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SECURITIES INDUSTRY SECOND-QUARTER PERFORMANCE

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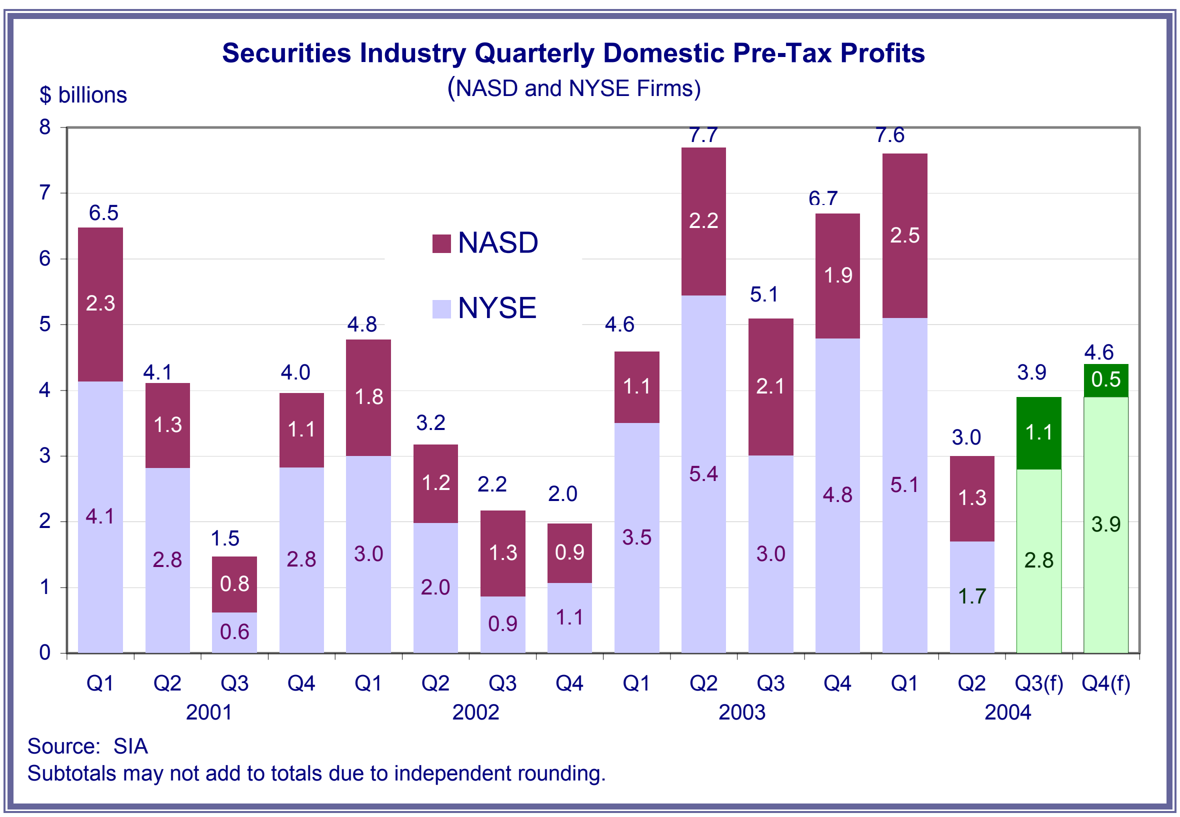
SECURITIES INDUSTRY SECOND-QUARTER PERFORMANCE

Summary

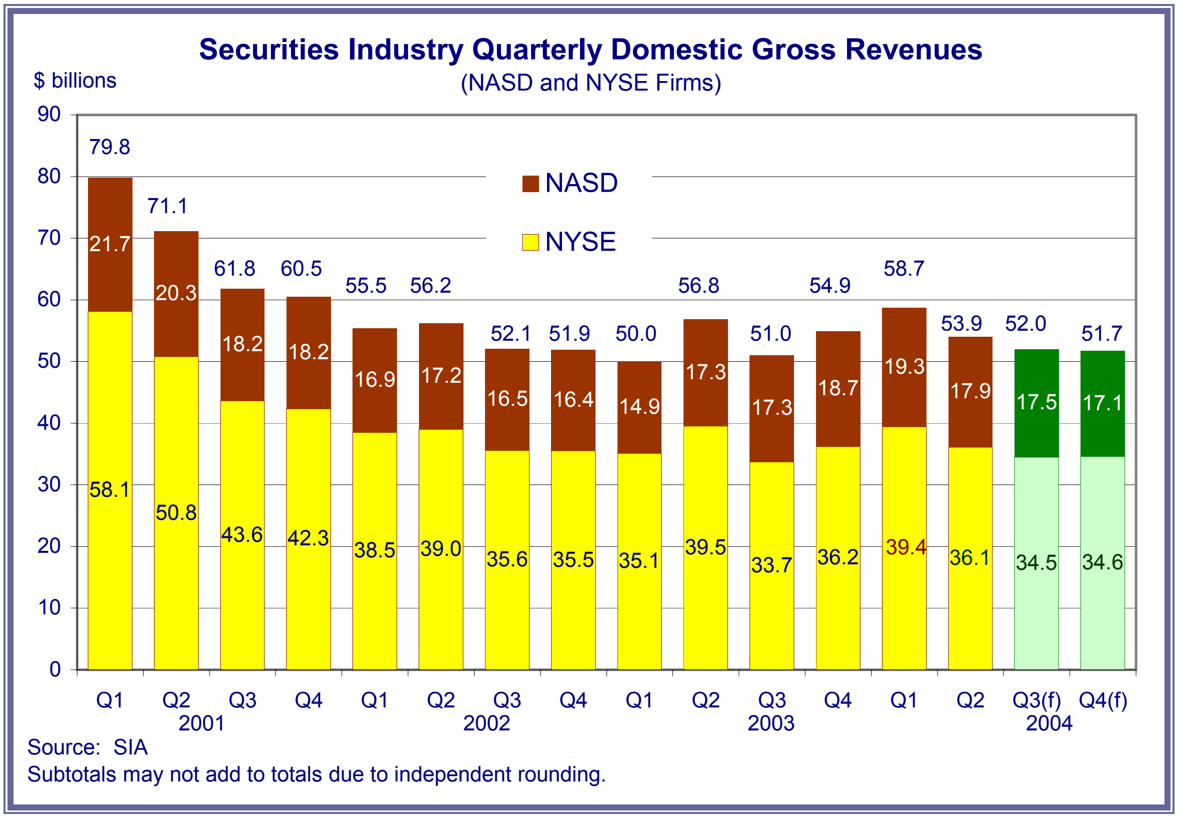
Last week, 2Q'04 financial results were reported for both NYSE-reporting[1] and NASD-reporting[2] member firms. The combined total showed that, for all broker-dealers doing a public business in the United States, profits (pre-tax net income) reached $2.98 billion, 61.2% below results obtained in the same year-earlier period and 60.7% below profits recorded in 1Q'04. Gross revenues in 2Q'04 declined to $53.93 billion, down 8.1% from the immediately preceding quarter, and 5.0% below results for the same period in 2003. Revenues net of interest expense (net revenues) dropped to $42.21 billion, a level that was 12.1% below the prior quarter and 5.8% less than a year earlier.

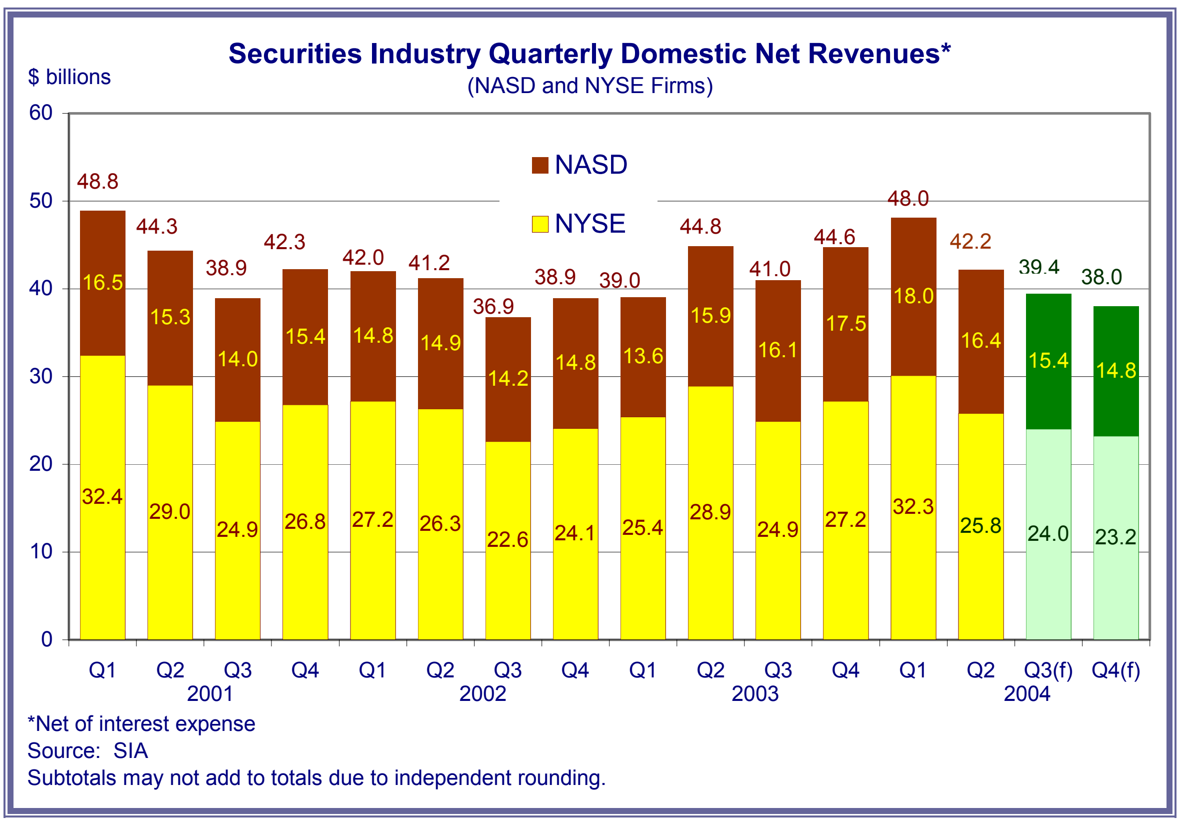
The comparison of the quarter just ended with either the same year-earlier period or the immediately preceding quarter might be a bit misleading, since those two earlier periods were the two best quarterly performances the industry has seen since 2Q'00 (just after equity markets and the industry peaked). Although weaker results were anticipated in 2Q'04 after the exceptionally strong performance in the previous five quarters (1Q'03 through 1Q'04) when profits averaged $6.33 billion per quarter, the decline in revenues and profits exceeded expectations. Expectations of a decline in revenues arose, in part, because the sharp increase in revenues in the previous five quarters were driven by exceptional trading gains, which are a highly volatile source of income for securities firms.



[1] Includes results for 232 New York Stock Exchange-reporting member firms in 2Q'04.

[2] Includes results for 5,042 NASD-reporting member firms in 2Q'04.


Securities Industry Quarterly Domestic Gross Revenues
(NASD and NYSE Firms)
$ billions
NASD
NYSE
79.8 71.1 61.8 60.5 55.5 56.2 52.1 51.9 50.0 56.8 51.0 54.9 58.7 53.9 52.0 51.7
21.7 20.3 18.2 18.2 16.9 17.2 16.5 16.4 14.9 17.3 17.3 18.7 19.3 17.9 17.5 17.1
58.1 50.8 43.6 42.3 38.5 39.0 35.6 35.5 35.1 39.5 33.7 36.2 39.4 36.1 34.5 34.6
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3(f) Q4(f)
2001 2002 2003 2004
Source: SIA
Subtotals may not add to totals due to independent rounding.


Securities Industry Quarterly Domestic Net Revenues*
(NASD and NYSE Firms)
$ billions
NASD
NYSE
48.8 44.3 38.9 42.3 42.0 41.2 36.9 38.9 39.0 44.8 41.0 44.6 48.0 42.2 39.4 38.0
16.5 15.3 14.0 15.4 14.8 14.9 14.2 14.8 13.6 15.9 16.1 17.5 18.0 16.4 15.4 14.8
32.4 29.0 24.9 26.8 27.2 26.3 22.6 24.1 25.4 28.9 24.9 27.2 32.3 25.8 24.0 23.2
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3(f) Q4(f)
2001 2002 2003 2004
*Net of interest expense
Source: SIA
Subtotals may not add to totals due to independent rounding.

Expenses, meanwhile, showed little growth. Total expenses in 2Q'04 were $50.94 billion, down slightly (0.3%) from the first quarter of this year, and only 3.8% above expenditures recorded in 2Q'03. Compensation, the single largest expense item, which accounted for more than 42% of the total expenses during the first half of this year, showed little change during the quarter. Compensation expense during 2Q'04 was 6.5% below levels recorded in the first quarter of this year, in line with seasonal patterns, and was only 3.1% above levels recorded in the same year-earlier period. Interest expense, the second largest expense item, accounting for 23% of the total in 2Q'04, increased 9.9% relative to 1Q'04 levels, reflecting a modest increase in both borrowing rates and industry liabilities, but was down 2.2% compared to the same year-earlier period.

Second Quarter 2004 Results

Performance of Product and Services Line Items – The industry's recovery became increasingly generalized across the course of 2003, and by 1Q'04 nearly every product and service line showed solid, and in some cases, exceptional growth. During 2Q'04, revenues showed a broad based decline, as most revenue lines returned to more normal levels. This "mean reversion", with past extraordinary results proving to be just that—extraordinary, was most evident in trading gains. This revenue line item includes gains or losses from a broad range of activities, including principally gains or losses from the securities firms' own proprietary trading and market-making activities. However, declining revenues were evident in most areas of securities firms' operations in 2Q'04.

Trading gains, in particular debt trading gains, continued to be a substantial contributor to overall profitability, but were well below the exceptionally strong results seen in the previous six quarters. During that period, from 4Q'02 through 1Q'04, total trading gains averaged $7.38 billion per quarter, which was well above historical averages. During 2Q'04, trading gains amounted to $4.66 billion. This result, while still strong, was 39.3% below gains in 1Q'04, and 56.3% below the same year-earlier period, when record gains were recorded. Debt trading gains once again accounted for the bulk of total trading gains. Debt trading gains were $3.16 billion in 2Q'04, down 36.4% from the $4.96 billion registered in 1Q'04, and 51.5% below the year-earlier levels. Gains from all other types of trading (primarily derivatives and equities) fell even more sharply (44.6%) with respect to 1Q'04, as well as when compared to 2Q'03 (down 63.8%).

Commissions and fee income, the level of which is largely a reflection of the volume of secondary market trading, also declined in 2Q'04, as trading volume, particularly institutional trading volume, slumped in June, and average commission rates declined. Industry commission and fee income of $11.48 billion was 12.7% below 1Q'04 and virtually unchanged relative to the same year-earlier period. Range-bound markets and rising uncertainty helped reduce trading volume, while program trading continued to account for a greater share of all transactions, which contributed to the fall in average compensation rates.

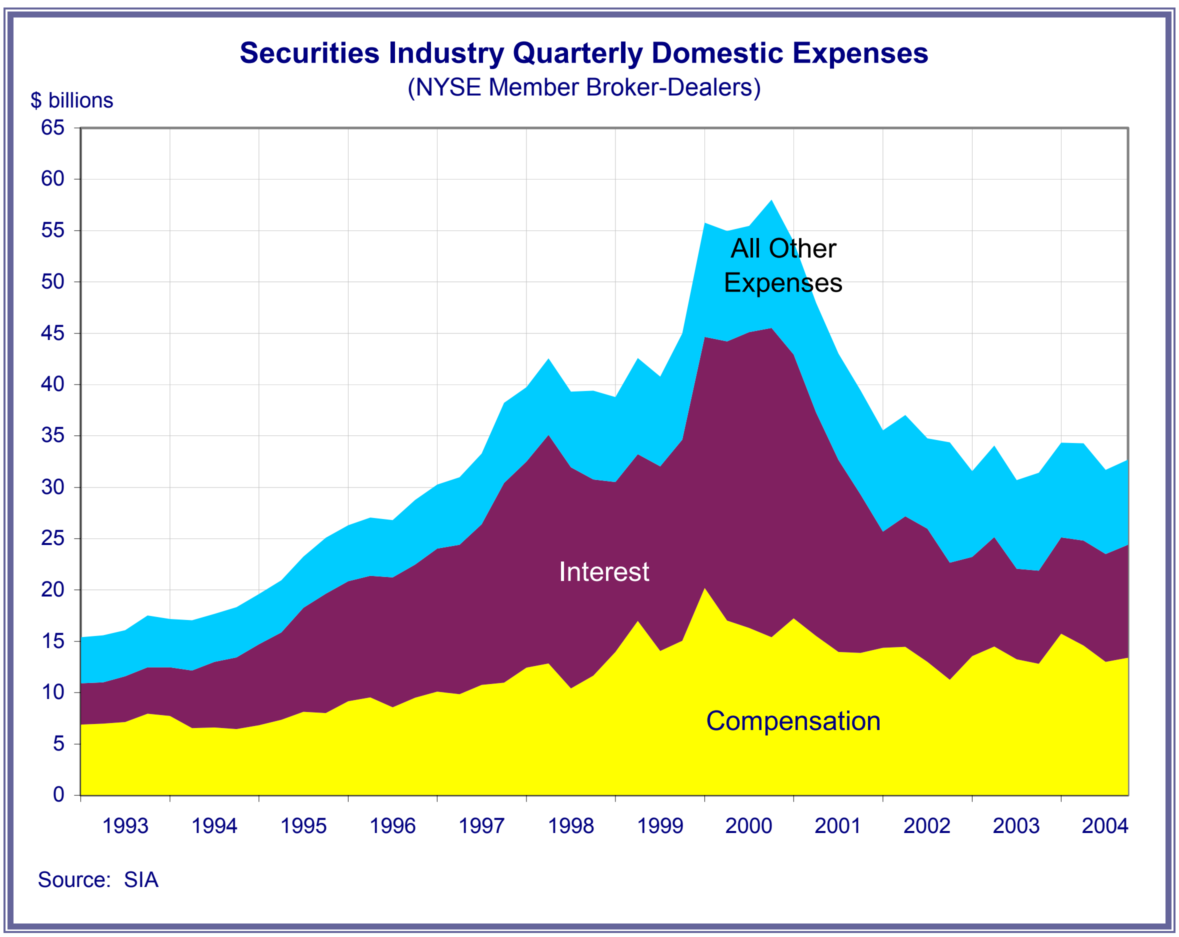
Underwriting revenue also declined in 2Q'04. Reduced fee income from sharply lower bond issuance activity had been anticipated, but slight declines in equity underwriting revenues, largely reflecting a decline in average fees, were not. Jointly these two effects constrained underwriting revenue to $4.45 billion, 13.7% below levels registered in 1Q'04 and 9.3% below revenues earned in the same year-earlier period. Although below expectations, these results were still relatively strong, and above receipts for issuance activity recorded in all but three of the last 12 quarters.

Mutual-fund sales revenue reached $4.54 billion in 2Q'04, which was 9.6% below 1Q'04 levels, but 15.7% above results obtained in 2Q'03. The resumption of strong net inflows into equity mutual funds, which began late last year, continued to drive these results last quarter. Relative to year-earlier levels, results were positive, reflecting continuing outflows from money-market mutual funds and, to a lesser extent, from bond funds. However, relative to the immediately preceding quarter, retail investors' appetite for new mutual-fund investment weakened and average sales fees and "loads" declined during 2Q'04.

Income of $5.12 billion was derived from **asset management fees** during 1Q'04. This result was up a meager 1.4% from 1Q'04, as higher net assets under management (largely reflecting the steady growth of retirement account contributions directed to mutual funds) accounted for the increase and more than offset a continued reduction in average rates charged by asset managers. The effect of declining average fees is becoming more apparent in 2004, as only limited price appreciation of assets under management occurred during the first six months of this year.

Margin interest earnings proved to be the exception to the rule, and rose to $1.48 billion in 2Q'04, as both the amount of leverage employed by customers and its cost rose in the quarter just ended after remaining relatively unchanged during the previous six months. Margin interest income was up 10.7% from 1Q'04 levels and 11.4% from 2Q'03.

All other sources of revenue, which cover a broad range of activities, most of which are unidentified by type, totaled $22.20 billion, up 4.3% from 1Q'04 and 10.0% from the year-earlier period, as commodities revenue continued to rebound to more normal levels and as mergers and acquisitions (M&A) and other advisory revenues continued a cyclical recovery.



Total expenses of $50.94 billion in 2Q'04 were virtually unchanged (down 0.3%) from levels recorded in 1Q'04 and only 3.8% higher than in the second quarter of last year, as securities firms kept tight control of discretionary expenditures in response to declining revenues during the quarter. **Compensation payments**, the single largest expense item, reached $20.73 billion in 2Q'04. Compensation in the quarter just ended fell 6.5% compared to 1Q'04 in line with expectations and seasonal trends as the annual "bonus season" (with payouts concentrated in the November to March period) came to an end and as discretionary accruals for variable compensation payouts based on 2004 performance were constrained by management in light of poorer-than-expected revenue results. Non-discretionary variable compensation (contractual and formulaic production payouts) was also lower. These trends are clearer when results are compared to year-earlier levels, eliminating the seasonal pay swings. Relative to year-earlier levels, total compensation in 2Q'04 rose only 3.1%, which was less than the average merit increase in base compensation over the past year. Although average employment in 2Q'04 was up from year-earlier levels, it would appear that new hires entered at lower base salary levels than the employees whom, in net terms, they replaced.

Interest expense, once the industry's largest expense item, showed an unexpected rise in 2Q'04. Interest expense reached $11.72 billion in the quarter just ended, a 9.9% increase over 1Q'04 as average borrowing costs confronting securities firms rose slightly (up an estimated 15 basis points or 0.15% per annum) and as firms increased their borrowing to accommodate higher customer credit utilization and to fund expanded trading and capital markets operations. Although higher than earlier this year, interest expense remained 2.2% below levels reached in 2Q'03, and 62% below the record level for borrowing recorded in 1Q'01, when total interest expense reached $30.96 billion.

Performance of Groups of Firms – During 1Q'04 **major firms**[3] outperformed their smaller competitors, but the opposite proved to be the case in 2Q'04. The results are hardly surprising given that growth of underwriting revenues and trading gains led the overall rise in industry revenues in 1Q'04 as well as the subsequent decline in the quarter just ended, and that the major firms dominate these two areas of activity. During 2Q'04, the major firms posted a decline in gross revenues of 8.9% and 10.1% relative to 1Q'04 and 2Q'03, respectively, which was greater than the decline of 8.1% and 5.0% for this aggregate income measure for the industry as a whole. The comparison is even less flattering for the major firms when one looks at net revenue. Net revenue of these firms fell 16.3%, declining from $20.5 billion in 1Q'04 to $17.16 billion in 2Q'04. Pre-tax net income of this group was only $1.05 billion in 2Q'04, down 72.6% from the $3.83 billion of profits booked in 1Q'04 and 74.8% lower than the $4.16 billion bottom line result reported in 2Q'03. This relatively weaker performance in 2Q'04 came after the major firms' profits grew more slowly than the rest of the industry during 1Q'04, despite relatively stronger revenue growth during the first three months of this year, as variable compensation expenses rose much more rapidly at firms with large investment-banking and proprietary-trading operations than it did at those firms that do not focus on these activities. During 1Q'04, these 15 firms accounted for 42.7% of total industry net revenue and 50.4% of industry profits. During 2Q'04 these percentages declined to 40.6% and 35.2%, respectively, as industry concentration ratios in most revenue lines declined.

Clearing firms[4] posted revenue growth during 1Q'04 that was in line with broad industry trends, but suffered a fall in revenues in 2Q'04 that was steeper than the decline experienced by

[3] "Major Firms" includes the 15 largest U.S. broker-dealer subsidiaries of global financial holding companies. However, as a result of M&A within the industry, these 15 broker-dealers, though still reporting separately, are now contained within only 13 corporate entities at the holding-company level.

[4] "Clearing firms" includes firms principally engaged in correspondent clearing and for the purpose of this report includes three separate firm groups: NYSE-member clearing firms; exchange member (other than NYSE members) clearing firms; and, NASD-member clearing firms (that is, clearing firms that are members of NASD only).

the industry as a whole. However, clearing firms managed to slash expenses in line with the decline in revenues. Clearing firm expenses in 2Q'04 were down 11.8% relative to the prior quarter and 3.6% lower than in the same year-earlier period. As a result this group's profits were $566.3 million, down 23.6% relative to 1Q'04, but 4.2% higher than in 2Q'03.

Discounters[5] reported results that were in line with industry averages in 1Q'04, but were substantially poorer in 2Q'04, reflecting this group's disproportionate share of total revenues earned in the form of commissions and fees and the industrywide slump in these revenues as trading activity fell during the "June swoon". Net income for this group amounted to only $22.3 million, 83.9% lower than in 1Q'04 and 85.7% below results in the same year-earlier period, and the poorest performance since the dismal results recorded during 1Q'03.

Market makers[6] as a group reported significantly slower revenue growth in 1Q'04, both relative to the industry average and when compared to growth in earlier quarters, and this relatively weak performance extended into 2Q'04. Total revenues fell 18.1% relative to 1Q'04, and 12.9% when compared to 2Q'03. However, these firms continue to pursue cost-cutting measures and contained total expenses in general and compensation expenses specifically somewhat better than the industry as a whole during the first half of the year. As a result, profits in 1Q'04 for this group of firms were one-third higher than in the final quarter of 2003 and more than double the level seen in the same year-earlier period. Unfortunately, during 2Q'04, spending controls proved inadequate to offset the slump in revenues and market makers' profits showed a slightly steeper fall than the profits of the remainder of the industry.

Regional firms[7], which fared less well during 1Q'04 than the other industry sub-sectors, showed relatively stronger performance than the rest of the industry during 2Q'04. During 2Q'04, gross and net revenues fell 6.3% and 7.3%, respectively, relative to 1Q'04, but were up 7.8% and 5.5%, respectively, when compared to results obtained in 2Q'03. More stable revenue streams helped minimize the impact on the bottom line and pre-tax net income fell 34.9% relative to 1Q'04 and 18.7% from 2Q'03. While these results are still negative and well below expectations, they were substantially better than the performance registered by other industry sub sectors, and regional firms picked up market share in a number of financial product and service lines, largely at the expense of the major firms.

Second Half 2004 Forecast

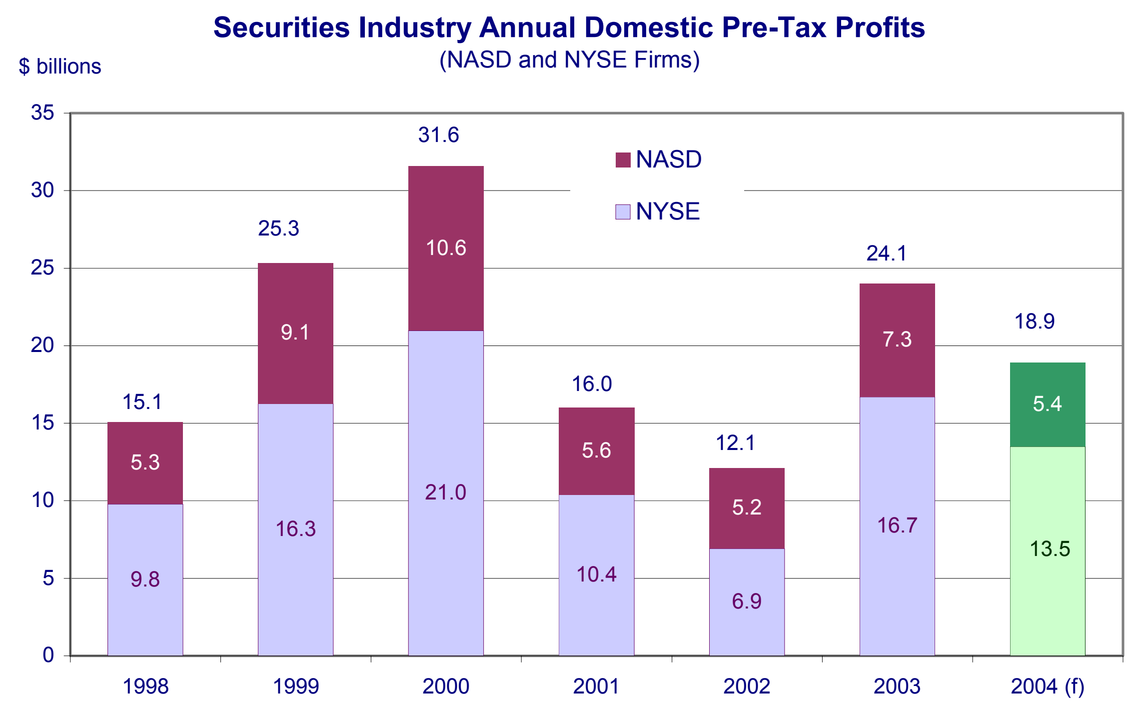
Industry results for 2Q'04 came in well below expectations, which in and of itself would have necessitated a revision of our forecast for 2004 as a whole. Not too much should be drawn from only one quarter of poorer-than-expected results — the slump in industry revenues might prove to be nothing more than a "soft patch". However, unlike the performance of the U.S. economy as a whole, the U.S. securities industry shows little sign of "regaining traction" thus far in 3Q'04. Even if the "summer swoon" continues into the fall, it could easily be interpreted as nothing more than industry performance reverting to more normal levels after an exceptional cyclical recovery. What could cloud this relatively benign forecast is what appears to be a gen-

[5] "Discounters" includes broker-dealers that hold themselves out as, and are primarily engaged in, the discount brokerage business. Commissions, mainly retail, are their primary revenue source. This group includes both self-clearing and introducing discounters and their clearing subsidiaries. It does not include multi-business line firms that offer discount commissions as just one business line.

[6] "Market makers" includes exchange member firms (other than NYSE members) primarily engaged as market makers, dealers, and in principal trading and NASD-reporting member firms (that is, firms that are members of NASD only) that are fully disclosed market makers, dealers, and principal trading firms.

[7] "Regional firms" includes the largest (non-major, non-NYC based) full-service broker-dealers, usually self-clearing with regional branch network systems providing financial products and services to both retail and institutional firms.

eralized decline in rates and fees charged by the industry for the provision of most financial products and services to their customers, leading to shrinking profit margins in the face of weakening growth in demand. We expect revenues and profits in the second half of 2004 to roughly match aggregate results for the first half of the year.

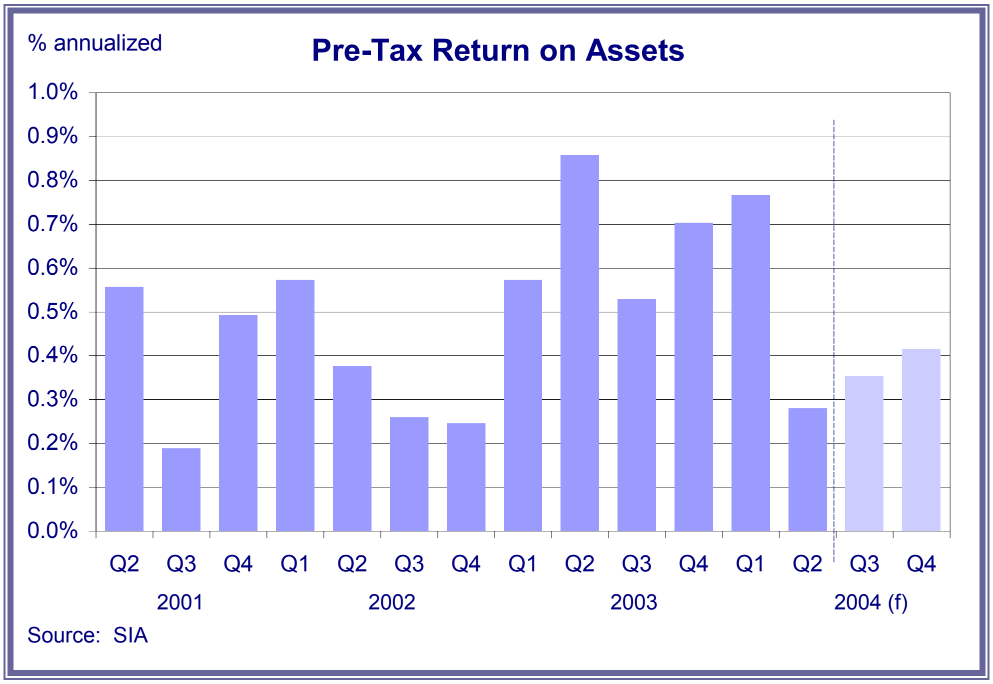


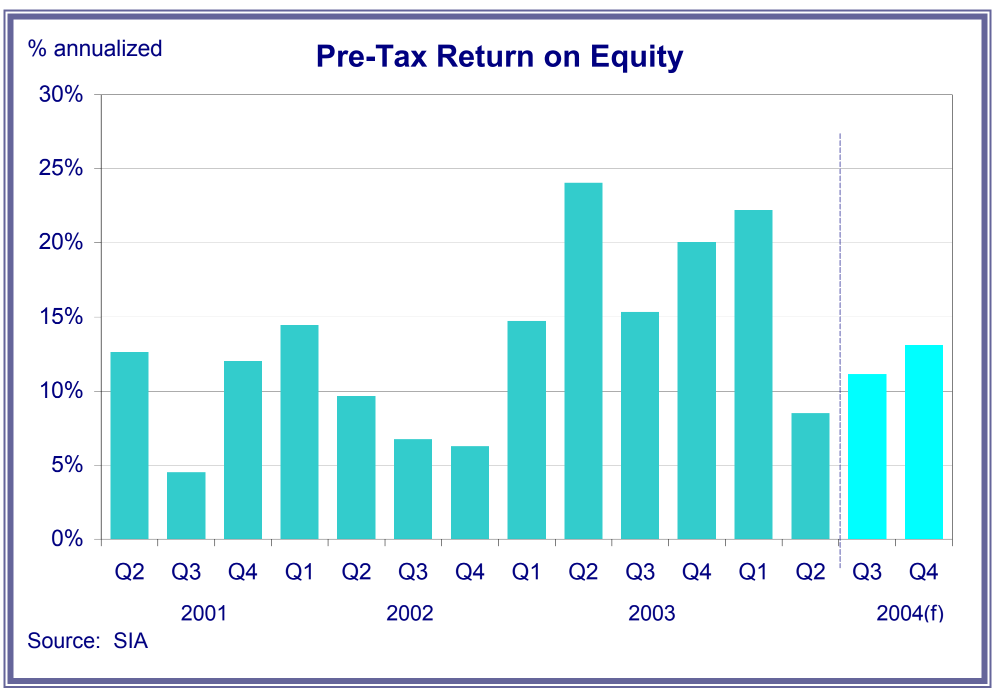
Source: SIA
Subtotals may not add to totals due to independent rounding.

During 3Q'04 we expect total revenues to decline roughly 4% relative to 2Q'04 but increase slightly more than 2% over the same year-earlier period, while revenues net of interest expense should show similar trends. Total expenses are expected to contract roughly 7% relative to 2Q'04, but rise 3.5% relative to the same year-earlier period, reflecting seasonal factors, increased employment, and higher spending on communications and information technology equipment and software, which is only partially offset by unchanged levels or slight declines on other major expense categories. Overall, we expect total industry profits to partially rebound to $3.9 billion in 3Q'04, which would be above the $2.98 billion registered in 2Q'04, but still well below the $5.09 billion result obtained in 3Q'03. Tentatively, we expect industry profits to reach $4.6 billion in 4Q'04, but given the ongoing structural changes within the industry and the high levels of uncertainty expected to influence capital market developments into the final quarter of this year, we anticipate further revisions to the forecast.

Trading gains, while difficult to predict, are anything but random, but they remain the "wild card" in any forecast of securities industry performance. Most of the difficulty in estimating this income source arises because reported trading gains include revenue from a number of disparate activities, including gains from over-the-counter market-making, debt trading, market-making in listed options, trading in other products (primarily derivatives and foreign exchange), the effects of securities inventory revaluation and some profits generated from securities origination. However, based on partial data through end-August, it would appear that trading gains declined further during 3Q'04.

A more detailed forecast of second half 2004 performance, however, will have to wait until the first good indications of 3Q'04 performance become available, when those firms that report on the basis of a quarter ending August 31 file their financial statements. This and other partial data that will be available later this month will allow for a more informed estimate of performance in the current quarter and for the final quarter of the year.





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NYSE and NASD Reporting Firms Income Statement

($ millions)

REVENUE	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	Percent Change 04:Q2 vs. 04:Q1	Percent Change 04:Q2 vs. 03:Q2	2003 H1	2004 H1	% chg. 04:H1 v 03:H1
Commissions	**11,148.7**	**11,329.3**	**10,817.8**	**11,175.1**	**9,728.1**	**11,473.6**	**11,629.8**	**12,229.2**	**13,154.6**	**11,479.2**	**-12.7%**	**0.0%**	**21,201.7**	**24,633.8**	**16.2%**
–Listed Equity on an Exchange	5,353.4	5,290.8	5,272.6	5,166.9	4,375.7	5,042.0	4,819.2	4,920.5	5,372.3	4,553.1	-15.2%	-9.7%	9,417.7	9,925.4	5.4%
–Listed Equity OTC	605.5	629.8	589.2	559.9	490.4	665.5	710.1	774.4	871.0	728.7	-16.3%	9.5%	1,155.9	1,599.7	38.4%
–Listed Options	451.1	430.4	407.9	407.2	374.9	461.3	459.2	470.8	611.9	424.6	-30.6%	-8.0%	836.2	1,036.5	24.0%
–All Other	4,738.7	4,978.3	4,548.0	5,041.0	4,487.0	5,304.9	5,641.2	6,063.5	6,299.2	5,772.8	-8.4%	8.8%	9,791.9	12,072.0	23.3%
Trading Gain (Loss)	**7,422.1**	**3,468.7**	**2,379.6**	**5,892.9**	**7,367.9**	**10,646.3**	**5,871.1**	**6,854.8**	**7,667.0**	**4,655.5**	**-39.3%**	**-56.3%**	**18,014.2**	**12,322.5**	**-31.6%**
–OTC Market Making	566.1	327.6	238.9	257.8	236.6	477.9	226.3	113.0	468.3	165.9	-64.6%	-65.3%	714.5	634.2	-11.2%
–OTC Market Making in Listed Equity	33.0	-6.1	1.1	0.0	-2.5	-4.5	1.5	3.9	8.0	4.0	-50.4%	NM	-7.0	12.0	NM
–Debt Trading	4,523.8	4,319.5	3,177.6	3,858.4	5,843.9	6,506.9	3,186.1	4,203.7	4,960.0	3,156.5	-36.4%	-51.5%	12,350.8	8,116.5	-34.3%
–Listed Options Market Making	-19.6	100.8	-70.2	-225.9	-188.4	71.4	-123.0	124.0	-29.7	114.3	NM	60.1%	-117.0	84.6	NM
–All Other Trading	2,351.8	-1,279.1	-966.7	2,002.5	1,475.8	3,590.2	2,581.7	2,414.0	2,268.4	1,218.8	-46.3%	-66.1%	5,066.0	3,487.2	-31.2%
Investment Account Gain (Loss)	**444.8**	**-117.1**	**-52.0**	**829.9**	**244.4**	**1,479.7**	**579.9**	**716.4**	**751.4**	**221.2**	**-70.6%**	**-85.1%**	**1,724.1**	**972.6**	**-43.6%**
–Realized	119.1	123.3	159.1	180.1	163.1	230.4	89.3	135.3	984.9	-566.0	-157.5%	-345.7%	393.5	418.9	6.5%
–Unrealized	140.9	-438.5	-256.5	321.3	-6.7	901.8	319.3	413.9	-530.1	726.4	NM	-19.5%	895.1	196.3	-78.1%
Underwriting	**4,050.0**	**4,348.7**	**2,895.2**	**3,418.4**	**3,591.9**	**4,906.1**	**4,045.5**	**4,660.9**	**5,159.7**	**4,452.1**	**-13.7%**	**-9.3%**	**8,498.0**	**9,611.8**	**13.1%**
Margin Interest	**1,793.9**	**1,734.6**	**1,540.6**	**1,408.8**	**1,290.2**	**1,329.1**	**1,285.0**	**1,326.7**	**1,337.3**	**1,480.9**	**10.7%**	**11.4%**	**2,619.3**	**2,818.2**	**7.6%**
Mutual Fund Sale Revenue	**4,198.0**	**4,247.2**	**3,699.6**	**3,685.2**	**3,568.6**	**3,927.0**	**4,080.6**	**4,621.2**	**5,024.9**	**4,543.1**	**-9.6%**	**15.7%**	**7,495.6**	**9,568.0**	**27.6%**
Fees, Asset Management	**4,720.8**	**4,704.9**	**4,507.2**	**4,254.1**	**4,227.9**	**4,322.8**	**4,469.3**	**4,917.6**	**5,042.1**	**5,115.1**	**1.4%**	**18.3%**	**8,550.7**	**10,157.2**	**18.8%**
Research	**35.9**	**64.1**	**26.5**	**31.8**	**33.1**	**40.2**	**41.7**	**57.0**	**59.4**	**53.5**	**-9.9%**	**33.1%**	**73.3**	**112.9**	**54.0%**
Commodities	**421.0**	**3,146.8**	**3,156.1**	**-576.8**	**942.0**	**-2,095.2**	**245.5**	**-950.8**	**382.8**	**708.6**	**85.1%**	NM	**-1,153.2**	**1,091.4**	NM
Other (Related to Securities Bus.)	**15,065.0**	**17,035.1**	**16,868.2**	**15,179.4**	**12,940.4**	**14,673.8**	**12,843.1**	**13,837.4**	**13,695.7**	**14,280.5**	**4.3%**	**-2.7%**	**27,614.2**	**27,976.2**	**1.3%**
Other	**6,182.4**	**6,260.6**	**6,272.1**	**6,610.7**	**6,050.9**	**6,077.6**	**5,945.8**	**6,652.0**	**6,402.8**	**6,938.4**	**8.4%**	**14.2%**	**12,128.5**	**13,341.2**	**10.0%**
GROSS REVENUE	**55,482.5**	**56,223.0**	**52,110.9**	**51,909.3**	**49,985.3**	**56,781.1**	**51,037.2**	**54,922.5**	**58,677.7**	**53,928.2**	**-8.1%**	**-5.0%**	**106,766.4**	**112,605.9**	**5.5%**
NET REVENUE	**42,044.4**	**41,167.7**	**36,878.6**	**38,902.6**	**39,049.5**	**44,795.8**	**40,992.3**	**44,615.4**	**48,017.2**	**42,208.4**	**-12.1%**	**-5.8%**	**83,845.2**	**90,225.6**	**7.6%**

EXPENSES	02:Q1	02:Q2	02:Q3	02:Q4	03:Q1	03:Q2	03:Q3	03:Q4	Q1	Q2	04:Q1	03:Q2	03:H1	04:H1	% chg.
Compensation	**19,658.2**	**19,848.7**	**18,105.1**	**16,511.1**	**18,667.8**	**20,101.2**	**18,895.2**	**19,064.5**	**22,158.4**	**20,727.1**	**-6.5%**	**3.1%**	**38,769.0**	**42,885.5**	**10.6%**
–Registered Representative	7,259.8	7,353.7	6,788.2	6,355.1	6,695.0	7,406.9	7,317.4	7,301.8	7,906.7	7,614.1	-3.7%	2.8%	14,101.9	15,520.8	10.1%
–Clerical Employee	8,501.1	8,666.6	7,667.7	6,714.1	8,463.6	8,841.3	7,622.5	7,241.4	10,035.8	9,101.6	-9.3%	2.9%	17,304.9	19,137.4	10.6%
–Voting Officer	1,170.8	1,002.5	986.0	651.6	922.5	962.6	935.7	1,291.2	902.2	840.7	-6.8%	-12.7%	1,885.1	1,742.9	-7.5%
–Other Employee (FOCUS IIA Only)	2,726.6	2,825.9	2,663.2	2,790.2	2,586.7	2,890.5	3,019.7	3,230.0	3,313.5	3,170.7	-4.3%	9.7%	5,477.2	6,484.2	18.4%
Floor Costs	**3,340.9**	**3,675.3**	**3,483.0**	**3,805.6**	**3,421.6**	**3,867.6**	**3,960.4**	**4,361.9**	**4,319.2**	**4,223.1**	**-2.2%**	**9.2%**	**7,289.2**	**8,542.3**	**17.2%**
–Floor Brokerage Paid to Brokers	363.8	367.6	390.7	385.0	318.7	335.2	333.0	341.8	373.2	386.2	3.5%	15.2%	**653.9**	**759.4**	16.1%
–Commissions/Clearance Paid Other Brokers	746.1	850.7	808.8	824.9	837.5	960.3	978.0	980.9	995.5	915.8	-8.0%	-4.6%	1,797.8	1,911.3	6.3%
–Clearance Paid to Non-Brokers	300.8	307.1	320.5	305.9	266.5	298.6	294.3	303.3	287.7	299.9	4.3%	0.4%	565.1	587.6	4.0%
–Commissions Paid Broker-Dealers (FOCUS IIA Only)	1,930.2	2,149.9	1,963.0	2,289.8	1,998.9	2,273.5	2,355.1	2,735.9	2,662.7	2,621.2	-1.6%	15.3%	4,272.4	5,283.9	23.7%
Communications Expense	**1,298.3**	**1,272.7**	**1,203.9**	**1,224.8**	**1,119.2**	**1,094.9**	**1,068.1**	**1,093.4**	**1,065.1**	**1,145.7**	**7.6%**	**4.6%**	**2,214.1**	**2,210.8**	**-0.2%**
Occupancy & Equipment Costs	**1,837.3**	**1,783.8**	**1,769.7**	**1,869.2**	**1,694.7**	**1,664.2**	**1,685.9**	**1,748.2**	**1,552.4**	**1,567.0**	**0.9%**	**-5.8%**	**3,358.9**	**3,119.4**	**-7.1%**
Promotional Costs	**653.9**	**671.3**	**573.7**	**589.0**	**532.6**	**502.3**	**442.0**	**557.8**	**572.0**	**569.8**	**-0.4%**	**13.4%**	**1,034.9**	**1,141.8**	**10.3%**
Interest Expense	**13,438.1**	**15,055.3**	**15,232.4**	**13,006.7**	**10,935.9**	**11,985.3**	**10,044.9**	**10,307.1**	**10,660.5**	**11,719.7**	**9.9%**	**-2.2%**	**22,921.2**	**22,380.2**	**-2.4%**
Error Accounts & Bad Debts	**117.2**	**115.1**	**130.2**	**149.3**	**11.0**	**117.2**	**106.6**	**120.8**	**87.6**	**84.3**	**-3.7%**	**-28.1%**	**128.2**	**171.9**	**34.1%**
Data Processing Costs	**809.9**	**882.8**	**773.5**	**809.1**	**662.5**	**784.8**	**738.8**	**849.2**	**817.6**	**789.4**	**-3.4%**	**0.6%**	**1,447.3**	**1,607.0**	**11.0%**
Regulatory Fees & Expenses	**284.1**	**322.2**	**289.2**	**310.5**	**280.9**	**331.1**	**339.2**	**345.5**	**330.7**	**377.5**	**14.2%**	**14.0%**	**612.0**	**708.2**	**15.7%**
Non-Recurring Charges	**37.4**	**635.2**	**-68.7**	**123.6**	**77.5**	**23.2**	**69.4**	**103.7**	**107.3**	**176.7**	**64.7%**	**661.6%**	**100.7**	**284.0**	**182.0%**
Other Expenses	**9,228.3**	**8,788.4**	**8,448.5**	**11,539.6**	**7,991.8**	**8,622.6**	**8,597.4**	**9,682.0**	**9,422.0**	**9,563.2**	**1.5%**	**10.9%**	**16,614.4**	**18,985.2**	**14.3%**
TOTAL EXPENSES	**50,703.6**	**53,050.8**	**49,940.6**	**49,938.5**	**45,395.5**	**49,094.4**	**45,948.0**	**48,234.0**	**51,092.8**	**50,943.6**	**-0.3%**	**3.8%**	**94,489.9**	**102,036.4**	**8.0%**
PRE-TAX NET INCOME	**4,778.9**	**3,172.2**	**2,170.3**	**1,970.8**	**4,589.8**	**7,686.7**	**5,089.2**	**6,688.5**	**7,584.9**	**2,984.6**	**-60.7%**	**-61.2%**	**12,276.5**	**10,569.5**	**-13.9%**

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