

# Confidential Release

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# CONFIDENTIAL

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Case # 09-863-EL-A66

➤ Page Count 5

➤ Date Filed 9-25-2009

➤ Filed by Paul Puchot on behalf of  
Amerex Brokers LLC

❖ Summary of document:

Exhibit C-3 Financial Statement  
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**AMEREX BROKERS LLC**

**EXHIBIT C-3 FINANCIAL STATEMENTS**

Amerex Brokers LLC's 2007 and 2008 balance sheet, income, and cash flow statements will be submitted under seal of confidentiality and are not to be disclosed or distributed.

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**Amerex Brokers LLC**

**Financial Statements 2008 & 2007 (Unaudited)**

***Confidential - not to be disclosed or distributed***

**AMEREX BROKERS LLC**  
**STATEMENTS OF FINANCIAL CONDITION (Unaudited)**  
(Dollars in thousands)

|   | <u>December 31</u>      |                         |
|---|-------------------------|-------------------------|
|   | <u>2008</u>             | <u>2007</u>             |
| <b>ASSETS</b>                                       |                         |                         |
| Cash and cash equivalents                           | \$ 1,831                | \$ 2,126                |
| Accrued commissions receivable, net                 | 10,400                  | 12,055                  |
| Property, equipment and leasehold improvements, net | 1,486                   | 1,827                   |
| Goodwill  | 65,175                  | 65,175                  |
| Other assets  | 957                     | 1,304                   |
| Intangible assets, net                              | 8,319                   | 10,633                  |
| Software Inventory                                  | 28                      | -                       |
| <b>TOTAL ASSETS</b>                                 | <u><b>88,197</b></u>    | <u><b>93,120</b></u>    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>         |                         |                         |
| <b>LIABILITIES</b>                                  |                         |                         |
| Accrued compensation                                | 6,629                   | 8,686                   |
| Accounts payable and accrued expenses               | 395                     | 745                     |
| Income taxes payable                                | 344                     | 257                     |
| Other liabilities                                   | 5,833                   | 4,205                   |
| <b>TOTAL LIABILITIES</b>                            | <u><b>13,201</b></u>    | <u><b>13,893</b></u>    |
| <b>SHAREHOLDERS' EQUITY</b>                         |                         |                         |
| Members' equity                                     | 56,424                  | 68,424                  |
| Retained earnings                                   | 18,572                  | 10,803                  |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                   | <u><b>74,996</b></u>    | <u><b>79,226</b></u>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>   | <u><b>\$ 88,197</b></u> | <u><b>\$ 93,120</b></u> |

\* The financial statement is not audited. It is confidential information and cannot be distributed or disclosed.

**AMEREX BROKERS LLC**  
**STATEMENTS OF INCOME (Unaudited)**  
(Dollars in thousands)

**Year Ended December 31,**

**2008**

**2007**

**REVENUES**

|                            |               |               |
|----------------------------|---------------|---------------|
| Commissions                | \$ 60,265     | \$ 63,902     |
| Software licensing revenue | 1,481         | 1,175         |
| Other income               | (2)           | (5)           |
| <b>TOTAL REVENUES</b>      | <b>61,744</b> | <b>65,072</b> |

**EXPENSES**

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Compensation & employee benefits | 40,887        | 42,496        |
| Professional fees                | 536           | 318           |
| Travel and promotion             | 3,167         | 3,361         |
| Rent and occupancy               | 876           | 719           |
| Depreciation & amortization      | 722           | 982           |
| Amortization Of Intangibles      | 2,314         | 2,878         |
| Communications                   | 2,904         | 2,749         |
| Quote systems                    | 230           | 172           |
| Interest expense                 | 0             | 12            |
| Other expenses                   | 1,802         | 1,778         |
| <b>Total Expenses</b>            | <b>53,437</b> | <b>55,465</b> |

|   |       |       |
|---|-------|-------|
| <b>INCOME BEFORE PROVISION FOR INCOME</b> | 8,307 | 9,607 |
|---|-------|-------|

|                                   |     |     |
|-----------------------------------|-----|-----|
| <b>PROVISION FOR INCOME TAXES</b> | 537 | 575 |
|-----------------------------------|-----|-----|

|                   |                 |                 |
|-------------------|-----------------|-----------------|
| <b>NET INCOME</b> | <b>\$ 7,770</b> | <b>\$ 9,032</b> |
|-------------------|-----------------|-----------------|

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**AMEREX BROKERS LLC**  
**STATEMENTS OF CASH FLOWS (Unaudited)**  
(dollars in thousands)

|   | <b><u>Year Ended December 31,</u></b> |                    |
|---|---------------------------------------|--------------------|
|   | <b><u>2008</u></b>                    | <b><u>2007</u></b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |                                       |                    |
| Net Income  | \$ 7,770                              | \$ 9,032           |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                       |                    |
| Depreciation & Amortization   | 3,036                                 | 3,860              |
| Provision for Doubtful Accounts   | (72)                                  | 22                 |
| (Increase) decrease in operating assets:  |                                       |                    |
| Accrued commissions receivable  | 1,728                                 | (3,814)            |
| Other assets  | 346                                   | (759)              |
| Increase (decrease) in operating liabilities:                                     |                                       |                    |
| Accrued Compensation  | (2,057)                               | 9                  |
| Accounts payable and accrued expenses   | (350)                                 | 108                |
| Other liabilities   | 1,715                                 | 3,865              |
| Cash provided by operating activities   | <u>12,115</u>                         | <u>12,323</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |                                       |                    |
| Purchase of Property, equipment and leasehold improvements                        | (410)                                 | (439)              |
| Cash used in investing activities   | <u>(410)</u>                          | <u>(439)</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                      |                                       |                    |
| Cash dividend paid  | (12,000)                              | (14,000)           |
| Cash provided by / (used in) financing activities                                 | <u>(12,000)</u>                       | <u>(14,000)</u>    |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>                                      | <u>(295)</u>                          | <u>(2,116)</u>     |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>                             | <u>2,126</u>                          | <u>4,242</u>       |
| <b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>                                    | <u>\$ 1,831</u>                       | <u>\$ 2,126</u>    |

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