

# FINAL TRANSCRIPT

**Thomson StreetEvents<sup>SM</sup>**

## **HF - Q3 2010 HFF Inc Earnings Conference Call**

**Event Date/Time: Nov. 02. 2010 / 12:30PM GMT**



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

## CORPORATE PARTICIPANTS

**Myra Moren**  
*HFF, Inc. - Director of IR*

**John Pelusi**  
*HFF, Inc. - CEO*

**Greg Conley**  
*HFF, Inc. - CFO*

**Nancy Goodson**  
*HFF, Inc. - COO*

## CONFERENCE CALL PARTICIPANTS

**Will Marks**  
*JMP Securities - Analyst*

## PRESENTATION

### Operator

Good morning, and welcome to the HFF Inc.'s Third Quarter 2010 Conference Call. At this time all participants are in a listen-only mode. Later, we will conduct a question and answer session with instructions being given at that time. As a reminder, this conference call is recorded.

I would like to turn the call over to your host Myra Moren, our Director of Investor Relations. Please, go ahead.

---

### Myra Moren - HFF, Inc. - Director of IR

Thank you, and welcome to HFF, Inc.'s Earnings Conference Call, to review the Company's operating performance and production results for the third quarter and first nine months of 2010. Last night, we issued a press release announcing our financial results for the third quarter and first nine months of 2010. This release is available on our Investor Relations website at [hfflp.com](http://hfflp.com).

This conference call is being webcast live, and is being recorded. Also available on our website is a related presentation which you may use to follow along with our prepared remarks. A PDF version of the presentation, along with a transcript of this call will be archived on our Website.

Before we start, let me offer the cautionary note that this call contains forward-looking statements within the meaning of the federal securities laws. Statements about our beliefs and expectations, and statements containing the words may, could, would, should, believe, expect, anticipate, plan, estimate, target, project, intend, and similar expressions constitute forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause actual results that differ materially from those contained in any forward-looking statement.

For a more detailed discussion of these risks and other factors that could cause results to differ, please refer to our Third Quarter 2010 Earnings Release dated November 1, 2010, and filed on form 8-K, and our most recent annual report on Form 10-K, all of which are filed with the SEC, and available at their website at [sec.gov](http://sec.gov).

Investors, potential investors, and other readers are urged to consider these factors carefully in evaluating the forward-looking statements, and are cautioned not to place undue reliance on such forward-looking statements. Except as required by applicable



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements after the date of this conference call.

We may make certain statements during today's call which will refer to certain non-GAAP financial measures, and we have provided reconciliations of these measures to GAAP figures in our earnings release, which is available on our website. With that in mind, I will introduce our senior management team.

Conducting the call today will be John Pelusi, Chief Executive Officer; Greg Conley, Chief Financial Officer; and Nancy Goodson, Chief Operating Officer. Please be advised that during the call we will be referring to portions of the related PDF-presentation materials, which were made available on our website prior to the call.

I'll now turn the call over to our CEO, John Pelusi.

---

**John Pelusi** - HFF, Inc. - CEO

Thank you, Myra, and good morning, everyone. During today's call, we will review our operating and production results, which will be covered in detail by Greg Conley and Nancy Goodson. As Myra mentioned earlier, due to investor requests, we have posted an update of capital-markets presentation materials that Myra mentioned earlier, which also contains background information on the Company's results and performance.

However, we will not be reviewing any of this in great detail. As we go through the presentation, we will only reference select slides related to our performance and transaction activities, or where we believe an overall observation is warranted.

Before turning the call over to Greg Conley and Nancy Goodson for their reports, I would like to highlight a number of our more significant achievements and accomplishments during the current environment; briefly touch on our pay-for-performance operating model, which provides significant operating leverage, as well as margin protection to survive tough economic times, as we just have in 2008 and '09, as well as to prosper in the better economic times, as we have in the recent past, as noted on slide 17 through 20.

And, then, we will attempt to quickly highlight some of the more significant current market conditions, and how we intend to continue to take advantage of them, as we have demonstrated in the past, to continue to strategically grow our business.

As stated in past calls, and as more fully detailed on slides 41 through 57, we continue to see improvements in certain sectors of the US commercial real estate capital markets, especially in the public equity and debt markets.

These improved conditions in the public markets, coupled with a slowly improving economic climate have led to further improvements in certain segments of the private debt and equity markets for select transactions, as we briefly will touch on later in the call, especially in the major tier-one markets, when compared to 2008 and '09. However, the private markets remain highly inefficient, which plays to our strength and core competencies.

These improved conditions, coupled with the contributions of our associates, who continually share the collective knowledge from each transaction in these highly inefficient credit markets help drive our results, as we were able to provide superior value-added services and solutions for our clients.

Based on our performance in the third quarter, and for the first nine months of 2010, especially when compared to reported national-markets transaction statistics, we believe we were able to strategically grow our market share, while maintaining strong EBITDA margins, due to our strong balance sheet and our pay-for-performance operating model, which closely aligns our interests with our shareholders, as noted on slides 17 through 20.



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

Today, we are very pleased to report, as noted on slides 21 through 29, that our revenues increased 82% and 81%, respectively, for the third quarter and for the first nine months of 2010, compared to the comparable periods in 2009. Our EBITDA increased 114% to \$9.3 million for the third quarter and 3,800%, to \$20.9 million for the first nine months of 2010, compared to the comparable periods in 2009.

Our EBITDA margin for the third quarter and for the first nine months was a strong 24.7% and 23%, respectively, which includes the costs associated with our strategic growth initiatives, since the fourth quarter of 2009, which now include more than 40 transaction associates in the firm as of 9/30/2010, as Nancy Goodson will discuss later in the call.

We have \$61.4 million of cash and cash equivalents as of 9/30/2010, compared to \$35.4 million at 9/30/2009, with no company debt and a very strong balance sheet, which provides us with the necessary capital to continue to strategically grow our business, as we have done historically, as noted on slides eight, 19 and 20.

Our total transaction volume increased 106% and 154%, respectively, for the third quarter and the first nine months of 2010, compared to the comparable periods in 2009, as noted on slides 26 and 27. Our debt-placement activity for the third quarter and first nine months 2010 increased 87% and 86%, respectively, from the comparable periods in 2009. This compares to only a 6% increase nationwide in origination activity, based on data from the MBA for the first half of 2010, as the third-quarter data is not available.

Our investment sales activity for the third quarter and first nine months of 2010 increased 134% and 339%, respectively, from the comparable periods in 2009, which compares to only an 88% increase in industry nationwide sales activity, based on data from RCA for the first nine months of 2009.

According to the most recent brokerage rankings compiled by Real Estate Alert in July 2010, HFF ranked as the number-one office broker, the number-one industrial broker, the number-three multi-family broker, the number-three retail broker, and the number-two broker overall nationwide, during the first half of 2010. Our commercial loan-servicing portfolio increased to more than \$25 billion.

We continue to strategically grow the number of transaction professionals. During the first nine months of 2010, we added 11 new transaction professionals, a 7% increase, reaching the total of 170 transaction professionals nationwide, who have average tenure of 17 years in the industry for all HFF transaction professionals. It is interesting to note we have approximately the same number of producers in 2007, when we consummated approximately \$43.5 billion of transactions, as noted on slide 14.

I would now like to highlight a few select transactions we consummated during the third quarter, to provide transactional evidence of what we are seeing in the market. I'm not going to review each of the transactions listed on slides 30 through 40, but rather will provide color for a few select transactions. But they are all included for your review following the call.

The first, as noted on slide 31, is the sale of 300 North LaSalle in Chicago, for Hines. KBS Realty Advisors paid \$655 million for this core trophy asset, and it represents one of the four largest single-asset office trades in year-to-date 2010. As noted, we also represented KBS to arrange a \$350 million acquisition loan through Met to facilitate the closing of the sale.

The second, as shown on slide 32, is the sale of the Hock Plaza in Durham, North Carolina, for Brickman, to Hines Global REIT for over \$98 million, or \$300 a square foot, for this Class-A office building that has a long-term lease to Duke University and Health Systems, a AA plus and AA credit-rated tenant. The third, as shown on slide 33, is the sale of Liberty Tower in Arlington, Virginia, for the [Schnider] Companies to Equity Residential for \$96 million, or over \$402,000 per unit, or \$428 per square foot.

The fourth, as shown on slide 36, is a debt transaction on University Square in Windsor, New Jersey, for RXR Realty and Marathon Asset Management for over \$81 million, with Cigna and AIG providing the debt. The fifth, as shown on slide 37, is a debt transaction on the Puck Building, a mixed-use property in New York City for the Kushner Companies, for \$80 million.



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

The next two transactions, as shown on slides 38 and 39, are both debt transactions on two retail properties -- the Shops at Sunset and Port Charlotte Mall, both located in Florida -- for Simon Properties. The Shops at Sunset was a \$79 million CMBS loan through JPMorgan Chase, and Port Charlotte was a \$48.5 million CMBS loan through the Royal Bank of Scotland.

Next, I would like to briefly touch on current conditions in the US capital markets and commercial real estate markets. As previously mentioned, we continue to see improvement in both the public-equity and debt markets, as well as in the private debt and equity markets, and especially for the haves, as shown on slides 41 through 45, while the have-nots continue to struggle.

There has been approximately \$17.1 billion of equity REIT issuance year-to-date 2010, an increase of nearly \$7 billion in the last quarter, as noted by NAREIT on slide 42. Year-to-date 2010 REIT debt issuance has reached approximately \$15 billion, an increase of \$5 billion since the last quarter, as noted on slide 43. Over the past 18 months, we have seen a rapid contraction in spreads and absolute coupons in the public REIT market, especially over the past 12 months, and especially for the better-rated credits.

The spread compression and low all-in coupons closely track the significant compression and all-in corporate bond yields, which have declined from 10.3% in March 2009, to 3.83% in the past 12 months, as reported by Merrill Lynch and Bank of America -- Merrill Lynch indexes, as noted on slide 45. For example, as noted on slide 46, Simon's borrowing costs have dropped over 600 basis points in ten months' time -- March 2009 A-rated at treasuries, plus 813 basis points, versus January of 2010 A-rated treasuries, plus 200 basis points. And even the lesser-rated credits have joined the party.

As mentioned previously, the improved conditions in the public markets, coupled with the slowly improving economic climate, have led to further improvements in certain segments of the private-debt and equity markets for select transactions, especially in the major tier-one markets, when compared to 2008 and '09.

The continued improvement over the past two months since our last call continues to be quite remarkable, especially considering the improvement from the previous first and second quarters, which were equally improved over the fourth quarter 2009; and even furthermore, when put into context as to what had been available during the end of 2008 and throughout 2009.

Despite declining property fundamentals during the first nine months of 2010, according to Real Capital Analytics, total sales volume rose by more than 88% during the first nine months of 2010, to \$66.3 billion, compared to the same period in 2009, when sales were only \$35.2 billion, as noted on slides 48 through 50. As previously mentioned, interest in our investment sales volume increased more than 339% during that comparable period, and is one of several reasons we believe we have gained market share.

Most recently, as noted on slide 51, the MBA reported only a small 6% gain in originations in the first six months of 2010, compared to the same period in 2009. As previously mentioned, it is interesting to note that HFF debt-placement activity increased to over 85% over the same period, and also increased 86% and 87% respectively in the third quarter 2010, and through the first nine months of 2010, compared to comparable periods in 2009.

New CMBS issuance, year-to-date through October 22, only reached \$7 billion, versus an anemic \$3 billion reported for all of 2009, according to Commercial Mortgage Alert, as noted on slide 52. The continued improvements in the private markets are clearly a welcome sign and should not be taken for granted, especially given the lack of transaction activity in 2009. But it is important to put this increased transaction activity in context.

These improvements are not across-the-board, nor are they across all markets; and the national sales activity in the first three quarters of 2009 represent the three lowest sales volumes reported by RCA since they began surveying the market in 2001, as noted on slides 48 through 50.

Also, as noted on slide 52, while CMBS activity in the first nine months of 2010 is another welcome improvement, compared to the virtually non-existent market for the new commitments and originations over the past 24 months, we need to keep in mind



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

that when the CMBS market was just starting back in 1995, '96, and '97, CMBS originations totaled \$16 billion, \$26 billion, and \$37 billion, respectively. We clearly have a long way to go in the CMBS market, especially when you consider that the CMBS market averaged approximately \$60 billion from 1998 through 2002.

We also want to urge a healthy dose of caution, as there remains numerous obstacles yet to be navigated in the US commercial real estate markets and credit markets, especially in the commercial-banking sector and the CMBS market, given the level of loans that are currently delinquent, and further given that property fundamentals are forecasted to deteriorate into 2011.

There are a number of circumstances where these improved conditions can get sidetracked not only due to the likelihood of increasing delinquencies and additional write-offs, but also due to the fact that the unemployment rate remains stubbornly high, the economy appears to be slowing, and the sovereign debt issues have not yet been fully put to bed; not to mention the issues facing our own federal, state, and local governments.

That said, if things do get sidetracked, we believe we are very well positioned to take advantage of them, based on the steps we have taken over the past 24 months.

Based on our transaction activity we are working in the highly inefficient private markets, we see that the debt and equity markets remain focused on high-quality core properties, strong sponsorship, and properties that have cash-flow integrity, with low basis levels, relative market rents, maturing loan balances and reproduction costs. Major markets are preferred over secondary markets, and secondary markets are greatly preferred over tertiary markets.

There remains significant competition for the best loans, especially in the targeted loan size of \$10 million to \$75 million, where borrowers have life companies, CMBS, mortgage REIT and debt funds, as well as bank options.

All-in coupons, as can be seen on slide 54 and 55, which are based on current debt quotes from life companies, CMBS aggregators, the mortgage REITs and debt funds, as well as agencies, have compressed another 25 basis points since our last call. These all-in coupons, while higher from a mortgage-constant perspective on lower LTVs than the higher-LTV and interest-only loans available in 2006 and '07, are very attractive when viewed from a long-term historical basis, and are the lowest I have seen in the 30 years in the business.

Please be advised these are estimates only, and the actual terms and conditions and rates are specific and will vary day to day, market to market, borrower to borrower, and deal to deal. The most important takeaway here is that the private markets continue to be highly inefficient. We believe this plays right into our strength, given that we have historically been the number-one debt intermediary in the commercial real estate markets. And our ability to provide daily insight and access to the programs for all debt providers to our clients is extremely valued in today's markets.

Through our proprietary database, CapTrack, where all quotes are recorded for use by our associates, we were able to provide our clients, who need us now more than ever, with immediate and unparalleled access to this rapidly changing environment, in order to provide the best solutions for them to achieve their goals.

The life-insurance companies are actively quoting 50% to 65% loan-to-values for the best-in-class properties and markets and borrowers, at very competitive all-in coupons; sub 4% on five-year deals to sub 5% to 5.5% on ten-year deals, with amortizations of 20 to 30 years. Some are even willing to stretch to 70% to 75% for the best of the best deals in the right markets for the best sponsorships.

Multi-family debt and equity flows continue to remain strong due to the fact that the agencies, Freddie and Fannie, remain one of the only one-stop sources of capital, providing 70% to 80% LTV mortgages, at very attractive debt rates, with all-in coupons of 4.6%, 4.8% for fixed terms of five to ten years, and lower floater-capped ARMs at even lower rates -- some as low as 3.5%, although the life companies in some banks are now becoming more active in this space, as well, and in some cases, are providing a better execution.



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

Banks that are not overexposed to the commercial real estate market are lending to the best-in-class borrowers who have other relationships with the bank, with and without recourse, at attractive rates, but on significantly reduced LTVs and debt yields of approximately 9% to 10%, which is down about 200 basis points from about a year ago, depending on the market and asset, and are now providing construction financing for the best clients and relationships. However, they are not willing to take positions above \$25 million to \$50 million and, therefore, deals of size require a bank's indications.

As noted on our last call, CMBS has restarted slowly in 2010. There are approximately ten CMBS aggregators who are attempting to originate and balance-sheet individual loans and pools up to \$300 million to \$1 billion, with the goal of securitizing these pooled loans in 2010 and several pools have already been securitized. These aggregators are actively quoting 30-year amortizations at 70% to 75% LTV in the 4.25% to 6% range, with origination fees of 25 basis points to 1%. Some are offering interest-only periods in an attempt to win high-quality business.

As noted above, we have closed a number of these transactions and continue to put deals under applications with these aggregators for a number of our clients. If they can achieve the aggregation at the levels they are reporting, CMBS may reach approximately \$10 billion to \$12 billion by the end of the year, which is only approximately 15% of the \$74 billion closed in 1998.

The financial-reform regulations recently signed into law need to be fleshed out for CMBS to come back to levels achieved back in 1997 through 2003, when CMBS averaged, on an annual basis, approximately \$60 billion, as shown on slide 52. The mortgage REITs and debt funds are actively quoting in the 70% to 80% LTV range, at rates of 6.5% to 10%, with up-front fees of 25 basis points to 1%, and we have closed several transactions for several of our clients as well.

On the equity front, trophy assets with integrity of cash flow in major markets are in demand. Also, the competition for core trophy assets in major markets is as keen as we have seen in recent years, and is approaching the pricing metrics back in 2006 and '07, especially given the economy and declining property-level fundamentals.

Like in the debt markets, reputation of the asset, quality of the product, cash-flow integrity and basis level, relative to market rents, maturing loan balances, if assumable, and reproduction costs, are keys to achieving the highest prices, with major markets being the key to a deep pool of aggressive, qualified bidders.

As noted on slide 56, IRRs for these core major assets are in the 6.5% to 8% range, depending on the market and property type. Secondary markets are starting to see activity for this type of core product, and depending on the asset class, especially if it is either [grocery-jug] anchored with limited small-store GLA or quality multi-family or long-term credit-lease orient.

Tertiary markets remain challenging. Train-wreck distressed properties, which are perceived as good-quality assets in severe distress, located in good markets, with purchase prices well below replacement costs, are also in demand on the equity front, as there are still a large amount of dry powder that was previously raised by opportunity funds.

The distressed activity level has finally started to appear, albeit more slowly than anyone projected back in 2009. And as noted on slide 66, HFF is very well positioned in the distressed arena with its Special Asset Group, Investment Sales and Loan Sales Group, its Debt and Structured Finance Group, its Investment Banking and Advisory Group, and its Loan Servicing Group, with well-established regional offices in the majority of the markets where the distress is concentrated, as noted by the blue bars on slide 67.

As we have stated in past calls, the commercial real estate market will be faced with significant headwinds at the property level over the next 12 to 18 months due to the lag effect of the significant job losses, forecasted continued unemployment rates, and a sluggish economic recovery, which we believe will lead to additional distress situations, and ultimately additional pickup and transaction activity from the depressed levels we have seen in 2009, which will be a plus for HFF.

Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

As widely reported, transaction activity has increased from 2009 levels, and we believe the transaction activity will pick up further over the remainder of 2010 and beyond, as a result of two contributing factors. First, the deteriorating property-level fundamentals will make it more difficult for lenders to continue their current extend-and-pretend policies, which will cause more distressed product to come to the market, which we believe will create additional transaction activity.

Second, owners of well-performing core properties will attempt to take advantage of the demonstrated equity and debt-investor demand for this type of product, due to the scarcity of this type of high-quality product in the market, creating more traditional transaction activity.

We believe both of these contributing factors play right into HFF's core competencies and demonstrated transactional expertise and experience. Therefore, during the remainder of 2010 and beyond, we intend to remain singularly focused on continuing to perform value-added services for our clients to assist them in navigating these challenging and highly inefficient capital-market conditions.

Also, due to our strong balance sheet and strong cash position, we are likewise prepared to continue to invest strategically to take advantage of all these opportunities that always are created by these challenging times, and to continue to grow our business platforms in existing and new markets, as we have demonstrated on slide eight, but only when the culture, philosophy and work ethic match up, as we have repeatedly stated since going public.

The experience of our senior transaction professionals and senior management, most of whom are transaction professionals that have been through difficult and challenging times before, we believe, will be key in positioning the Company to take full advantage of the revenue opportunities we currently see continuing to build.

Many of our associates have been in the business since the last '70s and early '80s, and their past experiences, especially in the workout and distressed-debt REO areas, are especially relevant to what we are seeing today. We believe that this is one of several key factors that, in our opinion, have allowed us to outperform the market.

We believe that our relationships with owners of institutional commercial real estate, assets, and the debt and equity-capital providers, coupled with our knowledge and understanding of the most effective way to capitalize any transaction, as well as our knowledge of the trends in the US commercial real estate markets, provide our clients with the best opportunity to consummate a transaction, provided their expectations are realistic with market conditions.

Through our proprietary database, CapTrack, current private capital and market knowledge is communicated daily to all of our associates. We believe this information allows us to provide the most current pricing and deal structures being quoted today, which allows us to structure transactions or give advice to allow our clients to make the first right choice to avoid a failed execution later.

This is especially relevant in today's highly inefficient and capital-constrained markets. Many of our existing and potential new clients are faced with extraordinarily difficult situations, and/or potential opportunities given the state of the commercial real estate and capital markets.

We are fully focused on finding the best real estate and capital-market solutions for each of our clients' respective individual needs. However, as stated in past calls, we remain focused on the business that has to, and can, transact, such as maturing loans or clients who need to raise equity capital, including financial institutions that must raise capital to meet redemptions or reduced exposure to problem assets.

We continue to turn down business where we believe clients were either not serious about transacting at the market, or where we believe the client had little to no economic interest in the transaction and/or was unwilling to compensate us for the opportunity costs of taking on an assignment to have little chance of success given the client's ask relative to where the market would transact.



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

We believe we are better served to wait and seek out future opportunities where we believe there are enhanced prospects to generate transaction revenues. To that end, the firm is very focused on all opportunities to generate revenue, not only from our existing lines of business, but also from the unique opportunities that present themselves when there are significant dislocations in the market, such as those that we experience today.

I would now like to turn the call over to Greg Conley and Nancy Goodson, who will report on our financial and operational results. I will now ask Greg to discuss our financial results in more detail.

---

**Greg Conley - HFF, Inc. - CFO**

Thank you, John, and good morning, everyone. I'd like to go through our financial results for the third quarter and first nine months of 2010. Revenue for the third quarter of 2010 was \$37.5 million, compared to \$20.6 million in the third quarter of 2009, representing an increase of \$16.9 million, or 82%. For the first nine months of 2010, revenue was \$91 million, compared to \$50.3 million for the first nine months of 2009. This represents a year-over-year increase of \$40.8 million, or 81%.

The Company had operating income of \$5.9 million, or 15.8% operating margin for the third quarter of 2010, compared to operating income of \$840,000, or a 4.1% operating margin in the comparable period in 2009, representing an improvement in operating income of \$5.1 million, or 604.3%.

For the first nine months of 2010, operating income was \$10.1 million, or an 11.1% operating margin, as compared to an operating loss of \$7.1 million for the first nine months of 2009, representing a year-over-year increase of \$17.2 million, or 242%. It is important to note that this is the second consecutive quarter the Company's operating margins were above 15%. Prior to the second quarter of 2010, the last time the Company's operating margins were above 15% was in the third quarter of 2007.

The improvement in the third quarter and year-to-date 2010 operating income is due to an increase in total revenue, which is primarily driven by an increase in production volumes and related revenue in all of the Company's capital-market services platforms.

Offsetting the increase in revenue is an increase in cost of services which is, in part, directly attributable to the higher capital-market services revenues and an increase in operating, administrative and other costs, which are primarily due to an increase in performance-based and other incentive compensation accruals, resulting from the year-over-year improved performance.

The largest portion of our expenses is cost of services. The majority of the costs in the category are the commissions paid to transaction professionals and the salary and discretionary bonuses paid to analysts who support transaction professionals in executing transactions. As we have discussed numerous times in prior calls, a significant portion of this cost category is variable.

Cost of services increased \$8.9 million in the third quarter of 2010, or 73.2%, as compared to the third quarter of 2009. As previously stated, these increases are attributable to the increase in commissions and incentive compensation directly related to the \$17.3 million, or 88.7% year-over-year comparative increase in the third-quarter capital-market services revenue.

Cost of services as a percentage of total revenue decreased to 56.3% in the third quarter of 2010, from 59.1% in the third quarter of 2009, as we were able to spread the fixed-cost component, which is primarily related to the salaries of the production-support personnel and other payroll-related items over a higher revenue base.

Operating, administrative, and other expenses increased approximately \$2.8 million in the third quarter of 2010 and \$4.5 million for the first nine months of 2010, as compared to the same period in the prior year. This increase, as previously mentioned, is primarily due to an increase in performance-based and other incentive compensation accruals resulting from the year-over-year improved performance.

Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

Interest and other income net was \$1.6 million for the quarter ending September 30, 2010, as compared to \$920,000 for the third quarter of 2009. Interest and other income for the nine-month period was \$7.3 million in 2010, as compared to \$3.3 million for the same period in 2009, representing an increase of \$4 million.

The increases are primarily due to higher mortgage-servicing rates income, the recognition of a gain on the sale of mortgage-servicing rights the Company recently originated, and other income earned primarily related to our Freddie Mac Program Plus Seller Servicer business.

The Company recorded income-tax expense for the third quarter 2010 of \$3.9 million, compared to \$2.1 million for the same period in 2009. The results for the first nine months of 2010 reflect income-tax expense of \$5.9 million, as compared to \$1.1 million for the same period in 2009.

This year-over-year increase in income-tax expense for the quarter ending and nine months ending September 30 of approximately \$1.8 million and \$4.8 million, respectively, is primarily attributable to the \$4.9 million and \$20.6 million increase in income before income taxes, in the third quarter and first nine months of 2010, as compared to the same period in 2009.

I also wanted to highlight another item impacting income-tax expense, which is the effective changes in the rates used to measure the deferred-tax assets. The largest component of the deferred-tax assets on our balance sheet relates to the tax-basis step-up resulting from the reorganization transactions completed in 2007 in connection with the Company's initial public offering and the various exchange transactions executed in the fourth quarter 2009, and in the first and second quarters of 2010.

The effective changes in the rates used to measure the deferred-tax assets on the income-tax expense for the nine months ended September 30, 2010 and 2009 was approximately \$900,000 and \$2 million, respectively. This additional tax expense, due to the re-measurement of the deferred-tax assets resulted in a higher effective tax rate.

During the nine-month periods ending September 30, 2010 and 2009, this tax expense and its impact on net income was partially offset by a decrease of \$800,000, and \$1.7 million, respectively, in the payable, under the tax-receivable agreement as shown on under consolidated operating results before the line-item income lost before income taxes.

The consolidated net income for the third quarter 2010 was \$4.5 million, compared to consolidated net income of approximately \$1.3 million for the third quarter of 2009, or an increase of \$3.2 million in net income. Net income from the first nine months of 2010 was \$12.2 million, as compared to a net loss of \$3.5 million for the first nine months of 2009, or an increase of \$15.8 million.

The net income attributable to Class-A common-stock holders for the quarter ending September 30, 2010, was \$4 million, or \$0.11 per diluted share, as compared to a net loss of approximately \$39,000, or a rounded zero loss per diluted share for the same period in 2009. The net income attributable to Class-A common-stock holders for the nine months ending September 30, 2010, was \$6.6 million, or \$0.27 per diluted share, as compared to a net loss of \$2.3 million, or a \$0.14 loss per diluted share for the same period in 2009.

The effective changes in the rates used to measure the deferred-tax assets and the corresponding effect of the related re-measurement of the payable under the tax-receivable agreement resulted in an overall net decrease to net income of approximately \$100,000, or an estimated \$0.01 per share on a fully diluted basis for the nine-month period ending September 30, 2010, and approximately \$300,000, or an estimated \$0.02 per share on a fully diluted basis for the nine-month period ending September 30, 2009.

EBITDA for the third quarter 2010 was \$9.3 million, which is an increase of \$5 million, compared to EBITDA of \$4.3 million for the same period last year. EBITDA for the first nine months of 2010 was \$20.9 million, as compared to EBITDA of \$500,000 for the same period last year. This \$20.4 million increase in EBITDA is primarily attributable to the increase in our operating income and interest and other income, as discussed above.



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

I would now like to make some comments concerning our liquidity, as well as certain balance-sheet items. Our cash balance at September 30, 2010 was \$61.4 million, which is \$20.3 million higher than the balance at December 31, 2009, and \$25.8 million higher than the balance at September 30, 2009.

The Company's use of cash is typically related to the limited working-capital needs during the year and the payment of taxes. The Company has limited capital expenditures and virtually no debt to service, other than that related to our Freddie Mac business, which is offset with interest income.

During the first nine months of 2010, the Company's net cash provided by operating activities was \$21.8 million. The net use of cash from investing and financing activities was approximately \$1.5 million, which is primarily attributed to a tax-distribution payment made to a limited partner of the operating partnerships.

As we stated in our previous earnings calls, management made the decision to not exercise its extension rights on our \$40 million line of credit with Bank of America, and this agreement expired by its terms on February 5, 2010. The Company has never borrowed on a line of credit at any point since its inception in February 2007. We currently believe that the cash flows from operating activities and our existing cash balance will provide adequate liquidity, and are sufficient to meet our working-capital needs for the foreseeable future.

We had \$11 million of outstanding borrowings for two loans under our warehouse credit facilities to support our Freddie Mac multi-family business. And we also had a corresponding asset recorded for the related mortgage-notes receivable from Freddie Mac. Both of these loans have subsequently been purchased by Freddie Mac.

The September 30, 2010 balance sheet includes a net deferred tax asset of \$166.8 million and a corresponding payable to HFF Holdings under the tax-receivable agreement of \$147.1 million. The net deferred tax asset has increased approximately \$42.7 million from December 31, 2009 balance, primarily as a result of the step up in basis from the exchanges of partnership units that occurred during the first nine months of 2010, including the June 2010 exchange transaction, all offset by the reduction from the re-measurement of the deferred-tax asset as previously mentioned.

In accordance with the tax-receivable agreement, there was also a corresponding increase due to the step up in basis in the payable under the tax-receivable-agreement liability, as this balance increased \$41.6 million for the same nine-month period net of the offsetting decrease due to the re-measurement of the deferred-tax asset.

In relation to the step up in basis recorded for the exchanges that took place in 2010, the net difference between the increase in the deferred-tax asset and the increase in the payable under the tax-receivable agreement liability was recorded on the equity section of the balance sheet in the additional paid-in capital account.

The exchanged transactions throughout 2010 and, most significantly, the June 2010 exchange, also impacted the non-controlling interest-equity section of the balance sheet, as HFF Holdings exchanged a significant portion of its ownership interest in the operating partnerships for Class-A common stock.

This is evidenced on the balance sheet as the non-controlling interest-equity account has decreased from \$26.5 million at December 31, 2009, to \$3.9 million at September 30, 2010, while the additional paid-in capital account has increased, in part from the issuance of Class-A common stock, in exchange for the increased ownership percentage of the operating partnerships, from \$28.5 million at December 31, 2009, to \$62.1 million at September 30, 2010.

As an additional comment to the June 2010 exchange transaction, the impact of all exchange transactions was determined to be antidilutive, which we have reported in all previous filings. The June exchange had a significant impact on the ownership change of the operating partnerships, such that the Class-A or controlling-interest shareholder now owns 94.2% of the operating partnerships.



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

Just a note on our continuing -- continuation of managing our discretionary expenses; we continue to aggressively manage our discretionary expenses, which are primarily related to travel and entertainment, supplies, research, and printing, as well as our other fixed expenses included in occupancy, professional fees, insurance and other operating expenses.

It is important to highlight that for the nine month period ending September 30, 2010, these expense categories, which include all expense categories except for cost of services, personnel, and interest on the warehouse line, increased approximately \$1.2 million, as compared to those expenses reported for the nine month period ending September 30, 2009. These increases are primarily a result of an increase in year-over-year business activity, as represented by the 81%, or \$40.7 million increase in year-over-year revenue.

As you will recall the Company announced on April 3, 2009, that certain production members volunteered to eliminate or reduce their salaries, including John Pelusi, the CEO of the Company, the members of the Operating Committee, and the Company's office heads. The Company has decided to reinstate these salaries to the levels existing as of 12/31/2008, effective October 1, 2010.

The estimated impact in the fourth quarter of 2010 is an increase in operating expenses of approximately \$437,000. The estimated annual increase in operating expenses from this action is approximately \$1.7 million.

On a final note, we are encouraged with the improving trends experienced in our business throughout 2009, and continuing into the first nine months of 2010. Our business has historically been seasonable, whereby the first two quarters are typically weaker than the second half of the year in terms of revenue and earnings. The latter half of 2008 and the first half of 2009 were particularly challenging due to the recessionary and global credit issues that we have discussed in previous calls.

With the strong comparisons in the first nine months of 2010, coupled with our improved operating efficiencies gained from our cost-reduction initiatives taken in 2009, we believe we are well positioned to continue to take advantage of the benefit from any of the projected market recovery.

Now, I'll turn the call over to Nancy Goodson to discuss our production volume and Loan Servicing Business. Nancy?

---

**Nancy Goodson** - HFF, Inc. - COO

Thank you, Greg, and good morning, everyone. I'd like to review with you our production volume by platform services, and our Loan Servicing business for the third quarter and first nine months of 2009, and compare these results with the third quarter and first nine months of 2010.

The Company's production volume for the third quarter of 2010 totaled approximately \$5.1 billion on 175 transactions, compared to third quarter 2009 production volume of approximately \$2.5 billion on 113 transactions. Please note these transaction volumes do not include any advisory-services activity during the quarter, as we do not record these activities, as do some of our competitors. This represents a 106% increase in production volume and an increase of 55% in the number of transactions.

The average transaction size for the third quarter 2010 was approximately \$29.3 million, or 33% higher than the comparable figure in the third quarter 2009, of \$22 million. It should be noted that a portion of the 106% increase in production volume was achieved due to one unusually large investment-sale transaction and the related debt placement for the buyer of the asset, which closed during the third quarter of 2010.

If these two separate transactions related to this one asset were excluded, our production volume would have increased by 66%. In addition, our adjusted average-transaction size for the third quarter of 2010 would have been approximately \$23.5 million, compared to \$22 million for the third quarter 2009, resulting in an increase of 7.1%.

Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

Debt-placement production volume was approximately \$2.9 billion in the third quarter of 2010, representing an 87% increase from third quarter 2009 volume of approximately \$1.5 billion. Investment-sales production volume was approximately \$1.9 billion in the third quarter of 2010, representing a 134% increase from third quarter 2009 volume of approximately \$825 million.

It is interesting to note that the increase in our investment-sales volume compares to Real Capital Analytic's industry sales-volume increase of only 88% during the third quarter of 2010, compared to third quarter 2009.

Structured-finance production volume was approximately \$110 million in the third quarter of 2010, representing a 121% increase from the third quarter 2009 volume of approximately \$50 million. Loan-sales production volume was approximately \$206 million for the third quarter of 2010, representing an increase of 209% from third quarter 2009 volume of \$67 million.

The amount of active private-equity discretionary-fund transactions at the end of third quarter of 2010, on which HFF Securities has been engaged and may recognize addition future revenue, is approximately \$1.5 billion, compared to approximately \$1.9 billion at the end of the third quarter of 2009, representing a 21% decrease.

The principal balance of HFF's Loan Servicing portfolio increased 1% to approximately \$25 billion at the end of the third quarter of 2010, from approximately \$24.8 billion at the end of the third quarter of 2009.

The Company's production volume for the nine months ended September 30, 2010 totaled approximately \$13.3 billion on 428 transactions, representing a 154% increase in production volume and a 67% increase in the number of transactions, when compared to the production volumes of approximately \$5.2 billion on 256 transactions for the comparable period in 2009.

The average transaction size for the nine months ended September 30, 2010 was approximately \$31 million, or 52% higher than the comparable figure in the same period in 2009 of \$20.4 million. It should be noted that a portion of the 154% increase in production volume was achieved due to two unusually large investment-sales transactions and the related debt placement for the respective buyers.

These transactions closed during the second and third quarters of 2010, and if they were excluded, our production volume would have increased by 95%. In addition, our adjusted-average transaction size for the nine months ended September 30, 2010 would have been approximately \$23.7 million, compared to \$20.4 million for the same period of 2009, resulting in an increase of 16%.

As for our headcount, HFF total employment was 420 as of September 30, 2010, which is a 7.7% net increase from the September 30, 2009 employment level of 390. The increase in headcount is attributable to the production teams we have recruited over the past year, as well as numerous individual new hires, as outlined on slides number 28 and 29. With an average tenure of 17 years in the commercial real estate industry, we believe our transaction professionals are uniquely positioned to help our clients navigate these challenging and inefficient capital markets.

I'll now turn the call back over to John for his concluding remarks.

---

**John Pelusi** - HFF, Inc. - CEO

Thank you, Nancy. Our successes during the third quarter are directly tied to our clients and, therefore, we would like to thank each of our clients who continued to show their confidence in our ability to create and execute viable solutions for them, as evidenced by the 175 separate transactions, representing approximately \$5.1 billion in transaction volume closed during this quarter, which, as Nancy mentioned, represented a 106% increase over the same period in 2009.

Just as important, these results are a testament to each of our associates as well and, therefore, we would like to thank each of them providing superior value-added services to our clients.



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

Operator, I would now like to turn the call over to questions from our callers.

---

## QUESTIONS AND ANSWERS

### Operator

Thank you.

(Operator Instructions)

Your first question comes from the line of Will Marks with JMP Securities. Please, proceed.

---

### Will Marks - JMP Securities - Analyst

Good morning, everyone.

---

### John Pelusi - HFF, Inc. - CEO

Good morning, Will.

---

### Will Marks - JMP Securities - Analyst

Hi, John. First question -- very big picture -- and you kind of touched on it broadly -- you have this \$60 million plus cash balance. You have all sorts of cities where you can expand and open up new offices, or expand existing offices. Where do you see, a year from now -- I think these two things are tied to each other -- where do you see your cash balance a year from now, and your breadth of offices?

---

### John Pelusi - HFF, Inc. - CEO

Well, I think they are tied, but, in many respects, they're not tied. I think the question regarding offices and expanding our platforms are, as you know, Will, from being around us for nearly four years, since going public -- we're very focused on culture. We're very focused on people.

We're very focused on work ethic. And we're very focused on people who believe that it's better to be part of an organization like ours and have a small piece of a big pie, as opposed to a big piece of a small pie. If you're not interested in putting the clients' interest ahead of the firm -- if you're not interested in putting the clients' interest ahead of yourself, then it's probably not going to work out for you.

So, we're in very active discussions with lots and lots of people. And I would say a lot of the inquiries of reverse pings back to us. And I think it's a function of, A, our strong cash position, our balance sheet and, in our opinion, the increased market share we have. So if we can find the right people, we would open up other offices and, frankly, we are talking to people in other markets where we're not currently located.

And we're, every day, talking to people in existing markets to increase the platform services that we have, as well as increase our specialty lines of business. For example, our industrial -- we really focused on that. We've made a couple of key hires over the last 90 days. We continue to bulk up our retail, our multi-family, our office practice, our hospitality practice, our student-housing practice.

Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

Our special-asset group is very, very active. There's probably \$1 trillion, if you add it all up between the banks, the special services, the life companies that, in our opinion, over the next two to three years, are going to be in some level of distress, or they're over-lent relative to the value of an asset when they first put those loans on the books.

And, then, when you look at nearly \$1 trillion between now and 2017 that are going to come due, it's much like finding a huge oil-and-gas well. We've developed the pipeline, which are our producers. The real question is, how many gallons of oil are you going to pull out of this reserve? Is it going to be 5,000 barrels or 500,000 barrels a day?

And relative to our cash, that's going to largely be dependent on our activities. And, frankly, as we've said before, we can't figure out a way to invest it in our business, we think our shareholders probably deserve that cash more than we do, but that's probably a discussion that's well over a year down the road -- 18 months.

We continually discuss that with our Board. After going through 2008 and '09, we're very focused on having a lot of cash on hand. We want people to look at us as a rock, as a place of stability -- and don't have to worry about whether we're going to open up our doors on Monday.

So I don't know if I answered your question, but --

---

**Will Marks** - JPM Securities - Analyst

No, you did. But, to clarify -- I asked it wrong -- but to clarify, the hiring new teams doesn't necessarily take a whole lot of new cash unless you're maybe opening up a new office and there are a lot of tenant improvements. Is that correct?

---

**John Pelusi** - HFF, Inc. - CEO

Yes. I mean, it really depends on -- if we're opening up a new office, that's clearly more expensive than bringing teams in. But bringing teams in -- producers come with analysts. They come with support staff. They do require us to take more space. So it's not a net proposition where you're not spending money.

Frankly, if you open up a new office that probably has five to, call it ten, people, you're probably going to set aside a couple million dollars because you want to go through 18 months to two years planning that you don't bring in a single revenue for that office, because you clearly don't want these people so worried about bringing in revenues that they're doing deals that don't make sense. So, that's typically how we budget for these things.

Again, new people coming in -- it's not inexpensive. I mean, you've got a lot of IT costs. You've got laptops, technology. You've got other things that you have to do -- travel, entertainment, books; things that they have to put together for their marketing efforts.

And, frankly, you probably want to leave at least \$40 million plus or minus on your balance sheet just to support the enterprise. We don't have a line of credit. And it's very difficult to get one today, unless you're cash-collateralized. So our view is, why go through spending the money to pay on use fees for something you can't use?

---

**Will Marks** - JPM Securities - Analyst

Great. Thank you. Moving on, the last two quarters, you've announced very large deals with the previous -- the [ProLogis Rystar] deal, and then this large Chicago asset. I assume you have others that -- other large deals you're working on. And as I think we all know, the fees aren't necessarily that high. I mean, they're high on these deals, but as a percentage of value, they aren't. Correct?



Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

**John Pelusi** - HFF, Inc. - CEO

That's correct. And we are continuing to work on these bigger deals. But if you go back to 2008 and '09, it was hard to get any deal done, let alone these big deals. We think that the market is improving. Every day, the market gets a little bit better. Every day, the box gets a little bit bigger.

And if you can get it in the box, it is incredibly competitive, which is a good thing for an owner of real estate and probably a bad thing if you're a lender or a buyer. If you can't get it in the box, it's really hard to get done, and what we try to do is work on deals that fit in the box.

Okay, great. I had just two other questions. One is -- on the fourth quarter -- if I look at fourth quarter '09 -- business did start to pick up a little bit for you guys in the industry -- not that you were necessarily pleased with fourth quarter '09 results, relative to history. But how should we look at that as a comp versus -- the first three quarters of this year have, arguably, had very easy comps?

**John Pelusi** - HFF, Inc. - CEO

Again, I think it's a lot like the retail industry. Comps from the first part of 2009 were pretty easy to beat. As we move forward, the comps are going to be getting harder to beat. But I think if you go back and -- part of the reason we included a lot of this information in our PDF presentation is to allow people to go back and say, okay, what happened in 2002? What happened in 2003? What happened in 2004 and '05? I think that can give people some view as to what could happen in the industry.

Again, I think it's a consolidating industry. I think we're growing in that consolidated industry. I think people are looking -- when they hire an intermediary, they're looking for people that have track records, that have experience, that have professionals, that know what the heck they're doing, and can navigate through the morass of stuff that's out there and pick the right solution for them.

And I think, frankly, in our opinion -- and it's hard to judge because there are no real measurement tools out there, but we truly believe we're picking up significant market share. And I, frankly -- I hope the economy gets better but if it doesn't, I think we're extremely well positioned because of the things we've done two years ago -- forming our Special Asset Group. I think we're extremely well positioned in the traditional sense of the business because of the age of our production force.

And, frankly, whether the economy gets better or doesn't get better, I'm more or less indifferent. Clearly, I like to have it better because I think the population of the U.S. will be a lot happier, including some of our clients. But I think, as a business -- and people that worked here -- I think they should be very pleased at the steps that we've taken to get ourselves positioned to get in front of this avalanche or business that's going to have to get transacted. It just can't keep sitting where it's sitting.

**Will Marks** - JMP Securities - Analyst

Okay. And just my last question -- very specific on the margin. Your fourth quarter '09 -- your cost of services as a percentage of revenue was less than 55%. It seemed like a historically low number. Was there anything in that? I know fourth quarter can sometimes tend to be a high margin, meaning, I guess, a lower expense ratio?

**John Pelusi** - HFF, Inc. - CEO

Well, that's exactly right. In the fourth quarter of '09, as you know, we finally had gotten through all of our cost-cutting initiatives that took place in the first part of the year. So you had, obviously, our higher -- that was the highest quarter for revenue in '09.

Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

And, then, we were able to take those lower fixed expenses and spread them over a higher revenue base so you got the effect of reducing that percentage.

---

**Will Marks** - JPM Securities - Analyst

Okay.

---

**John Pelusi** - HFF, Inc. - CEO

And then, again, Will -- and as we stated in some of those press releases, where we were reducing the costs, some of it related to the compensation structure, where some of the production members went on the waterfall plan last year. So that came through that line item as well.

---

**Greg Conley** - HFF, Inc. - CFO

And as people -- as the producers do better, Will, they're going to come off that waterfall plan, but you're going to pick it back up on the other side because the revenues are there.

---

**Will Marks** - JPM Securities - Analyst

The executive-comp increases that you mentioned is that in the operating, administrative, and other line?

---

**John Pelusi** - HFF, Inc. - CEO

That would be -- there's -- going to be in two places. It will -- some of that will be in the cost of services and some of it will be in the operating, administrative, and other line, which, when you get the detailed 10-Q, it's actually in the personnel line item.

---

**Greg Conley** - HFF, Inc. - CFO

And, again, Will, we would not be reinstating those salaries if we didn't feel very comfortable about where we sit today.

---

**Will Marks** - JPM Securities - Analyst

Okay. Thank you, very much.

---

**Operator**

(Operator Instructions)

---

**John Pelusi** - HFF, Inc. - CEO

Operator, if there's no other calls, I'd like thank everyone for participating today, and hope that everyone can join us in a few months for our fourth quarter and full-year end results. Thank you.

Nov. 02. 2010 / 12:30PM, HF - Q3 2010 HFF Inc Earnings Conference Call

**Operator**

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Have a good day.

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2010, Thomson Reuters. All Rights Reserved.