7	0.9	0.8	0.8	3.0	3.3	1.8	-2.2	1.4	1.0	0.7
1998	-1.1	0.2	0.7	-1.1	1.4	3.9	4.1	1.5	-3.6	-0.5	0.9	0.1
1999	0.5	0.8	-0.6	-1.1	1.3	3.0	3.2	1.3	-3.5	1.1	1.9	1.2
2000	-1.2	1.0	0.3	0.7	0.8	5.3	2.6	0.5	-1.9	2.0	-0.7	1.5
2001	-2.1	-0.3	0.2	-3.0	-0.4	3.3	-0.9	-1.6	-3.7	-25.5	1.3	0.1
2002	6.2	-1.1	-1.7	-1.9	-0.7	2.1	1.6	-1.7	-4.2	0.2	-1.3	0.1
2003	-3.9	-1.5	-1.1	-0.7	0.3	1.8	3.0	-0.1	-2.9	-0.7	0.8	1.9
2004	-0.7	0.6	0.3	-0.2	0.2	3.6	3.5	-0.6	-3.5	1.7	0.3	2.4
2005	-1.5	0.4	0.1	0.7	-0.4	4.4	4.1	0.7	-3.8	0.9	-0.2	0.9
2006	1.6	1.3	0.9	-1.4	0.9	3.7	2.5	-0.7				

Source: BLS

The August 2006 securities industry headcount of 201,300 jobs in New York State was 7.1% below the monthly peak of 216,700 reached in December 2000. The 28-month job recession that followed reduced the industry's headcount by 19.5%, or 42,200 jobs, before ending in April 2003 at an employment level of 174,500. By the end of August 2006, New York State had added 26,800 industry jobs since April 2003, regaining 63.5% of the jobs lost during the industry's recession.

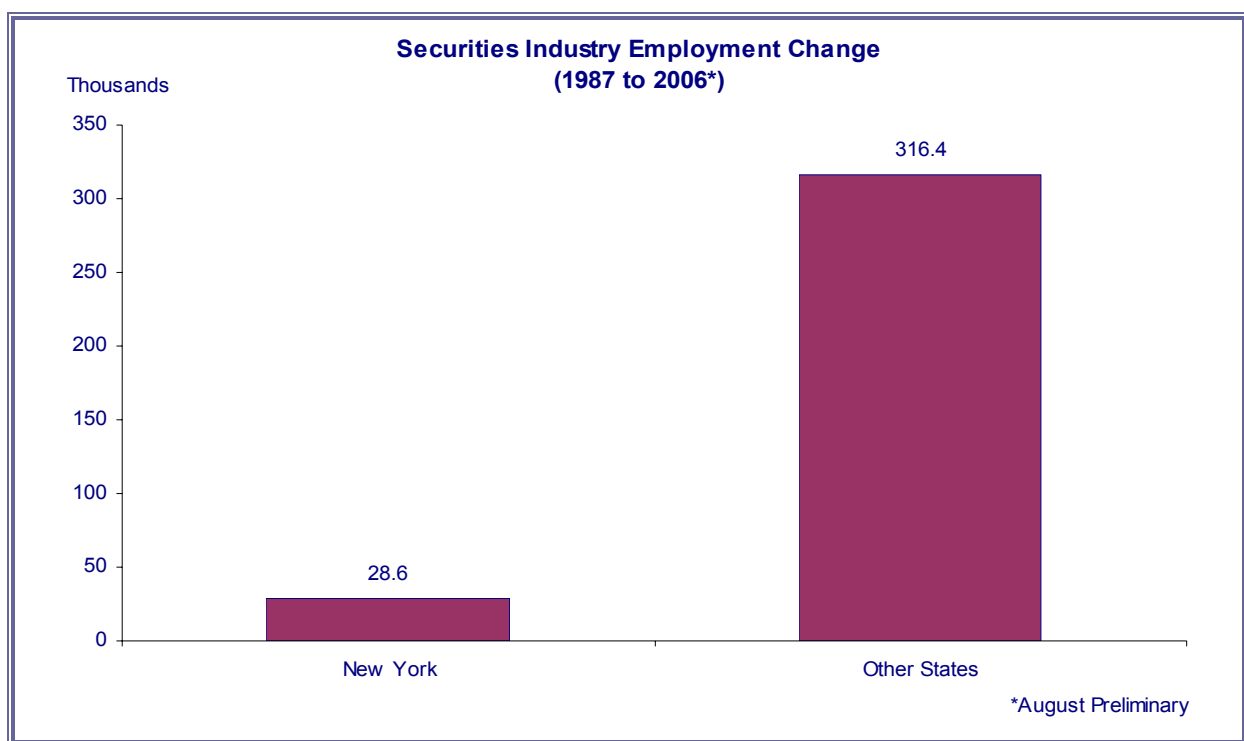


Source: BLS (year-end data)



Source: BLS

After decades of decline, New York State's share of the national securities industry's workforce has been increasing since 2001. The latest available BLS figures show that in August, New York State accounted for 25.1% of the total U.S. securities industry jobs, a slight increase from 2005 year-end (24.3%). However, the 28,600 new securities industry jobs created in the state since the 1987 stock market crash is equivalent to only 9.0% of the 316,400 security industry jobs created in the other 49 states combined.



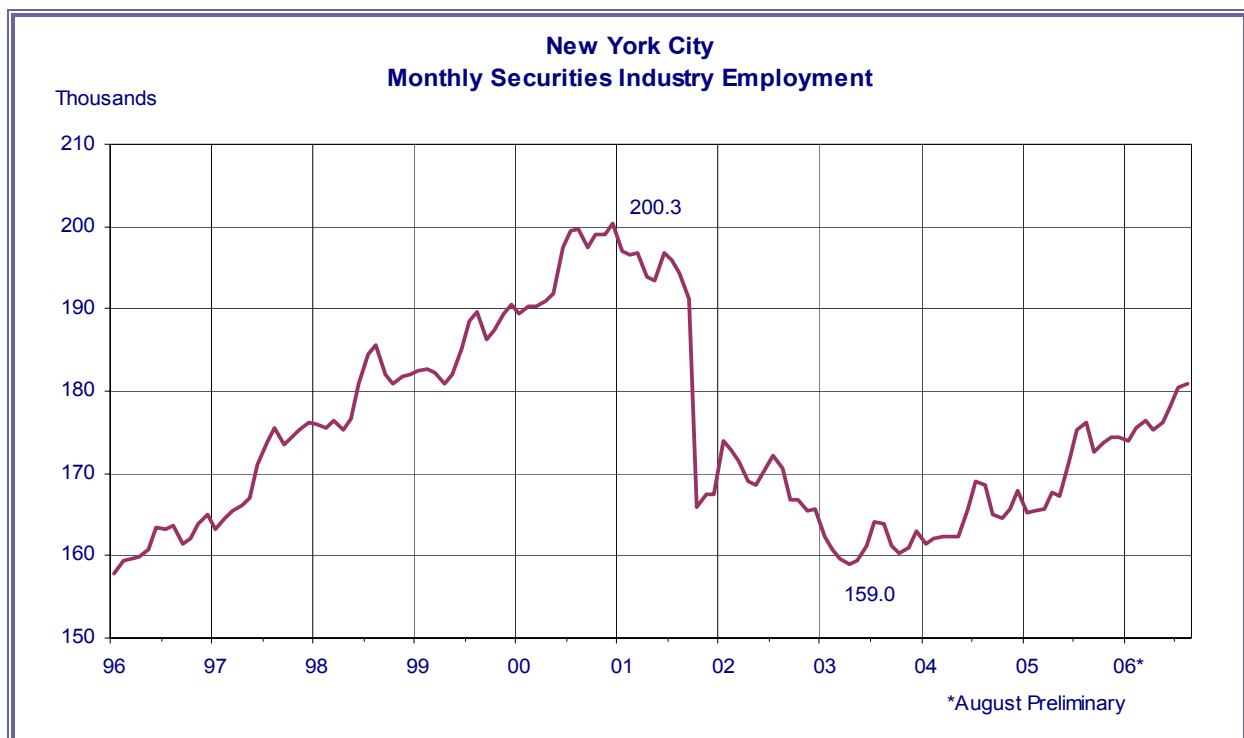
Source: BLS

New York City Employment

According to BLS preliminary data, New York City's securities industry employment increased by 0.3% in August from July's level. The securities industry's headcount in New York City was 181,000 at end-August, 500 more than in the prior month.

Year-to-date, the securities industry added 6,600 jobs in New York City compared to the addition of 8,400 jobs during the same year-earlier period. Ten years ago, New York City accounted for 27.6% of nationwide securities jobs compared with 22.6% at end-August.

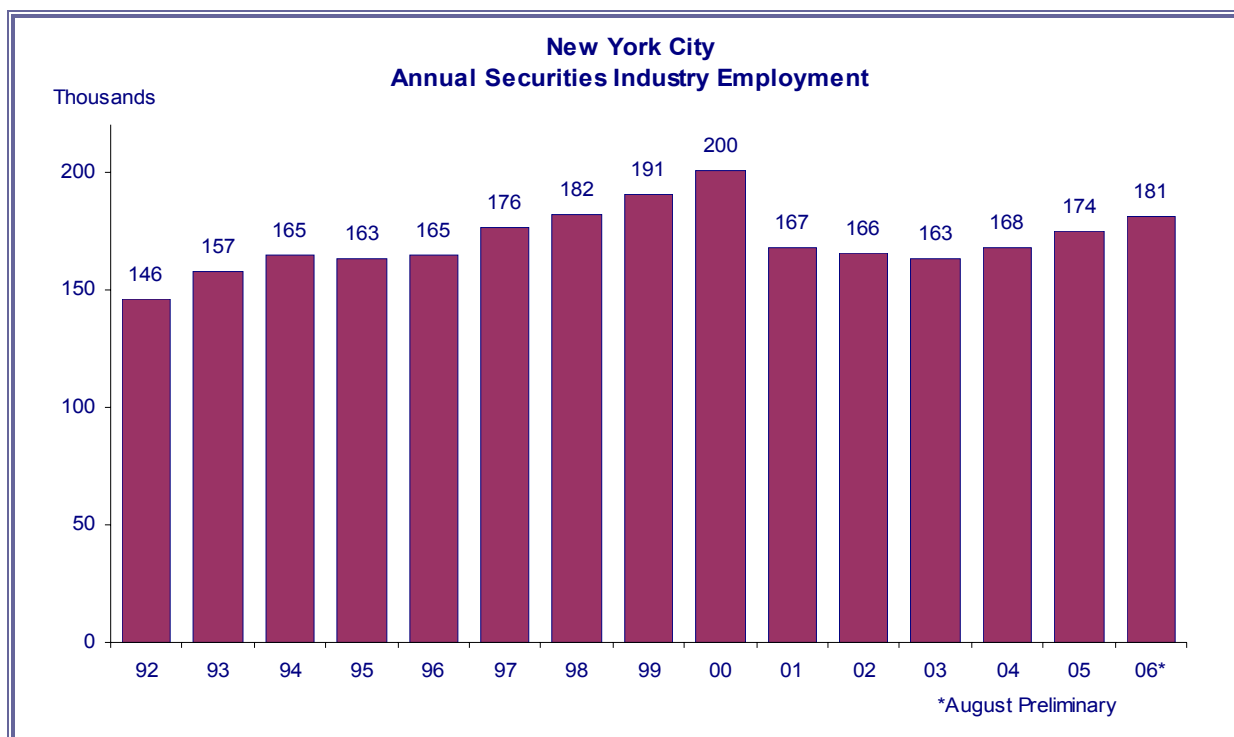
As of end-August, New York City had regained 22,000 securities industry jobs, or 53.3%, of the 41,300 jobs lost between the peak of 200,300 in December 2000 and the trough of 159,000 in April 2003. The jobs gained over the past 40 months represent a 13.8% increase of New York City securities industry employment. Employment in New York City's securities industry has been trending upward both absolutely and relatively, though it remains 9.6% below its peak level.



Source: BLS

New York City Securities Industry Employment 1 Month Net Change (Thousands)												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	-3.6	0.3	0.2	3.9	0.4	1.9	-1.7	0.6	-2.1	-2.0	-0.1	1.3
1993	0.8	0.6	0.2	0.6	0.4	2.3	1.6	2.3	-1.2	1.7	1.1	1.3
1994	-0.8	1.2	1.1	2.2	-0.1	3.2	1.9	0.9	-1.8	-2.3	1.2	0.9
1995	-3.0	1.0	-0.9	-1.7	-0.1	1.4	-0.8	1.0	-1.3	0.8	0.7	0.9
1996	-5.1	1.5	0.3	0.1	0.9	2.8	-0.4	0.5	-2.1	0.7	1.6	1.1
1997	-1.7	1.3	0.9	0.8	0.9	3.9	2.8	1.7	-1.9	0.8	1.0	0.9
1998	-0.3	-0.5	0.9	-1.1	1.4	4.2	3.6	1.1	-3.6	-1.1	1.0	0.2
1999	0.4	0.1	-0.4	-1.3	1.1	3.1	3.3	1.2	-3.4	1.2	2.0	1.1
2000	-1.0	0.7	0.0	0.8	0.8	5.6	2.0	0.2	-2.2	1.6	0.1	1.2
2001	-3.3	-0.5	0.4	-3.0	-0.4	3.3	-1.0	-1.4	-3.2	-25.3	1.5	0.0
2002	6.5	-1.0	-1.5	-2.3	-0.6	2.2	1.4	-1.5	-3.9	0.0	-1.2	0.1
2003	-3.2	-1.6	-1.1	-0.7	0.3	1.8	2.9	-0.2	-2.5	-1.0	0.7	1.9
2004	-1.4	0.6	0.3	-0.3	0.1	3.4	3.2	-0.6	-3.4	0.7	0.1	2.2
2005	-2.6	0.3	0.2	1.9	-0.3	4.1	4.0	0.8	-3.6	1.1	0.7	0.0
2006	-0.5	1.6	1.0	-1.1	0.7	2.1	2.3	0.5				

Source: BLS



Source: BLS (year-end data)

Paul Rainy
Research Assistant

SECURITIES INDUSTRY EMPLOYMENT
(in thousands; SIC Codes US and NY thru 1991, NAICS 92 on)

Year End	U.S.	Change From Prior Year (U.S.)	N.Y. State	Change From Prior Year (N.Y. State)	N.Y. State as % of U.S.	N.Y. City	Change From Prior Year (N.Y. City)	N.Y. City as % of N.Y. State	N.Y. City as % of U.S.
1973	182.1	-9.6%	77.4	-15.1%	42.5%	74.5	-15.0%	96.3%	40.9%
1974	167.1	-8.2%	69.0	-10.9%	41.3%	66.1	-11.3%	95.8%	39.6%
1975	171.3	2.5%	69.4	0.6%	40.5%	67.0	1.4%	96.5%	39.1%
1976	177.4	3.6%	72.8	4.9%	41.0%	70.1	4.6%	96.3%	39.5%
1977	183.4	3.4%	73.3	0.7%	40.0%	70.2	0.1%	95.8%	38.3%
1978	194.3	5.9%	77.0	5.0%	39.6%	73.7	5.0%	95.7%	37.9%
1979	214.2	10.2%	82.1	6.6%	38.3%	78.4	6.4%	95.5%	36.6%
1980	243.7	13.8%	94.8	15.5%	38.9%	90.0	14.8%	94.9%	36.9%
1981	267.0	9.6%	105.0	10.8%	39.3%	99.6	10.7%	94.9%	37.3%
1982	283.8	6.3%	108.9	3.7%	38.4%	102.7	3.1%	94.3%	36.2%
1983	328.3	15.7%	125.0	14.8%	38.1%	117.5	14.4%	94.0%	35.8%
1984	341.1	3.9%	129.2	3.4%	37.9%	121.7	3.6%	94.2%	35.7%
1985	367.5	7.7%	137.6	6.5%	37.4%	130.0	6.8%	94.5%	35.4%
1986	417.1	13.5%	157.1	14.2%	37.7%	148.8	14.5%	94.7%	35.7%
1987	456.3	9.4%	172.7	9.9%	37.8%	163.0	9.5%	94.4%	35.7%
1988	438.7	-3.9%	160.3	-7.2%	36.5%	150.4	-7.7%	93.8%	34.3%
1989	426.9	-2.7%	154.1	-3.9%	36.1%	144.0	-4.3%	93.4%	33.7%
1990	417.4	-2.2%	143.5	-6.9%	34.4%	133.9	-7.0%	93.3%	32.1%
1991	424.1	1.6%	139.5	-2.8%	32.9%	129.6	-3.2%	92.9%	30.6%
1992	485.9	14.6%	157.2	12.7%	32.4%	145.7	12.4%	92.7%	30.0%
1993	531.5	9.4%	170.0	8.1%	32.0%	157.4	8.0%	92.6%	29.6%
1994	560.2	5.4%	178.0	4.7%	31.8%	165.0	4.8%	92.7%	29.5%
1995	568.8	1.5%	177.4	-0.3%	31.2%	163.0	-1.2%	91.9%	28.7%
1996	608.3	6.9%	179.3	1.1%	29.5%	164.9	1.2%	92.0%	27.1%
1997	659.9	8.5%	190.2	6.1%	28.8%	176.3	6.9%	92.7%	26.7%
1998	711.0	7.7%	196.7	3.4%	27.7%	182.1	3.3%	92.6%	25.6%
1999	766.4	7.8%	205.8	4.6%	26.9%	190.5	4.6%	92.6%	24.9%
2000	836.9	9.2%	216.7	5.3%	25.9%	200.3	5.1%	92.4%	23.9%
2001	810.2	-3.2%	184.1	-15.0%	22.7%	167.4	-16.4%	90.9%	20.7%
2002	770.7	-4.9%	181.7	-1.3%	23.6%	165.6	-1.1%	91.1%	21.5%
2003	755.3	-2.0%	178.6	-1.7%	23.6%	162.9	-1.6%	91.2%	21.6%
2004	779.1	3.2%	186.2	4.3%	23.9%	167.8	3.0%	90.1%	21.5%
2005	790.6	1.5%	192.5	3.4%	24.3%	174.4	3.9%	90.6%	22.1%
Jan:04	754.1	-1.9%	177.9	0.1%	23.6%	161.5	-0.6%	90.8%	21.4%
Feb:04	757.3	-1.1%	178.5	1.2%	23.6%	162.1	0.8%	90.8%	21.4%
Mar:04	756.6	-0.6%	178.8	2.1%	23.6%	162.4	1.7%	90.8%	21.5%
Apr:04	756.1	-0.3%	178.6	2.3%	23.6%	162.1	1.9%	90.8%	21.4%
May:04	758.9	0.6%	178.8	2.3%	23.6%	162.2	1.8%	90.7%	21.4%
June:04	768.2	1.3%	182.4	3.3%	23.7%	165.6	2.8%	90.8%	21.6%
July:04	772.6	1.8%	185.9	3.5%	24.1%	168.8	2.9%	90.8%	21.8%
Aug:04	772.3	2.3%	185.3	3.2%	24.0%	168.2	2.7%	90.8%	21.8%
Sept:04	770.3	2.5%	181.8	2.9%	23.6%	164.8	2.2%	90.6%	21.4%
Oct:04	773.4	3.0%	183.5	4.3%	23.7%	165.5	3.2%	90.2%	21.4%
Nov:04	774.6	2.8%	183.8	4.0%	23.7%	165.6	2.9%	90.1%	21.4%
Dec:04	779.1	3.2%	186.2	4.3%	23.9%	167.8	3.0%	90.1%	21.5%
Jan:05	777.9	3.2%	184.7	3.8%	23.7%	165.2	2.3%	89.4%	21.2%
Feb:05	781.9	3.2%	185.1	3.7%	23.7%	165.5	2.1%	89.4%	21.2%
Mar:05	783.1	3.5%	185.2	3.6%	23.6%	165.7	2.0%	89.5%	21.2%
Apr:05	779.5	3.1%	185.9	4.1%	23.8%	167.6	3.4%	90.2%	21.5%
May:05	777.4	2.4%	185.5	3.7%	23.9%	167.3	3.1%	90.2%	21.5%
June:05	780.0	1.5%	189.9	4.1%	24.3%	171.4	3.5%	90.3%	22.0%
July:05	781.9	1.2%	194.0	4.4%	24.8%	175.4	3.9%	90.4%	22.4%
Aug:05	784.6	1.6%	194.7	5.1%	24.8%	176.2	4.8%	90.5%	22.5%
Sept:05	782.4	1.6%	190.9	5.0%	24.4%	172.6	4.7%	90.4%	22.1%
Oct:05	788.1	1.9%	191.8	4.5%	24.3%	173.7	5.0%	90.6%	22.0%
Nov:05	790.9	2.1%	191.6	4.2%	24.2%	174.4	5.3%	91.0%	22.1%
Dec:05	790.6	1.5%	192.5	3.4%	24.3%	174.4	3.9%	90.6%	22.1%
Jan:06	790.6	1.6%	194.1	5.1%	24.6%	173.9	5.3%	89.6%	22.0%
Feb:06	796.2	1.8%	195.4	5.6%	24.5%	175.5	6.0%	89.8%	22.0%
Mar:06	799.5	2.1%	196.3	6.0%	24.6%	176.5	6.5%	89.9%	22.1%
Apr:06	801.2	2.8%	194.9	4.8%	24.3%	175.4	4.7%	90.0%	21.9%
May:06	799.0	2.8%	195.8	5.6%	24.5%	176.1	5.3%	89.9%	22.0%
June:06	797.6	2.3%	199.5	5.1%	25.0%	178.2	4.0%	89.3%	22.3%
July:06*	799.2	2.2%	202.0	4.1%	25.3%	180.5	2.9%	89.4%	22.6%
Aug:06*	801.3	2.1%	201.3	3.4%	25.1%	181.0	2.7%	89.9%	22.6%

*Preliminary

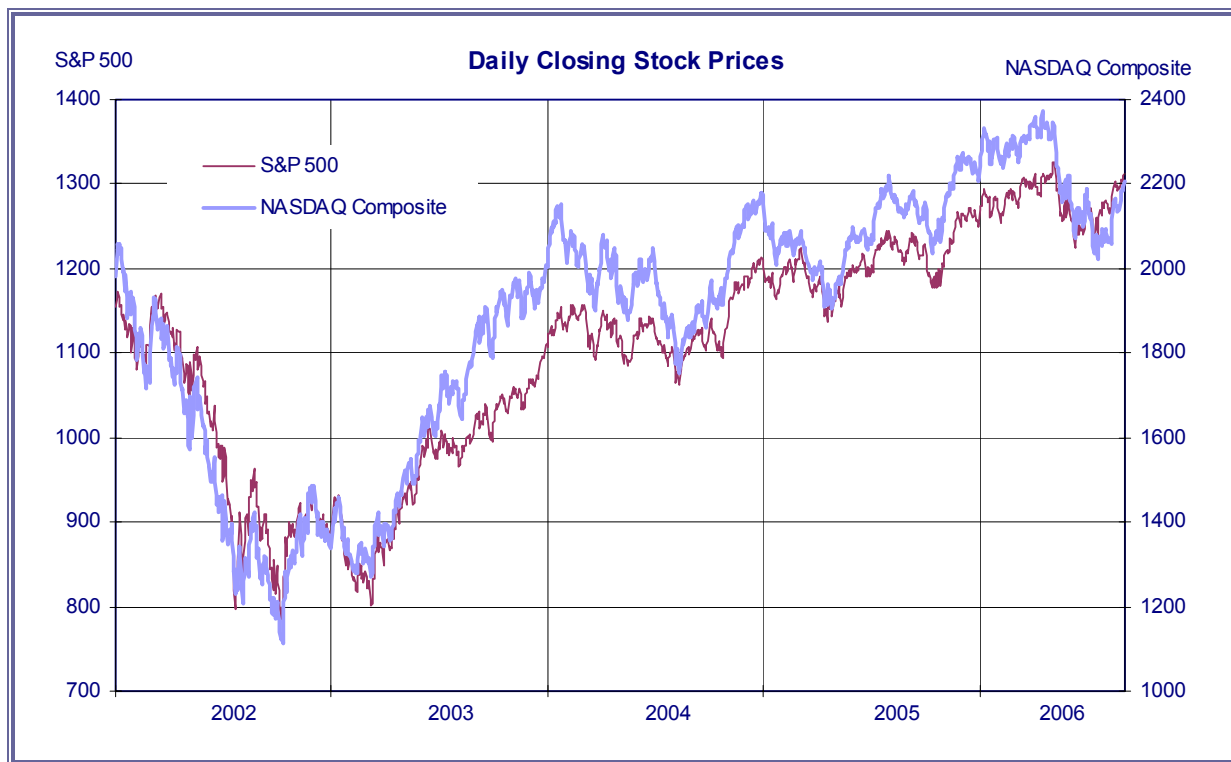
Source: BLS; New York State Department of Labor

MONTHLY STATISTICS REVIEW

U.S. Equity Market Activity

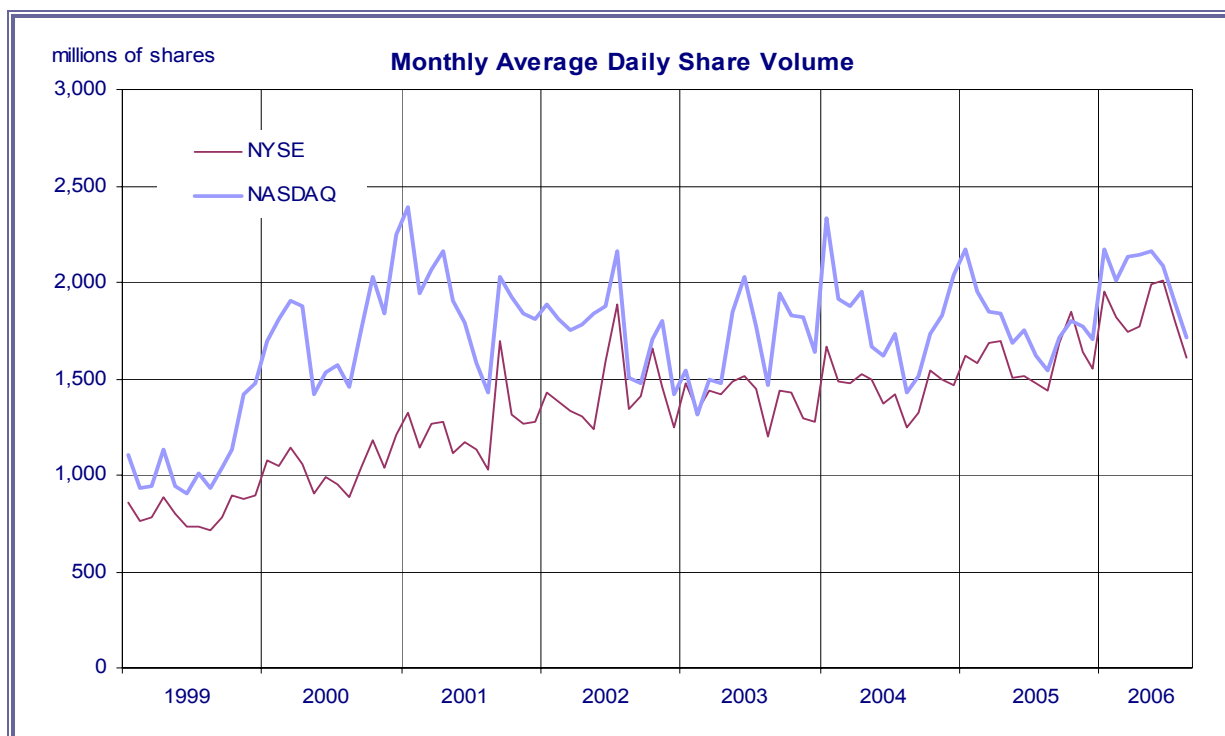
Stock Prices – U. S. equity prices, which remained range bound during most of June and July, moved higher in August as the Federal Reserve ‘paused.’ Data supportive of the Fed’s view of only a modest slowdown in growth in the economy and in corporate earnings and of a “plateauing” of inflationary pressures helped lift both investor sentiment and the major equity market indexes in August and September. The Dow Jones Industrial Average (DJIA) closed August up 1.7% for the month, and 6.7% above near-term lows touched in July. The DJIA finished August at 11,381.15, just 2.3% below highs for the year set in May and 3.0% short of its all-time-high closing set on January 14, 2000 at 11,722.98.

In August, the S&P 500 Index rose 2.1%, extending July’s gains, while the technology-laden NASDAQ Composite Index recouped 4.4% to reach 2,183.75 after a decline of comparable magnitude the month before. At end-August, all three of the major indices were in positive territory year-to-date. The DJIA, S&P 500 Index and NASDAQ Composite Index were up 8.6%, 6.8% and 1.5%, respectively, since the beginning of the year.

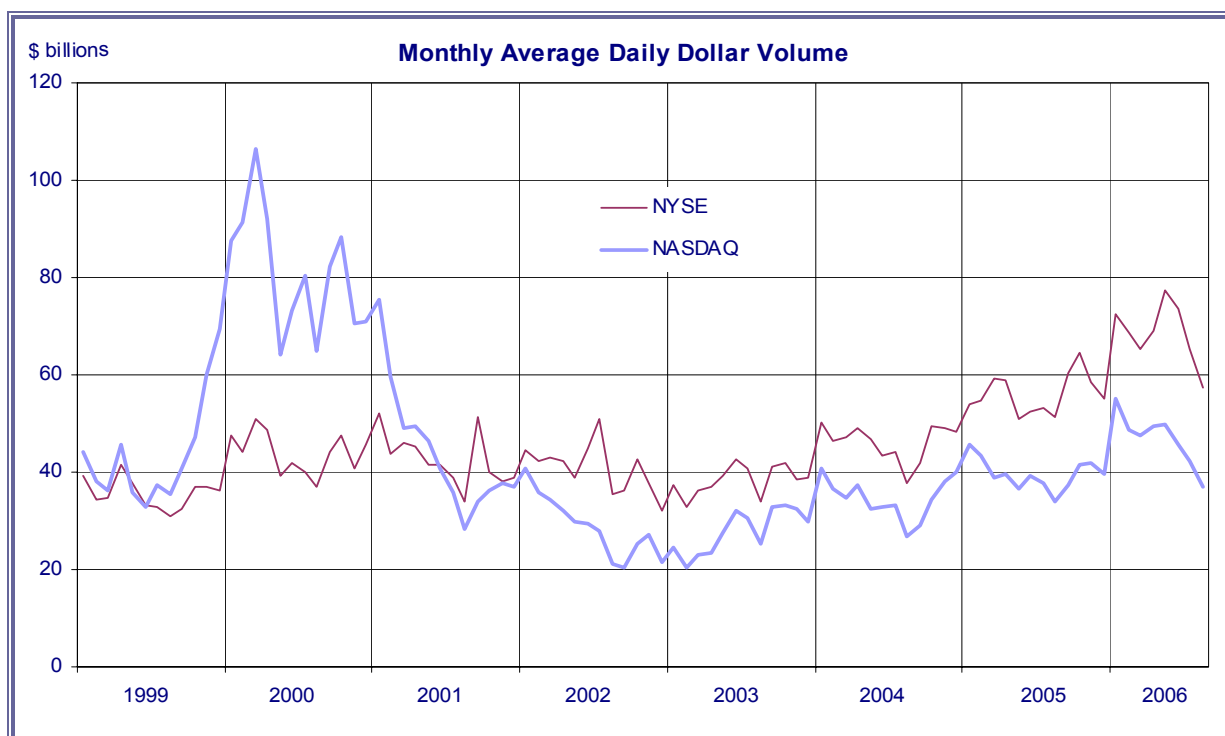


Share Volume – During August, trading volumes across equity and options exchanges were off for the second month in a row, but futures exchanges reported a pickup in activity, as the Fed’s inaction brought the seasonal summer slowdown in secondary market activity to an early end.

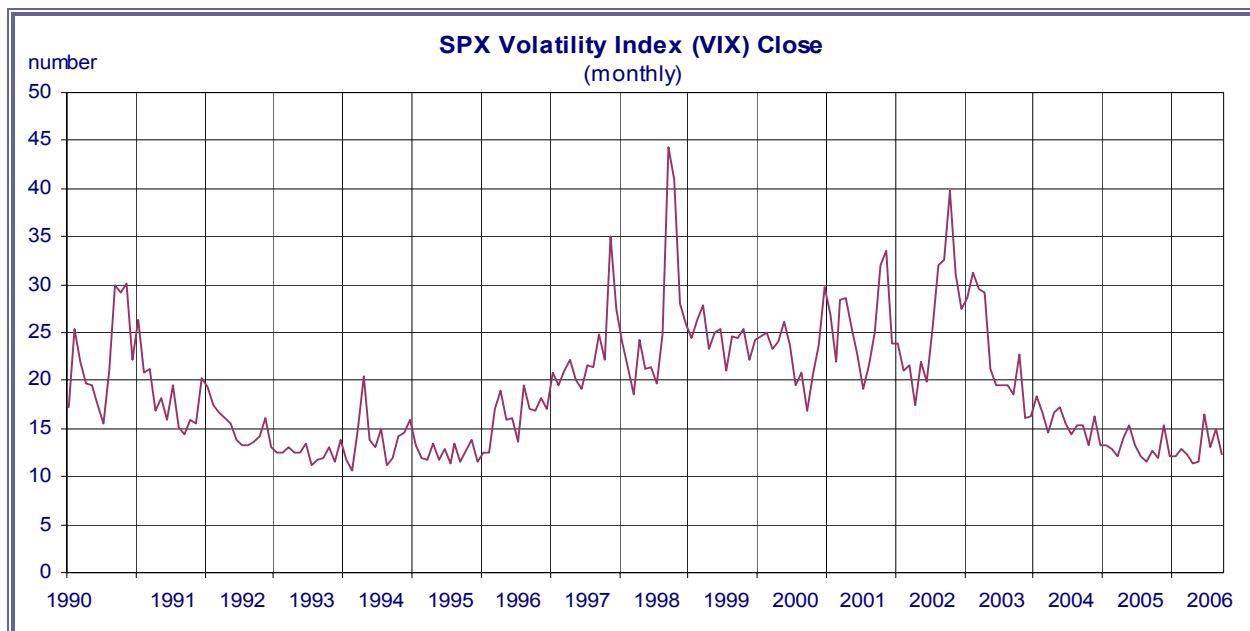
Average daily trading volume declined on the New York Stock Exchange by 10.2% in August to 1.61 billion shares, while NASDAQ volume dipped by 9.7% to 1.71 billion shares. However, average daily share volume during the first eight months of 2006 was up 17.4% on the NYSE and 13.5% on NASDAQ over results in the same year-earlier period. Part of the decline in volume reflects increasing internalization among member firms.



Dollar Volume – Continuing the seasonal downward trend, average daily dollar volume on both the NYSE and NASDAQ dipped for the third month in a row in August. Average daily dollar volume on the NYSE was off 12.1% from July levels and 25.7% from the year's high set in May. NASDAQ average daily dollar volume slumped 12.4% in August to \$36.9 billion, the lowest monthly volume of the year and 25.6% below May's level. However, thanks to the stronger first-half results, year-to-date average daily dollar volume on the NYSE was up 26.3% relative to the same year-earlier period, while NASDAQ average daily dollar volume for the first eight months of this year was 19% higher than in the comparable period of 2005.

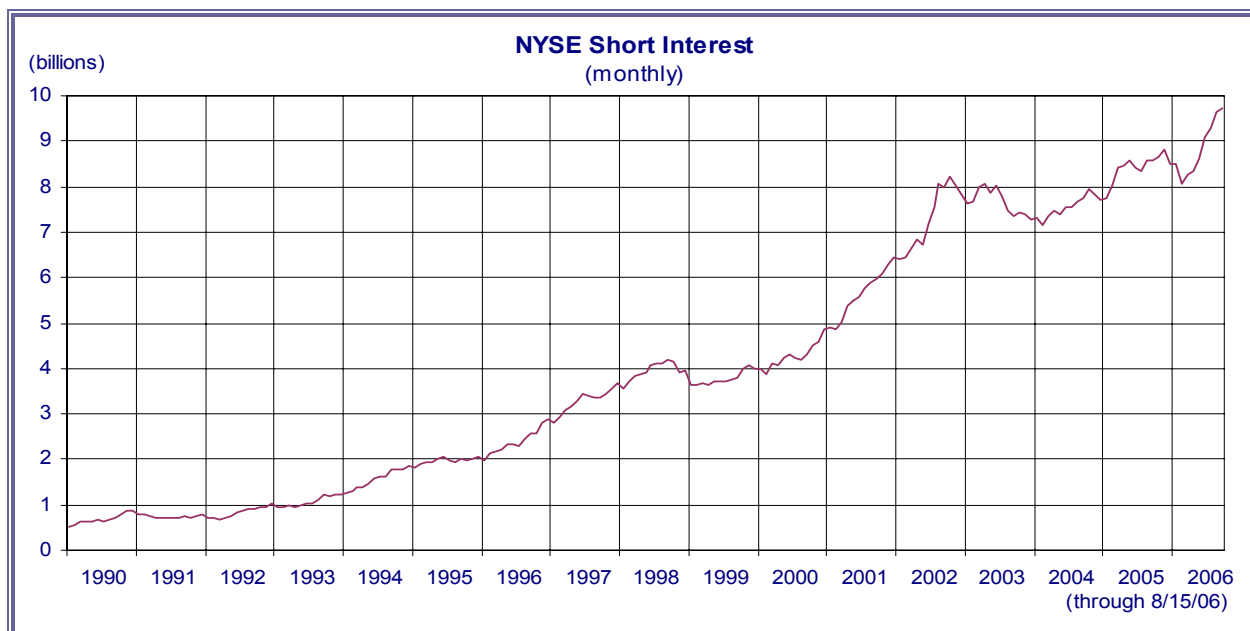


CBOE Volatility Index (VIX)¹ – The Chicago Board of Options Exchange Volatility Index, or VIX, is a forward-looking measure of the expected volatility of the S&P 500. The VIX closed August at 12.31, down 17.7% from July's close of 14.95 and 2.4% from the August 2005 close of 12.60. This was below the spike in volatility seen this May, and well below the all-time monthly high of 44.28 recorded at end-August 1998.



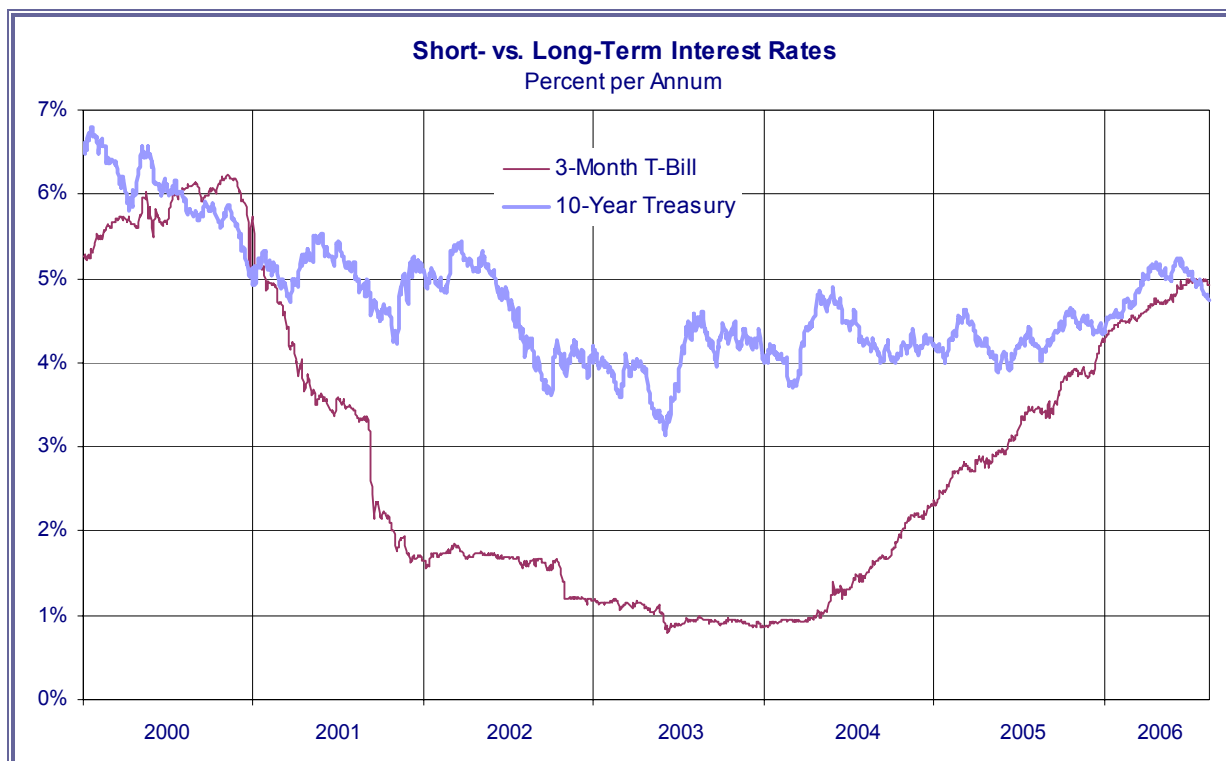
Source: Chicago Board of Options Exchange

Short Interest – NYSE short interest remained above the nine trillion share level for the fourth consecutive month, with September 15 short interest at over 9.7 trillion shares, representing 2.6% of the total shares outstanding on the NYSE. The short ratio, or the number of days' average volume represented by the outstanding short positions at the exchange, rose to 5.9 in August, only to increase to 7.0 again in September.



¹ The VIX is an indicator of the degree to which options traders expect the value of the S&P 500 to fluctuate over the next 30 days.

Interest Rates – The 10-year U.S. Treasury (UST) bond yield has been below that of the one-year UST bill throughout the summer as an inverted yield curve prevailed across that range of maturities. During August, the average 3-month UST bill yield also moved above the average yield on the 10-year UST. The last time this occurred was during the five-month period that ended in December 2000. The yield on the 10-year UST bond averaged 4.88% in August, 21 basis points (bps) lower than in July, while the three-month rate rose one bp to 4.96%, six bps above the 10-year yield.

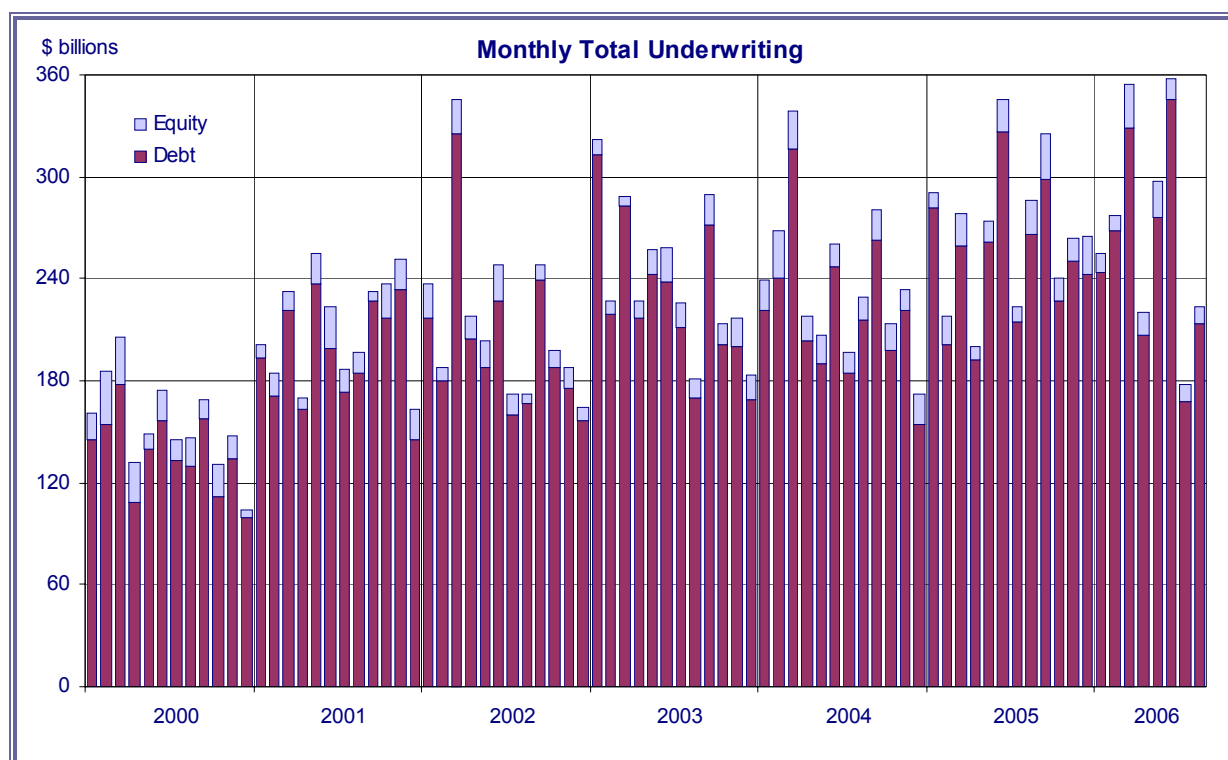


Source: Federal Reserve Bank of St. Louis

Note: Daily closing yields

U.S. Underwriting Activity

Corporate Underwriting Activity – Underwriting activity recovered somewhat in August after a slowdown in July that was pronounced even for this seasonably slow period. The dollar value of total U.S. corporate underwriting activity rose to \$223.3 billion in August, up 26.0% up from July. For the first eight months of 2006, however, overall underwriting activity in the U.S. markets totaled \$2.16 trillion, an increase of 2.2% over that in the same period last year. If the market maintains the year-to-date monthly average of \$270 billion for the final four months of this year, 2006 would set another record for total underwriting, eclipsing the record set just last year when it reached \$3.21 trillion.²



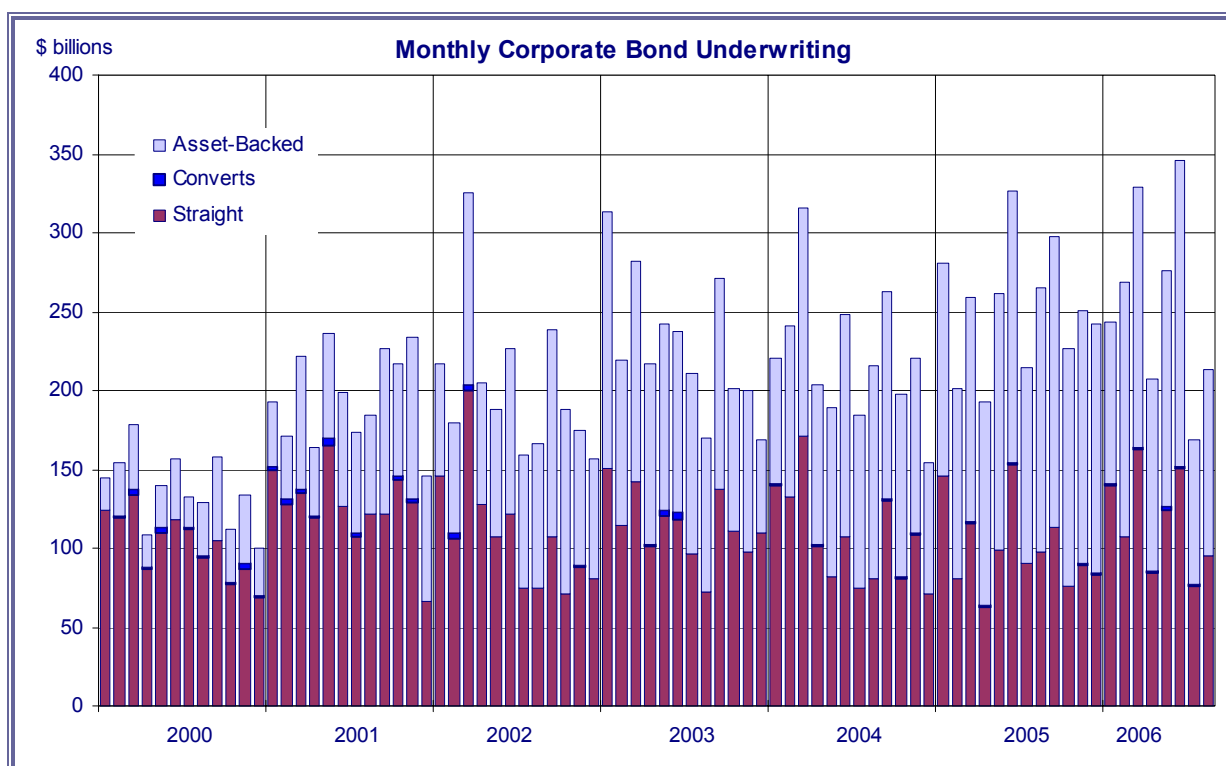
Source: Thomson Financial

Corporate Bond Underwriting – The total value of corporate debt underwriting rose 26.8% to reach \$213.1 billion in August from July's total of \$168.1 billion, the lowest monthly total thus far this year. Despite this partial recovery, August corporate debt underwriting was still well below the monthly average of \$278.1 billion in the first half of 2006, and 19.8% below the level seen in August 2005. Year-to-date total corporate debt underwriting reached \$2,049.5 billion, up a modest 2.3% from \$2,002.5 billion in the same period last year.

A surge in asset-backed debt offerings drove the August total higher, as issuance jumped 29.3% to \$117.5 billion from \$90.9 billion in July. During the first eight months of 2006, \$1,101.1 billion was raised in the asset-backed debt market, a drop of 4.6% over last year's comparable period. Although the total for the first eight months of 2006 is only \$14.3 billion below the total amount raised in all of 2002, asset-backed debt issuance is likely to approach, but not surpass, the record of \$1,808.6 billion set last year.

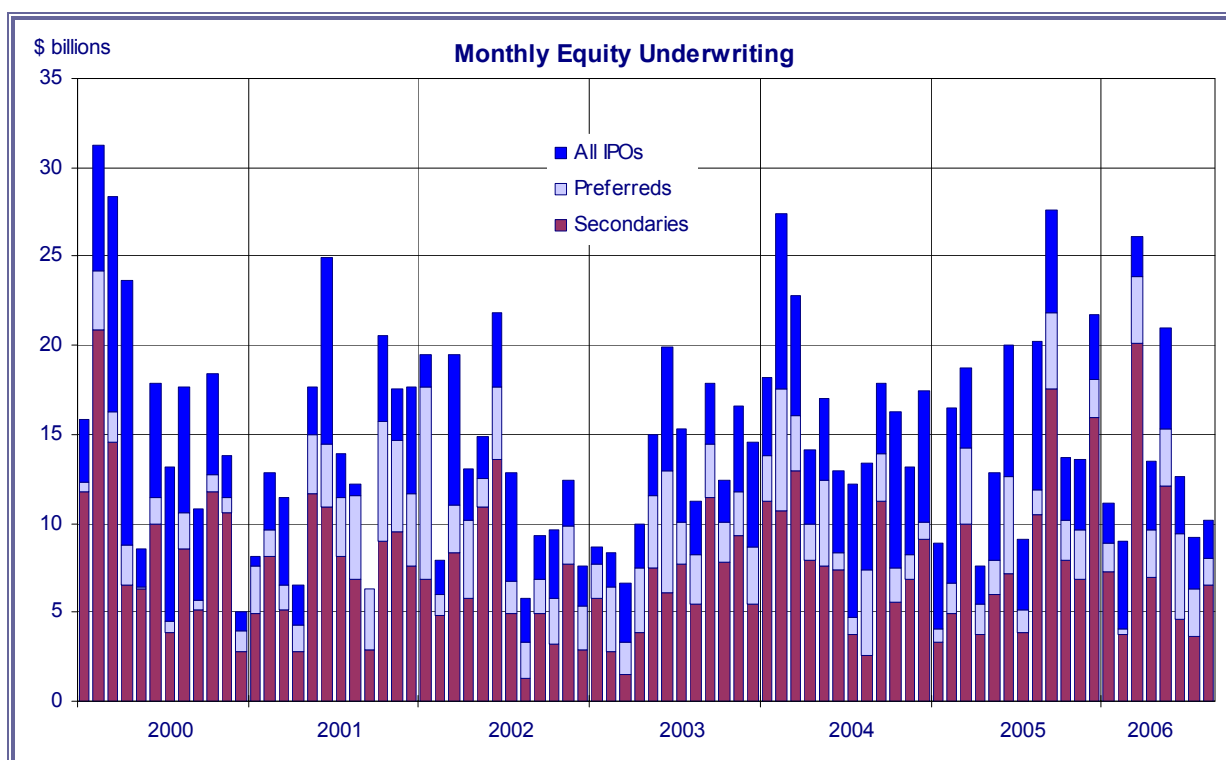
Straight corporate debt offerings in August were \$94.7 billion, a 24% increase from July. This increased the year-to-date total to \$940.8 billion, 11.4% ahead of the \$844.2 billion issued in the same period of 2005.

² Excludes private placements, which amounted to \$589.8 billion in 2005.



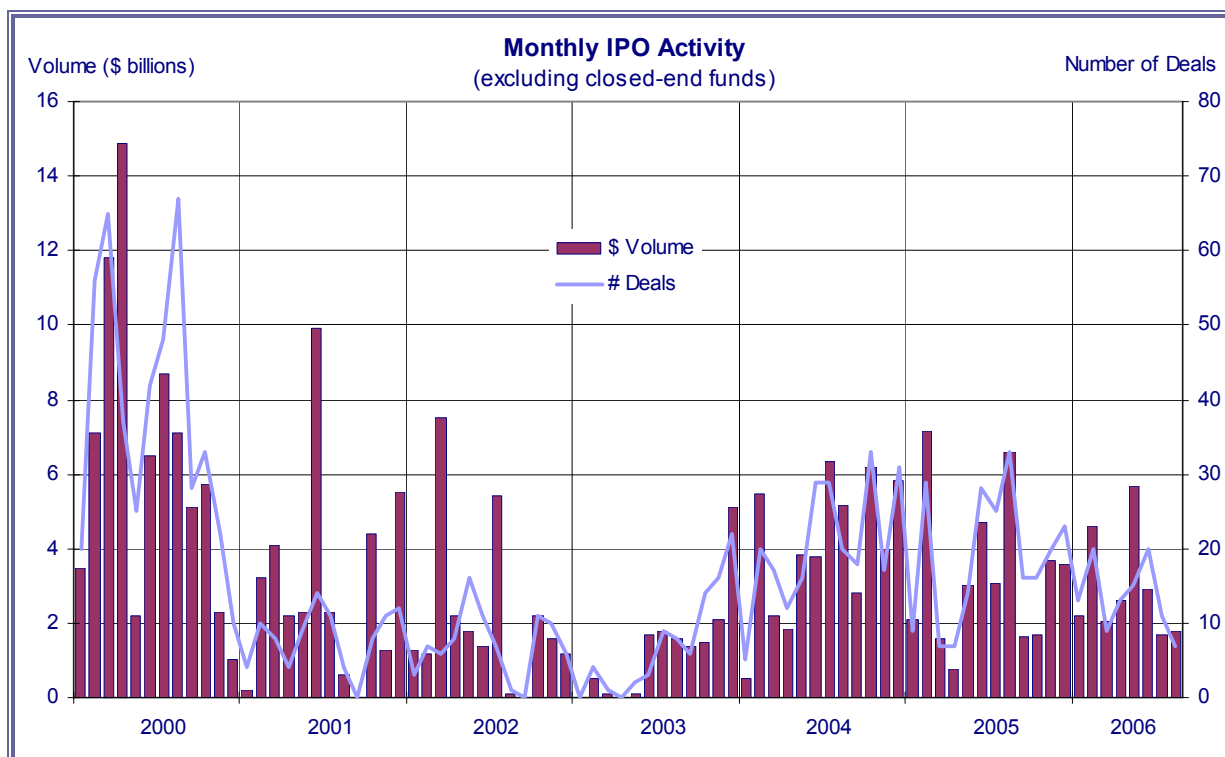
Source: Thomson Financial

Equity Underwriting – Total equity issuance was surprisingly strong in August, as dollar proceeds increased to \$10.2 billion, an 11.2% increase from \$9.2 billion in July, but still only roughly half the \$20.2 billion of equity placements seen in August 2005, and was the weakest August since 2002. Equity underwriting activity year-to-date, at \$112.8 billion, is 0.8% below the \$113.7 billion raised in the same period a year ago, confirming a slow summer, but still on pace to meet the ten-year average annual level of \$172 billion by year end.



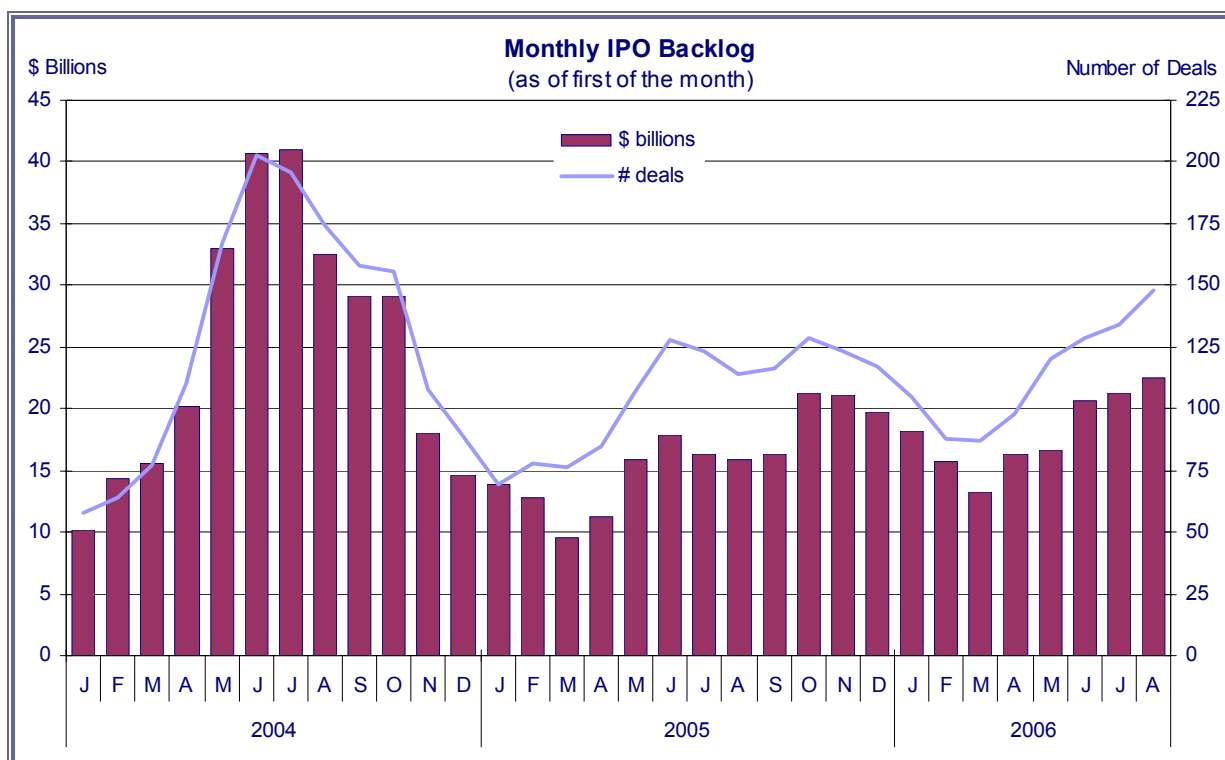
Source: Thomson Financial

Initial Public Offerings (IPOs) – The IPO market continued to fizzle in August, as IPO proceeds dropped for the third consecutive month to \$2.2 billion. Through this year's first eight months, \$27.4 billion was raised via IPOs, a 40.1% drop from the \$45.8 billion raised in the same period a year ago.



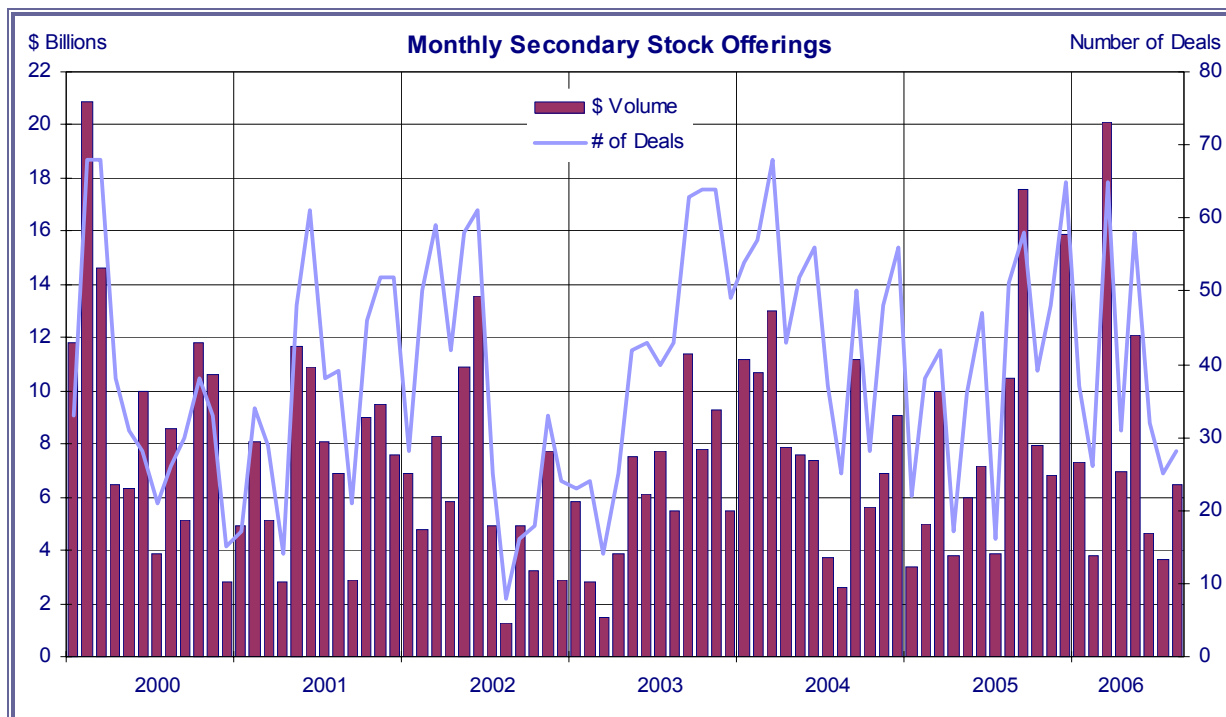
Source: Thomson Financial

IPO Backlog – Reflecting August's low level of completed IPO activity, the filed IPO backlog increased 6.3% from July's level. The backlog was high at end-August with 148 IPOs deals worth \$22.54 billion in the pipeline.



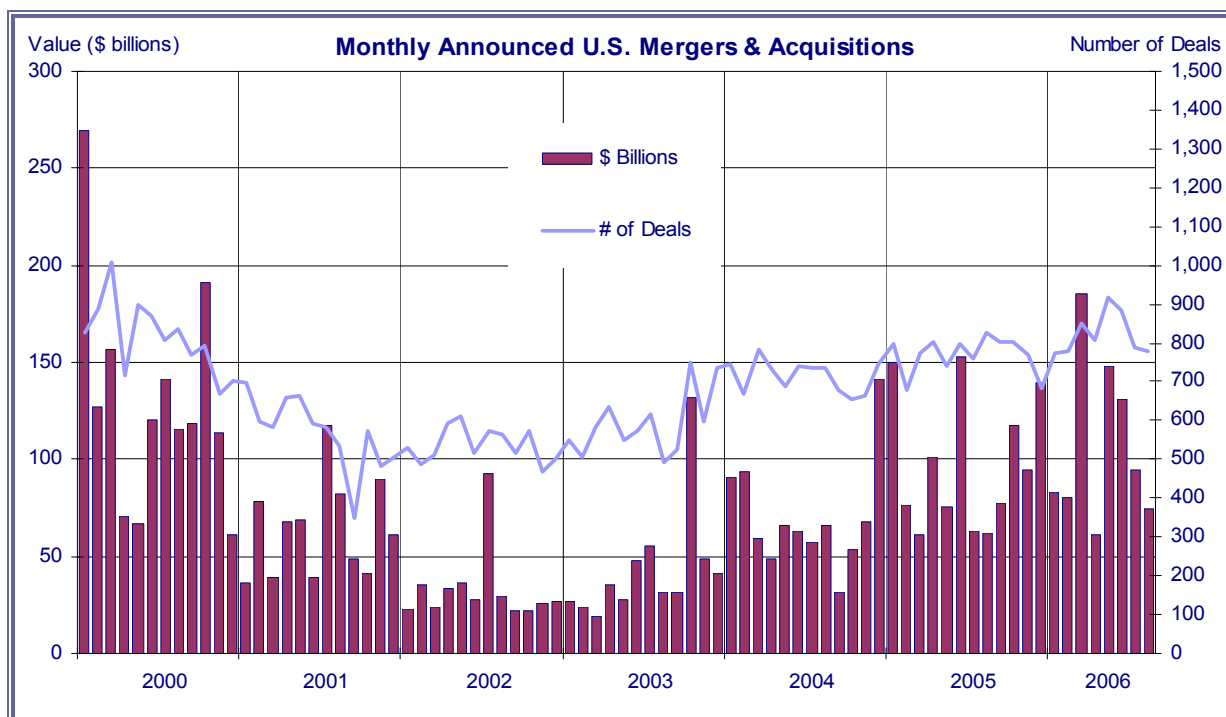
Source: Thomson Financial

Secondary common stock offerings were the strength of the equity market in August, accounting for \$6.5 billion, or 64% of all equities issued. These placements represented an increase of 79% from July, but were still 38.2% below the level of secondary stock offerings in August 2005.



Source: Thomson Financial

Mergers & Acquisition (M&As) – Dollar volume dipped for the second consecutive month to \$74.9 billion, down 21.1% from July, causing concern for the second half of 2006. The first half of 2006 was the best first half for M&A since 2000, when announced deal volume was \$894 billion.



Source: Thomson Financial

Charles M. Bartlett, Jr.
Vice President and Director, Statistics

U.S. CORPORATE UNDERWRITING ACTIVITY

(In \$ Billions)

	Straight Corporate Debt	Con- vertible Debt	Asset- Backed Debt	TOTAL DEBT	Common Stock	Preferred Stock	TOTAL EQUITY	All IPOs	"True" IPOs	Secondaries	TOTAL UNDER- WRITINGS
1985	76.4	7.5	20.8	104.7	24.7	8.6	33.3	8.5	8.4	16.2	138.0
1986	149.8	10.1	67.8	227.7	43.2	13.9	57.1	22.3	18.1	20.9	284.8
1987	117.8	9.9	91.7	219.4	41.5	11.4	52.9	24.0	14.3	17.5	272.3
1988	120.3	3.1	113.8	237.2	29.7	7.6	37.3	23.6	5.7	6.1	274.5
1989	134.1	5.5	135.3	274.9	22.9	7.7	30.6	13.7	6.1	9.2	305.5
1990	107.7	4.7	176.1	288.4	19.2	4.7	23.9	10.1	4.5	9.0	312.3
1991	203.6	7.8	300.0	511.5	56.0	19.9	75.9	25.1	16.4	30.9	587.4
1992	319.8	7.1	427.0	753.8	72.5	29.3	101.8	39.6	24.1	32.9	855.7
1993	448.4	9.3	474.8	932.5	102.4	28.4	130.8	57.4	41.3	45.0	1,063.4
1994	381.2	4.8	253.5	639.5	61.4	15.5	76.9	33.7	28.3	27.7	716.4
1995	466.0	6.9	152.4	625.3	82.0	15.1	97.1	30.2	30.0	51.8	722.4
1996	564.8	9.3	252.9	827.0	115.5	36.5	151.9	50.0	49.9	65.5	979.0
1997	769.8	8.5	385.6	1,163.9	120.2	33.3	153.4	44.2	43.2	75.9	1,317.3
1998	1,142.5	6.3	566.8	1,715.6	115.0	37.8	152.7	43.7	36.6	71.2	1,868.3
1999	1,264.8	16.1	487.1	1,768.0	164.3	27.5	191.7	66.8	64.3	97.5	1,959.8
2000	1,236.2	17.0	393.4	1,646.6	189.1	15.4	204.5	76.1	75.8	112.9	1,851.0
2001	1,511.2	21.6	832.5	2,365.4	128.4	41.3	169.7	40.8	36.0	87.6	2,535.1
2002	1,303.2	8.6	1,115.4	2,427.2	116.4	37.6	154.0	41.2	25.8	75.2	2,581.1
2003	1,370.7	10.6	1,352.3	2,733.6	118.5	37.8	156.3	43.7	15.9	74.8	2,889.9
2004	1,278.4	5.5	1,372.3	2,656.2	169.6	33.2	202.7	72.8	47.9	96.7	2,859.0
2005	1,205.4	6.3	1,808.6	3,020.3	160.5	29.9	190.4	62.6	39.6	97.8	3,210.7
<u>2005</u>											
Jan	145.6	0.2	135.5	281.3	8.2	0.7	8.9	4.9	2.1	3.3	290.2
Feb	80.5	0.0	121.2	201.7	14.8	1.7	16.4	9.8	7.1	5.0	218.2
Mar	116.0	0.5	142.8	259.3	14.4	4.3	18.7	4.4	1.6	10.0	278.0
Apr	62.5	0.8	129.3	192.5	6.0	1.6	7.6	2.2	0.8	3.8	200.2
May	98.9	0.0	162.5	261.4	10.8	2.0	12.8	4.9	3.0	6.0	274.2
June	152.5	2.0	171.4	325.9	14.5	5.5	20.0	7.3	4.7	7.1	345.9
July	90.9	0.0	123.8	214.7	7.8	1.3	9.1	3.9	3.1	3.9	223.8
Aug	97.3	0.0	168.3	265.6	18.8	1.4	20.2	8.3	6.6	10.5	285.8
Sept	112.8	0.0	185.2	298.0	23.4	4.2	27.6	5.8	1.6	17.6	325.7
Oct	75.9	0.0	150.8	226.7	11.4	2.2	13.7	3.5	1.7	7.9	240.4
Nov	88.9	1.6	159.7	250.3	10.8	2.8	13.6	4.0	3.7	6.8	263.9
Dec	83.5	1.2	158.0	242.8	19.5	2.2	21.7	3.6	3.6	15.9	264.5
<u>2006</u>											
Jan	139.8	1.6	101.8	243.3	9.6	1.6	11.2	2.3	2.2	7.3	254.5
Feb	107.4	0.0	161.0	268.3	8.8	0.2	9.0	5.0	4.6	3.8	277.4
Mar	163.0	1.0	164.8	328.7	22.4	3.7	26.1	2.3	2.0	20.1	354.8
Apr	84.6	0.4	121.7	206.7	10.9	2.6	13.5	4.0	2.6	7.0	220.2
May	124.2	1.7	150.0	275.9	17.7	3.3	21.0	5.7	5.7	12.1	296.9
June	150.8	1.1	193.5	345.4	7.9	4.8	12.6	3.3	2.9	4.6	358.0
July	76.3	0.9	90.9	168.1	6.4	2.7	9.2	2.8	1.7	3.6	177.3
Aug	94.7	0.9	117.5	213.1	8.7	1.5	10.2	2.2	1.8	6.5	223.3
Sept											
Oct											
Nov											
Dec											
YTD '05	844.2	3.5	1,154.8	2,002.5	95.3	18.4	113.7	45.8	29.0	49.6	2,116.3
YTD '06	940.8	7.6	1,101.1	2,049.5	92.4	20.4	112.8	27.4	23.5	65.0	2,162.3
% Change	11.4%	116.3%	-4.6%	2.3%	-3.1%	11.1%	-0.8%	-40.1%	-19.2%	31.1%	2.2%

Note: IPOs and secondaries are subsets of common stock. "True" IPOs exclude closed-end funds.

Source: Thomson Financial

MUNICIPAL BOND UNDERWRITINGS

(In \$ Billions)

INTEREST RATES

(Averages)

	Compet. Rev. Bonds	Nego. Rev. Bonds	TOTAL REVENUE BONDS	Compet. G.O.s	Nego. G.O.s	TOTAL G.O.s	TOTAL MUNICIPAL BONDS	3-Mo. T Bills	10-Year Treasuries	SPREAD
1985	10.2	150.8	161.0	17.6	22.8	40.4	201.4	7.47	10.62	3.15
1986	10.0	92.6	102.6	23.1	22.6	45.7	148.3	5.97	7.68	1.71
1987	7.1	64.4	71.5	16.3	14.2	30.5	102.0	5.78	8.39	2.61
1988	7.6	78.1	85.7	19.2	12.7	31.9	117.6	6.67	8.85	2.18
1989	9.2	75.8	85.0	20.7	17.2	37.9	122.9	8.11	8.49	0.38
1990	7.6	78.4	86.0	22.7	17.5	40.2	126.2	7.50	8.55	1.05
1991	11.0	102.1	113.1	29.8	28.1	57.9	171.0	5.38	7.86	2.48
1992	12.5	139.0	151.6	32.5	49.0	81.5	233.1	3.43	7.01	3.58
1993	20.0	175.6	195.6	35.6	56.7	92.4	287.9	3.00	5.87	2.87
1994	15.0	89.2	104.2	34.5	23.2	57.7	161.9	4.25	7.09	2.84
1995	13.5	81.7	95.2	27.6	32.2	59.8	155.0	5.49	6.57	1.08
1996	15.6	100.1	115.7	31.3	33.2	64.5	180.2	5.01	6.44	1.43
1997	12.3	130.2	142.6	35.5	36.5	72.0	214.6	5.06	6.35	1.29
1998	21.4	165.6	187.0	43.7	49.0	92.8	279.8	4.78	5.26	0.48
1999	14.3	134.9	149.2	38.5	31.3	69.8	219.0	4.64	5.65	1.01
2000	13.6	116.2	129.7	35.0	29.3	64.3	194.0	5.82	6.03	0.21
2001	17.6	164.2	181.8	45.5	56.3	101.8	283.5	3.39	5.02	1.63
2002	19.5	210.5	230.0	52.3	73.1	125.4	355.4	1.60	4.61	3.01
2003	21.1	215.8	236.9	54.7	87.7	142.4	379.3	1.01	4.02	3.00
2004	17.2	209.8	227.1	51.5	77.7	129.2	356.3	1.37	4.27	2.90
2005	20.5	240.9	261.4	55.9	89.1	145.0	406.4	3.15	4.29	1.15
<u>2005</u>										
Jan	1.0	11.7	12.7	3.6	6.6	10.2	22.8	2.33	4.22	1.89
Feb	1.5	15.6	17.1	4.5	9.2	13.6	30.7	2.54	4.17	1.63
Mar	1.2	24.1	25.3	7.2	12.5	19.7	45.0	2.74	4.50	1.76
Apr	1.9	16.4	18.2	5.1	7.9	13.0	31.3	2.76	4.34	1.58
May	1.3	20.8	22.1	4.1	9.5	13.6	35.7	2.84	4.14	1.30
June	2.4	25.2	27.6	7.1	9.4	16.5	44.1	2.97	4.00	1.03
July	1.5	21.8	23.3	3.8	6.8	10.5	33.8	3.22	4.18	0.96
Aug	1.3	21.7	23.0	4.3	6.8	11.1	34.1	3.44	4.26	0.82
Sept	2.5	17.2	19.7	4.9	6.7	11.7	31.4	3.42	4.20	0.78
Oct	2.9	18.8	21.7	2.4	3.4	5.8	27.4	3.71	4.46	0.75
Nov	2.3	26.1	28.4	5.1	5.1	10.3	38.7	3.88	4.54	0.66
Dec	0.8	21.5	22.3	3.8	5.2	9.0	31.3	3.89	4.47	0.58
<u>2006</u>										
Jan	0.7	10.5	11.3	3.4	3.9	7.4	18.7	4.24	4.42	0.18
Feb	1.6	12.2	13.8	3.2	5.9	9.1	22.9	4.43	4.57	0.14
Mar	1.1	16.2	17.3	4.2	5.4	9.6	26.9	4.51	4.72	0.21
Apr	2.2	19.8	22.0	2.8	4.2	6.9	28.9	4.60	4.99	0.39
May	2.6	22.2	24.8	3.9	5.7	9.6	34.4	4.72	5.11	0.39
June	2.8	30.0	32.8	4.8	7.3	12.1	44.8	4.79	5.11	0.32
July	1.1	19.7	20.8	4.0	2.9	6.8	27.6	4.95	5.09	0.14
Aug	1.2	19.1	20.4	3.2	7.6	10.7	31.1	4.96	4.88	-0.08
Sept										
Oct										
Nov										
Dec										
YTD '05	12.0	157.3	169.3	39.6	68.7	108.3	277.6	2.86	4.23	1.37
YTD '06	13.3	149.7	163.0	29.5	42.8	72.3	235.3	4.65	4.86	0.21
% Change	11.2%	-4.9%	-3.7%	-25.6%	-37.7%	-33.2%	-15.2%	62.9%	15.0%	-84.6%

Sources: Thomson Financial; Federal Reserve

STOCK MARKET PERFORMANCE INDICES

(End of Period)

STOCK MARKET VOLUME

(Daily Avg., Mils. of Shs.)

VALUE TRADED

(Daily Avg., \$ Bils.)

	Dow Jones Industrial Average	S&P 500	NYSE Composite	NASDAQ Composite	NYSE	AMEX	NASDAQ	NYSE	NASDAQ
1985	1,546.67	211.28	1,285.66	324.93	109.2	8.3	82.1	3.9	0.9
1986	1,895.95	242.17	1,465.31	348.83	141.0	11.8	113.6	5.4	1.5
1987	1,938.83	247.08	1,461.61	330.47	188.9	13.9	149.8	7.4	2.0
1988	2,168.57	277.72	1,652.25	381.38	161.5	9.9	122.8	5.4	1.4
1989	2,753.20	353.40	2,062.30	454.82	165.5	12.4	133.1	6.1	1.7
1990	2,633.66	330.22	1,908.45	373.84	156.8	13.2	131.9	5.2	1.8
1991	3,168.83	417.09	2,426.04	586.34	178.9	13.3	163.3	6.0	2.7
1992	3,301.11	435.71	2,539.92	676.95	202.3	14.2	190.8	6.9	3.5
1993	3,754.09	466.45	2,739.44	776.80	264.5	18.1	263.0	9.0	5.3
1994	3,834.44	459.27	2,653.37	751.96	291.4	17.9	295.1	9.7	5.8
1995	5,117.12	615.93	3,484.15	1,052.13	346.1	20.1	401.4	12.2	9.5
1996	6,448.27	740.74	4,148.07	1,291.03	412.0	22.1	543.7	16.0	13.0
1997	7,908.25	970.43	5,405.19	1,570.35	526.9	24.4	647.8	22.8	17.7
1998	9,181.43	1,229.23	6,299.93	2,192.69	673.6	28.9	801.7	29.0	22.9
1999	11,497.12	1,469.25	6,876.10	4,069.31	808.9	32.7	1,081.8	35.5	43.7
2000	10,786.85	1,320.28	6,945.57	2,470.52	1,041.6	52.9	1,757.0	43.9	80.9
2001	10,021.50	1,148.08	6,236.39	1,950.40	1,240.0	65.8	1,900.1	42.3	44.1
2002	8,341.63	879.82	5,000.00	1,335.51	1,441.0	63.7	1,752.8	40.9	28.8
2003	10,453.92	1,111.92	6,440.30	2,003.37	1,398.4	67.1	1,685.5	38.5	28.0
2004	10,783.01	1,211.92	7,250.06	2,175.44	1,456.7	66.0	1,801.3	46.1	34.6
2005	10,717.50	1,248.29	7,753.95	2,205.32	1,602.2	63.5	1,778.5	56.1	39.5
<u>2005</u>									
Jan	10,489.94	1,181.27	7,089.83	2,062.41	1,618.4	62.5	2,172.3	54.1	45.5
Feb	10,766.23	1,203.60	7,321.23	2,051.72	1,578.2	62.7	1,950.2	54.5	43.2
Mar	10,503.76	1,180.59	7,167.53	1,999.23	1,682.6	66.7	1,849.0	59.1	38.8
Apr	10,192.51	1,156.85	7,008.32	1,921.65	1,692.8	61.7	1,839.2	58.8	39.6
May	10,467.48	1,191.50	7,134.33	2,068.22	1,502.1	52.9	1,685.6	50.8	36.6
June	10,274.97	1,191.33	7,217.78	2,056.96	1,515.8	58.0	1,747.9	52.5	39.4
July	10,640.91	1,234.18	7,476.66	2,184.83	1,478.9	58.8	1,621.8	53.1	37.8
Aug	10,481.60	1,220.33	7,496.09	2,152.09	1,441.4	61.9	1,538.9	51.3	34.1
Sept	10,568.70	1,228.81	7,632.98	2,151.69	1,683.0	70.5	1,716.5	60.6	37.5
Oct	10,440.07	1,207.01	7,433.12	2,120.30	1,846.7	72.7	1,796.3	64.6	41.7
Nov	10,805.87	1,249.48	7,645.28	2,232.82	1,641.7	64.6	1,768.3	58.3	41.9
Dec	10,717.50	1,248.29	7,753.95	2,205.32	1,553.5	69.6	1,704.4	55.2	39.6
<u>2006</u>									
Jan	10,864.86	1,280.08	8,106.55	2,305.82	1,956.9	81.4	2,170.7	72.4	55.0
Feb	10,993.41	1,280.66	8,060.61	2,281.39	1,815.2	77.4	2,014.0	68.8	48.8
Mar	11,109.32	1,294.83	8,233.20	2,339.79	1,740.3	75.0	2,135.2	65.2	47.6
Apr	11,367.14	1,310.61	8,471.43	2,322.57	1,775.5	92.0	2,138.7	69.0	49.3
May	11,168.31	1,270.09	8,189.11	2,178.88	1,986.9	92.5	2,163.6	77.3	49.6
June	11,150.22	1,270.20	8,169.07	2,172.09	2,006.2	82.3	2,087.4	73.5	45.6
July	11,185.68	1,276.66	8,242.12	2,091.47	1,797.6	60.1	1,894.6	65.3	42.2
Aug	11,381.15	1,303.82	8,388.56	2,183.75	1,614.2	50.9	1,710.3	57.4	36.9
Sept									
Oct									
Nov									
Dec									
YTD '05	10,481.60	1,220.33	7,496.09	2,152.09	1,562.7	60.7	1,794.5	54.3	39.2
YTD '06	11,381.15	1,303.82	8,388.56	2,183.75	1,835.2	76.1	2,036.7	68.5	46.7
% Change	8.6%	6.8%	11.9%	1.5%	17.4%	25.5%	13.5%	26.3%	19.0%

MUTUAL FUND ASSETS

(\$ Billions)

MUTUAL FUND NET NEW CASH FLOW*

(\$ Billions)

	Equity	Hybrid	Bond	Money Market	TOTAL ASSETS	Equity	Hybrid	Bond	Money Market	Long- TOTAL	Term Funds
1985	116.9	12.0	122.6	243.8	495.4	8.5	1.9	63.2	-5.4	68.2	73.6
1986	161.4	18.8	243.3	292.2	715.7	21.7	5.6	102.6	33.9	163.8	129.9
1987	180.5	24.2	248.4	316.1	769.2	19.0	4.0	6.8	10.2	40.0	29.8
1988	194.7	21.1	255.7	338.0	809.4	-16.1	-2.5	-4.5	0.1	-23.0	-23.1
1989	248.8	31.8	271.9	428.1	980.7	5.8	4.2	-1.2	64.1	72.8	8.8
1990	239.5	36.1	291.3	498.3	1,065.2	12.8	2.2	6.2	23.2	44.4	21.2
1991	404.7	52.2	393.8	542.5	1,393.2	39.4	8.0	58.9	5.5	111.8	106.3
1992	514.1	78.0	504.2	546.2	1,642.5	78.9	21.8	71.0	-16.3	155.4	171.7
1993	740.7	144.5	619.5	565.3	2,070.0	129.4	39.4	73.3	-14.1	228.0	242.1
1994	852.8	164.5	527.1	611.0	2,155.4	118.9	20.9	-64.6	8.8	84.1	75.2
1995	1,249.1	210.5	598.9	753.0	2,811.5	127.6	5.3	-10.5	89.4	211.8	122.4
1996	1,726.1	252.9	645.4	901.8	3,526.3	216.9	12.3	2.8	89.4	321.3	232.0
1997	2,368.0	317.1	724.2	1,058.9	4,468.2	227.1	16.5	28.4	102.1	374.1	272.0
1998	2,978.2	364.7	830.6	1,351.7	5,525.2	157.0	10.2	74.6	235.3	477.1	241.8
1999	4,041.9	383.2	808.1	1,613.1	6,846.3	187.7	-12.4	-5.5	193.6	363.4	169.8
2000	3,962.0	346.3	811.1	1,845.2	6,964.7	309.4	-30.7	-49.8	159.6	388.6	228.9
2001	3,418.2	346.3	925.1	2,285.3	6,975.0	31.9	9.5	87.7	375.6	504.8	129.2
2002	2,667.0	327.4	1,124.9	2,272.0	6,391.3	-27.7	8.6	140.3	-46.7	74.5	121.2
2003	3,684.8	436.7	1,240.9	2,051.7	7,414.1	152.3	32.6	31.0	-258.5	-42.6	215.8
2004	4,384.0	519.3	1,290.4	1,913.2	8,106.9	177.9	42.7	-10.8	-156.6	53.2	209.8
2005	4,940.0	567.3	1,357.4	2,040.5	8,905.2	135.5	25.2	31.3	63.1	255.2	192.0
<u>2005</u>											
Jan	4,288.7	515.7	1,302.6	1,892.5	7,999.5	10.1	5.0	4.7	-27.5	-7.8	19.7
Feb	4,416.3	528.9	1,305.3	1,875.4	8,125.8	22.1	4.4	2.6	-19.3	9.8	29.1
Mar	4,349.6	525.4	1,295.7	1,875.7	8,046.4	15.3	3.9	-1.3	-2.2	15.7	17.9
Apr	4,246.8	522.6	1,306.8	1,841.3	7,917.6	8.5	2.6	1.2	-36.7	-24.4	12.3
May	4,407.3	534.7	1,323.4	1,858.4	8,123.7	11.8	2.2	4.0	14.5	32.5	18.0
June	4,472.1	543.9	1,336.4	1,865.4	8,217.7	6.3	2.0	4.1	3.0	15.4	12.4
July	4,670.3	554.6	1,339.4	1,883.9	8,448.3	9.9	1.4	7.4	13.9	32.5	18.6
Aug	4,678.6	557.5	1,360.6	1,922.9	8,519.7	6.4	1.8	7.4	32.5	48.0	15.5
Sept	4,759.5	560.8	1,356.3	1,912.6	8,589.2	7.8	1.3	3.8	-13.4	-0.4	13.0
Oct	4,664.3	552.0	1,344.7	1,936.5	8,497.5	6.5	0.9	0.6	21.2	29.2	8.0
Nov	4,863.6	562.7	1,349.2	1,991.1	8,766.6	21.0	0.5	-0.3	30.3	51.5	21.2
Dec	4,940.0	567.3	1,357.4	2,040.5	8,905.2	9.8	-0.8	-2.8	47.0	53.2	6.2
<u>2006</u>											
Jan	5,196.4	581.1	1,375.4	2,040.4	9,193.3	31.6	-0.1	8.3	-4.4	35.3	39.7
Feb	5,198.1	582.5	1,389.3	2,051.0	9,220.9	27.3	0.8	8.7	5.5	42.3	36.8
Mar	5,340.5	588.1	1,384.6	2,048.5	9,361.7	34.4	0.6	5.3	-8.3	32.0	40.2
Apr	5,473.9	596.5	1,389.6	2,027.2	9,487.2	26.3	0.3	0.9	-27.1	0.5	27.6
May	5,262.3	586.1	1,386.3	2,081.9	9,316.6	3.2	-0.2	-2.6	50.8	51.3	0.5
June	5,255.4	585.5	1,387.1	2,108.4	9,336.4	-8.6	-0.5	-0.4	19.8	10.3	-9.5
July	5,237.0	591.6	1,406.5	2,141.9	9,377.0	0.6	-0.1	3.2	26.8	30.5	3.7
Aug											
Sept											
Oct											
Nov											
Dec											
YTD '05	4,670.3	554.6	1,339.4	1,883.9	8,448.3	84.0	21.4	22.7	-54.4	73.7	128.1
YTD '06	5,237.0	591.6	1,406.5	2,141.9	9,377.0	114.8	0.9	23.5	63.1	202.2	139.1
% Change	12.1%	6.7%	5.0%	13.7%	11.0%	36.6%	-95.9%	3.7%	216.0%	174.2%	8.6%

* New sales (excluding reinvested dividends) minus redemptions, combined with net exchanges

Source: Investment Company Institute



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