EXHIBIT 1

(Part 3 of 3)

HOUSE 5 **Exhibit 2**
ESTIMATION OF THE FAIR MARKET VALUE OF EQUITY
AS OF DECEMBER 11, 2002
INCOME APPROACH: RECAPITALIZATION
(USD in millions)

		Historical year ending 12/31 (1)			Pro Forma (2)			Projected year ending 12/31				
	Notes	2000	2001	2002	Adj.	Beg.	2002	2003	2004	2005	2006	2007
BALANCE SHEET					(14)	(14)						
Assets												
Cash	(15)	38.1	90.6	106.9	-19.4	71.2	71.2	68.7	68.7	68.6	68.5	68.3
Regulatory cash		.1	.1	.0	.0	.1	.1	.1	.1	.1	.1	.1
Receivable from brokers or dealers and clearing		160.5	133.5	72.9	.0	133.5	133.5	140.2	146.5	153.3	160.5	168.2
Securities and spot commodities owned, at market value		312.9	291.3	194.8	377.1	668.4	706.7	742.1	775.5	811.4	849.6	890.3
Memberships in exchanges	(16)	2.3	2.3	2.3	.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3
PP&E, net	(16)	7.8	12.7	10.5	.0	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Other Assets	(16)	3.4	2.3	2.1	.0	2.3	2.3	2.4	2.5	2.6	2.7	2.8
Total Assets		**525.1**	**532.7**	**389.5**	**357.7**	**890.4**	**928.7**	**968.3**	**1,008.2**	**1,050.8**	**1,096.2**	**1,144.7**
Liabilities												
Bank loans payable	(17)	.0	.0	.0	235.3	235.3	235.3	235.3	235.3	235.3	235.3	235.3
Payables to broker-dealers or clearing organizations		4.5	1.3	1.3	.0	1.3	1.3	1.4	1.5	1.5	1.6	1.7
Securities sold not yet purchased at market value	(18)	233.7	223.5	133.6	122.4	345.9	365.8	384.1	401.4	419.9	439.7	460.8
Accounts payable and accrued liabilities		29.1	27.0	3.0	.0	27.0	27.0	28.3	29.6	31.0	32.4	34.0
Total Liabilities		**267.3**	**251.8**	**137.9**	**357.7**	**609.5**	**629.3**	**649.0**	**667.7**	**687.7**	**709.0**	**731.7**
Ownership Equity												
Beginning Equity		285.0	257.8	280.9		280.9	280.9	299.4	319.3	340.5	363.1	387.3
Plus: New Equity	(19)		40.0			.0	.0	.0	.0	.0	.0	.0
Plus: Income		-16.3	-10.2	-17.6		.0	18.5	19.9	21.3	22.6	24.1	25.7
Plus: Adjustment for taxes not paid	(20)	-10.9	-6.8	-11.7		.0	.0	.0	.0	.0	.0	.0
Less: Distributions	(21)	.0	.0	.0		.0	.0	.0	.0	.0	.0	.0
Total Ownership Equity (Year End)		**257.8**	**280.9**	**251.6**	**.0**	**280.9**	**299.4**	**319.3**	**340.5**	**363.1**	**387.3**	**413.0**
Total Liabilities and Ownership Equity		**525.1**	**532.7**	**389.5**	**357.7**	**890.4**	**928.7**	**968.3**	**1,008.2**	**1,050.8**	**1,096.2**	**1,144.7**

See the footnotes, which are deemed an integral part of this exhibit, on Pages 6 and 7.

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HOUSE 5 **Exhibit 2**

ESTIMATION OF THE FAIR MARKET VALUE OF EQUITY
AS OF DECEMBER 11, 2002
INCOME APPROACH: RECAPITALIZATION
(USD in millions)

	Notes	Historical year ending 12/31 (1) 2000	2001	2002	Pro Forma (2) Adj.	Beg.	2002	Projected year ending 12/31 2003	2004	2005	2006	2007
CASH FLOW SUMMARY												
Chg in cash (Non-cash assets)		53.7	45.0	159.5			-38.3	-42.1	-39.9	-42.7	-45.5	-48.6
Chg in cash (Non-interest bearing Liabilities)		-53.6	-15.5	-113.9			19.8	19.7	18.7	20.0	21.3	22.7
Net change in non-cash A&L	(22)	.1	29.5	45.6			-18.5	-22.4	-21.2	-22.7	-24.2	-25.9
Plus: Profit After Tax		-16.3	-10.2	-17.6			18.5	19.9	21.3	22.6	24.1	25.7
Plus: Unpaid Taxes	(20)	-10.9	-6.8	-11.7			.0					
Operating Cash Flow		**-27.1**	**12.5**	**16.3**			**.0**	**-2.5**	**.0**	**-.1**	**-.1**	**-.2**
Change in Debt	(17)	.0	.0	.0			.0	.0	.0	.0	.0	.0
Equity Capital Raise		.0	40.0	.0			.0	.0	.0	.0	.0	.0
Equity Distribution	(21)						.0	.0	.0	.0	.0	.0
Financing Cash Flow		**.0**	**40.0**	**.0**			**.0**	**.0**	**.0**	**.0**	**.0**	**.0**
Total Change in Cash		**-27.1**	**52.5**	**16.3**			**.0**	**-2.5**	**.0**	**-.1**	**-.1**	**-.2**

VALUATION - Discounted Cash Flow Approach

	Notes	2002	2003	2004	2005	2006	2007
Interim Cash Flows (Distributions)	(21)	.0	.0	.0	.0	.0	.0
Partial Period Adjustment		0.056	1.000	1.000	1.000	1.000	1.000
End-of-Year Convention		0.056	1.056	2.056	3.056	4.056	5.056
Present Value Factor @ 16.5%	(23)	0.992	0.851	0.731	0.627	0.538	0.462
Present Value of Interim Cash Flows		.0	.0	.0	.0	.0	.0

Terminal Value

	Notes		
Projected Book Value 2007		413	
P/Book Multiple *(Average Projected ROE)*	(24)	2.4	*6.4%*
Terminal Value		991	
Timing of terminal cash flow		5.056	
Present Value Factor @ 16.5%	(23)	0.462	
PV of Terminal Value		458	
Plus: Sum of Present Value of Distributions			
Total Equity Value		**460**	
Equivalent Price / Book multiple		1.5X	

Terminal Value Multiple

	1.9	2.4	2.9
13.5%	410	520	630
16.5%	360	460	550
19.5%	320	400	490

Implied L-T Growth Rate

	1.9	2.4	2.9
13.5%	7%	8%	9%
16.5%	9%	10%	11%
19.5%	11%	12%	14%

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AS OF DECEMBER 11, 2002
INCOME APPROACH: RECAPITALIZATION
(USD in millions)

	Notes	Historical year ending 12/31 (1)			Pro Forma (2)			Projected year ending 12/31				
		2000	2001	2002	Adj.	Beg.	2002	2003	2004	2005	2006	2007
KEY RATIOS												
% Change (YOY)												
Trading Assets	(4)	n/a	-7%	-33%	n/a	n/a	143%	5%	5%	5%	5%	5%
Trading Liabilities		n/a	-4%	-40%	n/a	n/a	64%	5%	5%	5%	5%	5%
Total Revenue		n/a	-28%	-53%	n/a	n/a	2%	5%	5%	5%	5%	5%
EBIT		n/a	-37%	73%	n/a	n/a	-335%	6%	5%	5%	5%	5%
Total Assets		n/a	1%	-27%	n/a	n/a	74%	4%	4%	4%	4%	4%
Total Liabilities		n/a	-6%	-45%	n/a	n/a	150%	3%	3%	3%	3%	3%
Total Equity		n/a	9%	-10%	n/a	n/a	7%	7%	7%	7%	7%	7%
Inflation estimate	(7)	n/a	n/a	n/a	n/a	n/a	n/a	2.9%	2.9%	2.9%	2.6%	2.4%
Margins & Expenses												
Compensation % of Pre-comp Profit	(9)	376%	190%	-240%	n/a	n/a	33%	33%	33%	33%	33%	33%
Other expenses/ Revenue	(8)	52%	41%	70%	n/a	n/a	21%	21%	21%	21%	21%	21%
Operating Margin	(25)	-20%	-17%	-64%	n/a	n/a	40%	40%	41%	41%	41%	41%
Ratios & Average Balances		As-Reported	Adjusted Data									
Avg. Trading Assets		419.1	302.1	243.1	n/a	n/a	687	724	759	793	830	870
Avg. Equity		307.9	269.4	266.2	n/a	n/a	290	309	330	352	375	400
Avg. Trading Liabilities		301.0	228.6	178.6	n/a	n/a	356	375	393	411	430	450
Short Ratio		*75%*	*77%*	*69%*	*32%*	*52%*	*52%*	*52%*	*52%*	*52%*	*52%*	*52%*
Cash Ratio		7%	17%	27%	n/a	8%	8%	7%	7%	7%	6%	6%
Turnover		n/a	32%	19%	n/a	n/a	*14%*	*14%*	*14%*	*14%*	*14%*	*14%*
Net Margin	(26)	-12%	-11%	-39%	n/a	n/a	19%	19%	19%	20%	20%	21%
Asset Turnover	(27)	24%	18%	9.9%	n/a	n/a	11%	11%	11%	11%	11%	11%
Leverage Ratio	(28)	2.0X	1.9X	1.5X	n/a	3.2X	3.1X	3.0X	3.0X	2.9X	2.8X	2.8X
Return on Assets	(29)	-3%	-2%	-4%	n/a	n/a	2%	2%	2%	2%	2%	2%
Return on Equity	(30)	-6%	-4%	-7%	n/a	n/a	6%	6%	6%	6%	6%	6%
Avg. Short Ratio	(31)	72%	76%	73%	n/a	n/a	52%	52%	52%	52%	52%	52%
Pre-Tax Financing Cost	(32)	0%	0%	0%	n/a	n/a	1%	1%	1%	1%	1%	1%
After-Tax Financing Cost	(33)	0%	0%	0%	n/a	n/a	1%	1%	1%	1%	1%	1%
Operating Earnings Leverage	(34)	n/a	532%	n/a	n/a	n/a	n/a	118%	121%	112%	113%	114%

See the footnotes, which are deemed an integral part of this exhibit, on Pages 6 and 7.

NOTES:

(1) Historical results were adjusted for the removal of revenue and expenses related to House 17, whereby such adjustments flow directly to the Total Equity line. All assets and liabilities are re-cast from as-reported FOCUS report data based on Adjusted BV and as-reported common-size ratios expressed as a percent of Total Equity.
(2) Pro Forma adjustments were made to the ending 2001 balance sheet to illustrate the impact of a market participant re-levering of the business. The pro forma adjustments include (a) the use of excess cash to increase Trading Assets, and (b) expansion of Trading Assets so as to produce a Leverage Ratio equal to the weighted average level for market participants, or 3.17, using a combination of Trading Liabilities and Debt. The pro forma 2002 revenue is projected quarterly, based on the actual historical Turnover and therefore presumes that net investment in Trading Assets and Trading Liabilities in the amount of net earnings generated during a quarter is made at the end of the quarter.
(3) Revenue Adjustments reflect reported revenue deemed attributable to House 17 operations. See Table 10 in the Dubinsky expert report dated November 22, 2011.
(4) Pro Forma 2002 revenue projection is based on adjusted 2002 quarterly Turnover. Prospective revenue growth is based on the assumption that Trading Assets would grow 5% in 2003, based on Securities Industry Association estimates. The growth rate from 2004-2007 is based on the Sustainable Growth Rate of the business.
(5) Expenses forecast to increase with Trading Assets.
(6) Occupancy and equipment costs reflects the total expense for both House 5 and House 17. Adjustment for advisory reduces the expense by 19%. The adjustment is based the percentage of work stations on the 17th floor, out of the total work stations for the 17th, 18th, and 19th floors. The work station count was determined using the December 2008 and January 2009 floor plans.
(7) Expense forecast to increase with annual inflation of 2.4% - 2.9%, as estimated by DFI-WEFA, Inc.
(8) Other Expenses includes fees paid to exchanges on commission revenue. Forecast expense is based on the historical average measure of other expense as a % of revenue (approximately 21%) during periods where the Leverage Ratio ranged from 3.0 - 4.0.
(9) Forecast to reflect a constant Payout Ratio based on actual experience during historical periods where the Leverage Ratio ranged from 3.0 - 4.0.
(10) Clerical and administrative employees' expenses reflects total compensation for both House 5 and House 17, projected based on recent levels of compensation expense as a % of pre-compensation income. Adjustment to market participant headcount reduces the expense by 15%. The adjustment is based on the percent of total compensation attributed to House 17 employees; the House 17 employees were identified by cross-referencing the 2008 payroll data with the December 2008 and January 2009 floor plans.
(11) Interest expense on Debt after recapitalization at the Prime Rate of 4.25% less 50 bps, based on the average spread of House 5 historical implied interest rate versus the Prime Rate.
(12) Median effective tax rate of the Concluded Comparable Companies.
(13) Historical earnings figures were adjusted to reflect after-tax earnings at the effective tax rate of the Concluded Comparable Companies.

NOTES:

(14) Recapitalization is deemed to occur at the beginning of 2002, whereby the Cash Ratio is reduced to 8%, and Debt is issued and Trading Liabilities are grown to fund Trading Asset purchases such that the Leverage Ratio is approximately equal to Concluded Comparable Companies' Leverage Ratio of 3.17. No cash is distributed directly as a result of the recapitalization.
(15) Cash is projected as beginning of period cash, plus net cash flows after consideration for distributions to equity investors.
(16) PP&E is assumed to remain fixed at the Valuation Date level, and thus it is assumed that depreciation is equal to capital expenditure during the projection period. Memberships in exchanges and Other Assets presumed not to require any adjustment.
(17) Projected Debt reflects the recapitalization Debt and is presumed to be carried at the pro forma 2002 balance in all future years to maintain leverage above actual 2002 levels.
(18) Forecast as a percentage of average Trading Assets based on actual experience during historical periods when the Leverage Ratio ranged 3.0 - 4.0.
(19) New Equity in 2001 reflects cash flows resulting from the business form transition from sole proprietorship to LLC.
(20) An adjustment is made to historical periods to add back entity-level taxes to ensure the historical balance sheets balance.
(21) Distributions are projected to be made to equity investors in the amount of any positive free cash flows from 2003 onward.
(22) Represents the net investment in Trading Assets and Liabilities during the period, in addition to projected growth in other asset and liability balances.
(23) The present value factor is based on the discount rate and assumes that any distributions of positive free cash flow generated during the year are made at the end of the calendar year.
(24) The selected multiple represents the average of the range of P/BV multiples of the Concluded Comparable Companies observed in industry reports, adjusted by a control premium of 40%. A 10% discount was applied to account for House 5's smaller size.
(25) EBIT/ Total revenue.
(26) Profit After Taxes/ Total Revenue.
(27) Total Revenue/ Average Total Assets.
(28) Average Total Assets/ Average Total Equity.
(29) Profit After Taxes/ Average Total Assets.
(30) Profit After Taxes/ Average Total Equity.
(31) Average Trading Liabilities/ Average Trading Assets.
(32) (Interest Expense)/ Avg. Total Liabilities.
(33) [(Interest Expense)/ Avg. Total Liabilities] * (1 - effective tax rate).
(34) % Change in EBIT/ % Change in Total Revenue.

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ESTIMATION OF THE FAIR MARKET VALUE OF EQUITY
AS OF DECEMBER 11, 2002
LEVERAGE AND PRO FORMA FINANCIALS
(USD in millions)

Current Capital IQ Name	Mkt Cap	Book Value (1)	Assets (1)	Cash (1)	Leverage Ratio (1)	Equity % of Assets	Cash Ratio
Dupont Direct Financial Holdings, Inc.	2.7	2.0	4.6	0.8	2.25x	44%	17%
Crown Financial Holdings, Inc	2.8	4.9	13.0	1.6	2.66x	38%	12%
Knight Capital Group Inc.	667.9	765.0	3,337.5	340.0	4.36x	23%	10%
LaBranche & Co. Inc.	1,617.2	900.7	1,949.0	100.1	2.16x	46%	5%
INTL FCStone Inc.	5.2	3.9	14.7	2.0	3.74x	27%	14%
Totals & Weighted Average	2,295.9	1,676.6	5,318.8	444.5	3.17x	32%	8%

See the footnotes, which are deemed an integral part of this exhibit, on Page 9.

HOUSE 5 **Exhibit 2.A**
ESTIMATION OF THE FAIR MARKET VALUE OF EQUITY
AS OF DECEMBER 11, 2002
LEVERAGE AND PRO FORMA FINANCIALS
(USD in millions)

	Notes:	12/31/01 Adjusted	Re-Cap Change	Pro Forma 01/01/02	Pro Forma 1Q02	Pro Forma 2Q02	Pro Forma 3Q02	Pro Forma 4Q02	Pro Forma 2002
			(2)						
Total Assets		532.7	357.7	890.4	900.9	909.3	917.2	928.7	928.7
Cash	(3)	90.6	(19.4)	71.2	71.2	71.2	71.2	71.2	71.2
Trading Assets		291.3	377.1	668.4	678.9	687.3	695.2	706.7	706.7
Book Value		280.9		280.9	285.9	290.0	293.8	299.4	299.4
Debt		-	235.3	235.3	235.3	235.3	235.3	235.3	235.3
Trading Liabilities		223.5	122.4	345.9	351.4	355.7	359.8	365.8	365.8
Leverage Ratio		1.90x		3.17x	3.15x	3.14x	3.12x	3.10x	3.10x
Short Ratio		77%		52%	52%	52%	52%	52%	52%
Total Revenue					26.0	23.2	22.3	27.5	99.1
Turnover					3.9%	3.4%	3.3%	4.0%	14.4%

Notes:
(1) As of the last available date prior to the Valuation Date. Leverage Ratio is calculated as Total Assets / Book Value.
(2) The hypothetical adjustments required to (a) swap cash for Trading Assets to effect a reduction in the cash balance to levels closer to market participant levels, while avoiding future debt raises in the projection period, and (b) adjust to market participant leverage by issuing Debt and growing Trading Liabilities.
(3) The adjusted Cash Ratio was set equal to 8%.

HOUSE 5 **Exhibit 2.B**

ESTIMATION OF THE FAIR MARKET VALUE OF EQUITY
AS OF DECEMBER 11, 2002
ASSET TURNOVER ADJUSTMENT
(USD in millions)

TURNOVER RATIO ADJUSTMENT (1)

		2002 Financial Results		
		As Reported (2)	Adjusted (3)	Variance
a.	Total Revenue	106.0	45.5	-60.5
b.	Beginning Trading Assets	428.3	291.3	-137.0
c.	Ending Trading Assets	340.7	194.8	-145.9
d.	Average Trading Assets	384.5	243.1	-141.4
	Turnover Ratio (a ÷ d)	27.6%	18.7%	42.8%
	Proportion (Adjusted/ Reported)	**68%**		

		2002 Quarterly Results			
		Q1	Q2	Q3	Q4
	As Reported (1)				
e.	Total Revenue	24.6	24.1	24.5	32.8
f.	Beginning Trading Assets	428.3	478.3	512.8	563.5
g.	Turnover Ratio (e ÷ f)	5.7%	5.0%	4.8%	5.8%
h.	Proportion	68%	68%	68%	68%
	Adjusted Turnover (g * h)	3.9%	3.4%	3.3%	4.0%

Notes:

(1) Calculations were made to approximate Adjusted Turnover, giving rise to the impact of removing House 17 revenue from as-reported FOCUS report data.

(2) 2002 historical results as presented in FOCUS reports.

(3) Adjusted Total Revenue and Trading Asset balances reflect House 5 financial results excluding revenue deemed attributable to House 17 from 2000 to 2002.

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ESTIMATION OF THE EQUITY COST OF CAPITAL
(USD in millions)

Assumptions				***Source:***
Risk-free Rate	Rf =	5.02%		*20 Year Treasury CMT Yield (Federal Reserve)*
Equity Risk Premium	Rp =	6.00%	(1)	*Ibbotson 2002 SBBI Valuation Yearbook (rounded)*
Small Stock Premium	Ssp =	1.94%		*Ibbotson 2002 SBBI Valuation Yearbook (8th Decile)*
Effective Tax Rate	t =	40.0%		*Market Participant Tax Rate*
Beta	B =	1.58		*Industry Average*

Comparable Company Analysis

	Barra US Beta	Financing Debt (D)	Non-Trust Preferred Equity (Pref.)	Stock Price as of 12/10/2002	Common Shares Outstanding	Market Value of Equity (E)	Total Capital	Common Equity / Capital	Preferred Equity / Capital	Debt / Capital	Tax Rate	Unlevered Beta
	(2)	(3)	(4)		(in millions)							
1 **Knight Capital Group Inc.**	1.86	-	-	5.65	118.22	667.9	667.9	100.0%	0.0%	0.0%	28.7%	1.86
2 **LaBranche & Co. Inc.**	1.46	261.0	61.1	27.18	59.50	1,617.2	1,939.3	83.4%	3.2%	13.5%	49.3%	1.30
Weighted Average	**1.57**							**87.6%**	**2.3%**	**10.0%**		**1.46**

Relevered Beta Analysis

Beta (Unlevered)	1.46
Industry D / E Ratio (5)	0.14
Industry Pref. / E Ratio (5)	0.00
Tax Rate (6)	40.0%
Beta (Relevered)	1.58

Relevering Calculations

Unlevered Beta = Beta (Observed) / [1 + D/E (1 - t) + Pref./E]
Relevered Beta = Unlevered Beta * [1 + D/E (1 - t) + Pref./E]

Equity Cost of Capital - Capital Asset Pricing Model	**Rate of Return**		**Weighting**		**Equity Cost of Capital**
Required Return on Equity Capital	16.5%	x	100.0%	=	16.5%
Concluded Value (rounded to the nearest 50 basis points)					**16.5%**

See the footnotes, which are deemed an integral part of this exhibit, on Page 12.

ESTIMATION OF THE EQUITY COST OF CAPITAL
(USD in millions)

Notes:

(1) Ibbotson 2002 SBBI Yearbook, as of December 31, 2001. The Equity Risk Premium is based on the S&P 500 Market Total Return of 12.65 percent and long-horizon risk free rate of 5.23 percent, adjusted by 1.5 percent for survivorship bias. Copeland, Koller, and Murrin (2000) recommend a downward adjustment of 1.5 to 2 percent for survivorship bias in the S&P 500 Index, using arithmetic mean estimates.
(2) The predicted beta, calculated against the universe represented by the S&P 500 Index. Betas as of November 30, 2002, provided by BARRA.
(3) Debt includes long-term interest-bearing liabilities deemed to be financing debt, including subordinated debt and debentures, all at carrying value. Long-term liabilities include liabilities maturing more than five years following the date of the latest debt footnote, typically in the annual report for the most recent completed fiscal year prior to the Valuation Date.
(4) Includes all other preferred equity, at carrying value.
(5) Based on a review of historic capitalization of the comparable companies, it was determined that preferred equity is not part of the normalized capital structure of a market participant.
(6) Tax rate is consistent with the effective tax rates of market participants.
(7) Concluded cost of equity is on the basis that cash flows are net of interest expense on any applicable financing debt.

HOUSE 5 **Exhibit 3**

ESTIMATION OF THE FAIR MARKET VALUE OF EQUITY
AS OF DECEMBER 11, 2002
MARKET APPROACH: COMPARABLE COMPANY METHOD
(USD in millions)

			Financial Data (1)						Valuation Multiples		
	LTM as of	Equity Value (EV) (2)	Book Value (BV)	Tangible BV (TBV)	LTM Revenue	LTM Earnings	Return on BV	LTM Profit Margin	EV / TBV	EV / Revenue	EV / Earnings
Concluded Comparable Companies											
LaBranche & Co. Inc.	9/30/2002	2,264.1	900.7	(80.3)	412.1	84.2	9.3%	20.4%	excl.	5.5x	26.9x
Knight Capital Group Inc.	9/30/2002	935.1	765.0	714.9	547.6	(26.2)	N/M	N/M	1.3x	1.7x	excl.
CONCLUDED COMP SET											
Average Value			832.8	317.3	479.9	29.0	9.3%	20.4%	1.3x	3.6x	26.9x
Median Value			832.8	317.3	479.9	29.0	9.3%	20.4%	1.3x	3.6x	26.9x

Notes:
(1) Financial data as provided by Capital IQ. LTM income statement figures or actual balance sheet figures are as of the most recent filing date prior to the Valuation Date.
(2) EV is based on the closing share price on the day before the Valuation Date, multiplied by the share count on the most recently-issued regulatory filing prior to the Valuation Date and includes a control premium of 40%.

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HOUSE 5 **Exhibit 3.A**

ESTIMATION OF THE FAIR MARKET VALUE OF EQUITY
AS OF DECEMBER 11, 2002
MARKET APPROACH: COMPARABLE COMPANY METHOD
(USD in millions)

Concluded Comparable Companies	EV / BV	EV / TBV	EV / Revenue	EV / Earnings
LaBranche & Co. Inc.	2.5x	excl.	5.5x	26.9x
Knight Capital Group Inc.	1.2x	1.3x	1.7x	excl.
Average Value	1.9x	1.3x	3.6x	26.9x
Median Value	1.9x	1.3x	3.6x	26.9x

Financial Multiple	Financial Data (1)	Relative Factor (2)	Selected Multiple Range (3)			Indicated EV Range (4)		
EV / BV	299.4	90%	1.1 x	-	2.3 x	329	-	677
EV / Revenue	99.1	90%	1.5 x	-	4.9 x	152		490
EV / LTM Earnings	18.5	90%	24.2 x	-	24.2 x	448		448
Indicated Equity Value Range (controlling, marketable basis)				(5)		**310**	-	**538**
Indicated Equity Value Range (controlling, marketable basis)						**310**	-	**538**

See footnotes, which are deemed an integral part of this exhibit, on Page 15.

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Notes:

(1) House 5 financials for the year ending 12/31/2002. BV and TBV are equivalent. Revenue and Earnings are pro forma as if the recapitalization was in effect for the entire year of 2002.

(2) The Relative Factor is based on the relevant size of the Company as compared to the Concluded Comparable Companies. Otherwise, it is presumed that the EV/BV multiple reflects the adjustments made to House 5 pro forma ROE, the EV/Revenue presumes a similar pro forma net margin of House 5 relative to that of the Concluded Comparable Companies, and the EV/LTM Earnings presumes House 5 projected earnings growth rate is in-line with that of the Concluded Comparable Companies.

(3) The selected range includes a control premium and is based on the range of multiples of Knight Capital Group, Inc. and LaBranche & Co. Inc., which were deemed to be the closest comparable companies in the analysis, given their similar size, concentration of revenue mix toward trading activities, business focus relating to market making in the case of Knight, and acting as a specialist in the case of LaBranche.

(4) Indicated EV range is calculated as the Selected Multiple Range x Financial Data.

(5) Calculated based on the average of the results indicated from the EV/BV, EV/Revenue and EV/LTM Earnings. Rounded to the nearest $1 million.

Section 13

Appendix

Comparable Transaction Method

The Market Approach, Comparable Transaction Method was considered, but ultimately not relied upon in the estimate of Fair Market Value due to the limited comparability of the indentified transaction targets to House 5. The targets were mostly retail brokerage firms, whereas House 5 focused on institutional markets, and on its proprietary trading activities. Transaction multiples were calculated from merger transactions in the relevant industry group by accessing the Capital IQ transactions database. The time frame considered spanned the two years leading up to and including the Valuation Date.

Determination of Comparable Transactions

In selecting comparable transactions, the Capital IQ database and financial publications in which transactions are disclosed were searched, to gather information about the prices paid for similar businesses under similar circumstances. The acquisitions are relevant indicators of an actual market participant's perception of Fair Market Value, and, therefore, can be useful valuation indicators. Based on the research and accessing of the Capital IQ database and a review of SEC filings of the companies in the industry, 13 potential comparable transactions were identified.

The following is the list of 13 transaction identified (target company / acquiring company):

- Harrisdirect LLC/Harris Financial Corporation
- Consors Discount-Broker AG/Cortal Consors S.A.
- Hoenig Group Inc./Investment Technology Group Inc. (NYSE:ITG)
- Beeson Gregory Group plc/Evolution Group plc (LSE:EVG)
- Dempsey & Company LLC/ETrade Financial Corporation
- Tucker Anthony Sutro/Royal Bank of Canada
- Morgan Keegan Inc./Regions Financial Corporation
- Datek Online Holdings Corp./Ameritrade Holding Corporation
- Dain Rauscher Corp./Royal Bank of Canada
- H.D. Vest Inc./Wells Fargo & Company
- Advest Group Inc./MONY Group Inc.
- JWGenesis Financial Corp./First Union Corporation
- Spear, Leeds & Kellogg LP/Goldman Sachs Inc.

The 13 transaction targets would, for the most part, most closely be classified as retail trading businesses, and hence most transactions are not directly representative of House 5. Spear, Leeds & Kellogg LP, while a comparable business, was not publicly traded and closed more than two years prior to the Valuation Date. As a result of the aforementioned issues, the results of the Comparable Transaction Method are used mainly to corroborate the results of the Income Approach and Comparable Company Method.

Application of the Comparable Transaction Method

Once the comparable transaction set was established, transaction multiples were computed. Transaction multiples are ratios of equity value to the operating results of a company. The EV for each target company was taken from the Capital IQ transaction database. Multiples were calculated for EV to BV, Revenue, and Earnings to the extent those financial metrics were available for the target companies. The following points illustrate the multiples calculated for the comparable transaction set, and how those multiples were applied to House 5 financials to estimate Fair Market Value as of the Valuation Date:

- EV / BV
  - The average multiple for the transaction targets, which included a control premium, was approximately 3.6x, with a range of multiples of 1.4x to 11x.
  - The selected multiple of 1.6x was applied to the pro forma y/e 2002 BV of $299.1 million[59] to arrive at a Fair Market Value of a 100 percent interest in the common equity of House 5 of $467 million. The selected multiple is based on the low-end of the range, due to below-average ROE of House 5 compared to the target firms.

Results of the Comparable Transaction Method

Based on the Comparable Transaction Method as described above, an indicated Fair Market Value of a 100 percent interest in the common equity of House 5 on a marketable, controlling interest basis was **$470 million**, as of the Valuation Date. Since the valuation conclusion in this report is based on the premise of value that House 5 is a going concern, any evidence to the contrary would have a significant negative impact on the valuation. Further, there is evidence that House 5 was artificially supported by millions of dollars of Other People's Money from the IA

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[59] Since the valuation conclusion in this report is based on the premise of value that House 5 is a going concern, any evidence to the contrary would have a significant negative impact on the valuation. Further, there is evidence that House 5 was artificially supported by millions of dollars of Other People's Money from the IA Business.

Business. This concluded value is based on the time-weighted average EV / BV multiple of the target set.

See Appendix 1 for detailed calculations.

HOUSE 5 **Appendix 1**

ESTIMATION OF THE FAIR MARKET VALUE OF EQUITY
AS OF DECEMBER 11, 2002
MARKET APPROACH: COMPARABLE TRANSACTION METHOD
(USD in millions)

Deals Closed By 12/11/2002					Trailing Financial Data (3)							Transaction Multiples (4)		
Target / Buyer	Notes:	Closing Date	Implied Total Equity Value (EV)	1-week Transaction Premium	Total Assets	BV	LTM Revenue	LTM Earnings	Return on BV	LTM Profit Margin		EV / BV	EV / Revenue	EV / Earnings
			(1)	(2)										
Harrisdirect LLC/Harris Financial Corporation		2/4/02	520.0	N/A	252.7	178.7	289.8	-15.3	N/A	N/A		2.9X	1.8X	N/A
Consors Discount-Broker AG/Cortal Consors S.A.		4/29/02	431.8	N/A	1774.6	314.6	189.3	-123.5	N/A	N/A		1.4X	2.3X	N/A
Hoenig Group Inc./Investment Technology Group Inc. (NYSE:ITG		9/3/02	105.4	N/A	98.6	52.0	103.6	1.9	3.7%	1.8%		2.0X	1.0X	55.0 x
Beeson Gregory Group plc/Evolution Group plc (LSE:EVG)		7/11/02	61.8	N/A	42.6	39.6	15.4	-5.7	N/A	N/A		1.6X	4.0X	N/A
Dempsey & Company LLC/ETrade Financial Corporation		10/1/01	178.2	N/A	52.6	16.2	152.9	40.9	251.9%	26.7%		11.0X	1.2X	4.4 x
Tucker Anthony Sutro/Royal Bank of Canada		10/31/01	625.0	-12.0%	717.7	347.8	654.7	22.8	6.6%	3.5%		1.8X	1.0X	27.4 x
Morgan Keegan Inc./Regions Financial Corporation		3/30/01	789.2	49.0%	2057.5	267.4	444.7	47.3	17.7%	10.6%		3.0X	1.8X	16.7 x
Datek Online Holdings Corp./Ameritrade Holding Corporation		9/9/02	989.2	N/A	0.0	316.9	291.8	21.6	6.8%	7.4%		3.1X	3.4X	45.8 x
Dain Rauscher Corp./Royal Bank of Canada		1/10/01	1469.7	24.0%	2814.6	469.0	1091.4	87.2	18.6%	8.0%		3.1X	1.3X	16.8 x
H.D. Vest Inc./Wells Fargo & Company		7/2/01	114.1	N/A	50.1	11.4	195.6	1.6	13.6%	0.8%		10.0X	0.6X	73.5 x
Advest Group Inc./MONY Group Inc.		1/31/01	311.8	9.6%	1970.6	147.2	347.8	18.9	12.9%	5.4%		2.1X	0.9X	16.5 x
JWGenesis Financial Corp./First Union Corporation		1/2/01	102.7	1.6%	95.9	64.7	165.1	13.3	20.5%	8.1%		1.6X	0.6X	7.7 x
Spear, Leeds & Kellogg LP/Goldman Sachs Inc.		10/31/00	5512.6	N/A	25345.4	1501.7	1945.5	971.4	64.7%	49.9%		3.7X	2.8X	5.7 x
Average Value				14.4%					41.7%	12.2%		3.6X	1.7X	26.9X
Median Value				9.6%					15.7%	7.7%		2.9X	1.3X	16.8X
Time-Weighted Average Value	(5)			9.2%					24.9%	5.1%		3.4X	2.0X	23.7X
Selected EV / BV Multiple	(6)											1.6X		
BV												299		
Indicated Fair Market Value (controlling, marketable) (rounded)												**470**		

Notes:
(1) Implied Total Equity Value (TEV), plus other consideration paid to non-common shareholders.
(2) Calculated as (offer price - target stock price 1-week prior to offer date) / target stock price 1-week prior to offer date.
(3) Financial information for comparable transaction target companies from SEC Filings, Published Transaction Overviews and Capital IQ.
(4) Multiples are based on implied EV at the announcement date of the transaction.
(5) Time-weighted average places more weight on recent transactions to reflect the most current market dynamics in the calculation of multiples. The calculated multiples exclude those transactions where the price paid was less than TBV on the view that the discount is likely due to significant negative fair value adjustments to tangible net assets of the target.
(6) The selected multiple is at the low end of the range, due to below-average ROE of House 5 compared to target firms.

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