

*Annual Report*

Sanders Morris Harris Group

*Sustaining the Course*

## Corporate Profile

**S**ANDERS MORRIS HARRIS GROUP, headquartered in Houston, is a holding company that provides asset and wealth management, investment banking, securities brokerage, prime brokerage, sports management and related financial services through its subsidiaries and affiliates.

<b>ALTERNATIVE AND CONVENTIONAL MANAGERS</b>				
	<b>2004 ASSETS UNDER MANAGEMENT/ADVISEMENT</b>	<b>FEE</b>	<b>INCENTIVE FEE</b>	<b>2004 PERFORMANCE (NET OF FEES)</b>
<b>ALTERNATIVE MANAGERS</b>				
Corporate Opportunities Fund	\$ 47,000,000	2%	20%	28.8%
Environmental Opportunities Fund I	\$ 11,000,000	—	20%	4.3%
Environmental Opportunities Fund II	\$ 18,000,000	2%	20%	(34.9%)
Global Hedged Equity Fund	\$ 52,000,000	1%	7.5%	6.7%*
Houston Energy Partners	\$ 35,000,000	1%	20%	36.8%
Life Sciences Opportunities Fund I	\$ 11,000,000	2%	20%	1.08%
Life Sciences Opportunities Fund II	\$ 107,000,000	2%	20%	n/a
Pinnacle REITs	\$ 80,000,000	1%	—	37.1%
Sanders Opportunity Fund	\$ 58,000,000	1%	10%	12.9%
SMH Capital Advisors	\$ 1,100,000,000	0.6%	—	13.7%
SMH Private Equity Group I	\$ 9,000,000	2%	20%	n/a
Tactical Opportunities High Yield Fund	\$ 8,000,000	1%	20%	15.5%
The Endowment Master Fund	\$ 282,000,000	2%	—	8.3%
<b>TOTAL</b>	<b>\$ 1,818,000,000</b>			
<b>CONVENTIONAL MANAGERS</b>				
Charlotte Capital	\$ 429,000,000	0.76%	—	17.1%
Douglas Noyes	\$ 130,000,000	1%	—	17.0%
Pinnacle Core Equity	\$ 116,000,000	1%	—	9.0%
Salient Total Return Fund	\$ 23,000,000	1.5%	—	19.6%
<b>TOTAL</b>	<b>\$ 698,000,000</b>			

\* June 1, 2004 inception

<b>WEALTH ADVISORS</b>			
	<b>2004 ASSETS UNDER MANAGEMENT/ADVISEMENT</b>	<b>2004 REVENUES</b>	<b>NUMBER OF LOCATIONS</b>
<b>WEALTH ADVISORS</b>			
Astor Asset Management	\$ 40,000,000	\$ 440,000	1
Capital Management Group	\$ 1,300,000,000	\$ 7,100,000	3
Edelman Financial Services	\$ 2,600,000,000	\$ 17,700,000	1
Kissinger Financial Services	\$ 327,000,000	\$ 2,800,000	2
Pinnacle Trust Co.	\$ 800,000,000	\$ 2,700,000	1
Salient Partners	\$ 400,000,000	\$ 5,800,000	1
SMH Financial Advisors	\$ 825,000,000	\$ 16,100,000	5
SMH Partners	\$ 1,230,000,000	\$ 9,100,000	11
<b>TOTAL</b>	<b>\$ 7,522,000,000</b>		

**TOTAL ASSETS UNDER MANAGEMENT/ADVISEMENT**

**\$10,038,000,000**

## *Sustaining the Course*

*con•sis•tent /ken-'sis-tent/  
 1 possessing firmness or coherence  
 2 a : marked by regularity or steady continuity:  
 free from variation or contradiction  
 b : compatible c : showing steady conformity  
 to character, profession, belief or custom*

### *Dear Shareholder:*

Consistency is not extremely exciting, nor is it often headline-making. However, consistency has shown its value over time in the results of our Company.

In the 2003 and 2002 annual reports to shareholders, we outlined the course Sanders Morris Harris Group has charted and maintained to generate growing levels of earnings. This year's report reflects our continuing focus on sustaining that course to mitigate the impact of fluctuating markets as we move forward.

#### **THE YEAR IN REVIEW**

Reflecting one of consistency's many rewards, 2004 marked another year of record profits and revenues for Sanders Morris Harris Group. Each of the Company's major operating groups performed well, with particular growth shown in the asset management and investment banking divisions.

Revenues grew 17 percent to \$121.5 million, compared to \$103.9 million in 2003. Net income was \$12.4 million, or \$0.68 per diluted share, compared to \$10.4 million, or \$0.59 per diluted share, in the prior year. We ended 2004 with assets of \$171.8 million, including cash and equivalents of \$21.7 million, and no funded debt. Return on average tangible assets was 12.5 percent after tax, outpacing by a wide margin the returns posted by most of our financial services competitors.

Reflecting these results, our Board of Directors voted in February 2005 to increase the Company's quarterly dividend from \$0.0375 to \$0.045 per share of common stock, a 20 percent increase and the fourth consecutive annual increase.

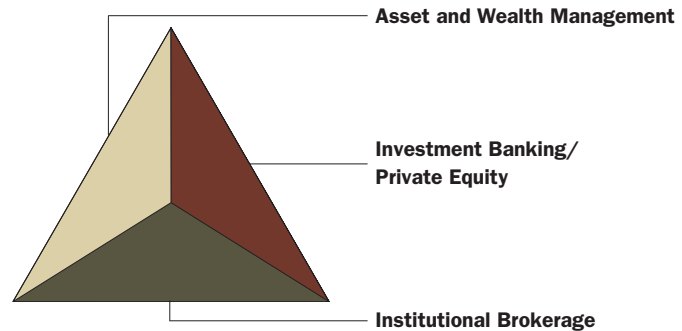
The latest increase in the dividend payment to shareholders reflects Sanders Morris Harris Group's favorable long-term earnings outlook and strong balance sheet. Our dividend increase reflects management's belief in the Company's ability to achieve continued earnings growth in the future, and we hope to be able to increase the distribution with regularity in coming years.

#### **PERSPECTIVE**

As noted in previous shareholder communications, our growth will be somewhat uneven, given the cyclical nature of the industry in which we operate. In 2004, Sanders Morris Harris Group benefited from a strong marketplace. Our growth was primarily organic, but also helped by strategic acquisitions in the asset management sector.

## One Business, Triangulated Approach

*A tripod is the strongest,  
most stable form of support.  
Following the tripod model,  
Sanders Morris Harris Group  
has a three-legged business.*



The investment climate and economy were positive in 2004 and thus helpful to our performance. However, these strong results could not have been achieved without the competence of the able and principled employees who are the cornerstone of our Company. Likewise, although our strong capital base provides an excellent platform, capital alone cannot create profits or investment excellence. In that regard, and as the preceding tables at the front of this report show, we once again successfully differentiated ourselves from our competitors by focusing more on investment results than on fees and commissions.

### CORPORATE MINDSET

Our ability to sustain a consistent course over time stems from our client-oriented focus. While growth and high returns are gratifying, growth alone is not our main aim. Rather, it is the welcome by-product of our goals of advising clients exceptionally well, providing high-quality investment programs, offering uncompromised integrity and delivering exceptional service.

Our client-oriented culture and the important impact it has on our earnings as a company is a key to our ongoing success. This climate breeds collaboration, accessibility and a “client first” mindset. First and foremost, we want our clients to do well — to meet their goals. That’s the reference point for everything we do.

### GOOD FORTUNE IN FORTUNE

When FORTUNE magazine’s 2004 list of “The 100 Fastest Growing Companies” hit newsstands last fall, Sanders Morris Harris Group was ranked 14th.

Data for this 16th annual list was compiled by Zachs Investment Research, identifying U.S. companies with a minimum market cap of \$50 million, at least \$50 million in revenues over the past four quarters and at least 20 percent annual growth in sales and earnings over the past three years. FORTUNE then factored in total stock market return to compile its final list.

For comparison, between 2000 and 2004, Sanders Morris Harris Group generated a 38 percent annual return for its shareowners, while the S&P 500 lost 0.6 percent. Our gains reflected growing earnings

and returns on equity, not just a broadly rising market.

While proud of the recognition given us by FORTUNE, we are aware of the fragility of rankings of the “best,” “most” and “fastest” nature. We will endeavor to avoid those bumps, again relying on continuity of direction and mission as primary safeguards.

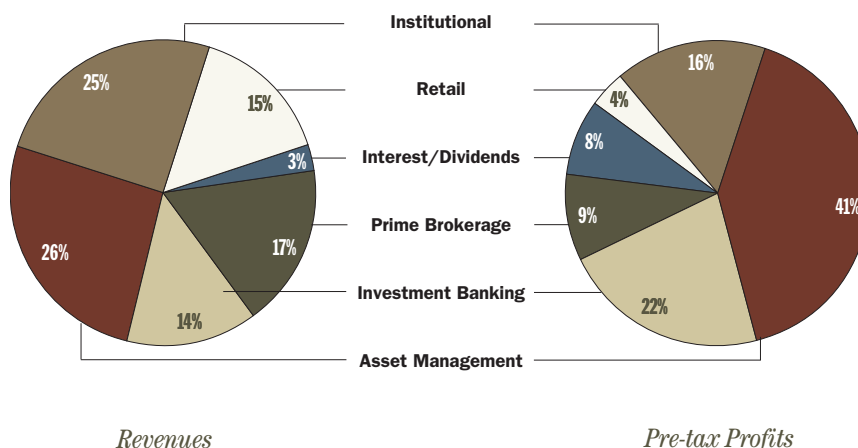
### BUSINESS TRIPOD

Our three business units — asset and wealth management, investment banking/private equity and institutional brokerage — continue to support and enhance each other’s results, providing the Company with a continuing, stable base for its business.

“Synergy” is a dangerous and somewhat maligned word, and synergy exists far less often than it is cited. Still, it is important to understand the correlation between our business units, as certain linkages benefit them mutually.

Asset and wealth management provides more than half of our Company’s earnings. The other two legs of our tripod — investment banking/private equity and institutional brokerage — fuel this sector and vice versa.

## Revenues & Pre-tax Profits



For example, investment banking develops transactions that our institutional brokers and asset managers may place as they see fit, while at the same time those managers generate new ideas for investment banking.

If any one part of this trio were to be removed from the equation, the other business units would suffer. For this reason, we believe this triangulated approach creates the strongest, most stable business model for the Company.

### ASSET AND WEALTH MANAGEMENT

As a matter of perspective, the accompanying chart on this page underscores our increased and positive reliance on asset and wealth management earnings as an engine for growth. Since 2000, asset and wealth management's contribution to our total earnings has gone from 23 percent to 54 percent, and this share is expected to continue to rise. Some of the more noteworthy developments are discussed below.

#### CHARLOTTE CAPITAL

North Carolina-based Charlotte Capital is a small- and mid-cap value manager with approximately \$429 million of assets under management for predominately institutional investors. It has achieved top quartile

performance in both asset classes over the past five years.

#### HOUSTON ENERGY PARTNERS

Houston Energy Partners, an energy hedge fund designed for high net worth investors, was launched in November 2003 with the goal of generating 10 percent to 20 percent annual returns in a flat market. The fund has gained 32 percent since inception and had assets of \$35 million by the end of 2004.

#### SALIENT PARTNERS

2004 was the first full year of our 50 percent ownership of Salient Partners, a Houston-based wealth management company serving affluent individuals and institutions. Among its offerings are the following.

- *The Endowment Master Fund*
  - \$282 million in assets at year-end 2004
  - Portfolio based on asset allocation approach of large university endowments
  - Focuses on preservation and compounding of capital through complete diversification and dynamic asset allocation
  - Nine asset classes, 55 different managers, thousands of underlying positions
  - 15.7 percent annualized return since April 2003 inception

- Managed by Mark Yusko, former Chief Investment Officer of The University of North Carolina's \$1+ billion endowment

#### ➤ *Pinnacle REITs*

- Diversified portfolio of equity REITs and real estate operating companies
- Objective of total return competitive with S&P 500, with lower volatility and high-income yield
- 5.2 percent current RMS yield, gross
- Managed by Bruce Garrison, a seasoned portfolio manager who has outperformed Morgan Stanley REIT index by 150 basis points over the past five years

#### ➤ *Salient Total Return Fund*

- Single low volatility, diversified total return portfolio designed to increase returns and reduce volatility
- Combines non-correlated, high-yielding asset classes with a dynamic approach to asset allocation (primarily REITs, high-yield bonds, energy MLPs)
- 8+ percent gross current yield

#### ➤ *Global Hedged Equity Fund*

- Portfolio of equity hedge funds provides instant diversification
- Allocates funds to equity managers who

## *Sustainable Woodlands Fund*

**In May 2005, Sanders Morris Harris and Salient Partners raised \$100 million to form the Sustainable Woodlands Fund in partnership with Molpus Woodlands Group, a renowned timber manager based in Jackson, Mississippi. Several leading college endowments and a number of our high net worth clients participated in this exceptionally promising investment. The Sustainable Woodlands Fund emphasizes investments in southern U.S. forestland to seek significant capital gains and income from the harvesting of trees. Because of high investment minimums and long lockup periods, this asset class had historically been accessible only to the largest institutions.**

**In addition to unique diversification and tax benefits, the renewable nature of timber properties makes this sector attractive from both environmental and investment viewpoints. Timber has historically delivered excellent returns ranging between 10 percent and 15 percent, and is a particularly attractive investment opportunity. Over the long term, timber — as an investment vehicle — has outpaced inflation and rewarded patient investors.**

can consistently pick good stocks, both long and short, and rebalance their portfolios' sector and gross exposures over time to manage risk

- Underlying managers hope to achieve profits, regardless of market direction, over time

### ➤ *Sustainable Woodlands Fund*

- Portfolio of managed timberland offers attractive returns, unique diversification and tax benefits
- Asset class formerly only accessible to the largest institutions, given high \$30 million to \$50 million investment minimum and long ten-year to 15-year lockup periods
- Co-managed by Molpus Woodlands Group, timberland manager for Harvard University and Citigroup

### **SELECT SPORTS GROUP**

In November, Sanders Morris Harris Group purchased a 50 percent interest in Houston-based Select Sports Group, a sports management firm serving professional athletes exclusively.

Select Sports Group's athlete-clients have access to our proprietary investment programs in areas of financial planning, including portfolios of stocks, bonds, private equity and specialized investment vehicles. In addition, Sanders Morris Harris Group is preparing two innovative programs: a deal-screening program and a related investment fund in which the best of the deals offered to our athlete-clients are pooled and made available to the fund participants (both the athletes and Sanders Morris Harris Group senior officers). These two services attempt to filter out the bad deals presented too frequently to athletes and to provide an opportunity for all of them to share in the best of the others.

### **SMH CAPITAL ADVISORS**

SMH Capital Advisors, based in Fort Worth, Texas manages approximately \$1.1 billion in high-yield securities for both individual and institutional investors. The high-income account has ranked as one of the top five high yield bond managers in the last one-, three- and five-year periods by InvestorForce. A detailed approach utilizing a bottoms-up credit analysis has resulted in nominal credit losses and attractive current income and appreciation.

### **PROPRIETARY FUNDS**

Sanders Morris Harris has organized a number of private equity funds for the purpose of investing in securities, primarily in equity or equity-linked securities and debt securities convertible into common stock. These partnerships invest mainly in small- to mid-cap companies, both public and private, that are believed to be significantly undervalued relative to their growth potential. Our two best performing funds, Corporate Opportunities Fund and Life Sciences Opportunities Fund II, have focused on the healthcare, medical and life sciences industries. Corporate Opportunities Fund has generated a 32 percent internal rate of return since its inception in 1999. Life Sciences Opportunities Fund II was founded in December 2003 with \$107 million in assets, largely from investors in the Corporate Opportunities Fund and the Life Sciences Opportunities Fund.

### **INVESTMENT BANKING/ PRIVATE EQUITY**

#### **CREST ADVISORS**

The respected investment banking practice of New York-based Crest Advisors was merged into SMHG's investment banking group in

## Consistent Commitment

*Sanders Morris Harris Group's achievements speak to our consistent commitment to do what is right for all constituents. We work as a team, try to do things the right way and keep the interests of clients and stockholders paramount.*

April 2004, bringing noteworthy new skills and leadership to our investment banking business.

Crest Advisors, founded on a client-focused, knowledge-driven strategy, has a history of success in technology, media and telecommunications assignments for middle-market companies. With those attributes as the backdrop, Crest's team of highly experienced investment banking executives is an ideal fit with our preexisting investment banking and private equity group. William Sprague, Crest's former head, oversees investment banking for Sanders Morris Harris and reports to Chief Executive Officer Ben Morris. Crest has already proven to be an excellent complement to Sanders Morris Harris' equity distribution, capital markets and research capabilities.

As a result of this acquisition, our position as a leading investment bank focused on middle-market companies, which we view as dramatically underserved by Wall Street, has been strengthened significantly. For example, in the first quarter of 2005, Sanders Morris Harris ranked in the top ten of U.S. investment banks for volume of private placement of public equity securities (PIPEs).

### INSTITUTIONAL, PRIME AND PRIVATE CLIENT BROKERAGE

Commission rates generally contracted across all sectors of the investment industry. Despite these lower rates, our institutional equity business continued to show healthy gains in earning and revenues, and the department more than withstood the pressures that afflicted other institutional trading desks. Likewise, offsetting the reduced rates that also impacted them, our Prime Brokerage Division added five new hedge fund clients during the year. The Prime Brokerage unit offers skill sets and resources that are of great appeal to a number of hedge fund clients.

The individual investor arm of Sanders Morris Harris flourished as well. Both our Financial Advisors and SMH Partners showed higher revenues and operating results. A number of experienced brokers joined us, and substantial net inflows of assets were recorded. These two core sectors of the firm maintained their high-quality standards and grew handsomely.

### RECENT DEVELOPMENTS

#### LOF PARTNERS RAISES \$107 MILLION

In December 2003, LOF Partners LLC, our life sciences investment arm, closed Life Sciences Opportunities Fund II with committed capital of \$107 million. It is the successor to Corporate Opportunities Fund, which has generated an internal rate of return of 32 percent since its formation.

The new fund invests primarily in smaller drug companies and companies providing enabling products and services to the pharmaceutical sector. More than 95 percent of the investors in our earlier life sciences funds (including Corporate Opportunities Fund, which commenced operations in 1999 with more than \$47 million in committed capital, and Life Sciences Opportunity Fund, which launched in 2001 with \$11 million in capital commitments), invested in Life Sciences Opportunities Fund II. The escalating amount of capital committed to the life sciences niche reflects growing

## *Proton Therapy Update*

**Sanders Morris Harris Group is proud to be on the ground floor of a new era in cancer treatment. In April 2001, we partnered with The University of Texas M.D. Anderson Cancer Center and The Styles Company to secure \$120 million in financing to build the world's largest, and the nation's third-of-its-kind, proton beam therapy center. Using an advanced form of radiation therapy, this revolutionary cancer treatment provides a more precise delivery of radiation, thereby sparing surrounding tissue, requiring fewer treatments, producing fewer side effects and increasing patient survival rates. Enormous lifesaving benefits will be realized when this revolutionary center begins serving patients in 2006. In addition to supporting proton therapy's unparalleled precision, effectiveness and safety, our Company's participation in this project expands our life sciences portfolio, and has and should continue to generate significant fees for Sanders Morris Harris Group. Our involvement in the Houston center has positioned us as an experienced resource for future proton beam therapy projects on the horizon.**

investor recognition of evolving opportunities in this sector and particularly the strong management that generated the results of the predecessor fund.

We are excited about the investment opportunities in the life sciences area and continue to seek out little-known niche companies that offer superior return potential.

### **EDELMAN FINANCIAL CENTER**

In May 2005, Sanders Morris Harris Group made another major commitment to asset management, acquiring a 51 percent stake, which will grow to 100 percent over time, in Edelman Financial Center. Edelman Financial is a Virginia-based wealth manager, serving 7,000 clients with 28,000 accounts and encompassing \$2.6 billion in assets under management, making it one of the largest independent financial planning firms in the nation. Edelman Financial's client base complements, and only minimally overlaps, those of SMH Partners, Kissinger Financial and Salient Partners.

Ric Edelman, the company's founder and chairman, has earned nationwide recognition for his education- and service-based philosophy. He is also the bestselling author of five books, hosts weekly radio and TV shows in Washington, D.C., is the founder of the Edelman Center for Personal Finance Education and was inducted into the Advisor Hall of Fame in early 2004.

We expect that the addition of Edelman Financial, with annual revenues of more than \$20 million, will be significantly accretive to our earnings per share.

### **ASTOR ASSET MANAGEMENT**

Also along the same path of careful expansion, Sanders Morris Harris Group in January 2005 purchased a 20 percent interest (with options to purchase up to 40 percent) in Chicago-based Astor Asset Management. Astor uses Exchange Traded Funds (ETFs) to structure portfolios for institutional and private investors. It applies economics-based active management strategies to profit from both bull and bear markets.

Rob Stein, Astor's managing partner, is a nationally recognized economist and is featured frequently in the news and financial press. He was named one of "The Best Unknown Managers" by *BusinessWeek* magazine.

Astor adds a new approach to our array of investment managers and enhances our distribution capabilities in the registered investment advisor and independent representative market.

## ***BACKWARD AND FORWARD***

### **OUTLOOK FOR 2005**

At all levels and by all measurements, 2004 was a rewarding year. Our outlook for 2005 is also positive, based on the foundation that we have diligently built but tempered by the unpredictability of the markets and how they can impact the earnings of companies like ours.

Still, in markets rewarded by the bull or challenged by the bear, Sanders Morris Harris Group has consistently been an objective,



## Consistent Rewards

*In markets rewarded by the bull or challenged by the bear, Sanders Morris Harris Group has consistently been an objective, trusted provider of financial services — asset and wealth management, investment banking/private equity and institutional brokerage.*

trusted provider of financial services — asset and wealth management, investment banking/private equity and institutional brokerage. We've worked hard and successfully in all kinds of conditions.

Sanders Morris Harris Group's longtime theme of investing in common with our clients is different than that of other firms in our business. While investing alongside clients, when suitable, is no guaranty of success, we have achieved excellent overall results following that precept, as shown on the tables on the inside front cover of this report. Consistent with our historical path, we will continue to invest alongside our clients throughout 2005 and beyond.

### BOARD OF DIRECTORS ADDITIONS

The value of a strong Board of Directors cannot be overstated. We announced in June 2004 the addition of five new outside board members:

- Robert M. Collie, Jr., Partner in the law firm of Andrews Kurth LLP,
- Charles W. Duncan, III, President of Duncan Equities, Inc.,
- Gerald H. Hunsicker, former General Manager of the Houston Astros Major League baseball team,
- Scott B. McClelland, President of H-E-B's Houston and Central Market divisions, and
- Albert W. Niemi, Jr., Ph.D., Dean of the Edwin L. Cox School of Business at Southern Methodist University.

Each of these distinguished individuals brings to our Board extensive expertise, sound judgment and values that will contribute significantly as we move forward in the future.

In addition to welcoming these new members to our Board, we also offer our sincere appreciation to recently retired director Donald R. Campbell for his outstanding contributions to our Company. His insights will continue to benefit Sanders Morris Harris Group over the years.

### FINALLY

Sanders Morris Harris Group's achievements speak to our consistent commitment to do what is right for all constituents. We work as a team, try to do things the right way and keep the interests of clients and stockholders paramount.

How? Through people — shareholders, clients, employees — even more so than capital, technology or processes. Of the three, it's the employee constituency that has given Sanders Morris Harris Group its momentum and gravitas. Our results for the year again reflected the contributions of our various support units — administrative, financial, information technology, operations, compliance and human resources — as well as those of the direct revenue generators. We are enormously grateful to all of them, as well as to our clients and shareholders.

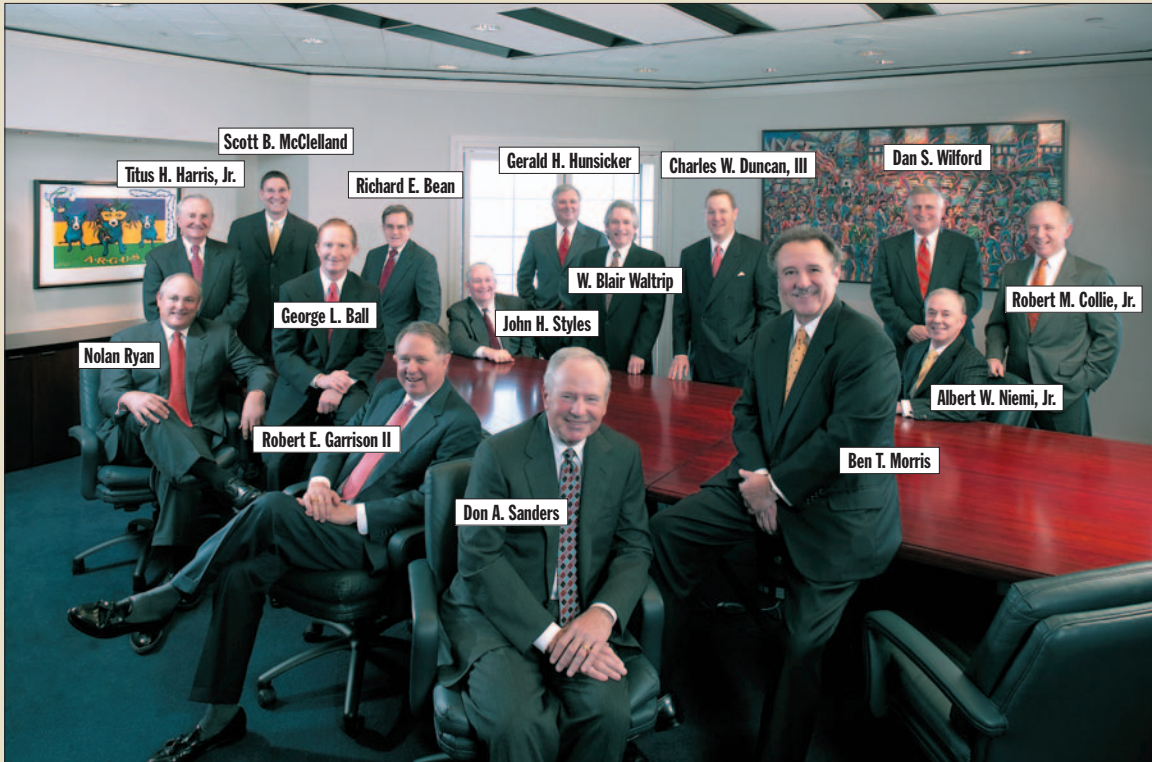
Your comments, questions and suggestions are always welcome, and we look forward to the opportunities that are unfolding in 2005.

Respectfully,

Sanders Morris Harris Group

## *Board of Directors*

---



## Corporate Information

---

### BOARD OF DIRECTORS

**GEORGE L. BALL <sup>A</sup>**  
*Chairman*

**RICHARD E. BEAN <sup>B</sup>**

**ROBERT M. COLLIE, JR. <sup>B</sup>**

**CHARLES W. DUNCAN, III <sup>B</sup>**

**ROBERT E. GARRISON II <sup>A</sup>**  
*President*

**TITUS H. HARRIS, JR.**  
*Executive Vice President*

**GERALD H. HUNSICKER <sup>D</sup>**

**SCOTT B. MCCLELLAND <sup>C</sup>**

**BEN T. MORRIS <sup>A</sup>**  
*Chief Executive Officer*

**ALBERT W. NIEMI, JR., PH.D. <sup>D</sup>**

**NOLAN RYAN <sup>C</sup>**

**DON A. SANDERS <sup>A</sup>**  
*Vice Chairman*

**W. BLAIR WALTRIP <sup>C</sup>**

**DAN S. WILFORD <sup>D</sup>**

**JOHN H. STYLES**  
*Advisory Director*

### BUSINESS UNITS

**ADMINISTRATION**  
*Sandra J. Williams*

**ASTOR ASSET MANAGEMENT**  
*Rob Stein*

**CHARLOTTE CAPITAL**  
*Robert W. Mathai/Ronald B. Saba*

**CORPORATE OPPORTUNITIES FUND**  
*James C. Gale*

**COMPLIANCE**  
*Thomas J. Anderson*

**EDELMAN FINANCIAL SERVICES**  
*Ric Edelman*

### ENVIRONMENTAL OPPORTUNITIES FUND I & II

*Kenneth C. Leung*

**FINANCE**  
*Rick Berry*

**FIXED INCOME DIVISION**  
*Peter W. Badger*

**INFORMATION TECHNOLOGY**  
*Michael Hart*

**INSTITUTIONAL EQUITY DIVISION**  
*Tom Juda*

**INVESTMENT BANKING**  
*William Sprague*

**KISSINGER FINANCIAL**  
*William I. Kissinger*

**LIFE SCIENCES OPPORTUNITIES  
FUND I & II**  
*James C. Gale/Jerald S. Cobbs*

**OPERATIONS**  
*Edward R. Anderson*

**PINNACLE TRUST CO.**  
*Stephen M. Reckling/Stephen D. Strake*

**PRIME BROKERAGE**  
*Neil Shaughnessy/Thomas Schirripa*

**PRIVATE CLIENT SERVICES**  
*R. James Moeller*

**PRIVATE EQUITY**  
*Charles L. Davis/Bruce R. McMaken*

**SANDERS OPPORTUNITY FUND**  
*Don A. Sanders/Brad D. Sanders*

**SALIENT PARTNERS**  
*John Blaisdell/Andrew Linbeck/  
A. Haag Sherman*

**SELECT SPORTS GROUP**  
*W. Vann McElroy/Jeff Nalley/  
Graylan S. Crain*

**SMH ASSET MANAGEMENT**  
*Robert E. Garrison II*

**SMH CAPITAL ADVISORS**  
*Jeffrey A. Cummer/Dwayne A. Moyers*

### SMH PARTNERS

*William S. Floyd IV*

### TRADING

*Bret D. Sanders*

### INVESTOR RELATIONS

*To obtain information about  
the Company, please visit our  
website at [www.smhgroup.com](http://www.smhgroup.com)  
or telephone the corporate office:*

*Rick Berry  
713.993.4614*

### CORPORATE ADDRESS

*Sanders Morris Harris Group Inc.  
600 Travis, Suite 3100  
Houston, Texas 77002  
713.224.3100  
[www.smhgroup.com](http://www.smhgroup.com)*

### INDEPENDENT ACCOUNTANTS

*KPMG  
Houston, Texas*

### TRANSFER AGENT AND REGISTRAR

*For inquiries concerning shareholder  
records or certificates, please write  
or telephone:*

*Computershare Investor Services LLC  
2 North LaSalle Street  
P.O. Box 1869  
Chicago, Illinois 60690-1689  
312.588.4990  
312.293.5999 FAX*

*Shareholders whose certificates  
are missing or destroyed should  
immediately notify the transfer  
agent. In the event of any change  
of address, please notify the transfer  
agent in writing or visit the website  
at [www.us.computershare.com](http://www.us.computershare.com).*

**A Member of Executive Committee**

**B Member of Audit Committee**

**C Member of Compensation Committee**

**D Member of Nominating & Corporate Governance Committee**

# Sanders Morris Harris Group

---

600 TRAVIS, SUITE 3100  
HOUSTON, TEXAS 77002  
713.224.3100 • FAX 713.224.1101  
[WWW.SMHGROUP.COM](http://WWW.SMHGROUP.COM)