HFI Highbury Financial Inc.

Permanent Capital Solutions for Investment Managers

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Forward-Looking Statement

The following slide show was furnished to the Securities and Exchange Commission (SEC) as part of a Current Report on Form 8-K filed by Highbury Financial Inc. (Highbury) with the SEC on August 11, 2009.

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act, with respect to Highbury's and Aston Asset Management LLC's (Aston) future financial or business performance, strategies and expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" and similar expressions.

Highbury cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and Highbury assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in Highbury's SEC filings and those identified elsewhere in this press release, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) terrorist activities and international hostilities, which may adversely affect the general economy, financial and capital markets, specific industries, and Highbury; (4) changing conditions in global financial markets generally and in the equity markets particularly, and decline or lack of sustained growth in these markets; (5) Highbury's business strategy and plans; (6) the introduction, withdrawal, success and timing of business initiatives and strategies; (7) the unfavorable resolution of legal proceedings and/or harm to Highbury's reputation; (8) fluctuations in customer demand; (9) management of rapid growth; (10) the impact of fund performance on redemptions; (11) changes in investors' preference of investing styles; (12) changes in or loss of sub-advisers; (13) the impact of increased competition; (14) the results of future financing efforts; (15) the impact of future acquisitions or divestitures; (16) the relative and absolute investment performance of Highbury's investment products; (17) investment advisory agreements subject to termination or non-renewal; (18) a substantial reduction in fees received from third parties; (19) Highbury's success in finding or acquiring additional investment management firms on favorable terms and consummating acquisitions of investment management firms; (20) the ability to retain major clients; (21) the ability to attract and retain highly talented professionals; (22) significant limitations or failure of software applications; (23) expenses subject to significant fluctuations; (24) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (25) the impact of capital improvement projects; (26) the extent and timing of any share repurchases; (27) the impact of changes to tax legislation and, generally, the tax position of Highbury; and (28) expenses associated with the formation of the Special Committee and responding to initiatives of dissident stockholders.

Highbury's filings with the SEC, accessible on the SEC's website at http://www.sec.gov, discuss these factors in more detail and identify additional factors that can affect forward-looking statements.

Overview of Highbury Financial Inc.

- Publicly traded investment management holding company with $5.1 billion of AUM as of June 30, 2009
- Objective is to partner with dynamic, accomplished firms seeking long-term growth
  - Provide permanent capital solutions to owners of investment management firms
  - Diversify by asset class, investment style, distribution channel, client type and management team
- Access to proprietary mutual fund sales, marketing, operations, compliance, finance and administration resources of Aston Asset Management LLC
  - 17 wholesalers, over 400 selling agreements
  - Co-branded, sub-advised model
- Access to Berkshire Capital's proprietary deal flow, strategic guidance and extensive network of contacts throughout the U.S. and Europe

Financial Highlights

(all data in millions, except per share amounts or as otherwise indicated)	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2008	**2009**	**2008**	**2009**
Operating Results				
Revenue	$9.7	$9.2	$19.0	$16.3
Net income attributable to Highbury Financial Inc.	0.9	0.7	1.5	1.1
EBITDA *	1.5	1.2	2.5	1.8
Cash Net Income *	1.2	1.0	2.1	1.6
Average shares outstanding - diluted	9.1	9.1	9.2	9.1
Earnings per share - diluted	$0.10	$0.08	$0.17	$0.12
Cash Net Income per share - diluted *	0.13	0.11	0.23	0.18
Balance Sheet Data				
Cash and equivalents and investments	$14.4	$15.4	$14.4	$15.4
Total assets	45.7	46.6	45.7	46.6
Total liabilities	4.2	5.1	4.2	5.1
Highbury Financial Inc. stockholders' equity	40.7	40.7	40.7	40.7
Assets Under Management				
Total assets - EOP (in billions)	$4.8	$5.1	$4.8	$5.1
Mutual fund assets - BOP (in billions)	$4.5	$3.8	$5.0	$3.4
Net client inflows (outflows)	(0.0)	0.5	(0.0)	1.1
Market appreciation and other changes	0.2	0.6	(0.3)	0.4
Mutual fund assets - EOP	$4.7	$4.9	$4.7	$4.9
Separate account assets - EOP (in millions)	$167	$132	$167	$132

* Note: Definitions for these metrics are provided on pages 33-36.

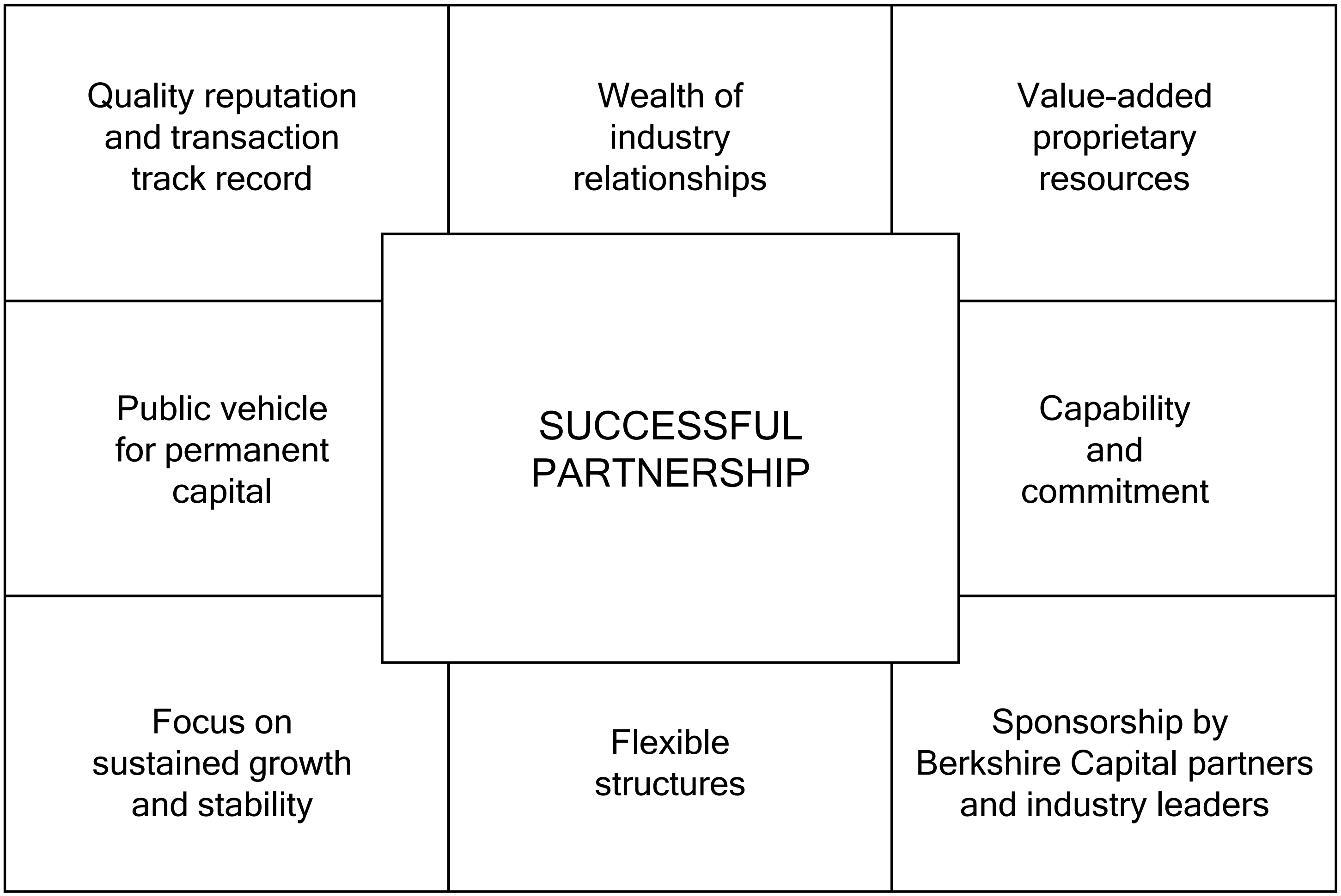
Strong Core Shareholder Group

- Management Founders (21.6% of common stock)
  - 10 employees of Berkshire Capital, the leading merger and acquisition advisor to the investment management industry
  - Caledonia Investments plc, a UK investment trust controlled by the Cayzer family with market capitalization of US$1.5 billion as of June 30, 2009
- Major Investors
  - Fairview Capital Investment Management, LLC
  - Healey Development, LLC
  - North Star Investment Management Corp.
  - Peerless Systems Corporation
  - Pine River Capital Management L.P.
  - Second Curve Capital, LLC
  - Talon Asset Management, LLC
  - Woodbourne Partners, L.P.

Directors and Officers

	Background	Transactions	Experience	Education
R. Bruce Cameron, CFA Chairman	President & Co-Founder, Berkshire	236 transactions $10.4 billion value	26 yrs Berkshire 31 yrs total	Harvard MBA Trinity BA
Richard S. Foote, CFA President, CEO & Director	Managing Director, Berkshire	30 transactions $2.2 billion value	15 yrs Berkshire 24 yrs total	Harvard BA
R. Bradley Forth, CFA EVP & CFO	Vice President, Berkshire	19 transactions $1.3 billion value	8 yrs Berkshire 8 yrs total	Duke BS & BA
Aidan J. Riordan Director	Partner, Calvert Street Capital Partners	$1.3 billion total $500 million CSCP	6 yrs CSCP 15 yrs total	Columbia MBA Pennsylvania BA
Hoyt Ammidon Jr. Director	Advisory Director, Berkshire	Many at Berkshire, Cazenove, Chase, E.F. Hutton & Morgan Stanley	15 yrs Berkshire 42 yrs total	Yale BA
Theodore M. Leary Jr. Director	President, Crosswater Realty Advisors	231 transactions $7.8 billion value	4 yrs Crosswater 34 yrs total	George Washington JD Harvard BA

Experienced Team & Resources

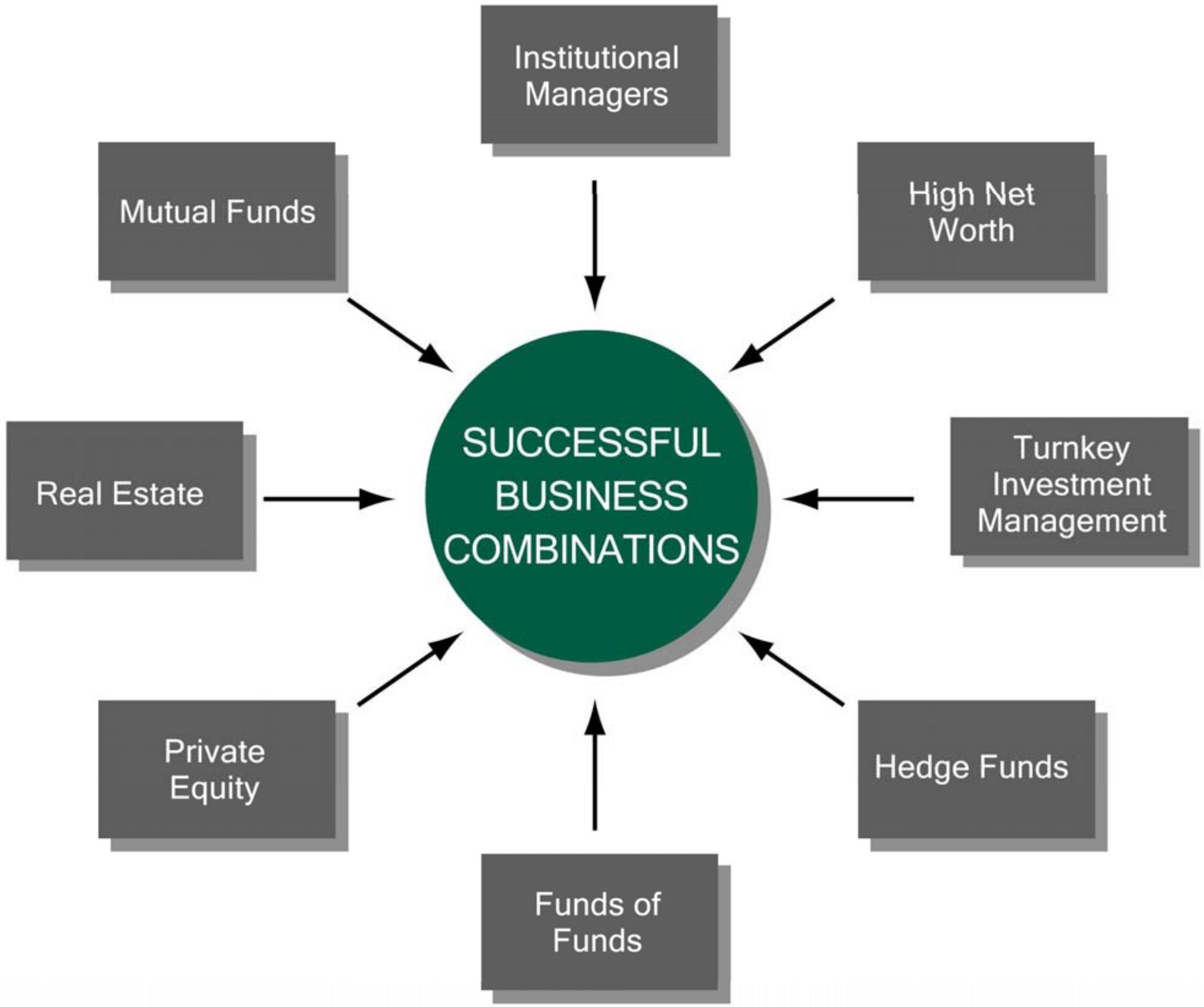


Business Strategy Highlights

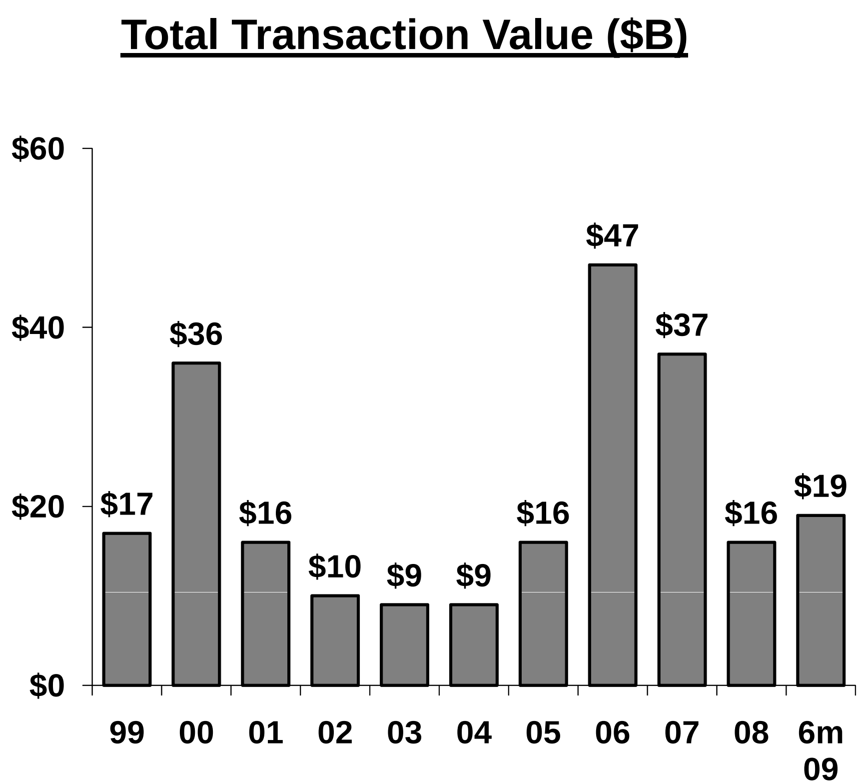
- Acquire majority equity positions in investment management firms with significant growth potential
- Partner with superior management teams
  - Corporate divestitures
  - Management buyouts
  - Liquidity to unwind strategic joint ventures
  - Liquidity for departing individual partners
  - Diversification for founders and transition to next generation
  - Exit strategies for private equity funds
- Affiliates to operate independently
  - Highbury not active in day-to-day management
  - Retained ownership interest by affiliate management aligns interests with Highbury's shareholders
- Seek diversified affiliates to provide growth potential with reduced downside risk

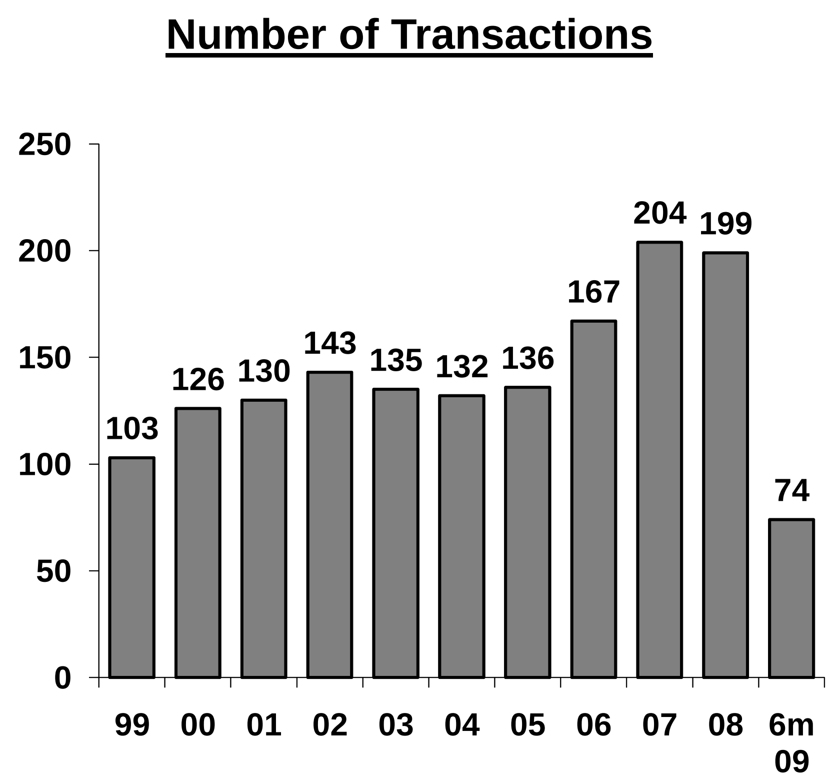
Investment Management Firms Provide Attractive Economics to Owners

Variety of Target Types



Robust Deal Flow Within Investment Management Industry





Source: Berkshire Capital Securities LLC

Partnership Criteria

Management integrity, character and ethics

↓

Shared goals, values and alignment of interests

↓

Team and/or successors committed for 7 years or more

↓

Sustainable revenue growth of 10% or more

↓

Operating leverage from fixed cost base

↓

Pre-tax profits of $5 - $40 million

↓

Founder diversification
Partner buyout
MBO

SUCCESSFUL BUSINESS COMBINATION

Compelling Opportunity for Investment Managers

- Structuring flexibility to preserve current value and maximize potential
  - Highbury able to negotiate and execute transaction efficiently to minimize risk
  - No integration (unlike strategic sale)
  - No interference with day-to-day management
- Permanent capital solution
  - No future liquidity event or exit strategy required (unlike private equity sources)
  - Ongoing value creation for management through equity ownership
  - Equity recycling to next generation of management to ensure long-term stability and growth
  - Joint ownership by Highbury and management provides alignment of interests
- Ongoing strategic input from Highbury and Aston
  - Access to proprietary mutual fund sales, marketing, operations, compliance, finance and administrative resources (17 wholesalers, over 400 selling agreements)
  - Introductions to new business opportunities
  - Industry insights and professional relationships
  - Employee compensation, incentive, retention and succession structures
  - Marketing, distribution and competitive positioning strategies
  - Valuations

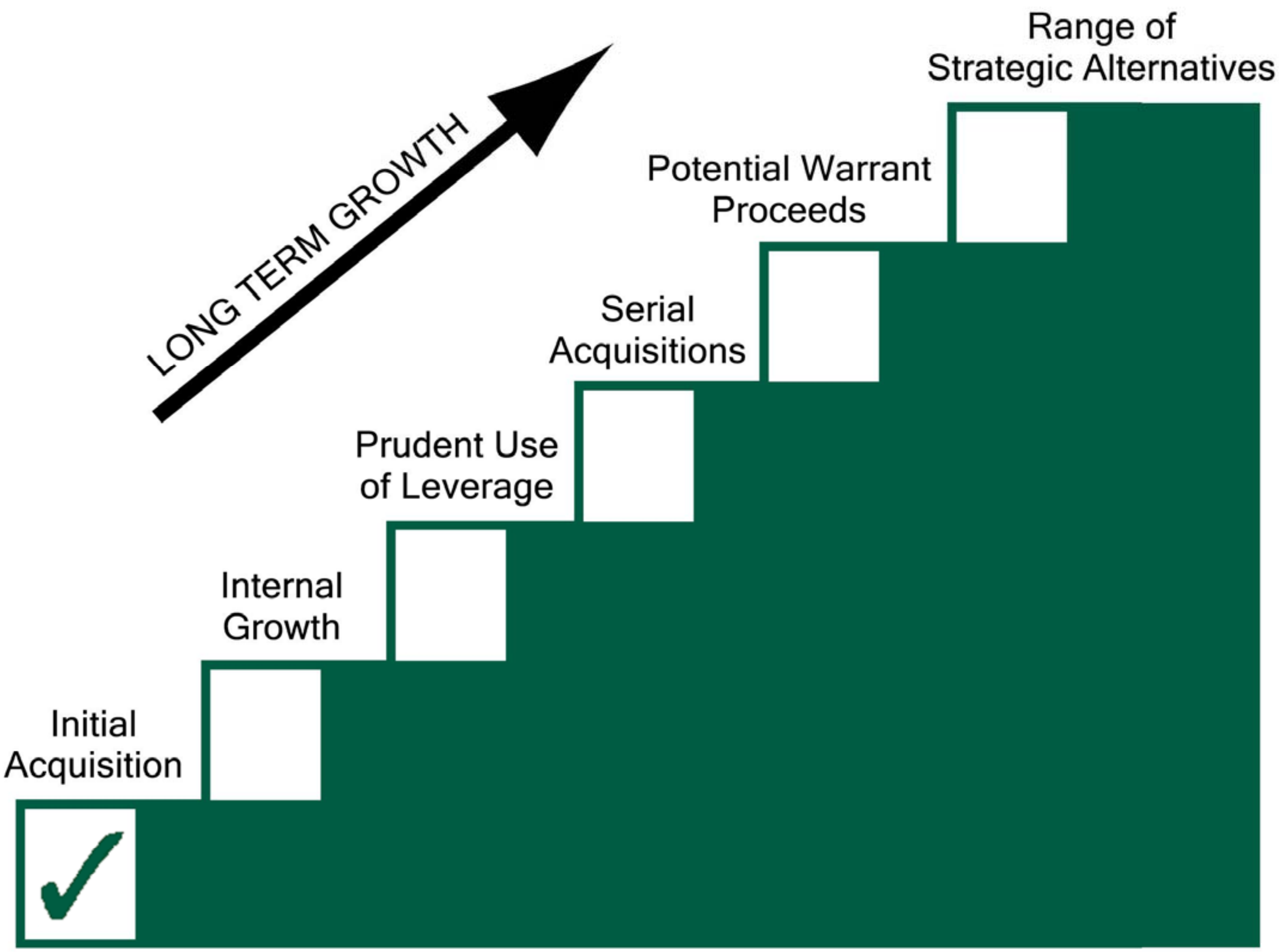
Overview of Revenue Sharing

- Revenues divided into operating allocation and owners' allocation
  - Operating allocation covers all expenses associated with the business; any residual income after expenses is additional compensation to the management team
  - Owners' allocation is distributed pro rata to the equity owners of the business
- Highbury acquires 51% - 80% of the owners' allocation
  - Balance of owners' allocation retained by management
  - Joint ownership provides for alignment of interests
- Preserve integrity and autonomy of affiliate franchise
  - Retain brand
  - Permanent delegation of full operating authority
  - Highbury approval required for limited set of major decisions
  - No integration with legacy investment process or distribution system
  - Contractual protections for all parties in operating agreement
  - Long-term, enforceable restrictive covenants in employment contracts and definitive transaction agreements

Key Drivers of Value

Organic Growth	→	YES
Operational Changes	→	NO
Financial Leverage		
Affiliates	→	NO
Holding Company	→	YES (limited)
P/E Expansion	→	YES
Diversified Group of Partners	→	YES

Strategy Provides Long-Term Value Creation for Shareholders



Summary

Unique Capital Source

- Permanent equity capital
- Flexible approach to transaction structuring
- Liquidity with retained equity upside
- Permanent full delegation of operations
- No integration with legacy infrastructure

Premier Shareholder Group

- Employees of Berkshire Capital - leading M&A advisor to investment management firms
- Caledonia Investments plc
- Long term fundamental investors

SUCCESSFUL PARTNERSHIP

Compelling Opportunity for Partner

- Eliminates need for future sale process
- Equity incentives for management
- Support and strategic input from Highbury
- Proprietary mutual fund distribution

Aston Funds Supplemental Information

Highlights of Aston Asset Management LLC

- $4.9 billion of mutual fund AUM and $132 million of separate account AUM as of June 30, 2009
- 14 funds opened since closing of acquisition
  - Aston/Optimum Large Cap Opportunity Fund (December 2006)
  - Aston/River Road Small-Mid Cap Fund (March 2007)
  - Aston/Neptune International Fund (August 2007)
  - Aston/Resolution Global Equity Fund (August 2007)
  - Aston/ABN AMRO Global Real Estate Fund (August 2007)
  - Aston/SGA International Small-Mid Cap Fund (November 2007)
  - Aston/Barings International Fund (November 2007)
  - Aston/Montag & Caldwell Mid Cap Growth Fund (November 2007)
  - Aston/Cardinal Mid Cap Value Fund (November 2007)
  - Aston/ClariVest Mid Cap Growth Fund (November 2007)
  - Aston/Smart Allocation ETF Fund (January 2008)
  - Aston/M.D. Sass Enhanced Equity Income Fund (January 2008)
  - Aston/New Century Absolute Return ETF Fund (March 2008)
  - Aston/Lake Partners LASSO Alternatives Fund (April 2009)
- Eight funds closed or merged as a result of poor investment performance, portfolio manager turnover or for other reasons between closing of acquisition and June 30, 2009

Highlights of Aston Asset Management LLC

- Diversified, scalable operating platform
  - 17 sales and client service professionals
  - Over 400 selling agreements in place
  - 15 high quality sub-advisors; five with limited non-compete provisions as of June 30, 2009
  - Operations, administration and compliance
- Outstanding management team
  - Shared values of integrity, character and ethics
  - Track record of leading successful growth, internally and by acquisition
  - Distribution, management and operating experience complement Highbury management

Broad Array of High Quality Investment Products

- Diversified mix of mutual funds
- Funds managed by independent sub-advisors with unique investment styles
- 9 funds with overall Morningstar Ratings of 4 or 5 stars; 4 funds with 3 stars
- Approximately 87% of assets under management in funds with overall Morningstar Ratings of 4 or 5 stars

EQUITY FUNDS

	Value	Blend	Growth
Large	★★★★		★★★★★ ★★★★ ★★★★ ★★★ ★★★ ★★★
Medium	★★★★ ★★★	★★★★	
Small		★★★★	★★★★ ★★

FIXED INCOME FUNDS

	Short	Intermediate	Long
High		★★★★	
Medium			
Low			

Source: Morningstar, as of June 30, 2009. For the graphic, star ratings are allocated according to each fund's equity or fixed income style designation not the category designation.

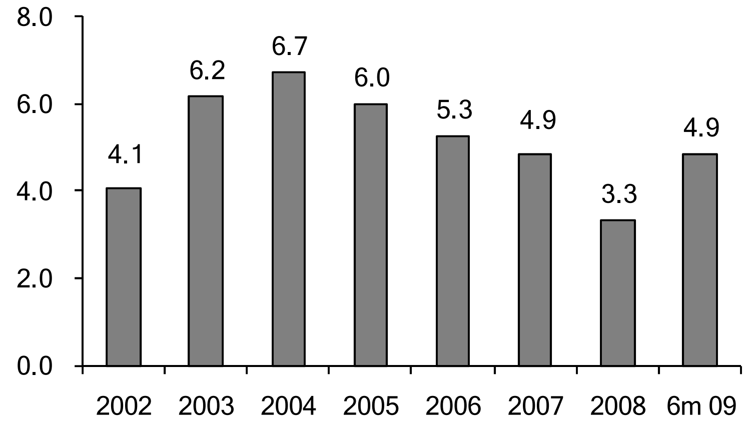
Strong Relationship with Diversified Group of Sub-Advisors

- Open-architecture, sub-advised platform brings strategic relationships
  - Baring Asset Management
  - Cardinal Capital Management
  - Fortis Investment Management USA *
  - Lake Partners
  - M.D. Sass Investors Services
  - MFS Investment Management
  - Montag & Caldwell *
  - Neptune Investment Management
  - New Century Capital Management
  - Optimum Investment Advisors
  - River Road Asset Management *
  - Smart Portfolios
  - TAMRO Capital Partners *
  - Taplin, Canida & Habacht
  - Veredus Asset Management *

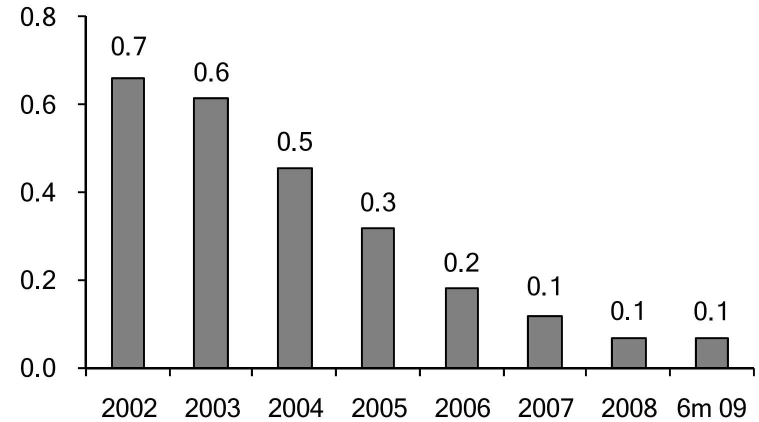
* Limited non-competes in the current product styles through November 30, 2011, subject to certain exceptions

Historical Mutual Fund Assets Under Management and Net Flows

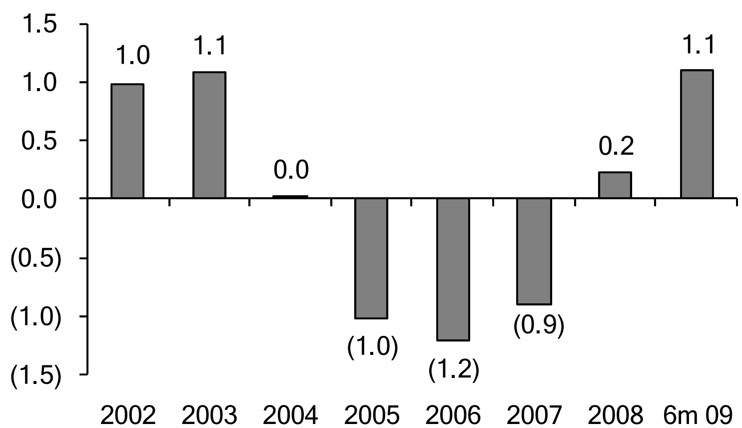
Equity AUM ($bn)



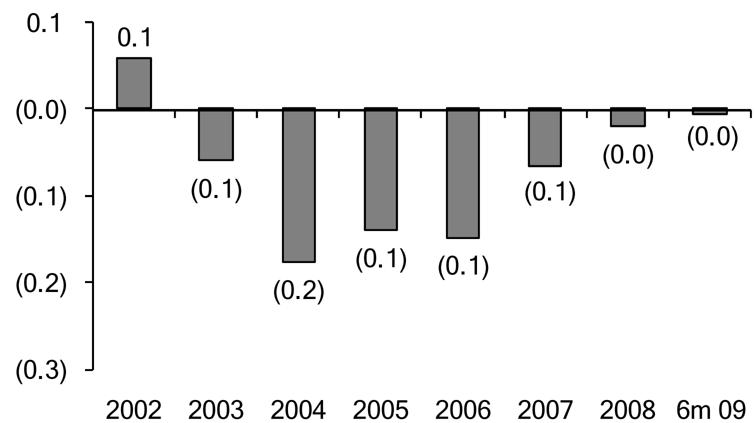
Fixed Income AUM ($bn)



Equity Net Flows ($bn)



Fixed Income Net Flows ($bn)



Source: Strategic Insight and FRC for periods prior to 2007. Aston Asset Management LLC for periods beginning in 2007 and thereafter.
Note: Does not include separate account assets under management.

Diverse Growth Opportunities for Aston

- Internal growth of existing products
  - Market appreciation
  - Future net asset flows
  - 20 funds with less than $200 million in assets
    - Established investment performance track records
    - Capacity for new assets has potential to drive future growth
- Additional product lines
  - Expansion of separately managed account platform
  - Incubation and adoption of additional funds with existing and new sub-advisors
- Accretive add-on acquisitions

Diverse Family of Mutual Funds

Fund	Subadvisor	Morningstar Category	Morningstar Rating	Inception	AUM ($m) 6/30/09	% of Total AUM
EQUITY						
Montag & Caldwell Growth	Montag & Caldwell	Large Growth	★★★★★	Nov 1994	2,097	42.5%
Aston/Optimum Mid Cap	Optimum Investment Advisors	Mid Blend	★★★★	Sep 1994	693	14.1%
Aston/TAMRO Small Cap	TAMRO Capital Partners	Small Blend	★★★★	Nov 2000	644	13.1%
Aston/River Road Small Cap Value	River Road Asset Management	Small Value	★★★★	Jun 2005	429	8.7%
Aston Value	MFS Institutional Advisors	Large Value	★★★★	Jan 1993	207	4.2%
Aston Growth	Montag & Caldwell	Large Growth	★★★	Dec 1993	186	3.8%
Aston/River Road Small Mid Cap	River Road Asset Management	Small Value	--	Mar 2007	181	3.7%
Aston/River Road Dividend All Cap Value	River Road Asset Management	Mid Value	★★★★	Jun 2005	130	2.6%
Aston/Veredus Select Growth	Veredus Asset Management	Large Growth	★★★	Dec 2001	77	1.6%
Aston/Veredus Aggressive Growth	Veredus Asset Management	Small Growth	★★	Jun 1998	44	0.9%
Aston/Smart Portfolios	Smart Portfolios	Conservative Allocation	--	Jan 2008	30	0.6%
Aston/Barings International	Baring Asset Management	Foreign Large Blend	--	Nov 2007	21	0.4%
Aston/Fortis Real Estate	Fortis Investment Management	Real Estate	★★★	Dec 1997	21	0.4%
Montag & Caldwell Balanced	Montag & Caldwell	Moderate Allocation	★★★★	Nov 1994	18	0.4%
Aston/M.D. Sass Enhanced Equity	M.D. Sass Investors Services	Long-Short	--	Jan 2008	17	0.3%
Aston Balanced	Montag & Caldwell	Moderate Allocation	★★★	Sep 1995	17	0.3%
Aston/New Century Absolute Return ETF	New Century Capital Management	Moderate Allocation	--	Mar 2008	15	0.3%
Aston/Fortis Gbl Real Estate	Fortis Investment Management	Global Real Estate	--	Aug 2007	10	0.2%
Aston/Neptune International	Neptune Investment Management	Foreign Large Growth	--	Aug 2007	9	0.2%
Aston/TAMRO All Cap	TAMRO Capital Partners	Large Blend	★★★★	Nov 2000	9	0.2%
Aston/Optimum Large Cap Oppt.	Optimum Investment Advisors	Large Growth	--	Dec 2006	4	0.1%
Aston/Montag & Caldwell Mid Cap Growth	Montag & Caldwell	Mid Growth	--	Nov 2007	3	0.1%
Aston/Lake Partners LASSO Alternatives	Lake Partners	Long-Short	--	Apr 2009	1	0.0%
Aston/Cardinal Mid Cap Value	Cardinal Capital Management	Mid Value	--	Nov 2007	1	0.0%
Total Equity					4,863	98.6%
FIXED INCOME						
Aston/TCH Fixed Income	Taplin Canida & Habacht	Int. Term Bond	★★★★	Dec 1993	69	1.4%
Total Fixed Income					69	1.4%
Total AUM					$4,932	100.0%

Source: Morningstar, as of June 30, 2009.

Diverse Family of Mutual Funds

Fund	Subadvisor	Morningstar Category	Morningstar Rating	AUM ($m) 6/30/09	Annualized Total Returns 1-Year	3-Years	5-Years
EQUITY							
Montag & Caldwell Growth	Montag & Caldwell	Large Growth	★★★★★	2,097	-21.6%	-1.5%	0.2%
Aston/Optimum Mid Cap	Optimum Investment Advisors	Mid Blend	★★★★	693	-32.2%	-4.4%	-0.8%
Aston/TAMRO Small Cap	TAMRO Capital Partners	Small Blend	★★★★	644	-18.2%	-6.1%	0.7%
Aston/River Road Small Cap Value	River Road Asset Management	Small Value	★★★★	429	-20.5%	-7.0%	-
Aston Value	MFS Institutional Advisors	Large Value	★★★★	207	-24.6%	-6.4%	0.6%
Aston Growth	Montag & Caldwell	Large Growth	★★★	186	-21.4%	-6.7%	-3.8%
Aston/River Road Small Mid Cap	River Road Asset Management	Small Value	--	181	-22.8%	-	-
Aston/River Road Dividend All Cap Value	River Road Asset Management	Mid Value	★★★★	130	-23.1%	-6.7%	-
Aston/Veredus Select Growth	Veredus Asset Management	Large Growth	★★★	77	-34.6%	-8.3%	-0.6%
Aston/Veredus Aggressive Growth	Veredus Asset Management	Small Growth	★★	44	-35.0%	-15.1%	-6.6%
Aston/Smart Portfolios	Smart Portfolios	Conservative Allocation	--	30	-10.3%	-	-
Aston/Barings International	Baring Asset Management	Foreign Large Blend	--	21	-33.0%	-	-
Aston/Fortis Real Estate	Fortis Investment Management	Real Estate	★★★	21	-43.9%	-20.4%	-3.8%
Montag & Caldwell Balanced	Montag & Caldwell	Moderate Allocation	★★★★	18	-11.5%	1.4%	1.6%
Aston/M.D. Sass Enhanced Equity	M.D. Sass Investors Services	Long-Short	--	17	-10.3%	-	-
Aston Balanced	Montag & Caldwell	Moderate Allocation	★★★	17	-13.3%	-2.4%	-0.8%
Aston/New Century Absolute Return ETF	New Century Capital Management	Moderate Allocation	--	15	-19.8%	-	-
Aston/Fortis Gbl Real Estate	Fortis Investment Management	Global Real Estate	--	10	-40.9%	-	-
Aston/Neptune International	Neptune Investment Management	Foreign Large Growth	--	9	-40.8%	-	-
Aston/TAMRO All Cap	TAMRO Capital Partners	Large Blend	★★★★	9	-22.3%	-6.0%	-0.9%
Aston/Optimum Large Cap Oppt.	Optimum Investment Advisors	Large Growth	--	4	-34.5%	-	-
Aston/Montag & Caldwell Mid Cap Growth	Montag & Caldwell	Mid Growth	--	3	-32.5%	-	-
Aston/Lake Partners LASSO Alternatives	Lake Partners	Long-Short	--	1	-	-	-
Aston/Cardinal Mid Cap Value	Cardinal Capital Management	Mid Value	--	1	-25.3%	-	-
Total Equity				4,863			
FIXED INCOME							
Aston/TCH Fixed Income	Taplin Canida & Habacht	Int. Term Bond	★★★★	69	4.2%	5.7%	4.4%
Total Fixed Income				69			
Total AUM				$4,932			

Source: Morningstar, as of June 30, 2009.

Highbury Supplemental Information

Highbury Officers and Directors – R. Bruce Cameron, CFA

R. Bruce Cameron, CFA has been our chairman of the board since our inception. Mr. Cameron has been the president and chief executive officer of Berkshire Capital Securities LLC, or Berkshire Capital, a New York-based investment banking firm, since its formation in May 2004. Mr. Cameron co-founded Berkshire Capital Corporation, the predecessor firm to Berkshire Capital, in 1983 as the first independent investment bank covering the financial services industry, with a focus on investment management and capital markets firms. Mr. Cameron and his partners have advised on 236 mergers and acquisitions of financial services companies, including high net worth managers, institutional investment managers, mutual fund managers, real estate managers, brokerage firms, investment banks and capital markets firms with aggregate client assets under management of nearly $520 billion and aggregate transaction value in excess of $10.4 billion. Mr. Cameron is the managing member of Broad Hollow LLC, an entity formed for the purpose of facilitating the investments in us made by our founding shareholders, which owns 776,250 shares of our common stock and 75,000 of our units. Prior to forming Berkshire Capital Corporation, Mr. Cameron was an associate director of Paine Webber Group Inc.'s Strategic Planning Group from 1981 through 1983. Mr. Cameron began his career at Prudential Insurance Company from 1978 through 1980, working first in the Comptroller's Department and then in the Planning & Coordination Group. Mr. Cameron was graduated from Trinity College, where he received a B.A. in Economics, and from Harvard Business School, where he received an M.B.A. Mr. Cameron also attended the London School of Economics. Mr. Cameron is a CFA charterholder and is on the membership committee of the New York Society of Security Analysts. Mr. Cameron is a director of Capital Counsel LLC in New York City, a high net worth investment management firm he advised when it was established. Mr. Cameron is a Fellow of the Life Management Institute. He is also a past trustee of the Securities Industry Institute.

Highbury Officers and Directors – Richard S. Foote, CFA

Richard S. Foote, CFA has been our president and chief executive officer and a member of our board of directors since our inception. Mr. Foote has been a managing director of Berkshire Capital since its formation in May 2004 and a managing director, principal and vice president of Berkshire Capital Corporation, the predecessor firm to Berkshire Capital, since 1994. Since 1994, Mr. Foote has advised on 30 completed mergers and acquisitions of financial services companies, including high net worth managers, institutional investment managers, mutual fund managers, real estate managers, brokerage firms, investment banks and capital markets firms with aggregate client assets under management of approximately $131 billion and aggregate transaction value of approximately $2.2 billion. Mr. Foote is a director of Berkshire Capital and serves on its compensation committee, commitment committee and technology committee. From 1991 through 1994, Mr. Foote was a co-founder and partner of Knightsbridge Capital Partners, a partnership engaged in investment banking and merchant banking activities. From 1985 to 1991, Mr. Foote was a vice president, an associate, and an analyst in the investment banking division of PaineWebber Incorporated, primarily working on mergers, acquisitions and the issuance of equity and debt securities. Mr. Foote was graduated from Harvard College, cum laude, in 1985 with an A.B. in Economics. Mr. Foote is a CFA charterholder and a member of the CFA Institute, the New York Society of Security Analysts, the Pension Real Estate Association and the National Council of Real Estate Investment Fiduciaries.

Highbury Officers and Directors – R. Bradley Forth, CFA

R. Bradley Forth, CFA has been our executive vice president, chief financial officer and secretary since our inception. Mr. Forth has been a vice president and an associate at Berkshire Capital since its formation in May 2004 and an associate and an analyst at Berkshire Capital Corporation, the predecessor firm to Berkshire Capital since 2001. Mr. Forth has advised on 19 mergers and acquisitions of financial services companies with aggregate transaction value of approximately $1.3 billion. He was graduated from Duke University in 2001 with a B.S. in Economics and a B.A. in Chemistry. Mr. Forth is a CFA charterholder and a member of the CFA Institute and the New York Society of Security Analysts.

Highbury Officers and Directors – Aidan J. Riordan

Aidan J. Riordan has been a member of our board of directors since May 2007. Mr. Riordan is a partner at Calvert Street Capital Partners, Inc. ("CSCP"), a Baltimore-based private equity investment firm focused on middle-market manufacturing and service companies. Previously, he was an associate with Castle Harlan, Inc., a New York-based middle-market private equity partnership from 2000 to 2003. Mr. Riordan also served as an associate for Berkshire Capital Corporation, the predecessor firm to Berkshire Capital, from 1994 to 1998. During his career, Mr. Riordan has executed transactions with an aggregate value of $1.3 billion, including approximately $500 million of transactions in his current position with CSCP. He holds a B.A. in Economics from the University of Pennsylvania and a M.B.A. in Finance from Columbia Business School. Mr. Riordan currently serves on the boards of directors for two CSCP portfolio companies, Universal Millennium, a printing and graphics services company, and ADAPCO, a distributor of specialty chemicals and equipment.

Highbury Officers and Directors – Hoyt Ammidon Jr.

Hoyt Ammidon Jr. has been a member of our board of directors since December 2008. Mr. Ammidon has been an Advisory Director for Berkshire Capital since 2004. Prior to this role, he served as a Managing Director at Berkshire Capital and its predecessor from 1994 to 2004. Mr. Ammidon was previously at Cazenove Incorporated, where he was President of its U.S. brokerage and investment banking subsidiary from 1988 to 1993. He was also formerly the Managing Director of Chase Investment Bank's Merger and Acquisition Division from 1985 to 1987, and Senior Vice President in E.F. Hutton Company's Corporate Finance Department from 1977 to 1985. Mr. Ammidon began his career in corporate finance at Morgan Stanley & Co. from 1963 to 1976 and worked in Paris for three years for Morgan & Cie. International from 1972 to 1975. He is a former director of Tetra Technologies, Inc., Balchem Corporation and W. H. Smith Group (USA). He has also served as a member of the Securities Industry Association's International Committee. Mr. Ammidon earned a BA in history from Yale University in 1959 and then served as a captain and aviator in the United States Marine Corps from 1959 to 1963.

Highbury Officers and Directors – Theodore M. Leary Jr.

Theodore M. Leary Jr. has been a member of our board of directors since April 2009. Mr. Leary is the President of Crosswater Realty Advisors LLC, a real estate advisory firm he founded in 2005, which provides workout, value recovery and commingled fund/partnership restructuring assistance to owners, investors and managers holding underperforming real estate and transportation infrastructure investments. Prior to founding Crosswater, Mr. Leary served for 22 years in a variety of roles as a Principal of Lowe Enterprises, a diversified real estate company. He was the President of Lowe Enterprises Investment Management, LLC ("LEIM"), the institutional advisory arm of Lowe Enterprises, from 1990 to 2004 and the Chairman from 2004 to 2005. Under Mr. Leary's leadership, LEIM executed 136 acquisitions and 95 dispositions of real estate assets with an aggregate transaction value of $7.8 billion. Mr. Leary worked for the Victor Palmieri Company from 1975 to 1982 on highly complex workout assignments for major financial institutions. He has served on the boards of directors of the Pension Real Estate Association, the National Association of Real Estate Investment Managers, the Association of Foreign Investors in Real Estate and the Real Estate Capital Recovery Association, which represented the real estate workout industry during the savings and loan collapse in the 1990s. Mr. Leary was honored, in October 2005, with the prestigious Sponsors' Award by The UCLA Real Estate Finance and Investment Conference for his significant contributions to the real estate investment industry. Before entering the real estate business, Mr. Leary worked in the United States Senate as the chief of staff to U.S. Senator Abraham Ribicoff. Mr. Leary is a graduate of Harvard College and George Washington University Law School.

Disclosure – Adjusted EBITDA

As supplemental information, we provide information regarding Adjusted EBITDA, a non-GAAP liquidity measure. This measure is provided in addition to, but not as a substitute for, cash flow from operations. Adjusted EBITDA means the sum of (a) net income determined in accordance with GAAP, plus (b) amortization of intangible assets, plus (c) interest expense, plus (d) depreciation, plus (e) other non-cash expenses, plus (f) income tax expense. This definition of Adjusted EBITDA is consistent with the definition of EBITDA used in our credit facility. Adjusted EBITDA, as calculated by us, may not be consistent with computations of Adjusted EBITDA by other companies. As a measure of liquidity, we believe that Adjusted EBITDA is useful as an indicator of our ability to service debt, make new investments and meet working capital requirements. We provide this non-GAAP measure because our management uses this information when analyzing the Company's financial position. The following table provides a reconciliation of net income to Adjusted EBITDA.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009	2008	2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net Income attributable to Highbury Financial Inc.	$ 900,881	$ 712,875	$ 1,525,160	$ 1,115,812
Provision for income taxes	504,559	457,526	905,393	626,222
Interest expense	-	-	-	-
Impairment of intangibles	-	-	-	-
Depreciation and other amortization	45,997	45,921	95,056	91,842
Other non-cash expenses	-	-	-	-
Adjusted EBITDA	$ 1,451,437	$ 1,216,322	$ 2,525,609	$ 1,833,876

Disclosure – Cash Net Income

As supplemental information, we provide a non-GAAP performance measure that we refer to as Cash Net Income. This measure is provided in addition to, but not as a substitute for, GAAP net income. Cash net income means the sum of (a) net income determined in accordance with GAAP, plus (b) amortization of intangible assets, plus (c) deferred taxes related to intangible assets, plus (d) affiliate depreciation, plus (e) other non-cash expenses. We consider Cash Net Income an important measure of our financial performance, as we believe it best represents operating performance before non-cash expenses relating to the acquisition of our interest in our affiliated investment management firm. Cash Net Income is not a measure of financial performance under GAAP and, as calculated by us, may not be consistent with computations of Cash Net Income by other companies. Cash Net Income is used by our management and board of directors as a performance benchmark.

Since our acquired assets do not generally depreciate or require replacement by us, and since they generate deferred tax expenses that are unlikely to reverse, we add back these non-cash expenses to Net Income to measure operating performance. We will add back amortization attributable to acquired client relationships because this expense does not correspond to the changes in value of these assets, which do not diminish predictably over time. The portion of deferred taxes generally attributable to intangible assets (including goodwill) that we do not amortize but which generates tax deductions is added back, because these accruals would be used only in the event of a future sale of Aston or an impairment charge. We will add back the portion of consolidated depreciation expense incurred by Aston because under Aston's operating agreement we are not required to replenish these depreciating assets. We also add back expenses that we incur for financial reporting purposes for which there is no corresponding cash expense because such expenses cause our Net Income to be understated relative to our ability to generate cash flow to service debt, if any, finance accretive acquisitions, and repurchase securities, if appropriate.

Disclosure – Cash Net Income

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2009	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net Income attributable to Highbury Financial Inc.	$ 900,881	$ 712,875	$ 1,525,160	$ 1,115,812
Intangible-related deferred taxes	233,262	210,214	466,525	420,428
Other non-cash expenses	-	-	-	-
Impairment of intangibles	-	-	-	-
Affiliate depreciation	45,997	45,921	95,056	91,842
Cash net income	$ 1,180,140	$ 969,010	$ 2,086,741	$ 1,628,082
Weighted average share outstanding, basic	9,126,628	9,088,014	9,192,309	9,102,603
Dilutive effect of warrants*	-	-	-	-
Weighted average shares outstanding, diluted	9,126,628	9,088,014	9,192,309	9,102,603
Weighted average stock price	$ 2.71	$ 3.21	$ 3.24	$ 2.61

* Reflects dilutive effect of warrants outstanding with a $5.00 exercise price, using the treasury stock method and based on the weighted average stock price for the periods.

Disclosure – Cash Net Income Per Share

Cash Net Income per share represents Cash Net Income divided by the diluted average shares outstanding. In this calculation, the potential share issuance in connection with our warrants is measured using a treasury stock method. Under this method, only the net number of shares of common stock equal to the value of the warrants in excess of the exercise price, if any, is deemed to be outstanding. We believe the inclusion of net shares under a treasury stock method best reflects the benefit of the increase in available capital resources (which could be used to repurchase shares of common stock) that occurs when these securities are exercised. This method does not take into account any increase or decrease in our cost of capital in an assumed exercise.

Disclosure

Source of data on pages 20, 24 and 25 is Morningstar, Inc. Past performance is no guarantee of future results. For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its 3-, 5-and 10-year (if applicable) Morningstar Rating metrics.

HFI Highbury Financial Inc.

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