

LABRANCHE & CO INC
Form 10-Q
May 10, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2006

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-15251

LABRANCHE & CO INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-4064735
(I.R.S. Employer
Identification No.)

One Exchange Plaza, New York, New York 10006
(Address of principal executive offices) (Zip Code)

(212) 425-1144
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares of the registrant's common stock outstanding as of May 8, 2006 was 60,733,889.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

LaBRANCHE & CO INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(000 s omitted except per share data)

	For the Three Months Ended March 31,	
	2006 (unaudited)	2005 (unaudited)
REVENUES:		
Net gain on principal transactions	\$ 64,965	\$ 40,041
Commissions	20,144	23,563
Net gain on non-marketable investments	263	92
Net gain on NYX transaction	178,981	—
Stock Borrow Interest	26,411	2,076
Other Interest	5,176	2,632
Other	596	(1,101)
Total revenues	296,536	67,303
EXPENSES:		
Employee compensation and related benefits	34,141	21,903
Margin Interest	26,554	3,297
Other Interest	13,499	13,286
Exchange, clearing and brokerage fees	10,010	9,994
Lease of exchange memberships and trading license fees	1,051	1,012
Depreciation and amortization of intangibles	2,982	3,053
Other	10,488	11,046
Total expenses	98,725	63,591
Income before provision for income taxes	197,811	3,712
PROVISION FOR INCOME TAXES	85,522	1,466
Net income available to common stockholders	\$ 112,289	\$ 2,246
Weighted-average common shares outstanding:		
Basic	60,691	60,596
Diluted	61,296	60,866
Earnings per share:		
Basic	\$ 1.85	\$ 0.04
Diluted	\$ 1.83	\$ 0.04

The accompanying notes are an integral part of these condensed consolidated financial statements.

LaBRANCHE & CO INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(UNAUDITED)
(000 s omitted except per share data)

	As of March 31, 2006 (unaudited)	December 31, 2005 (audited)
ASSETS		
Cash and cash equivalents	\$ 417,028	\$ 427,284
Cash and securities segregated under federal regulations	6,893	6,554
Securities purchased under agreements to resell	86,000	79,000
Receivable from brokers, dealers and clearing organizations	589,076	658,631
Receivable from customers	7,995	3,659
Financial instruments owned, at fair value:		
Corporate equities, not readily marketable	223,026	—
Corporate equities	2,135,553	1,128,999
Options	478,332	411,887
Exchange-traded funds	791,833	815,250
Government and corporate bonds	1,111	8
Commissions receivable	4,661	4,337
Exchange memberships contributed for use, at market value	—	24,500
Exchange memberships owned, at adjusted cost (market value of \$2,864 and \$138,768, respectively)	1,216	59,664
Office equipment and leasehold improvements, at cost, less accumulated depreciation and amortization of \$12,757 and \$12,364, respectively	4,615	2,695
Intangible assets, net of accumulated amortization:		
Specialist stock lists, less accumulated amortization of \$57,956 and \$55,362, respectively	348,234	350,828
Trade name	25,011	25,011
Goodwill	250,569	250,569
Other assets	40,845	35,419
Total assets	\$ 5,411,998	\$ 4,284,295