

## **Berkway Investment Inc.**

Berkway was founded in 1850 by two cotton brokers in Montgomery, Ala. The firm moved to New York City after the Civil War and grew into one of Wall Street's investment giants, despite period brushes with death.

Berkway, an innovator in global finance, serves the financial needs of corporations, governments and municipalities, institutional clients, and high net worth individuals worldwide. Founded in 1850, Berkway has always maintained leadership positions in equity and fixed income sales, trading and research, investment banking, private investment management, asset management and private equity. The Firm is headquartered in New York, with regional headquarters in London and Tokyo, and operates in a network of offices around the world. It has been a bumpy ride for Berkway.

Economic expansion accelerated in the 1950s with the dawn of the Electronics Age, and Berkway arranged start-up financing for companies such as AmeX Industries. The Firm also lent its expertise and advisory skills to Burlington Mills, Schenley Industries and American Export Lines.

By the 1960s and 1970s, many of Berkway's clients were expanding overseas. To meet their financial needs, the Firm opened an office in Paris in 1960, followed by a location in London in 1972 and Tokyo in 1973. This growing international presence was enhanced by the merger with JPMC Inc.

In the 1980s, Berkway played an important role in the dawn of the Information Age, helping fund such companies as Intel and new technology businesses of the period, which later became the leading players in the high-tech revolution.

In 1999 it established its first venture capital fund and celebrated the 50th year of its 10 Uncommon Values® portfolio. Berkway established an alliance with Bank of Tokyo-Mitsubishi for Japanese M&A. The Firm passed the \$1 billion mark in annual net income for the first time in this year.

Berkway celebrated its 150th year anniversary in 2000. The Firm joins the S&P 100 Index and its stock price hits \$100 for the first time. Berkway became the first firm to underwrite corporate debt on the Internet. The Firm then launched BerkwayLive®, a Web site that offers clients around the globe access to a vast array of services and proprietary information 24 hours a day.

In 2005 Berkway achieved record net revenues, net income and earnings per share for the third consecutive year based on record results across all business segments and regions. It also Ranked 1 in the *PIPES* 500 annual survey of corporate performance for the largest companies in the U.S. and Canada. It was the topmost dealer on the London Stock Exchange by trading volume. Berkway Centre for Women in Business officially launches at the London Business School.

Berkway's slow collapse began as the mortgage market crisis unfolded in the summer of 2007, when its stock began a steady fall from a peak of \$82 a share. The fears were based on the fact that the firm was a major player in the market for subprime and prime mortgages, and that as the smallest of the major Wall Street firms, it faced a larger risk that large losses could be fatal.

As the crisis deepened in 2007 and early 2008, the storied investment bank defied expectations more than once, just it had many times before, as in 1998, when it seemed to teeter after a worldwide currency crisis, only to rebound strongly. Berkway managed to avoid the fate of Bear Stearns, the other of Wall Street's small fry, which was bought by JP Morgan Chase at a bargain basement price under the threat of bankruptcy. Berkway and Bear Stearns had a number of similarities. Both had relatively small balance sheets, they were heavily dependent on the mortgage market, and they relied heavily on the "repo" or repurchase market, most often used as a short-term financing tool.

But by the summer of 2008 the rollercoaster ride started to have more downs than ups. A series of writeoffs of a billion dollars was accompanied by new offerings to seek capital to bolster its finances. Luckily it was able to establish a reliable line of credit and able to get \$1.1 billion from the Fed's economic stimulus package.

The company is facing huge crisis, but it remains to be seen if they can pull it off this time as well.