



Financial Supplement

Second Quarter 2012

July 31, 2012

Financial Supplement with EBITDA Adjustments

Q2 2012 Compared to Q2 2011 (unaudited)

(\$ Thousands)

	Q2 2012			Q2 2011			YOY Increase/(Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	\$	%
REVENUES:								
Commissions	\$447,243	\$ -	\$447,243	\$459,882	\$ -	\$459,882	(\$12,639)	-2.7%
Advisory fees	268,192	-	268,192	264,289	-	264,289	3,903	1.5%
Asset-based fees	102,784	-	102,784	90,504	-	90,504	12,280	13.6%
Transaction and other fees	78,894	123	79,017	68,755	269	69,024	9,993	14.5%
Interest income, net of operating Interest	4,800	-	4,800	5,110	-	5,110	(310)	-6.1%
Other	5,930	-	5,930	5,456	-	5,456	474	8.7%
Net revenues	907,843	123	907,966	893,996	269	894,265	13,701	1.5%
EXPENSES:								
Commissions and advisory fees	620,582	-	620,582	624,687	-	624,687	(4,105)	-0.7%
Compensation and benefits	93,034	(8,406)	84,628	81,410	(3,487)	77,923	6,705	8.6%
Promotional	26,122	(48)	26,074	14,789	(437)	14,352	11,722	81.7%
Depreciation and amortization	17,412	-	17,412	18,407	-	18,407	(995)	-5.4%
Occupancy and equipment	14,007	(45)	13,962	12,394	(124)	12,270	1,692	13.8%
Professional services	18,199	(1,937)	16,262	12,489	(1,451)	11,038	5,224	47.3%
Brokerage, clearing and exchange	9,554	-	9,554	9,401	-	9,401	153	1.6%
Communications and data processing	9,797	-	9,797	8,906	(4)	8,902	895	10.1%
Regulatory fees and expenses	6,891	-	6,891	6,372	-	6,372	519	8.1%
Restructuring charges	2,057	(2,056)	1	4,814	(4,814)	-	1	na
Other expense	9,441	(805)	8,636	6,694	(371)	6,323	2,313	36.6%
Total operating expenses	827,096	(13,297)	813,799	800,363	(10,688)	789,675	24,124	3.1%
Non-operating interest expense	13,439	-	13,439	18,154	-	18,154	(4,715)	-26.0%
Loss on extinguishment of debt	-	-	-	-	-	-	-	na
Total expenses	840,535	(13,297)	827,238	818,517	(10,688)	807,829	19,409	2.4%

Financial Supplement with EBITDA Adjustments

Q2 2012 Compared to Q1 2012 (unaudited)

(\$ Thousands)

	Q2 2012			Q1 2012			QOQ Increase/(Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	\$	%
REVENUES:								
Commissions	\$447,243	\$ -	\$447,243	\$463,653	\$ -	\$463,653	(\$16,410)	-3.5%
Advisory fees	268,192	-	268,192	250,981	-	250,981	17,211	6.9%
Asset-based fees	102,784	-	102,784	97,241	-	97,241	5,543	5.7%
Transaction and other fees	78,894	123	79,017	74,572	260	74,832	4,185	5.6%
Interest income, net of operating Interest	4,800	-	4,800	4,710	-	4,710	90	1.9%
Other	5,930	-	5,930	10,616	-	10,616	(4,686)	-44.1%
Net revenues	907,843	123	907,966	901,773	260	902,033	5,933	0.7%
EXPENSES:								
Commissions and advisory fees	620,582	-	620,582	617,392	-	617,392	3,190	0.5%
Compensation and benefits	93,034	(8,406)	84,628	89,012	(4,512)	84,500	128	0.2%
Promotional	26,122	(48)	26,074	16,831	(46)	16,785	9,289	55.3%
Depreciation and amortization	17,412	-	17,412	17,175	-	17,175	237	1.4%
Occupancy and equipment	14,007	(45)	13,962	14,497	(2)	14,495	(533)	-3.7%
Professional services	18,199	(1,937)	16,262	13,121	(1,149)	11,972	4,290	35.8%
Brokerage, clearing and exchange	9,554	-	9,554	9,515	-	9,515	39	0.4%
Communications and data processing	9,797	-	9,797	8,899	-	8,899	898	10.1%
Regulatory fees and expenses	6,891	-	6,891	7,546	-	7,546	(655)	-8.7%
Restructuring charges	2,057	(2,056)	1	1,694	(1,709)	(15)	16	-106.7%
Other expense	9,441	(805)	8,636	6,672	(683)	5,989	2,647	44.2%
Total operating expenses	827,096	(13,297)	813,799	802,354	(8,101)	794,253	19,546	2.5%
Non-operating interest expense	13,439	-	13,439	16,032	-	16,032	(2,593)	-16.2%
Loss on extinguishment of debt	-	-	-	16,524	(16,524)	-	-	na
Total expenses	840,535	(13,297)	827,238	834,910	(24,625)	810,285	16,953	2.1%

Financial Supplement with EBITDA Adjustments

2012 Compared to 2011 (unaudited)

(\$ Thousands)

	2012			2011			YTD Increase/(Decrease)	
	Unadjusted	Adjustments	As Adjusted	Unadjusted	Adjustments	As Adjusted	\$	%
REVENUES:								
Commissions	\$910,896	\$ -	\$910,896	\$911,759	\$ -	\$911,759	(\$863)	-0.1%
Advisory fees	519,173	-	519,173	508,376	-	508,376	10,797	2.1%
Asset-based fees	200,025	-	200,025	180,327	-	180,327	19,698	10.9%
Transaction and other fees	153,466	383	153,849	142,504	400	142,904	10,945	7.7%
Interest income, net of operating Interest	9,510	-	9,510	10,252	-	10,252	(742)	-7.2%
Other	16,546	-	16,546	14,647	-	14,647	1,899	13.0%
Net revenues	<u>1,809,616</u>	<u>383</u>	<u>1,809,999</u>	<u>1,767,865</u>	<u>400</u>	<u>1,768,265</u>	<u>41,734</u>	<u>2.4%</u>
EXPENSES:								
Commissions and advisory fees	1,237,974	-	1,237,974	1,219,365	-	1,219,365	18,609	1.5%
Compensation and benefits	182,046	(12,918)	169,128	165,552	(8,260)	157,292	11,836	7.5%
Promotional	42,953	(94)	42,859	34,325	(792)	33,533	9,326	27.8%
Depreciation and amortization	34,587	-	34,587	36,572	-	36,572	(1,985)	-5.4%
Occupancy and equipment	28,504	(47)	28,457	27,919	(239)	27,680	777	2.8%
Professional services	31,320	(3,086)	28,234	22,653	(1,779)	20,874	7,360	35.3%
Brokerage, clearing and exchange	19,069	-	19,069	19,050	-	19,050	19	0.1%
Communications and data processing	18,696	-	18,696	17,588	(16)	17,572	1,124	6.4%
Regulatory fees and expenses	14,437	-	14,437	12,944	(50)	12,894	1,543	12.0%
Restructuring charges	3,751	(3,765)	(14)	5,351	(5,351)	-	(14)	na
Other	16,113	(1,488)	14,625	13,183	(506)	12,677	1,948	15.4%
Total operating expenses	<u>1,629,450</u>	<u>(21,398)</u>	<u>1,608,052</u>	<u>1,574,502</u>	<u>(16,993)</u>	<u>1,557,509</u>	<u>50,543</u>	<u>3.2%</u>
Non-operating interest expense	29,471	-	29,471	36,326	-	36,326	(6,855)	-18.9%
Loss on extinguishment of debt	16,524	(16,524)	-	-	-	-	-	na
Total expenses	<u>1,675,445</u>	<u>(37,922)</u>	<u>1,637,523</u>	<u>1,610,828</u>	<u>(16,993)</u>	<u>1,593,835</u>	<u>43,688</u>	<u>2.7%</u>

Insured Cash Account Fed Funds Sensitivity

(\$ thousands)

The following table reflects the impact to income before taxes on an annual basis based on an upward or downward change in short-term interest rates of one basis point.

The impact assumes that the client balances at June 30, 2012 remain unchanged.

<u>Federal Reserve Effective Federal Funds Rate</u>	<u>Annualized Increase or Decrease of Income Before Taxes per One Basis Point Change*</u>
0.00% - 0.25%	\$1,500
0.26% - 1.25%	700
1.26% - 2.00%	600

*Excludes impact from money market revenue

The actual impact to cash sweep revenue, including a change in the FFER of greater than 2.00%, may vary depending on our strategy in response to a change in interest rate levels, the significance of a change, and actual balances at the time of such change.