



- **Industry Results Strong in the 2Q'07;
Challenging Third Quarter**

By: Marcelo Vieira

- **Middle Market Report**

By: Bryan Gross

- **Industry Statistics**

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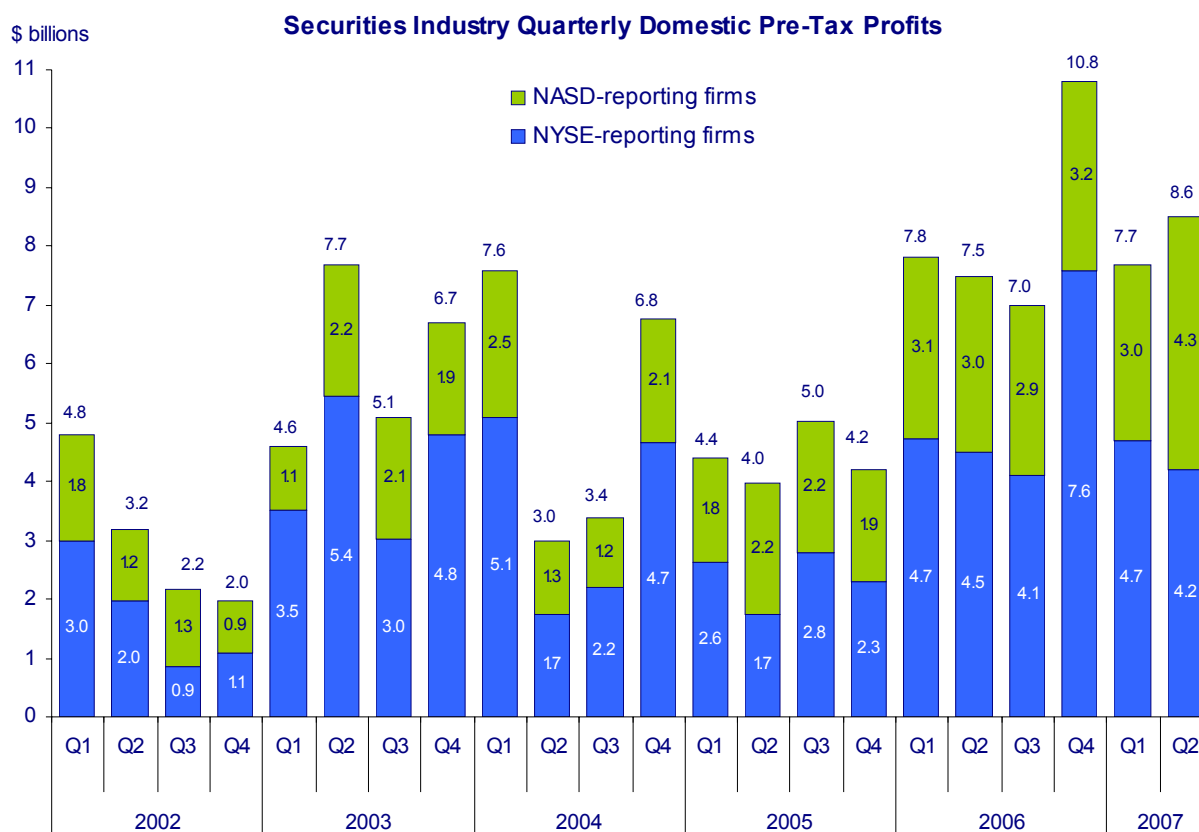
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- 15[**Middle Market Report**](#), by Bryan Gross. Middle market firm-led underwriting surged in the first half of the year to \$249.2 billion, 27.0% above that recorded in the first half of last year. The year-over-year increase was led by securitization, agency debt and municipal issuance.
- 23[**Industry Statistics**](#)

INDUSTRY RESULTS STRONG IN THE 2Q'07; CHALLENGING THIRD QUARTER

Summary

In line with expectations, results for the U.S. securities industry were strong in 2Q'07, with profits (net income before taxes) reaching \$8.6 billion, up 11.1% from 1Q'07 and 14.2 percent higher than the \$7.5 billion profit earned in the same year-earlier period.¹ Second quarter profits were the third highest on record, increasing semiannual profits to levels not seen since the first half of 2000. Gross revenues reached a quarterly record in 2Q'07 at \$128.8 billion, up 9.2 percent from the immediately preceding quarter and 5.6 percent from the previous record set in the fourth quarter of 2006. Total expenses of \$120.3 billion were 9.1 percent above 1Q'07 levels and up 23.6 percent from 2Q'06. Net revenues (total revenues minus interest expense), which provide a better summary gauge of industry performance, reached a new record of \$62.5 billion in the second quarter, up 4.8 percent from 1Q'07 and 4.2 percent higher than the previous record set in 4Q'06. Despite a rise in interest expenses, higher net revenue (a better summary gauge of industry performance) reflects stronger revenues from most major business lines in the second quarter. Industry performance has proven challenging, however, in the third quarter as the effects of fallout of the subprime market and broader credit crunch remain uncertain.

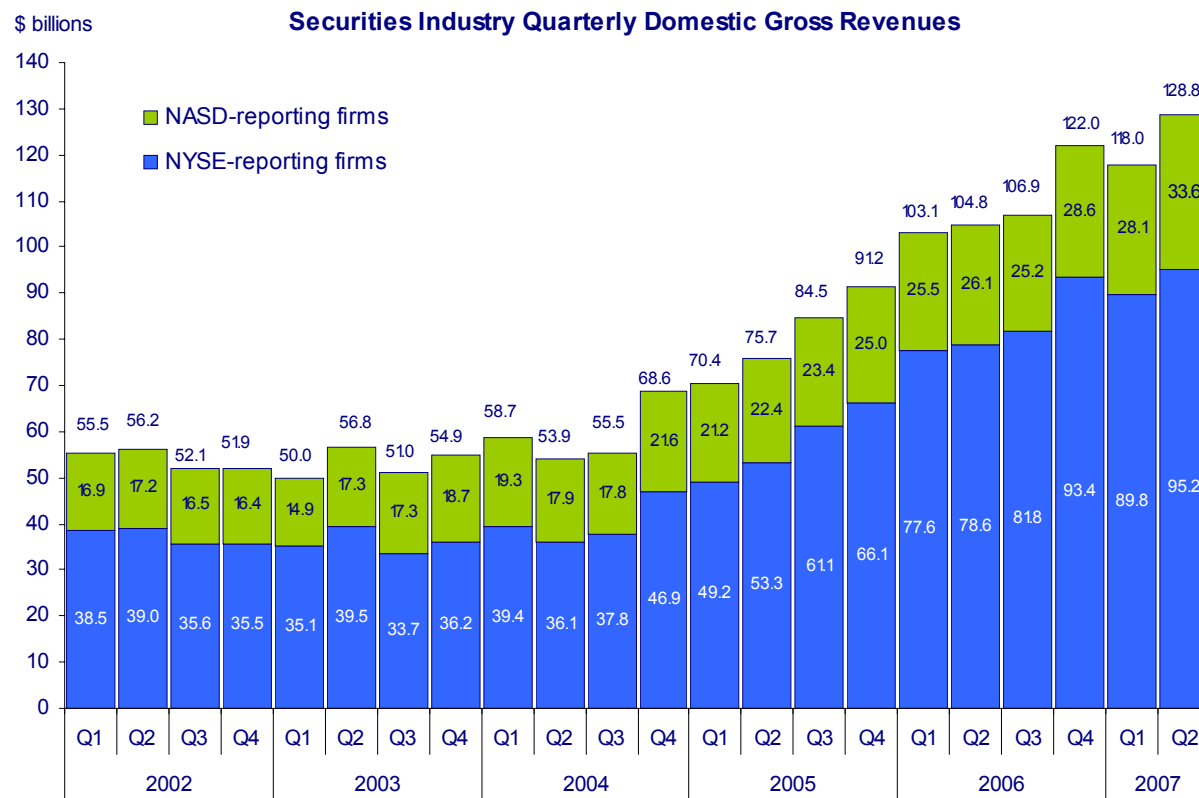


Source: SIFMA DataBank

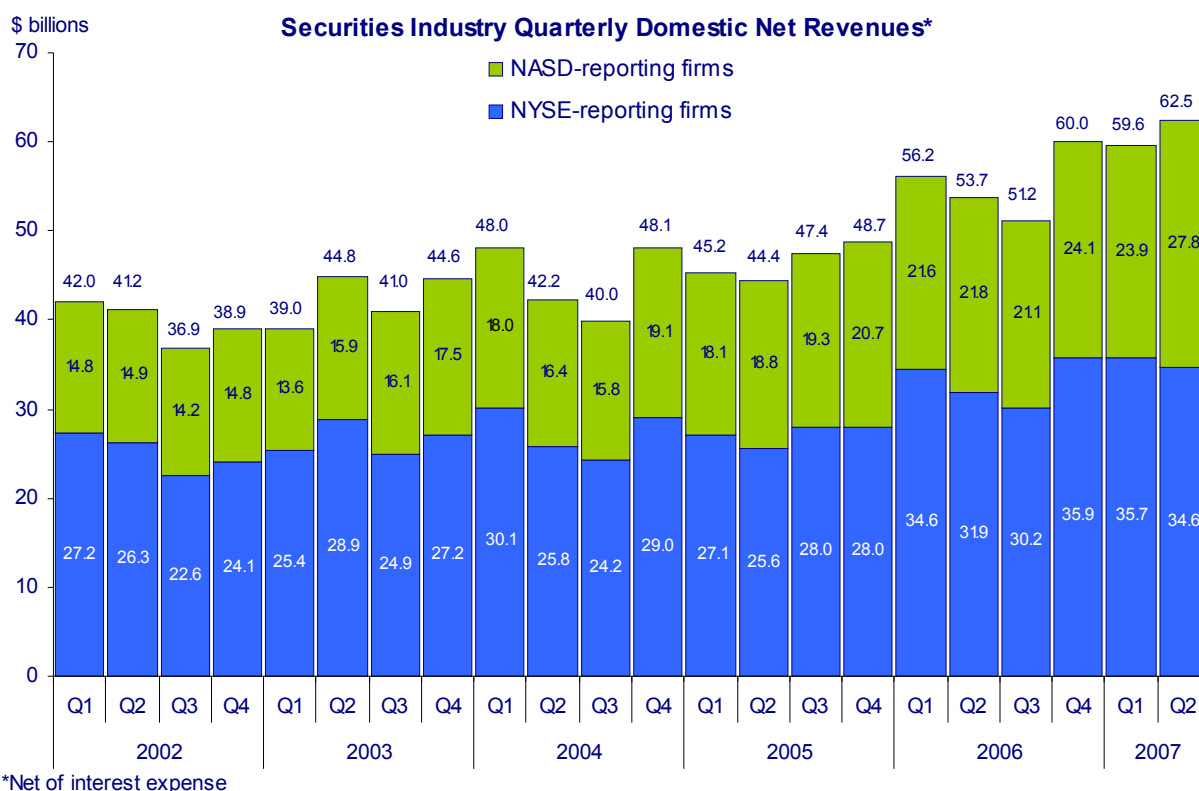
¹ The results for the US securities industry discussed herein are the aggregated results (unconsolidated revenues and expenses) for all broker-dealers doing a public business in the US as reported in the Financial and Operation Combined Uniform Single (FOCUS) Reports broker-dealers file with the US Securities and Exchange Commission (SEC) and their self-regulatory organization. FOCUS data aggregated quarterly by SIFMA beginning in 2001, along with analytical subgroups of firms, are available to subscribers. Please see www.sifma.org/research/statistics/databank.html for NYSE data and www.sifma.org/research/statistics/expanded_databank.html for NASD data.

Industry Revenues

Gross, or total revenue, increased 9.2 percent in 2Q'07 to \$128.8 billion compared to the \$118.0 billion posted in 1Q'07 and the \$104.8 billion from the same year-earlier period. First half total revenue reached \$246.8 billion, significantly higher than the \$207.9 billion in the same period of 2006. Net revenues were \$62.5 billion in the second quarter, 4.8 percent and 16.3 percent higher than 1Q'07 and 2Q'06, respectively. The records reached in total and net revenues during the second quarter reflected healthy growth in most major business lines.



Source: SIFMA DataBank



Source: SIFMA DataBank

Commissions and Fee Revenue

Despite a slight decrease in average daily trading volume on the NYSE and NASDAQ in 2Q'07, commission and fee income increased 4.0 percent to \$13.6 billion compared to \$13.1 billion in 1Q'07 and \$12.7 billion in 2Q'06. For the first half of the year, commission and fee income reached \$26.7 billion, up 4.6 percent from the \$25.5 billion recorded in the same year-earlier period.

Trading and Investment Account Gains

Total trading revenues were \$8.5 billion in 2Q'07, well below the \$9.8 billion reached in the first quarter of the year but 2.0 percent higher than the \$8.3 billion in 2Q'06.² Trading revenues were generally lower, with debt trading accounting for the lion's share of the decline. Revenues derived from debt trading decreased 41.0 percent in 2Q'07 to \$2.6 billion compared to \$4.3 billion recorded in both 1Q'07 and 2Q'06. Lower trading gains in the first half of 2007 reflect narrowing margins and a relatively benign period of volatility. Gains from investment accounts rebounded nicely after a weak first quarter, totaling \$1.6 billion, up 53.6 percent from 1Q'07 and 126.1 percent from 2Q'06.

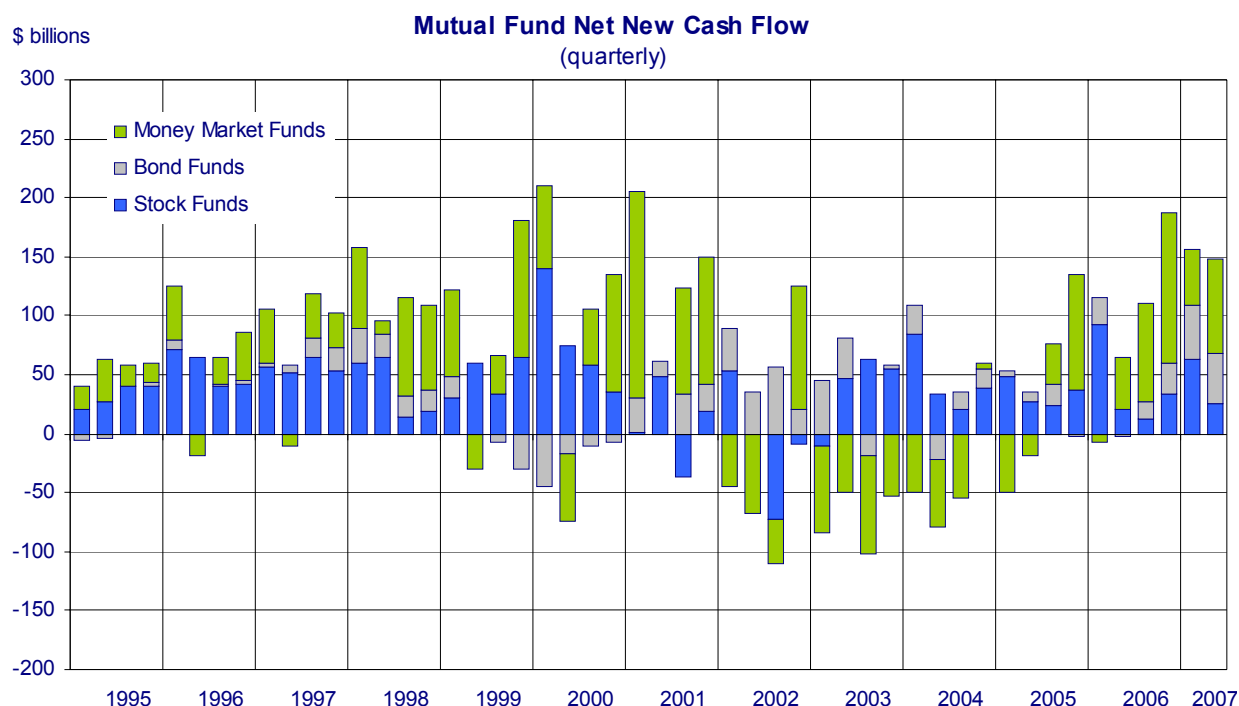
Underwriting Revenue

Underwriting revenues reached \$7.7 billion in 2Q'07, breaking the previous record set during the last quarter of 2006 and up 8.0 percent from \$7.2 billion in 1Q'07. Equity underwriting revenue led the way, reaching \$2.2 billion, up 37.5 percent from \$1.6 billion in 1Q'07 and 65.7 percent above the \$1.9 billion earned in 4Q'06.

² Trading gains (or losses) include net gains or losses from proprietary trading and holding dealer (inventory) positions to accommodate customer demand.

Fund Management Operations

Despite a decrease of net new cash flows into mutual funds in the second quarter compared to the first, mutual fund sales revenue was flat at \$6.5 billion in 2Q'07. Mutual fund net inflows totaled \$159.0 billion in the second quarter, down from \$166.7 billion in first quarter of 2007.³ Asset management fees, however, broke the \$7.6 billion quarterly record set in 4Q'06 with \$8.3 billion earned in 2Q'07, 10.2 percent higher than the \$7.5 billion in 1Q'07. The new record reflects an increase in the value of mutual fund assets under management, which rose to \$11.4 trillion at the end of June compared to \$10.8 trillion at the end of March.



Source: Investment Company Institute

Margin Interest Revenue

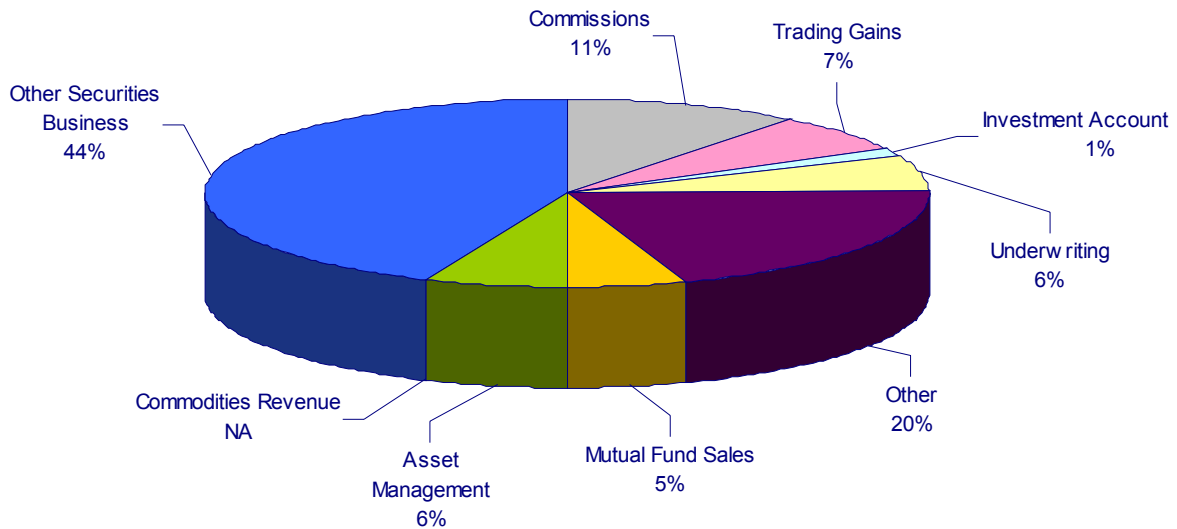
Margin interest revenue spiked in 2Q'07 to \$8.1 billion compared to \$6.2 billion in 1Q'07 and \$4.7 billion in 2Q'06. The rise reflects increased use of leverage by customers in the second quarter.

Other Revenues Related to the Securities Business

Other revenues related to the securities business, which include corporate financial advisory services such as for mergers and acquisitions and leveraged buyouts, as well as revenue from structured and derivative products, reached a new record of \$51.7 billion in 2Q'07, increasing 8.8% in 1Q'07 and 20.8 percent over 2Q'06. For the first half of the year, this revenue line increased to \$107.9 billion, up 18.4 percent over the \$91.2 billion recorded in the same year-earlier period. Second quarter and first half growth were driven by a continuation of a healthy M&A cycle, higher corporate finance advisory revenues, sales of structured products and rising prime brokerage revenues. Other securities business-related revenues accounted for 43.7 percent of total industry revenue in the first half of the year.

³ Net new cash flow equals net sales (excluding reinvested dividends) minus redemptions, combined with net exchanges.

Composition of US Securities Industry Revenues 2Q'07



Note: Individual components may not add to 100 percent due to independent rounding.
Source: SIFMA DataBank

Industry Expenses

Total expenses were a quarterly record \$120.3 billion in 2Q'07, an increase of 8.2 percent over the previous record set in 4Q'06 and 9.1 percent higher than in the immediately preceding quarter. Interest expense accounted for 80.2 percent of the increase in total expenses in the second quarter.

Interest Expense

Interest expense reached a quarterly record \$66.4 billion in 2Q'07, up 13.8 percent over the 1Q'07 level and 30.0 percent higher than in the same period in 2006. Interest expense, the largest single expense item, accounted for 55.2 percent of total industry expenses. The increase occurred despite a gradual decline in short-term reference interest rates in the first half of 2007. This increase in borrowing was driven by a variety of factors, including providing support for several business lines such as margin and securities lending.

Total Compensation

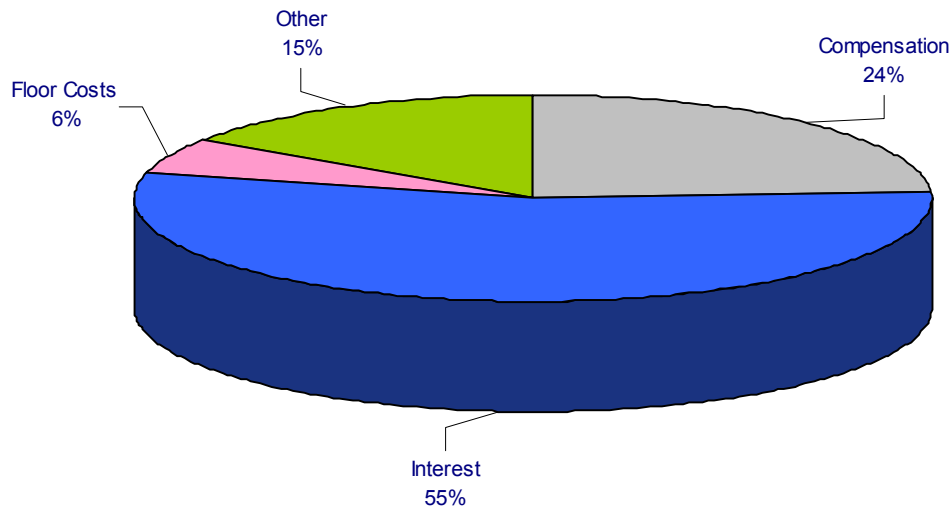
Total compensation, which accounted for nearly a quarter of total expenses, was \$28.7 billion in 2Q'07, narrowly breaking the quarterly record of \$28.4 billion set in 1Q'07 and 14.2 percent above the \$25.1 billion in 2Q'06. The 4.1 percent decrease in compensation for clerical employees in the second quarter was offset by an increase of 4.8 percent in total compensation paid to registered representatives and other employees. Growth in compensation expense, as is typical, leveled off in the second quarter as most annual bonuses are paid in the first quarter.

Other Expense

Other expenses⁴ rose 9.3 percent in 2Q'07 from the immediately preceding quarter and 28.1 percent from the same year-earlier period. Much of the growth of other expenses was due to an increase of \$6.7 billion in total floor costs in 2Q'07, up 11.0 percent from 1Q'07 levels and 21.8 percent higher than 2Q'06.

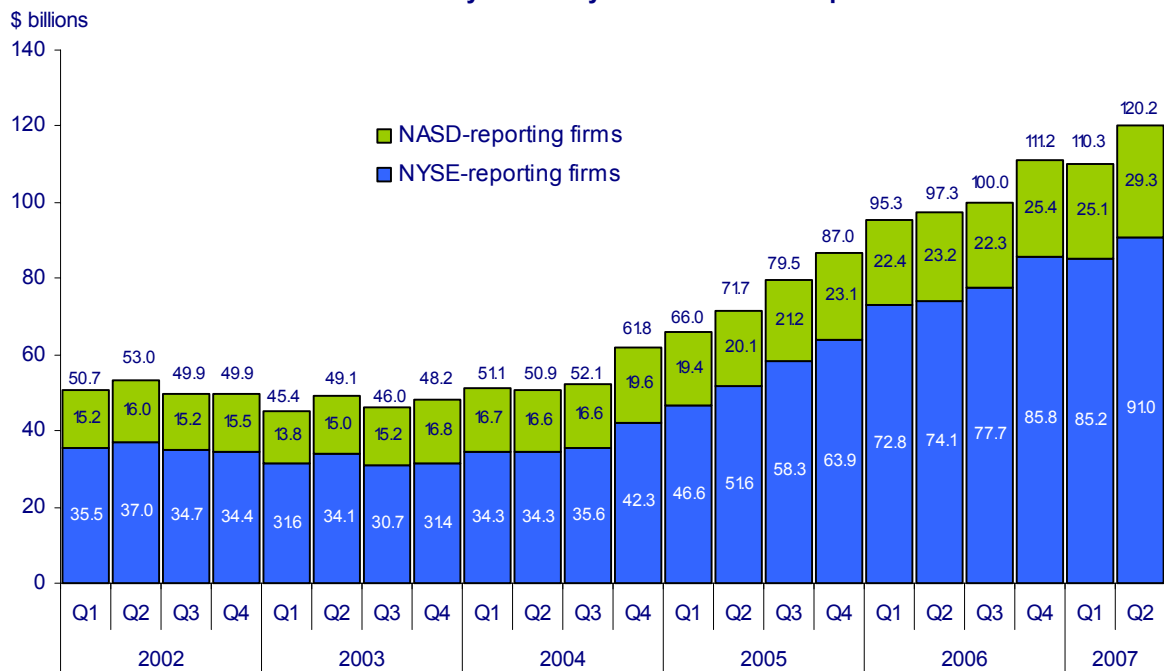
⁴ Expenses other than total compensation and interest expenses.

Composition of US Securities Industry Expenses 2Q'07



Source: SIFMA DataBank

Securities Industry Quarterly Domestic Total Expenses



Source: SIFMA DataBank

Profitability

Average pre-tax profit margins increased slightly in 2Q'07 to 6.6 percent, up from 6.5 percent in 1Q'07 but lower than the 7.2 percent margin in 2Q'06. Pre-tax return on equity (ROE) also increased in the second quarter to 19.5 percent, up from 18.4 percent in 1Q'07 and 19.0 percent in the same year-earlier period. Return on assets (ROA) remained unchanged at 0.5 percent in 2Q'07 compared to the immediately preceding quarter but down slightly from the 0.6 percent

recorded in 2Q'07. Revenue per employee reached a new record of \$1.27 million, up from the \$1.20 million in 1Q'07 and \$1.10 million in 2Q'06.

RATIOS	<u>2Q'06</u>	<u>3Q'06</u>	<u>4Q'06</u>	<u>1Q'07</u>	<u>2Q'07</u>
Profit Margin (Pre-Tax)	7.2%	6.5%	8.8%	6.5%	6.6%
ROA (Pre-Tax)	0.6%	0.5%	0.7%	0.5%	0.5%
ROE (Pre-Tax)	19.0%	17.4%	26.5%	18.4%	19.5%
DOLLARS					
Revenue per Employee	\$1,103,183	\$1,129,378	\$1,268,096	\$1,199,551	\$1,269,865

Analytical Sub-Groups

Major Firms⁵ posted a 5.3 percent increase in total revenues in the second quarter compared to the first quarter, lower than the 9.2 percent increase for the industry as a whole. The increase in Major Firms' revenues was boosted by strong performance in the other revenues related to the securities business (which includes M&A, prime brokerage, LBOs, structured financial and derivative products), while commissions and fees, trading gains and underwriting revenues were flat or down for the quarter.

Total expenses also increased relatively slowly in the second quarter, up 6.7 percent in 2Q'07 compared to the immediately preceding quarter but slower than the overall industry increase of 9.1 percent. The rise in total expenses more than offset the growth in revenues, and pre-tax profits fell to \$2.2 billion in 2Q'07, down 25.7 percent compared to the previous quarter and the lowest quarterly level recorded since the fourth quarter of 2005.

Clearing Firms⁶ posted \$5.2 billion in gross revenues in the second quarter, a 12.7 percent quarterly rise, outpacing overall industry performance. However, with total expenses also rising a higher-than-industry-average 14.9 percent over the quarter, pre-tax net income decreased 2.1 percent, although it was 14.5 percent higher than the same year-earlier quarter.

Discounters⁷, which depend on commissions as a primary revenue source and continue to be affected by strong market share competition, experienced a 1.2 percent decrease in total revenues in 2Q'07 while total expenses increased nearly 1 percent. As a result, pre-tax profits slumped 19.9 percent in the second quarter compared to the first three months of the year.

Regional Firms⁸ continued to show strong performance in the second quarter, with gross revenues totaling \$5.1 billion, up 4.5 percent from 1Q'07 and 12.6 percent higher than in 2Q'06. Pre-tax profits were up 8.7 percent in the quarter as total expenses increased only 3.9 percent, well below the industry average of 9.1 percent.

⁵ Beginning in 2003, the National Full Line (largest full-service broker-dealers) and Large Investment Banking categories have been combined and expanded into this new "Major Firms" category. This group includes the largest U.S. broker-dealer subsidiaries of global financial holding companies, all self-clearing. These firms provide a broad array of virtually every financial service and product to both households and institutions.

⁶ Firms principally engaged in correspondent clearing.

⁷ NYSE-member broker-dealers which hold themselves out as, and are primarily engaged in, the discount brokerage business. Includes both self-clearing and introducing discounters and their clearing subsidiaries. Category does not include multi-business broker-dealers which offer discount commissions as just one business line.

⁸ The largest full-service broker-dealers (non-Major and non-NYC), usually self-clearing with regional branch network systems (i.e. Midwest, Northeast) providing a wide array of financial services and products to both retail and institutional clients (similar to Majors but on a smaller regional scale). This group does not reflect all firms outside New York.

A Challenging Third Quarter

Although aggregate FOCUS data for the third quarter will not be available for at least two months, quarterly income statements of a small sample of public firms and other macroeconomic indicators give an indication of the industry's performance in the third quarter.

While on track for a record year based on a very strong first half, the second half of the year will prove challenging for the industry as a whole. As widely expected, with the recent fallout of the subprime mortgage market and broader credit re-pricing, it appears that the growth in profits will subside in the third quarter and, on the whole, fall short of the very strong levels reached in the second quarter. While total revenues are likely to be lower led by weaker trading gains and investment banking revenues, commission and fee income and asset management revenues should remain strong. Another sign pointing to a weak third quarter are the levels of completed M&A deals, which have drastically slowed in September after very robust levels in the first eight months of the year.

The weakness that capital markets experienced in July and August seemed to be moderating in the second half of September. While there will still be challenges ahead, specially in the asset-backed commercial paper, leverage buyout and subprime mortgage markets, the U.S. economy appears to remain fundamentally stable, key elements of the fixed-income market are slowly beginning to improve, the equity markets have demonstrated good net performance, and equity underwriting activity seems to be holding up well.

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NASD-Reporting Firms Other Than NYSE-Reporting Firms
INCOME STATEMENT & SELECTED ITEMS

\$ Millions

INCOME STATEMENT & SELECTED ITEMS										
\$ Millions										
	ANNUAL DATA									
	2003	2004	2005	2006	06:Q2	06:Q3	06:Q4	07:Q1	07:Q2	
REVENUE:										
Commissions	19,399.3	20,801.1	20,532.3	22,243.4	5,676.6	5,091.0	5,796.3	5,954.8	6,636.3	
- Commissions - Listed Equity on an Exchange	4,731.4	4,971.5	4,828.7	4,904.1	1,253.6	1,146.9	1,253.0	1,219.4	1,341.5	
- Commissions - Listed Equity OTC	998.4	1,058.7	1,318.0	1,182.9	342.6	226.3	263.7	351.0	305.7	
- Commissions - Listed Options	495.5	747.3	644.0	780.2	192.9	183.7	212.7	213.8	270.2	
- Commissions - All Other	13,174.0	14,023.4	13,741.6	15,376.2	3,887.6	3,534.1	4,066.9	4,170.7	4,718.9	
Trading Gain (Loss)	7,603.6	6,137.6	6,303.1	8,527.1	1,598.0	1,866.2	3,052.9	1,727.6	1,911.1	
- Gain from OTC Market Making	311.1	532.3	274.8	239.0	62.6	37.1	55.0	52.0	76.0	
- - Gain from OTC Market Making in Listed Equity	13.2	25.7	19.6	16.8	4.4	4.2	3.7	2.8	3.1	
- Gain from Debt Trading	2,218.5	1,678.8	2,652.8	3,670.9	805.7	1,001.7	933.2	1,107.2	930.8	
- Gain from Listed Options Market Making	54.0	113.2	1.0	21.8	5.4	5.7	19.1	24.7	17.6	
- Gain from All Other Trading	5,019.9	3,813.3	3,374.6	4,595.4	724.4	821.8	2,045.6	543.8	886.6	
Investment Account Gain (Loss)	904.6	1,013.3	1,297.0	2,230.7	364.0	494.0	789.4	213.2	589.2	
- Realized Gain	137.4	311.9	642.4	1,145.7	278.1	278.9	327.1	78.3	68.2	
- Unrealized Gain	54.2	79.1	106.6	275.3	19.0	74.2	77.6	88.6	88.2	
Underwriting Revenue	2,114.4	2,465.2	2,726.3	2,745.1	682.4	603.1	859.6	756.7	1,147.2	
- Equity Underwriting Revenue	17.5	30.9	67.0	244.3	67.6	55.7	64.0	51.7	67.7	
Margin Interest	454.1	804.1	1,985.1	3,049.6	797.8	741.8	800.2	781.5	800.5	
Mutual Fund Sale Revenue	10,132.5	11,817.3	13,493.8	15,155.9	3,773.6	3,674.2	3,933.3	4,324.2	4,608.6	
Fees, Asset Management	6,176.0	6,905.8	8,008.0	9,695.9	2,362.8	2,367.4	2,637.4	2,696.4	2,886.6	
Research Revenue	2.0	3.4	5.9	15.9	1.1	1.2	8.0	1.8	28.4	
Commodities Revenue	44.0	556.1	191.3	-621.5	368.6	-84.2	-1,097.1	177.4	73.1	
Other Revenue Related to the Securities Business	6,396.4	8,359.7	14,781.3	18,388.9	4,778.1	4,519.7	4,989.1	5,020.7	5,854.2	
Other Revenue	14,983.2	17,643.4	22,624.2	24,029.4	5,739.0	5,904.7	6,856.4	6,469.5	9,060.3	
TOTAL REVENUE	68,210.1	76,507.1	91,948.3	105,460.5	26,142.0	25,179.2	28,625.4	28,123.8	33,595.4	
Net Revenue	63,121.3	69,177.8	76,862.3	88,591.9	21,802.5	21,054.3	24,099.8	23,932.6	27,840.0	
EXPENSES:										
Total Compensation	22,603.6	25,313.9	28,426.3	30,776.8	7,497.7	7,213.7	8,320.2	8,315.1	9,156.5	
- Registered Representative Compensation	7,132.6	7,941.9	8,882.4	9,491.4	2,318.0	2,161.5	2,492.7	2,669.4	2,926.2	
- Clerical Employee Compensation	3,061.7	3,611.8	4,955.3	5,149.6	1,236.8	1,261.6	1,286.1	1,370.9	1,430.7	
- Voting Officer Compensation	2,186.2	2,386.9	2,330.2	2,236.3	527.3	528.8	655.2	529.5	604.0	
- Other Employee Compensation (FOCUS IIA Only)	10,223.1	11,373.0	12,258.4	13,899.4	3,415.6	3,261.7	3,886.3	3,745.2	4,195.5	
Total Floor Costs	10,648.5	11,910.3	12,805.7	14,743.5	3,690.1	3,554.0	4,047.5	4,344.2	4,984.4	
- Floor Brokerage Paid to Brokers	209.2	212.9	235.6	321.2	82.6	78.0	78.7	62.8	79.4	
- Commissions & Clearance Paid to Other Brokers	1,242.7	1,504.9	1,588.7	2,517.7	698.3	659.5	727.8	784.5	822.5	
- Clearance Paid to Non-Brokers	312.7	366.9	517.6	474.0	129.2	106.5	119.1	72.2	91.8	
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	8,883.8	9,825.6	10,463.8	11,430.6	2,780.0	2,709.9	3,121.9	3,424.6	3,990.7	
Communications Expense	422.9	502.9	651.8	623.6	155.9	150.2	157.8	163.7	172.6	
Occupancy & Equipment Costs	764.2	896.7	1,253.3	1,177.5	289.0	287.9	299.9	291.8	297.3	
Promotional Costs	535.3	687.0	933.1	963.4	237.4	200.1	245.4	282.0	275.9	
Interest Expense	5,088.8	7,329.2	15,086.0	16,868.6	4,339.5	4,124.9	4,525.6	4,191.3	5,755.4	
Losses from Error Accounts & Bad Debts	50.2	58.6	63.6	112.9	29.5	38.7	19.9	17.3	19.4	
Data Processing Costs	722.5	804.4	781.4	780.6	190.9	179.8	199.2	195.3	205.4	
Regulatory Fees & Expenses	317.2	307.9	358.3	344.5	97.9	77.1	92.2	77.5	84.7	
Non-Recurring Charges	21.5	203.5	9.5	7.3	1.2	0.8	4.3	0.7	1.4	
Other Expenses	19,730.8	21,453.8	23,448.0	26,871.3	6,649.1	6,447.9	7,481.1	7,206.9	8,314.8	
TOTAL EXPENSES	60,905.5	69,468.3	83,817.0	93,269.9	23,178.2	22,275.0	25,393.0	25,085.8	29,267.7	
PRE-TAX NET INCOME	7,304.6	7,038.8	8,131.3	12,190.6	2,963.8	2,904.1	3,232.4	3,038.0	4,327.7	
TOTAL ASSETS	597,009.1	782,433.2	827,576.0	857,479.9	813,515.8	920,536.4	857,479.9	1,012,950.5	1,034,682.4	
TOTAL LIABILITIES	554,601.3	732,392.8	779,938.7	803,461.5	763,269.4	868,967.8	803,461.5	956,857.4	974,495.4	
TOTAL OWNERSHIP EQUITY	42,407.8	50,040.4	47,637.3	54,018.4	50,246.4	51,568.6	54,018.4	56,093.2	60,187.0	
TOTAL NET CAPITAL	20,708.3	25,925.7	26,714.4	27,630.6	26,231.8	26,786.6	27,630.6	28,960.9	31,495.2	
NUMBER OF FIRMS IN CATEGORY	5,053	4,990	4,917	4,848	4,909	4,914	4,848	4,856	5,178	
PERSONNEL - INCOME PRODUCING	51,299	58,562	59,648	57,228	52,079	54,441	57,228	56,865	59,988	
PERSONNEL - ALL OTHER	29,208	37,622	37,155	36,226	33,694	35,721	36,226	36,515	37,605	
PERSONNEL - TOTAL	80,507	96,184	96,803	93,454	85,773	90,162	93,454	93,380	97,593	

Source: SIFMA DataBank

NYSE-Reporting Firms
INCOME STATEMENT & SELECTED ITEMS
\$ Millions

	ANNUAL DATA								
	2003	2004	2005	2006	06:Q2	06:Q3	06:Q4	07:Q1	07:Q2
REVENUE:									
Commissions	25,661.4	26,339.8	25,612.2	26,665.0	6,977.5	6,042.3	6,481.1	7,112.7	6,957.4
- Commissions - Listed Equity on an Exchange	14,426.0	13,937.4	13,592.3	13,706.4	3,481.6	3,306.4	3,356.3	3,653.7	3,536.5
- Commissions - Listed Equity OTC	1,642.1	2,014.2	1,951.3	1,919.9	507.0	447.1	418.4	468.8	512.4
- Commissions - Listed Options	1,270.6	1,215.0	1,134.0	1,394.8	365.6	334.9	339.8	391.6	445.9
- Commissions - All Other	8,322.7	9,173.2	8,934.6	9,644.1	2,623.4	1,954.0	2,366.6	2,598.6	2,462.6
Trading Gain (Loss)	23,136.5	17,363.6	17,006.5	34,522.5	6,704.0	9,147.7	9,093.2	8,033.6	6,558.6
- Gain from OTC Market Making	742.6	447.6	480.5	513.6	155.9	248.8	-37.3	230.8	143.8
- - Gain from OTC Market Making in Listed Equity	-14.8	-7.6	-17.3	-1.4	0.3	0.1	-0.1	-0.1	0.1
- Gain from Debt Trading	17,522.1	15,754.5	10,076.3	14,112.0	3,531.0	4,156.2	2,927.3	3,224.0	1,622.7
- Gain from Listed Options Market Making	-170.0	154.0	203.3	38.0	36.7	-47.8	-84.2	302.5	80.0
- Gain from All Other Trading	5,041.8	1,007.5	6,006.0	19,858.9	2,980.4	4,790.5	6,287.4	4,276.3	-339.4
Investment Account Gain (Loss)	2,115.7	1,656.1	1,559.4	3,306.6	354.6	693.8	1,068.8	844.3	1,035.6
- Realized Gain	480.7	1,205.8	1,218.5	1,316.5	320.1	207.6	343.0	467.8	556.5
- Unrealized Gain	1,574.2	414.4	-178.8	655.5	-153.3	126.2	220.5	-72.2	-159.6
Underwriting Revenue	15,090.0	16,658.9	17,261.2	20,884.4	5,454.4	4,151.9	6,519.0	6,399.8	6,580.1
- Equity Underwriting Revenue	3,697.8	4,204.2	4,135.8	4,972.2	1,236.1	768.9	1,040.9	1,519.6	2,092.1
Margin Interest	4,776.9	6,146.0	11,272.0	20,777.4	3,854.5	5,482.5	7,136.0	5,431.6	7,257.7
Mutual Fund Sale Revenue	6,064.9	6,838.5	7,163.0	7,843.5	2,051.0	1,805.0	1,926.1	2,180.8	1,895.1
Fees, Asset Management	11,761.6	13,941.6	15,268.0	18,195.1	4,440.8	4,719.9	4,961.0	4,838.3	5,418.8
Research Revenue	170.0	207.8	131.6	206.2	52.1	39.7	59.8	9.0	8.1
Commodities Revenue	-1,902.4	930.3	1,052.6	54.8	735.8	-350.3	-411.2	451.4	-113.8
Other Revenue Related to the Securities Business	47,898.3	59,260.4	111,762.2	175,354.4	41,761.4	43,923.1	49,150.3	46,656.4	50,385.2
Other Revenue	9,743.1	10,854.3	21,730.3	23,525.6	6,245.5	6,103.3	7,397.8	7,876.0	9,259.1
TOTAL REVENUE	144,516.0	160,197.3	229,819.1	331,335.7	78,631.6	81,759.1	93,381.9	89,834.0	95,240.5
Net Revenue	106,331.6	109,113.1	108,757.8	132,531.5	31,920.5	30,184.4	35,864.5	35,691.3	34,627.6
EXPENSES:									
Total Compensation	54,125.0	57,851.1	59,953.4	71,104.2	17,600.3	16,063.5	17,594.9	20,134.7	19,503.9
- Registered Representative Compensation	21,588.5	22,301.5	23,156.2	26,873.6	6,714.9	6,297.8	6,944.1	7,465.9	7,436.3
- Clerical Employee Compensation	29,107.1	32,874.4	34,308.4	41,664.3	10,298.0	9,091.7	10,011.2	12,250.8	11,638.3
- Voting Officer Compensation	1,925.7	1,222.4	1,145.9	1,437.8	288.0	515.0	339.5	241.0	248.8
- Other Employee Compensation (FOCUS IIA Only)	1,503.7	1,452.8	1,342.9	1,128.5	299.3	159.1	300.0	177.0	180.4
Total Floor Costs	4,962.9	4,839.0	5,233.5	6,444.4	1,774.8	1,469.7	1,570.9	1,652.9	1,670.3
- Floor Brokerage Paid to Brokers	1,119.4	1,258.3	1,346.5	1,481.0	411.7	366.8	337.2	349.9	326.0
- Commissions & Clearance Paid to Other Brokers	2,514.0	2,167.1	2,430.9	3,421.2	942.7	792.7	817.8	989.0	997.7
- Clearance Paid to Non-Brokers	849.9	876.9	965.9	1,152.5	304.5	295.9	303.4	302.5	335.6
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	479.6	536.7	490.2	389.6	115.9	14.3	112.4	11.6	11.1
Communications Expense	3,952.7	4,170.9	4,343.8	4,918.5	1,197.0	1,219.1	1,312.3	1,249.6	1,338.3
Occupancy & Equipment Costs	6,028.8	5,577.2	5,086.8	5,211.4	1,263.2	1,391.5	1,328.1	1,291.5	1,346.4
Promotional Costs	1,499.4	1,653.2	1,511.5	1,541.3	428.9	327.7	417.1	382.9	364.9
Interest Expense	38,184.4	51,084.2	121,061.3	198,804.2	46,711.1	51,574.7	57,517.4	54,142.7	60,612.9
Losses from Error Accounts & Bad Debts	305.4	274.8	305.5	276.8	58.9	66.5	79.1	48.2	-173.2
Data Processing Costs	2,312.8	2,422.5	2,724.8	2,926.4	715.2	748.1	764.4	695.6	706.1
Regulatory Fees & Expenses	979.6	1,150.0	1,193.4	1,266.2	328.0	312.9	336.1	317.8	344.9
Non-Recurring Charges	252.4	477.2	274.5	118.0	38.8	14.2	14.0	11.6	-4.7
Other Expenses	15,163.0	17,017.3	18,684.3	17,831.1	3,982.3	4,508.2	4,884.8	5,243.4	5,299.6
TOTAL EXPENSES	127,766.4	146,517.4	220,372.8	310,442.2	74,098.4	77,696.1	85,819.0	85,170.8	91,009.5
PRE-TAX NET INCOME									
	16,749.6	13,679.9	9,446.3	20,893.6	4,533.2	4,063.0	7,562.9	4,663.2	4,231.0
TOTAL ASSETS									
	3,174,801.0	3,841,155.7	4,211,633.2	5,019,451.2	4,584,732.5	4,838,610.7	5,019,451.2	5,510,798.5	5,870,865.3
TOTAL LIABILITIES									
	3,084,881.8	3,745,006.8	4,110,979.4	4,909,210.0	4,476,091.4	4,728,178.2	4,909,210.0	5,395,520.2	5,752,060.3
TOTAL OWNERSHIP EQUITY									
	89,919.2	96,148.9	100,653.8	110,241.2	108,641.1	110,432.5	110,241.2	115,278.3	118,805.0
TOTAL NET CAPITAL									
	57,711.8	61,201.0	74,619.6	75,338.3	78,379.6	84,236.7	75,338.3	79,953.2	79,108.5
NUMBER OF FIRMS IN CATEGORY									
	234	229	217	204.0	213	206	204	199	193
PERSONNEL - INCOME PRODUCING									
	134,550	139,118	131,119	131,457.0	129,308	130,841	131,457	138,465	146,706
PERSONNEL - ALL OTHER									
	159,439	160,935	155,359	162,464.0	160,092	161,326	162,464	167,460	168,047
PERSONNEL - TOTAL									
	293,989	300,053	286,478	293,921.0	289,400	292,167	293,921	305,925	314,753

Source: SIFMA DataBank

NASD- and NYSE-Reporting Firms
INCOME STATEMENT & SELECTED ITEMS
\$ Millions

INCOME STATEMENT & SELECTED ITEMS										
\$ Millions										
	ANNUAL DATA									
	2003	2004	2005	2006	06:Q2	06:Q3	06:Q4	07:Q1	07:Q2	
REVENUE:										
Commissions	45,060.7	47,140.9	46,144.5	48,908.4	12,654.1	11,133.3	12,277.4	13,067.5	13,593.7	
- Commissions - Listed Equity on an Exchange	19,157.4	18,908.9	18,421.0	18,610.5	4,735.2	4,453.3	4,609.3	4,873.1	4,878.0	
- Commissions - Listed Equity OTC	2,640.5	3,072.9	3,269.3	3,102.8	849.6	673.4	682.1	819.8	818.1	
- Commissions - Listed Options	1,766.1	1,962.3	1,778.0	2,175.0	558.5	518.6	552.5	605.4	716.1	
- Commissions - All Other	21,496.7	23,196.6	22,676.2	25,020.3	6,511.0	5,488.1	6,433.5	6,769.3	7,181.5	
Trading Gain (Loss)	30,740.1	23,501.2	23,309.6	43,049.6	8,302.0	11,013.9	12,146.1	9,761.2	8,469.7	
- Gain from OTC Market Making	1,053.7	979.9	755.3	752.6	218.5	285.9	17.7	282.8	219.8	
- - Gain from OTC Market Making in Listed Equity	-1.6	18.1	2.3	15.4	4.7	4.3	3.6	2.7	3.2	
- Gain from Debt Trading	19,740.6	17,433.3	12,729.1	17,782.9	4,336.7	5,157.9	3,860.5	4,331.2	2,553.5	
- Gain from Listed Options Market Making	-116.0	267.2	204.3	59.8	42.1	-42.1	-65.1	327.2	97.6	
- Gain from All Other Trading	10,061.7	4,820.8	9,380.6	24,454.3	3,704.8	5,612.3	8,339.0	4,820.1	547.2	
Investment Account Gain (Loss)	3,020.3	2,669.4	2,856.4	5,537.3	718.6	1,187.8	1,858.2	1,057.5	1,624.8	
- Realized Gain	618.1	1,517.7	1,860.9	2,462.2	598.2	486.5	670.1	546.1	624.7	
- Unrealized Gain	1,628.4	493.5	-72.2	930.8	-134.3	200.4	298.1	16.4	-71.4	
Underwriting Revenue	17,204.4	19,124.1	19,987.5	23,629.5	6,136.8	4,755.0	7,378.6	7,156.5	7,727.3	
- Equity Underwriting Revenue	3,715.3	4,235.1	4,202.8	5,216.5	1,303.7	824.6	1,904.9	1,571.3	2,159.8	
Margin Interest	5,231.0	6,950.1	13,257.1	23,827.0	4,652.3	6,224.3	7,936.2	6,213.1	8,058.2	
Mutual Fund Sale Revenue	16,197.4	18,655.8	20,656.8	22,999.4	5,824.6	5,479.2	5,859.4	6,505.0	6,503.7	
Fees, Asset Management	17,937.6	20,847.4	23,276.0	27,891.0	6,803.6	7,087.3	7,598.4	7,534.7	8,305.4	
Research Revenue	172.0	211.2	137.5	222.1	53.2	40.9	67.8	10.8	36.5	
Commodities Revenue	-1,858.4	1,486.4	1,243.9	-566.7	1,104.4	-434.5	-1,508.3	628.8	-40.7	
Other Revenue Related to the Securities Business	54,294.7	67,620.1	126,543.5	193,743.3	46,539.5	48,442.8	54,139.4	51,677.1	56,239.4	
Other Revenue	24,726.3	28,497.7	44,354.5	47,555.0	11,984.5	12,008.0	14,254.2	14,345.5	18,319.4	
TOTAL REVENUE	212,726.1	236,704.4	321,767.4	436,796.2	104,773.6	106,938.3	122,007.3	117,957.8	128,835.9	
Net Revenue	169,452.9	178,290.9	185,620.1	221,123.4	53,723.0	51,238.7	59,964.3	59,623.9	62,467.6	
EXPENSES:										
Total Compensation	76,728.6	83,165.0	88,379.7	101,881.0	25,098.0	23,277.2	25,915.1	28,449.8	28,660.4	
- Registered Representative Compensation	28,721.1	30,243.4	32,038.6	36,365.0	9,032.9	8,459.3	9,436.8	10,135.3	10,362.5	
- Clerical Employee Compensation	32,168.8	36,486.2	39,263.7	46,813.9	11,534.8	10,353.3	11,297.3	13,621.7	13,069.0	
- Voting Officer Compensation	4,111.9	3,609.3	3,476.1	3,674.1	815.3	1,043.8	994.7	770.5	852.8	
- Other Employee Compensation (FOCUS IIA Only)	11,726.8	12,825.8	13,601.3	15,027.9	3,714.9	3,420.8	4,186.3	3,922.2	4,375.9	
Total Floor Costs	15,611.4	16,749.3	18,039.2	21,187.9	5,464.9	5,023.7	5,618.4	5,997.1	6,654.7	
- Floor Brokerage Paid to Brokers	1,328.6	1,471.2	1,582.1	1,802.2	494.3	444.8	415.9	412.7	405.4	
- Commissions & Clearance Paid to Other Brokers	3,756.7	3,672.0	4,019.6	5,938.9	1,641.0	1,452.2	1,545.6	1,773.5	1,820.2	
- Clearance Paid to Non-Brokers	1,162.6	1,243.8	1,483.5	1,626.5	433.7	402.4	422.5	374.7	427.4	
- Commissions Paid to Broker-Dealers (FOCUS IIA Only)	9,363.4	10,362.3	10,954.0	11,820.2	2,895.9	2,724.2	3,234.3	3,436.2	4,001.8	
Communications Expense	4,375.6	4,673.8	4,995.6	5,542.1	1,352.9	1,369.3	1,470.1	1,413.3	1,510.9	
Occupancy & Equipment Costs	6,793.0	6,473.9	6,340.1	6,388.9	1,552.2	1,679.4	1,628.0	1,583.3	1,643.7	
Promotional Costs	2,034.7	2,340.2	2,444.6	2,504.7	666.3	527.8	662.5	664.9	640.8	
Interest Expense	43,273.2	58,413.4	136,147.3	215,672.8	51,050.6	55,699.6	62,043.0	58,334.0	66,368.3	
Losses from Error Accounts & Bad Debts	355.6	333.4	369.1	389.7	88.4	105.2	99.0	65.5	-153.8	
Data Processing Costs	3,035.3	3,226.9	3,506.2	3,707.0	906.1	927.9	963.6	890.9	911.5	
Regulatory Fees & Expenses	1,296.8	1,457.9	1,551.7	1,610.7	425.9	390.0	428.3	395.3	429.6	
Non-Recurring Charges	273.9	680.7	284.0	125.3	40.0	15.0	18.3	12.3	-3.3	
Other Expenses	34,893.8	38,471.1	42,132.3	44,702.4	10,631.4	10,956.1	12,365.9	12,450.3	13,614.4	
TOTAL EXPENSES	188,671.9	215,985.7	304,189.8	403,712.1	97,276.6	99,971.1	111,212.0	110,256.6	120,277.2	
PRE-TAX NET INCOME	24,054.2	20,718.7	17,577.6	33,084.2	7,497.0	6,967.1	10,795.3	7,701.2	8,558.7	
TOTAL ASSETS	3,771,810.1	4,623,588.9	5,039,209.2	5,876,931.1	5,398,248.3	5,759,147.1	5,876,931.1	6,523,749.0	6,905,547.7	
TOTAL LIABILITIES	3,639,483.1	4,477,399.6	4,890,918.1	5,712,671.5	5,239,360.8	5,597,146.0	5,712,671.5	6,352,377.6	6,726,555.7	
TOTAL OWNERSHIP EQUITY	132,327.0	146,189.3	148,291.1	164,259.6	158,887.5	162,001.1	164,259.6	171,371.5	178,992.0	
TOTAL NET CAPITAL	78,420.1	87,126.7	101,334.0	102,968.9	104,611.4	111,023.3	102,968.9	108,914.1	110,603.7	
NUMBER OF FIRMS IN CATEGORY	5,287	5,219	5,134	5,052	5,122	5,120	5,052	5,055	5,371	
PERSONNEL - INCOME PRODUCING	185,849	197,680	190,767	188,685	181,387	185,282	188,685	195,330	206,694	
PERSONNEL - ALL OTHER	188,647	198,557	192,514	198,690	193,786	197,047	198,690	203,975	205,652	
PERSONNEL - TOTAL	374,496	396,237	383,281	387,375	375,173	382,329	387,375	399,305	412,346	

Source: SIFMA DataBank

MIDDLE MARKET REPORT

The quarterly Middle Market Report analyzes and presents aggregate information and trends related to bond and equity underwriting in which one (or more) middle market security firm - non-primary dealer - is the lead underwriter or “book runner” on the deal based on publicly available information. The report’s bond coverage focuses on long-term transactions, those in which the stated original maturity at issuance is greater than thirteen months, and covers the range of fixed-income market sectors, including municipal bonds, corporate bonds, federal agency securities and asset-backed and private-label mortgage-backed securities, underwritten by middle market securities firms. In addition, the report analyzes and presents middle market firm-led equity issuance and mergers and acquisition advisory activity.

Middle Market Firm-Led Underwriting Rises Through the First Half of Year; Credit Market Conditions, Stalled Liquidity Reduce Second Half Issuance Outlook

Aggregate middle market firm-managed underwriting in the municipal, federal agency, corporate, structured finance and equity market sectors surged to \$249.2 billion in the first half of 2007, 27.0 percent above the \$196.2 billion recorded during the first half of 2006. The year-over-year increase was led by securitization activity with first half volume more than 80 percent higher than in the same year-earlier period; agency debt with volume up nearly 50 percent; and municipal bond issuance, which increased nearly 25 percent. Middle market dealer-led equity underwriting share expressed as a percentage of total first half U.S. equity underwriting volume decreased to 42.9 percent from 54.3 percent during the same period a year ago.

Middle market firm-led underwriting growth was supported by favorable market conditions during the first half of the year. Beginning late in the second quarter and continuing into the third quarter liquidity conditions dissipated and the market repriced credit risk. Middle-market firms have been subject to the credit market-wide effect of subprime contagion that has caused credit spread widening and reduced liquidity. Despite the weakening credit market conditions, as distinct from the subprime mortgage downturn, corporate credit fundamentals appeared to remain strong on sustained profitability and historically low default rates. Default rates, however, are anticipated to rise at a steady pace over the next year. The near-term credit market outlook suggests higher credit costs and constrained credit availability for corporate expansion and acquisition. While economic growth has been sustained through the early part of the third quarter, the weakened credit market conditions are affecting the growth outlook and increasing the probability of easier monetary policy over the balance of the year.

Equity issuance also continued its robust pace through the first half of the year, the result of strong earnings growth and shareholder-friendly financing strategies. Equity market price appreciation continued into the third quarter, with the Dow Jones Index surpassing 14,000 for the first time.

Middle Market Firm-Led Municipal Underwriting Volume Rises in the First Half on Higher Refunding Volume

Middle market firm-led municipal issuance volume increased to \$72.4 billion in the first half of 2007, 23.8 percent more than in the first half of 2006. Issuance increased to \$38.2 billion in the second quarter, 11.7 percent higher than the \$34.2 billion issued in the first quarter and 12.7 percent higher than the second quarter a year ago. The substantial year-over-year quarterly issuance growth was largely attributable to higher refunding volumes as local and state governments took advantage of a stable low-rate environment. While the investor “flight to safety” has lowered benchmark Treasury yields, municipal bonds have not kept pace evidenced by the municipal-to-Treasury yield ratio reaching 0.89 percent during August, the highest level recorded since December 2005. The recent municipal rally combined with the historically low

benchmark yields may present additional refunding opportunities during the second half of the year. Municipal bond financing may also be seen as an additional source of funding for affordable mortgages targeted to the credit-impaired homeowner population.

Both competitive and negotiated municipal underwriting volumes were higher in the first half of the year compared with the same period last year. Middle market firm-led negotiated issuance increased 24.8 percent to \$60.9 billion in the first half of 2007, up from \$48.8 billion in 2006. Year-over-year, competitive issuance volume also increased in the first half of 2007, reaching \$10.2 billion, up 14.7 percent from \$8.9 billion in 2006 in the same year-earlier period.

The Midwest ranked first among geographic regions, accounting for 25.6 percent of total middle market firm-led underwriting volume, with the Southwest ranking second and the Southeast third. The top issuing states were Texas and California, accounting for a combined 21.4 percent of middle market firm-led underwriting through the first half.

In general, municipal credit performance has remained solid despite the recent repricing of credit in other market sectors. Municipal bond credit ratings have benefited from strong state and local tax revenue growth, the result of rising corporate profits, personal income growth, and elevated property tax assessment trends. Lower housing prices will eventually slow property tax revenue growth. More than 50 percent of middle market-firm led issuance volume had the highest Moody's rating, Aaa, with 14.6 percent by volume rated Aa or below, and 26.1 percent unrated. Credit enhancement provided support for 57.2 percent of total issuance by dollar volume. Education continues to be the largest use-of-proceeds sector, accounting for 41.2 percent of middle market firm-led municipal volume in the first half of the year.

Corporate Bond Underwriting Slows with Credit Risk Repricing

Middle market firm-led corporate underwriting slowed considerably in the second quarter with the onset of weaker credit market conditions after setting a quarterly record in the first quarter of the year. Issuance volume declined 60.7 percent to \$8.3 billion in the second quarter, down from \$21.1 billion in the first quarter and 48.5 percent from the same year-earlier period. Due to robust issuance at the beginning of the year, first half volume totaled \$29.4 billion, down only 14.5 percent from the \$34.4 billion during the same period a year ago. Middle market firm-led corporate bond issuance accounted for 4.5 percent of total U.S. corporate issuance in the first six months of the year, compared to 6.5 percent in the first six months in 2006.

U.S.-based corporations accounted for 76.4 percent of middle market-led corporate issuance in the first half of the year. Among states, North Carolina-based corporations continued to rank first by a wide margin with 49.8 percent of issuance volume during the first half, followed by New York-based corporations, with a 11.5 percent market share. The financial services industry, including commercial banks, credit institutions, and mortgage securities, remained the dominant middle market-led issuance sector in 2006, accounting for 85.5 percent of total issuance.

Securitized Underwriting Increases in First Half but Declines from the First Quarter; Agency Issuance Increases

Middle market firm-led underwriting of securitized debt increased to \$69.6 billion in the first half of 2007, up 81.3 percent from the \$38.4 billion recorded during the same period a year ago. Issuance volume declined marginally in the second quarter, down to \$34.2 billion from \$35.4 billion in the first quarter, suggesting that middle market led-securitized issuance volumes were beginning to be affected by mortgage and housing market weakness. Middle market firm-led residential mortgage-backed securities (RMBS) issuance totaled \$29.2 billion in the first half of the year, accounting for more than 40 percent of all middle market-led securitized issuance. Tighter underwriting standards, reduced housing prices and higher non-conforming mortgage interest rates will reduce private label mortgage-backed securities issuance volumes over the second half of the year.

Commercial mortgage-backed securities (CMBS) issuance was the second largest securitized issuing sector, totaling \$17.3 billion in the first half of the year, a 293.2 percent increase over the \$4.4 billion issued a year earlier.

Federal agency issuance managed by middle market firms rose to \$20.9 billion in the first half of the year, a nearly 50 percent increase over the same period a year ago. Issuance increased 34.8 percent to 12.0 billion in the second quarter from \$8.9 billion in the first quarter. Year-over-year growth in agency issuance volume can be attributed to the housing government sponsored entities' (or GSEs) near completion of capital management and portfolio restructuring initiatives and conforming mortgage origination growth.

Equity Underwriting and M&A Volume Higher in Q2; Conditions Still Favorable for Growth Later in 2007

Equity underwriting led by middle market firms totaled \$56.9 billion during the first half of 2007, up 12.0 percent from \$50.8 billion during the same period a year ago. On a linked-quarter basis, second quarter volume increased 78.9 percent from the first quarter and represented a 22.8 percent share of total middle market (debt and equity) underwriting volume compared to 25.9 percent a year ago. Middle market firm-advised announced M&A deals accounted for \$413.5 billion, or 38.0 percent, of total U.S. M&A dollar volume in the first half, more than a 75 percent increase from the \$236.3 billion in the first half of 2006 when the middle-market share was 33.3 percent. The reduced availability of debt financing will constrain leveraged buy-out deal-making, which has driven much of the acquisition growth in recent years. Strategic corporate M&A financed by either cash or stock, however, should continue to be supported by the positive profit, cash flow and rising stock price trends of recent years.

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MIDDLE MARKET REPORT – Municipal

M-1

2007:Q2 LONG-TERM MUNICIPAL ISSUANCE BY GEOGRAPHIC REGION

	% of				% of				% of		
	\$ Bil	# Issues	Tot. Vol.*		\$ Bil	# Issues	Tot. Vol.*		\$ Bil	# Issues	Tot. Vol.*
Southeast	14,856.8	688	20.5%	Southwest	16,935.7	1,065	23.4%	Mid West	18,569.7	1,887	25.6%
Florida	3,289.6	114	22.1%	Texas	8,581.3	392	50.7%	Illinois	4,288.9	335	23.1%
Georgia	2,350.6	74	15.8%	Colorado	2,232.4	122	13.2%	Ohio	2,955.6	173	15.9%
Alabama	1,818.5	86	12.2%	Arizona	2,163.5	81	12.8%	Indiana	2,186.6	117	11.8%
Louisiana	1,772.5	84	11.9%	Kansas	1,087.4	109	6.4%	Missouri	2,028.0	203	10.9%
Virginia	1,384.4	44	9.3%	Arkansas	871.1	81	5.1%	Michigan	1,771.6	172	9.5%
Tennessee	1,365.2	56	9.2%	Oklahoma	781.3	204	4.6%	Minnesota	1,651.0	251	8.9%
North Carolina	980.6	42	6.6%	New Mexico	705.7	33	4.2%	Wisconsin	1,430.0	264	7.7%
Kentucky	686.1	90	4.6%	Utah	513.0	43	3.0%	Iowa	994.3	188	5.4%
Mississippi	531.7	54	3.6%					Nebraska	930.1	136	5.0%
South Carolina	525.1	35	3.5%					South Dakota	236.0	20	1.3%
West Virginia	152.5	9	1.0%					North Dakota	97.6	28	0.5%

	% of				% of		
	\$ Bil	# Issues	Tot. Vol.*		\$ Bil	# Issues	Tot. Vol.*
Far West	10,462.5	512	14.4%	Northeast	11,600.5	696	16.0%
California	6,916.9	307	66.1%	New York	4,130.0	241	35.6%
Washington	1,198.8	67	11.5%	Pennsylvania	3,578.8	208	30.9%
Oregon	971.1	56	9.3%	New Jersey	952.5	60	8.2%
Alaska	362.9	7	3.5%	Connecticut	788.5	43	6.8%
Nevada	350.2	20	3.3%	Massachusetts	709.5	77	6.1%
Montana	329.1	33	3.1%	Maryland	611.4	20	5.3%
Idaho	182.9	15	1.7%	Delaware	293.8	6	2.5%
Hawaii	122.4	1	1.2%	Maine	241.2	11	2.1%
Wyoming	28.2	6	0.3%	D. of Columbia	144.4	5	1.2%
				New Hampshire	79.8	9	0.7%
				Vermont	39.6	7	0.3%
				Rhode Island	31.0	9	0.3%

Total: \$72,425.2 Million

Total Number of Issues 4,848

* Middle market percentages represent the portion of total U.S. middle market dealers accounted for by that region. State percentages represent the portion of total issuance in the region.

Source: Thomson Financial

¹ As of June 30, 2007

M-2

2007:Q2 LONG-TERM MUNICIPAL TOP 25 ISSUERS

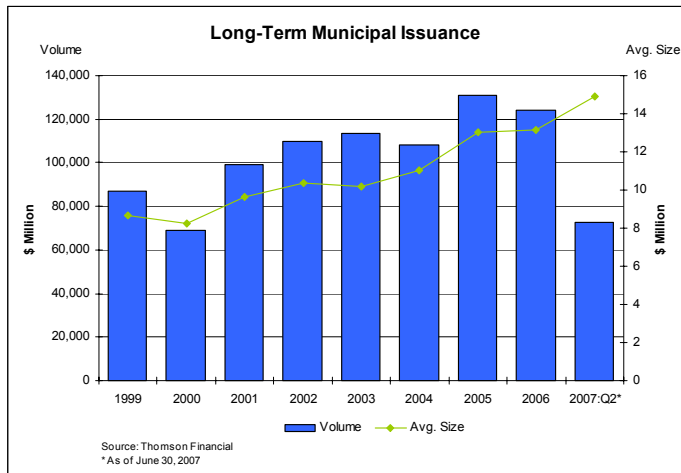
	\$ Mil	# Issues		\$ Mil	# Issues
1 NYC Municipal Water Finance Auth	983.0	2	15 Birmingham w/trwks & Swr Board	326.3	1
2 Chicago City-Illinois	686.6	11	16 Connecticut Hlth & Ed Facs Auth	308.5	12
3 Houston City-Texas	515.8	2	17 CollegeInvest	306.0	2
4 California Statewide Comm Dev Au	502.0	23	18 Missouri Housing Dev Commission	301.0	9
5 Aurora City-Illinois	487.5	7	19 Ohio	300.7	3
6 Illinois Finance Authority	444.7	27	20* Ohio Housing Finance Agency	300.0	3
7 Illinois	437.0	2	20* De Kalb Co SD	300.0	1
8 New Mexico Mortgage Fin Auth	428.1	8	22 Harris Co (Houston) ISD	279.9	1
9 Gwinnett Co (Gwinnett) SD	425.0	1	23 Lee Memorial Health System	270.9	1
10 South Texas Higher Educ Auth	394.8	2	24 Cypress-Fairbanks ISD	268.6	1
11 Louisiana Public Facilities Auth	388.2	4	25 NYS Dorm Authority	265.4	8
12 NYC Transitional Finance Auth	367.0	1			
13 Philadelphia City-Pennsylvania	345.0	1	Total Top 25	3,227.3	42
14 Washington State Hsg Fin Comm	341.9	6	Industry Total	72,425.2	4,848

* Tied

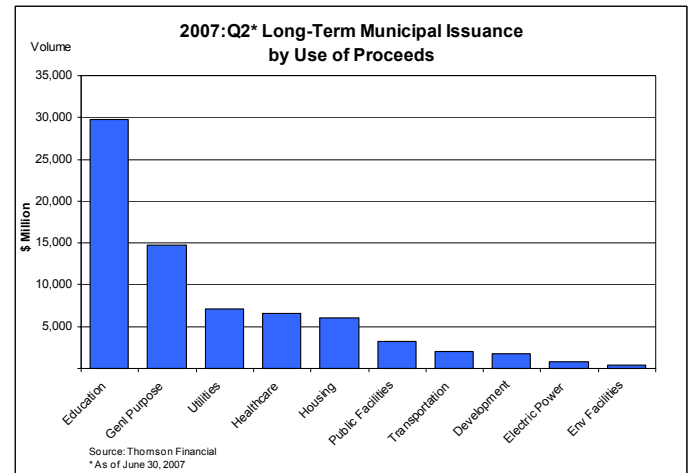
Source: Thomson Financial

MIDDLE MARKET REPORT – Municipal

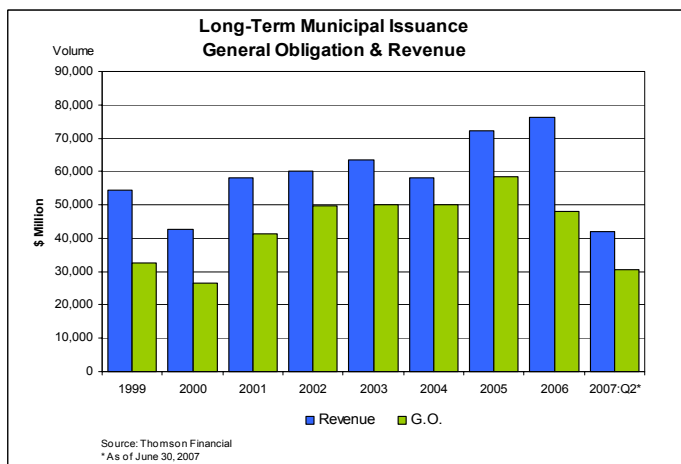
M-3



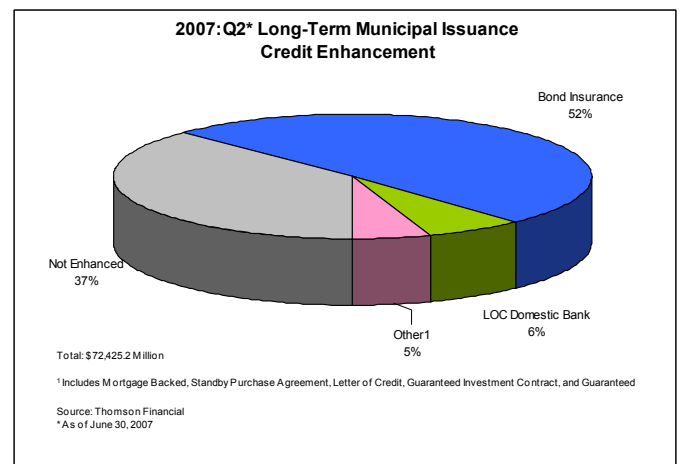
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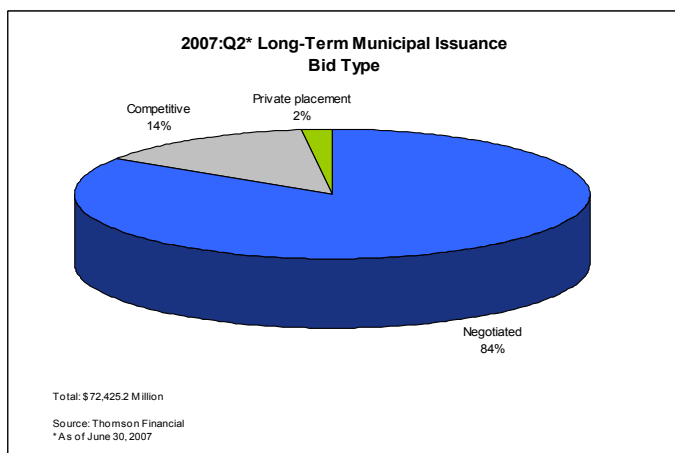
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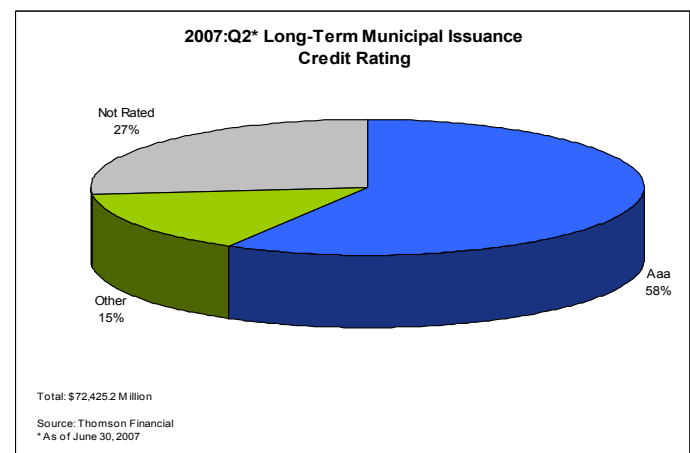
M-6



M-7

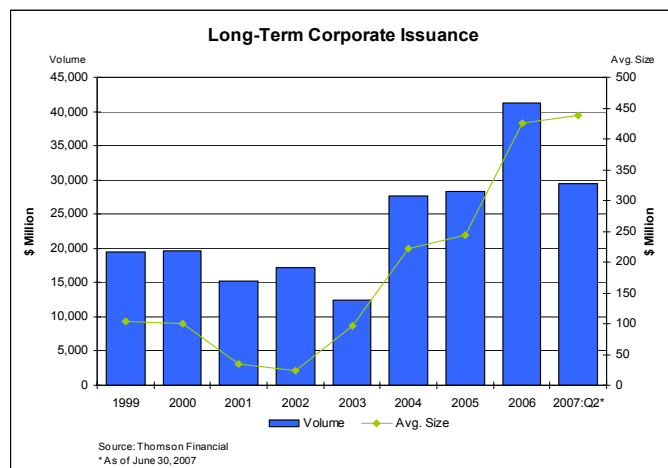


M-8

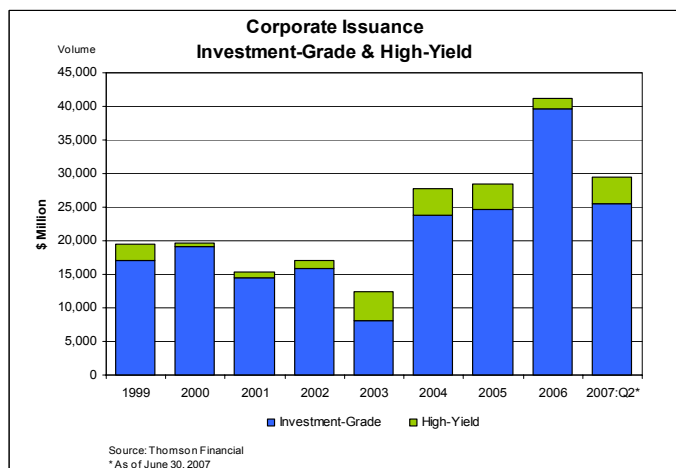


MIDDLE MARKET REPORT - Corporate

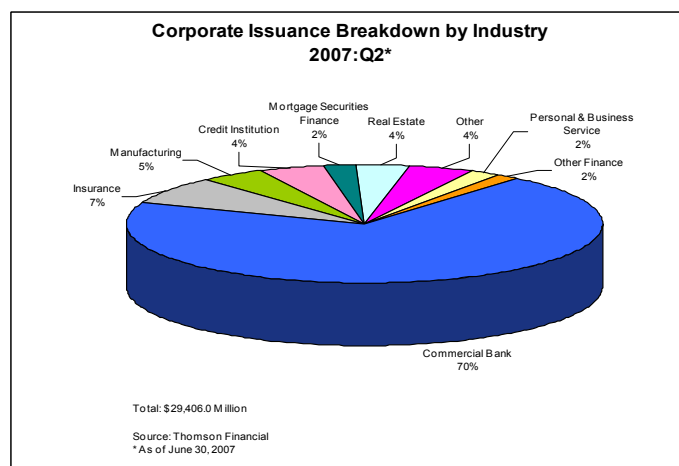
C-1



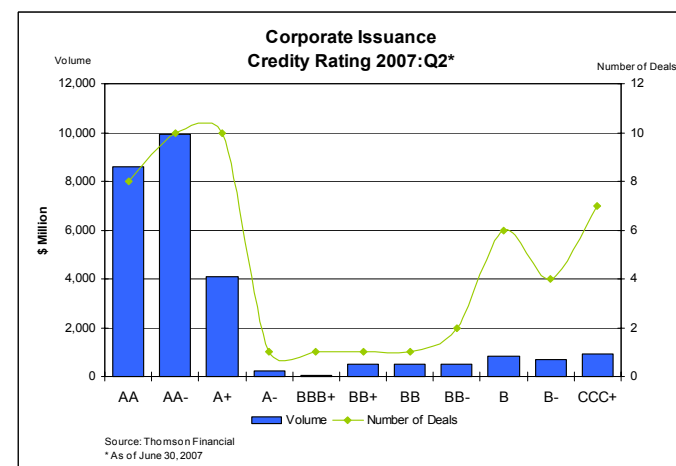
C-2



C-3



C-4



Issuance by State 2007:Q2

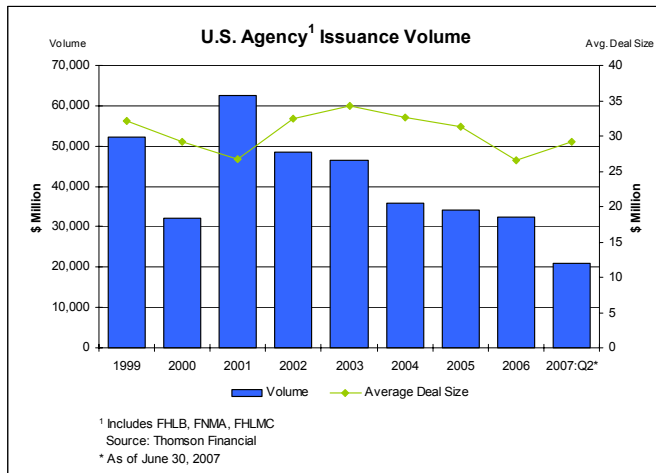
C-5

State	\$ Mil	# Issues
1 North Carolina	14,642.4	9
2 Foreign	6,948.0	22
3 New York	3,383.5	11
4 Georgia	1,130.0	2
5 Texas	805.0	4
6 Delaware	355.0	2
7 Missouri	350.0	1
8 Virginia	345.2	2
9 Alabama	250.0	2
10 Massachusetts	231.1	2
11 California	229.4	3
12 Nevada	203.4	2
13 Washington	175.0	1
14 Illinois	123.5	1

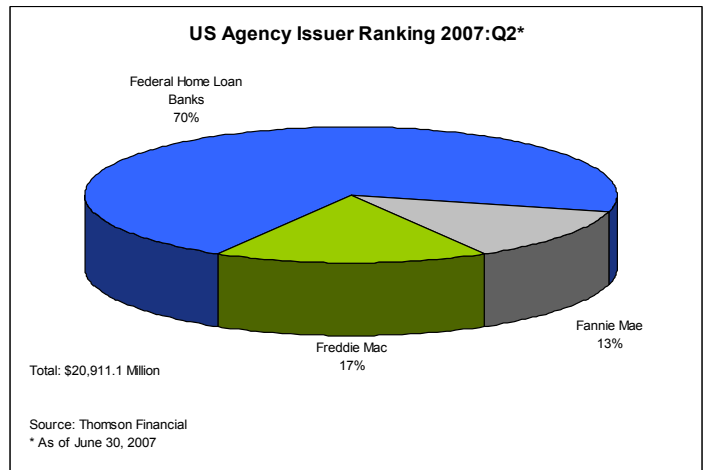
State	\$ Mil	# Issues
15 D. of Columbia	115.0	1
16 Pennsylvania	99.5	1
17 New Hampshire	20.0	1
Total Top 25	29,406.0	67
Industry Total	29,406.0	67

MIDDLE MARKET REPORT – U.S. Agency

A-1

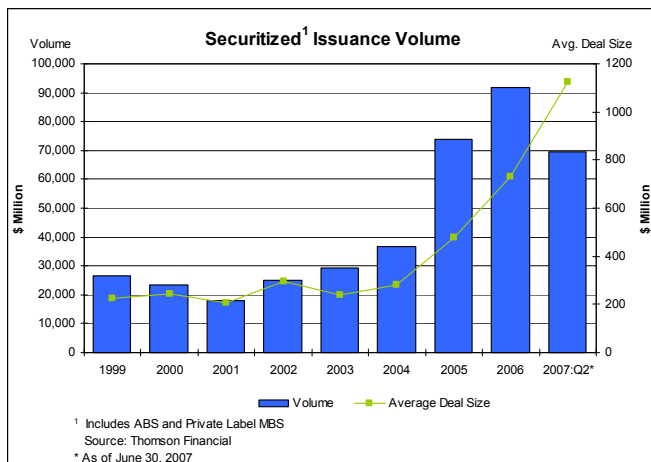


A-2

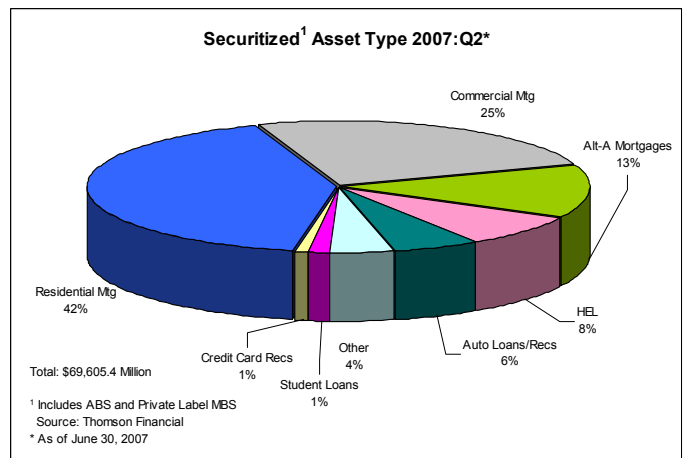


MIDDLE MARKET REPORT – Securitization

S-1

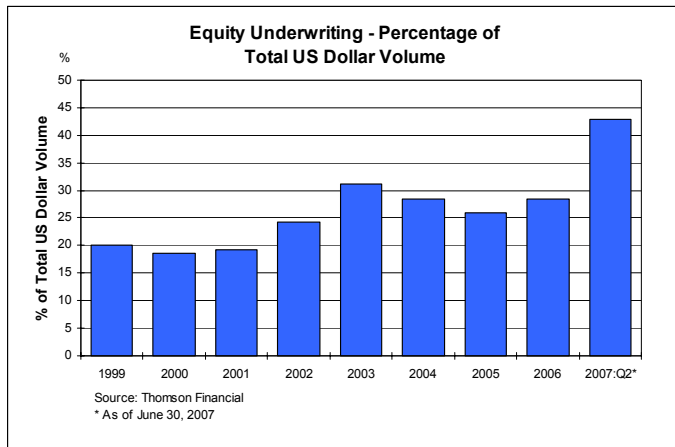


S-2

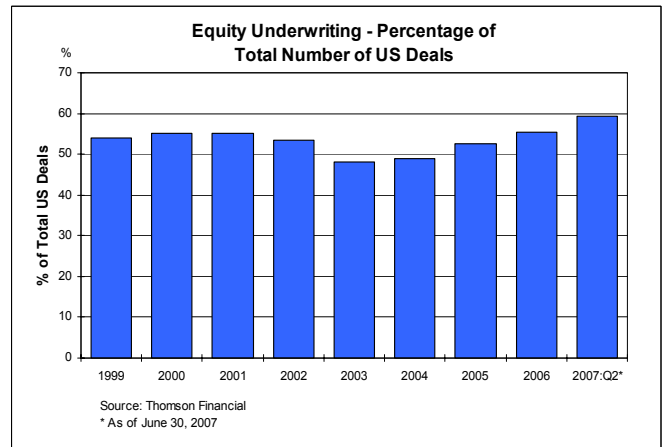


MIDDLE MARKET REPORT - Equity

E-1

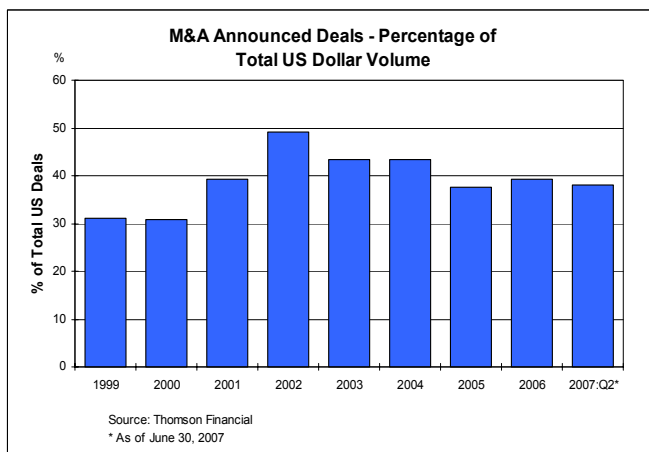


E-2

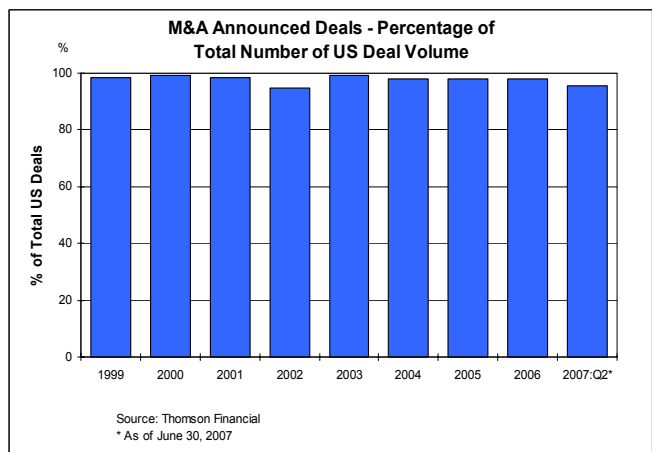


MIDDLE MARKET REPORT - Mergers and Acquisitions

MA-1



MA-2



U.S. CORPORATE UNDERWRITING ACTIVITY

(\$ Billions)

	Straight Corporate Debt	Con- vertible Debt	Asset- Backed Debt	Non- Agency MBS	TOTAL DEBT	Common Stock	Preferred Stock	TOTAL EQUITY	All IPOs	"True" IPOs	Second- aries	TOTAL UNDER- WRITINGS
1985	66.5	6.2	1.2	23.7	97.6	24.7	8.6	33.3	8.5	8.4	16.2	130.9
1986	134.9	9.8	10.0	62.2	216.9	43.2	13.9	57.1	22.3	18.1	20.9	274.0
1987	108.5	10.3	8.9	83.3	211.0	41.5	11.4	52.9	24.0	14.3	17.5	263.9
1988	99.2	4.1	14.3	83.5	201.1	29.7	7.6	37.3	23.6	5.7	6.1	238.4
1989	101.1	5.8	22.2	35.1	164.2	22.9	7.7	30.6	13.7	6.1	9.2	194.8
1990	76.5	5.5	43.6	43.2	168.8	19.2	4.7	23.9	10.1	4.5	9.0	192.7
1991	160.4	9.4	52.2	59.2	281.2	56.0	19.9	75.9	25.1	16.4	30.9	357.1
1992	239.6	8.4	55.8	82.5	386.3	72.5	29.3	101.8	39.6	24.1	32.9	488.1
1993	339.7	15.2	62.6	117.7	535.2	102.4	28.4	130.8	57.4	41.3	45.0	666.0
1994	222.2	12.2	81.7	73.7	389.8	61.4	15.5	76.9	33.7	28.3	27.7	466.7
1995	279.8	12.0	113.1	36.5	441.4	82.0	15.1	97.1	30.2	30.0	51.8	538.5
1996	342.7	21.3	168.4	51.9	584.3	115.5	36.5	151.9	50.0	49.9	65.5	736.2
1997	466.0	26.0	223.1	69.4	784.5	120.2	33.3	153.4	44.2	43.2	75.9	937.9
1998	610.9	17.9	286.6	191.9	1,107.3	115.0	37.8	152.7	43.7	36.6	71.2	1,260.0
1999	629.2	26.9	287.1	140.5	1,083.7	164.3	27.5	191.7	66.8	64.3	97.5	1,275.4
2000	587.5	49.6	337.0	102.1	1,076.2	189.1	15.4	204.5	76.1	75.8	112.9	1,280.7
2001	776.1	78.3	383.3	216.5	1,454.2	128.4	41.3	169.7	40.8	36.0	87.6	1,623.9
2002	636.7	30.5	469.2	263.9	1,400.3	116.4	37.6	154.0	41.2	25.8	75.2	1,554.3
2003	775.8	72.7	600.2	345.3	1,794.0	118.5	37.8	156.3	43.7	15.9	74.8	1,950.3
2004	780.7	32.5	869.8	403.8	2,086.8	169.6	33.2	202.7	72.8	47.9	96.7	2,289.5
2005	752.8	30.1	1,172.1	645.7	2,600.7	160.5	29.9	190.4	62.6	39.6	97.8	2,791.1
2006	1,059.0	62.8	1,253.1	773.2	3,148.1	156.8	33.4	190.2	57.5	46.3	99.4	3,338.3
2006												
Jan	97.5	2.3	73.6	47.1	220.5	9.6	1.6	11.2	2.3	2.2	7.3	231.7
Feb	58.4	5.4	101.0	64.2	229.0	8.8	0.2	9.0	5.0	4.6	3.8	238.0
Mar	92.8	2.5	113.3	83.4	292.0	22.4	3.7	26.1	2.5	2.3	19.8	318.1
Apr	66.5	6.5	70.0	56.6	199.6	10.8	2.1	12.9	3.8	2.4	7.0	212.5
May	104.7	6.4	106.5	51.9	269.5	17.8	4.1	21.9	5.7	5.7	12.1	291.4
June	107.7	8.0	141.7	80.8	338.2	7.9	4.6	12.5	3.3	2.9	4.7	350.7
July	58.5	2.3	64.2	46.3	171.3	6.4	2.7	9.2	2.8	1.7	3.6	180.5
Aug	90.9	2.0	108.0	55.8	256.7	8.8	0.8	9.6	2.3	1.8	6.5	266.3
Sept	90.0	5.4	139.5	82.7	317.6	10.7	5.1	15.8	4.4	3.0	6.3	333.4
Oct	88.5	2.1	97.9	70.5	259.0	9.0	4.0	13.0	5.2	5.1	3.9	272.0
Nov	122.6	8.0	124.8	59.0	314.4	26.2	3.0	29.1	12.4	8.7	13.8	343.5
Dec	80.9	11.9	112.6	74.9	280.3	18.5	1.5	20.0	7.9	5.7	10.6	300.3
2007												
Jan	85.7	5.7	58.1	53.8	203.3	15.3	3.7	19.0	7.5	2.2	7.8	222.3
Feb	78.3	4.0	113.0	82.4	277.7	18.0	5.1	23.1	11.6	4.4	6.4	300.8
Mar	142.5	11.1	141.5	85.0	380.1	17.7	4.5	22.2	6.3	2.9	11.4	402.3
Apr	70.6	9.3	90.5	57.2	227.6	12.8	1.7	14.4	8.4	3.2	4.3	242.0
May	152.6	11.5	106.3	81.2	351.6	25.4	3.8	29.1	10.2	5.3	15.1	380.7
June	121.1	7.4	120.4	97.6	346.5	25.4	1.3	26.7	12.1	7.5	13.2	373.2
July	38.3	3.4	43.1	50.7	135.5	11.0	1.6	12.6	7.7	5.8	3.2	148.1
Aug	81.0	3.7	30.7	35.2	150.6	9.5	5.4	14.9	4.1	3.7	5.4	165.5
Sept												
Oct												
Nov												
Dec												
YTD '06	677.0	35.4	778.3	486.1	1,976.8	92.4	19.9	112.3	27.7	23.7	64.8	2,089.1
YTD '07	770.1	56.1	703.6	543.1	2,072.9	135.0	27.0	162.1	68.1	35.0	67.0	2,235.0
% Change	13.8%	58.5%	-9.6%	11.7%	4.9%	46.1%	35.9%	44.3%	145.8%	47.9%	3.4%	7.0%

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

Source: Thomson Financial

MUNICIPAL BOND UNDERWRITINGS

(\$ Billions)

	Competitive Revenue Bonds	Negotiated Revenue Bonds	TOTAL REVENUE BONDS	Competitive G.O.s	Negotiated G.O.s	TOTAL G.O.s	Private Place- ments	TOTAL MUNICIPAL BONDS
1985	10.2	151.5	161.7	17.6	22.1	39.7	5.5	206.9
1986	10.0	92.7	102.7	23.0	21.9	44.9	3.0	150.6
1987	7.1	63.6	70.7	16.3	14.1	30.4	3.9	105.0
1988	7.8	76.7	84.5	18.8	12.0	30.8	2.3	117.6
1989	8.9	75.2	84.1	20.7	17.0	37.7	3.2	125.0
1990	7.6	78.1	85.7	22.6	17.6	40.2	2.1	128.0
1991	11.1	101.5	112.6	29.1	27.9	57.0	3.2	172.8
1992	12.5	138.7	151.2	31.7	48.7	80.4	3.2	234.8
1993	20.8	177.3	198.1	34.8	56.9	91.7	2.7	292.5
1994	17.2	89.7	106.9	32.2	23.1	55.3	2.9	165.1
1995	13.5	84.0	97.5	27.3	32.9	60.2	3.9	161.6
1996	15.7	101.4	117.1	31.3	33.1	64.4	3.7	185.2
1997	12.4	129.5	141.9	35.4	36.8	72.2	6.6	220.7
1998	21.4	165.8	187.2	43.9	49.6	93.5	6.1	286.8
1999	14.4	134.2	148.6	38.4	32.4	70.8	8.1	227.5
2000	13.3	115.0	128.3	35.3	31.0	66.3	6.2	200.8
2001	17.3	165.9	183.2	45.8	55.6	101.4	3.1	287.7
2002	19.5	209.9	229.4	52.3	73.1	125.4	2.7	357.5
2003	21.8	216.4	238.2	54.0	86.6	140.6	3.9	382.7
2004	17.3	210.5	227.8	51.5	77.6	129.1	2.9	359.8
2005	20.6	241.8	262.4	55.5	88.5	144.0	1.8	408.2
2006	21.0	246.6	267.6	48.7	65.9	114.6	4.4	386.6
2006								
Jan	0.7	10.5	11.2	3.4	3.9	7.3	0.1	18.6
Feb	1.6	12.2	13.8	3.2	5.9	9.1	0.2	23.1
Mar	1.2	16.2	17.4	4.2	5.4	9.6	0.1	27.1
Apr	2.2	19.8	22.0	2.8	4.1	6.9	0.3	29.2
May	2.6	22.7	25.3	3.9	5.6	9.5	0.1	34.9
June	2.8	30.0	32.8	4.7	7.4	12.1	0.3	45.2
July	1.1	19.7	20.8	4.0	2.9	6.9	0.3	28.0
Aug	1.2	19.5	20.7	3.2	7.7	10.9	0.1	31.7
Sept	1.9	15.7	17.6	5.3	4.1	9.4	1.0	28.0
Oct	2.0	18.1	20.1	4.8	6.0	10.8	0.3	31.2
Nov	2.6	28.2	30.8	5.2	5.8	11.0	0.5	42.3
Dec	1.1	34.0	35.1	4.0	7.0	11.0	1.1	47.2
2007								
Jan	1.5	18.6	20.1	4.2	6.9	11.1	0.0	31.2
Feb	1.9	17.6	19.5	6.3	5.9	12.2	0.2	31.9
Mar	1.0	27.6	28.6	3.6	11.0	14.6	0.8	44.0
Apr	1.4	24.3	25.7	3.2	4.3	7.5	0.1	33.3
May	2.9	26.7	29.6	5.1	8.3	13.4	0.2	43.2
June	2.6	28.5	31.1	5.6	9.6	15.2	0.9	47.2
July	1.1	20.3	21.4	3.7	5.9	9.6	0.2	31.2
Aug	1.1	18.3	19.4	3.6	5.7	9.3	0.1	28.8
Sept								
Oct								
Nov								
Dec								
YTD '06	13.4	150.6	164.0	29.4	42.9	72.3	1.5	237.8
YTD '07	13.5	181.9	195.4	35.3	57.6	92.9	2.5	290.8
% Change	0.7%	20.8%	19.1%	20.1%	34.3%	28.5%	66.7%	22.3%

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
2006	12,463.15	1,418.30	9,139.02	2,415.29	1,826.7	70.8	2,001.9	68.3	46.5
2006									
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	11,679.07	1,335.85	8,469.65	2,258.43	1,787.3	55.2	1,942.0	65.8	44.3
Oct	12,080.73	1,377.94	8,774.98	2,366.71	1,852.5	54.0	2,018.8	69.8	48.0
Nov	12,221.93	1,400.63	8,969.00	2,431.77	1,901.2	57.6	1,940.0	71.3	48.3
Dec	12,463.15	1,418.30	9,139.02	2,415.29	1,687.7	54.5	1,816.2	64.3	43.7
2007									
Jan	12,621.69	1,438.24	9,254.73	2,463.93	2,006.3	54.2	2,221.5	78.7	56.9
Feb	12,268.63	1,406.82	9,124.54	2,416.15	1,932.6	47.7	2,181.1	78.5	55.0
Mar	12,354.35	1,420.86	9,261.82	2,421.64	2,128.6	46.9	2,069.9	84.9	50.8
Apr	13,062.91	1,482.37	9,627.73	2,525.09	1,824.0	40.5	1,974.9	74.5	48.7
May	13,627.64	1,530.62	9,978.64	2,604.52	1,983.0	44.6	2,113.5	83.7	56.1
June	13,408.62	1,503.35	9,873.02	2,603.23	2,182.2	49.2	2,192.2	92.1	60.4
July	13,211.99	1,455.27	9,554.50	2,553.87	2,245.7	44.8	2,225.6	96.2	65.6
Aug	13,357.74	1,473.99	9,596.98	2,596.36	2,658.8	50.0	2,334.0	107.0	64.0
Sept									
Oct									
Nov									
Dec									
YTD '06	11,381.15	1,303.82	8,388.56	2,183.75	1,835.2	76.1	2,088.5	68.5	46.7
YTD '07	13,357.74	1,473.99	9,596.98	2,596.36	2,128.7	47.2	2,164.7	87.3	57.3
% Change	17.4%	13.1%	14.4%	18.9%	16.0%	-38.0%	3.6%	27.5%	22.6%

MUTUAL FUND ASSETS

(\$ Billions)

MUTUAL FUND NET NEW CASH FLOW*

(\$ Billions)

	Equity	Hybrid	Bond	Money Market	TOTAL ASSETS	Equity	Hybrid	Bond	Money Market	TOTAL	Total Long-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
2006	5,911.4	653.1	1,494.3	2,354.8	10,413.6	160.1	7.1	60.6	247.5	475.2	227.8
2006											
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	5,237.1	591.5	1,406.5	2,141.8	9,376.9	0.7	-0.1	3.2	25.8	29.7	3.9
Aug	5,361.5	602.8	1,430.9	2,189.5	9,584.7	5.1	0.2	6.6	42.9	54.8	11.9
Sept	5,460.9	613.0	1,444.0	2,209.0	9,726.9	6.6	0.6	4.6	15.4	27.2	11.8
Oct	5,670.3	633.2	1,465.4	2,246.8	10,015.7	12.7	1.6	10.4	30.8	55.6	24.7
Nov	5,836.3	647.2	1,487.9	2,310.0	10,281.4	10.8	2.0	6.9	54.8	74.5	19.6
Dec	5,911.4	653.1	1,494.3	2,354.8	10,413.6	10.1	1.8	8.6	41.4	61.8	20.4
2007											
Jan	6,044.5	660.1	1,510.0	2,350.2	10,564.8	29.2	3.6	15.1	-10.8	37.0	47.9
Feb	6,008.6	656.6	1,545.6	2,391.4	10,602.2	26.3	3.6	15.1	34.4	79.3	44.9
Mar	6,103.9	665.5	1,561.0	2,435.4	10,765.8	8.1	2.7	14.8	24.4	50.0	25.6
Apr	6,367.0	687.6	1,583.4	2,429.3	11,067.3	18.2	2.5	13.5	-11.3	23.0	34.3
May	6,593.1	704.4	1,599.1	2,495.0	11,391.6	1.3	2.0	21.3	57.6	82.2	24.6
June	6,553.2	699.5	1,599.6	2,537.7	11,390.0	5.5	1.2	7.5	34.6	48.8	14.2
July											
Aug											
Sept											
Oct											
Nov											
Dec											
YTD '06	5,255.4	585.5	1,387.1	2,108.4	9,336.4	114.2	1.0	20.3	36.2	171.7	135.4
YTD '07	6,553.2	699.5	1,599.6	2,537.7	11,390.0	88.6	15.5	87.4	128.9	320.4	191.5
% Change	24.7%	19.5%	15.3%	20.4%	22.0%	-22.4%	1525.9%	330.5%	255.8%	86.7%	41.4%

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

Source: Investment Company Institute

TREASURY BILLS

INTEREST RATES

(Averages)

	Treasury	Agency	Agency MBS	Total	3-Mo. T Bills	10-Year Treasury	SPREAD
1985	303.0	32.5	111.1	446.6	7.47	10.62	3.15
1986	331.4	22.4	264.4	618.2	5.97	7.68	1.71
1987	333.0	20.2	233.1	586.3	5.78	8.39	2.61
1988	295.0	21.6	149.9	466.5	6.67	8.85	2.18
1989	340.9	44.2	200.4	585.5	8.11	8.49	0.38
1990	398.0	55.2	234.9	688.1	7.50	8.55	1.05
1991	465.7	80.8	268.0	814.5	5.38	7.86	2.48
1992	505.7	109.7	455.2	1,070.6	3.43	7.01	3.58
1993	507.2	146.5	568.1	1,221.8	3.00	5.87	2.87
1994	476.5	157.7	358.8	993.0	4.25	7.09	2.84
1995	510.5	228.1	269.2	1,007.8	5.49	6.57	1.08
1996	612.4	277.9	370.5	1,260.8	5.01	6.44	1.43
1997	540.0	323.1	368.0	1,231.1	5.06	6.35	1.29
1998	438.4	596.4	726.9	1,761.7	4.78	5.26	0.48
1999	364.6	548.0	685.2	1,597.8	4.64	5.65	1.01
2000	312.4	446.6	481.9	1,240.9	5.82	6.03	0.21
2001	380.7	941.0	1,092.6	2,414.3	3.39	5.02	1.63
2002	571.6	1,041.5	1,444.4	3,057.5	1.60	4.61	3.01
2003	745.2	1,267.5	2,129.8	4,142.5	1.01	4.02	3.01
2004	853.3	881.8	1,017.4	2,752.5	1.37	4.27	2.90
2005	746.2	669.0	966.1	2,381.3	3.15	4.29	1.14
2006	788.5	747.3	936.5	2,472.3	4.73	4.79	0.06
2006							
Jan	87.6	57.7	85.4	230.7	4.24	4.42	0.18
Feb	95.0	70.6	70.1	235.7	4.43	4.57	0.14
Mar	52.3	59.6	66.2	178.1	4.51	4.72	0.21
Apr	19.0	53.5	72.8	145.3	4.60	4.99	0.39
May	130.1	55.0	68.9	254.0	4.72	5.11	0.39
June	52.0	81.4	78.8	212.2	4.79	5.11	0.32
July	62.1	46.2	74.2	182.5	4.95	5.09	0.14
Aug	93.5	71.5	78.3	243.3	4.96	4.88	-0.08
Sept	8.0	51.7	85.5	145.2	4.81	4.72	-0.09
Oct	99.5	60.1	82.2	241.8	4.92	4.73	-0.19
Nov	81.4	61.8	73.2	216.4	4.94	4.60	-0.34
Dec	8.0	78.1	78.9	165.0	4.85	4.56	-0.29
2007							
Jan	99.3	84.0	87.4	270.7	4.98	4.76	-0.22
Feb	81.2	73.9	85.9	241.0	5.03	4.72	-0.31
Mar	8.0	107.5	89.1	204.6	4.94	4.56	-0.38
Apr	94.4	68.6	87.5	250.5	4.87	4.69	-0.18
May	82.0	84.2	98.8	265.0	4.73	4.75	0.02
June	8.0	81.2	100.6	189.8	4.61	5.10	0.49
July	90.9	57.2	97.6	245.7	4.82	5.00	0.18
Aug	72.2	75.4	99.1	246.7	4.20	4.67	0.47
Sept							
Oct							
Nov							
Dec							
YTD '06	591.6	495.6	594.7	1,681.9	4.65	4.86	0.21
YTD '07	536.0	632.0	746.0	1,914.0	4.77	4.78	0.01
% Change	-9.4%	27.5%	25.4%	13.8%	2.6%	-1.6%	-95.9%

