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FOR IMMEDIATE RELEASE

**HOWE BARNES AND HOEFER & ARNETT
AGREE TO MERGE**

April 21, 2006, Chicago, IL- Howe Barnes Investments, Inc., announced today that it has entered into a merger agreement with Hoefer & Arnett, Inc., a San Francisco, California based full service brokerage and investment bank focusing primarily on Banking/Financial Services and Technology. The firm's brokerage operations include institutional sales, market making, research and fixed income services. Their investment banking activities include a full range of corporate finance and advisory services. Hoefer & Arnett Capital Management Inc., a registered investment advisor affiliate which provides money management services to individuals and businesses, will be purchased by Howe Barnes as part of this transaction.

At the close of the transaction, which is subject to regulatory approval and is expected to occur in the second quarter of this year, the nearly 50 professionals at Hoefer & Arnett will remain at their present locations and will become employees of Howe Barnes. Hoefer & Arnett Capital Management will continue as a wholly-owned subsidiary of Howe Barnes immediately following the closing. Once combined, the firm will have approximately 140 associates in eight offices throughout the United States and will operate under the combined name of Howe Barnes Hoefer & Arnett, Inc.

“The combination of Howe Barnes and Hoefer & Arnett makes tremendous strategic sense for both firms,” commented Daniel E. Coughlin, President and CEO of Howe Barnes. “The west coast is Hoefer & Arnett's historical strength and complements our Midwest roots and recent Southeast expansion. The combined talents of the two firms will expand our research and capital market capabilities and will enhance our ability to serve both our institutional and our individual clients.”

This combination creates an employee owned and operated firm with powerful and growing resources, including:

- Market making in over 500 stocks, traded on NASDAQ, the OTC Bulletin Board and Pink Sheets.
- A highly regarded research department which provides comprehensive coverage on over 130 publicly traded financial services companies as well as statistical compilations and various industry studies.
- A corporate finance team which, as lead or co-manager, has raised over \$2.5 billion in capital for the community banking sector since 2000.
- The country's 4th most active financial advisor to the bank and thrift industry, as ranked by 2005 merger and acquisition activity.

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- An experienced group of private client financial advisors who care for over \$2.0 billion of client assets.

“Hoefer & Arnett was formed in 1982 as a research driven boutique focused on community banks and asset management with a client base of primarily sophisticated investors. This transaction represents a continuation of our initial mission and the next logical progression for our firm,” stated Steven J. Didion, President and CEO of Hoefer & Arnett. “We are now teamed with an organization which shares our commitment to provide excellent service to our clients and one which has a particularly strong focus on the community bank sector.”

Mr. Coughlin continued, “As the exclusive provider of capital markets services to the Independent Community Bankers of America (ICBA), our goal is to build a national platform of bank sales, trading, research and corporate finance professionals. This transaction aligns two firms committed to providing excellent capital markets services for community banks and significantly enhances our ability to fulfill our ICBA mandate. Hoefer & Arnett has assembled an outstanding group of high quality individuals and we are extremely pleased to have the opportunity to join forces.”

In addition to their current management roles, Mr. Didion, Philip Economopoulos, President of Hoefer & Arnett Capital Management, and Bob Arnett, Founder and Chairman of the Board of Hoefer & Arnett, are expected to join the Board of Directors of Howe Barnes Hoefer & Arnett, increasing the number of Board members to nine. Mr. Coughlin will continue in his roles of Chairman and CEO of the combined firm.

Established in 1915, Howe Barnes Investments, Inc. is a Chicago based, full service brokerage firm. Its banking department specializes in sales, trading, research and corporate finance services for community banks and thrifts. Through its private client services department, the firm provides investment advice and products to both individual and institutional customers. Howe Barnes is the exclusive provider of capital markets services for the Independent Community Bankers of America (ICBA). The firm delivers fixed income products and services through a strategic initiative with Vining Sparks IBG, Memphis, Tennessee. (www.howebarnes.com)

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