Short-Term European Sovereign Portfolio

October 24, 2011

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Overview

- **Background of transactions**
  - Opportunities in short-duration European sovereign markets diversifying revenue through expansion of client facilitation and principal activities
  - Entered into repurchase and reverse repurchase agreements to maturity
  - Italy, Spain, Belgium, Portugal and Ireland

- **European support mechanism**
  - The European Financial Stability Facility has pledged backing of these countries to June 30, 2013

- **Laddered/Tiered portfolio with a short-term maturity**
  - Commitments are tiered in size
  - Maturities are staggered and based on ratings, maturity of the entire portfolio is only through December 2012

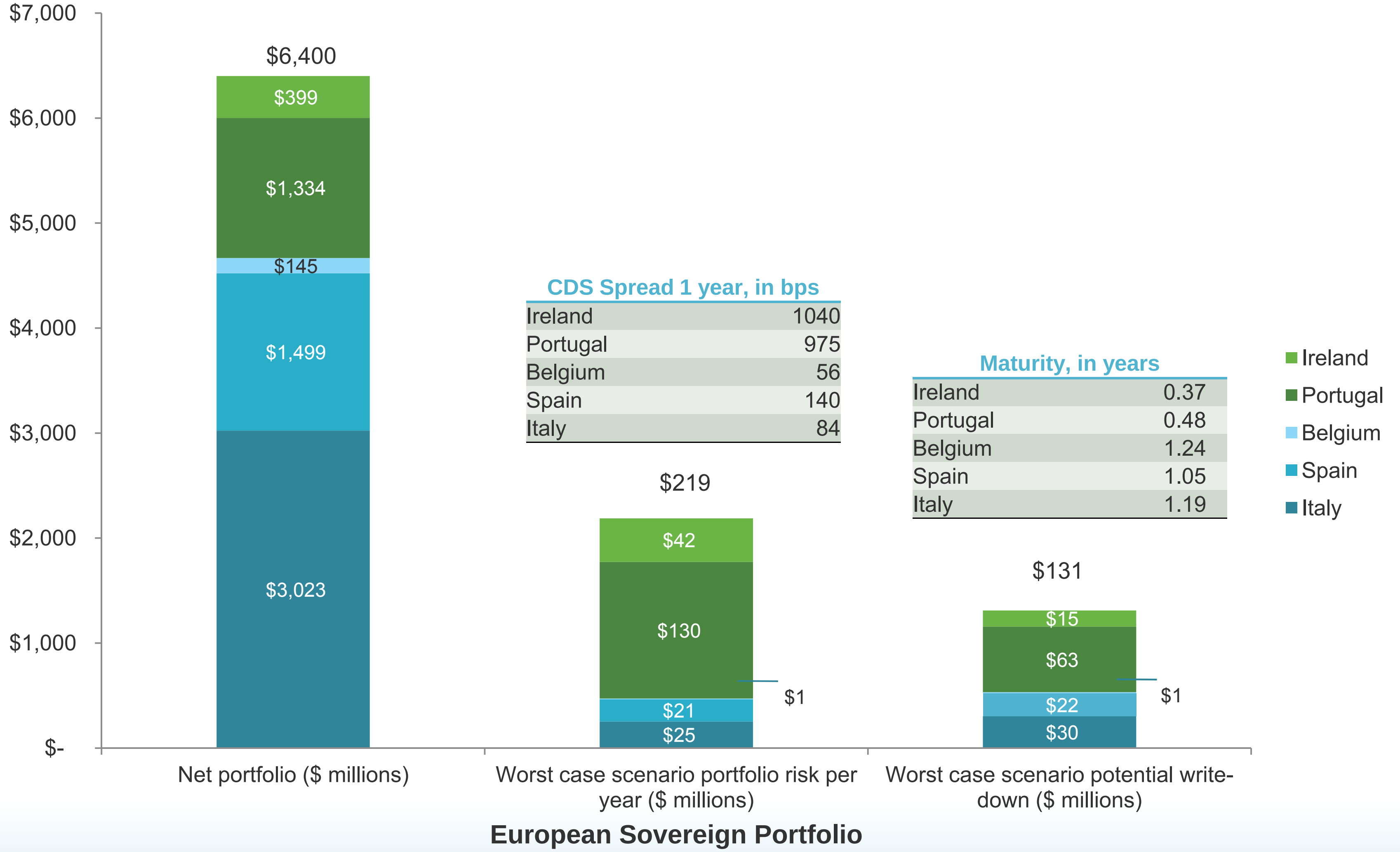
- **Market risk is limited**
  - Accounting derivative tracks portfolio
    - No mark-to-market to date as of quarter end
    - Any potential mark would move back to zero at maturity
  - Only risk of loss is upon default of the issuer of the underlying securities
  - Majority of positions are cleared through a central clearing house

- **Solid risk management**
  - For any relevant risk, measures and limits are set and monitored which include:
    - Stress scenarios
    - Concentration evaluation
    - Credit exposure
    - Liquidity analysis

Short-term European Sovereign Portfolio at June 30, 2011

	Italy	Spain	Belgium	Portugal	Ireland	Net Total
Net size (Millions)	$3,023	$1,499	$145	$1,334	$399	$6,400
% of total portfolio	47%	24%	2%	21%	6%	100%
Weighted Average Maturity of Long Positions	Dec 2012	Oct 2012	Dec 2012	Feb 2012	Feb 2012	Oct 2012
End Date Maturity schedule	Dec 2012	Dec 2012	Dec 2012	Jun 2012	Mar 2012	Dec 2012

Worst Case Scenario Analysis: All Countries Default at Same Time (as of June 30, 2011)



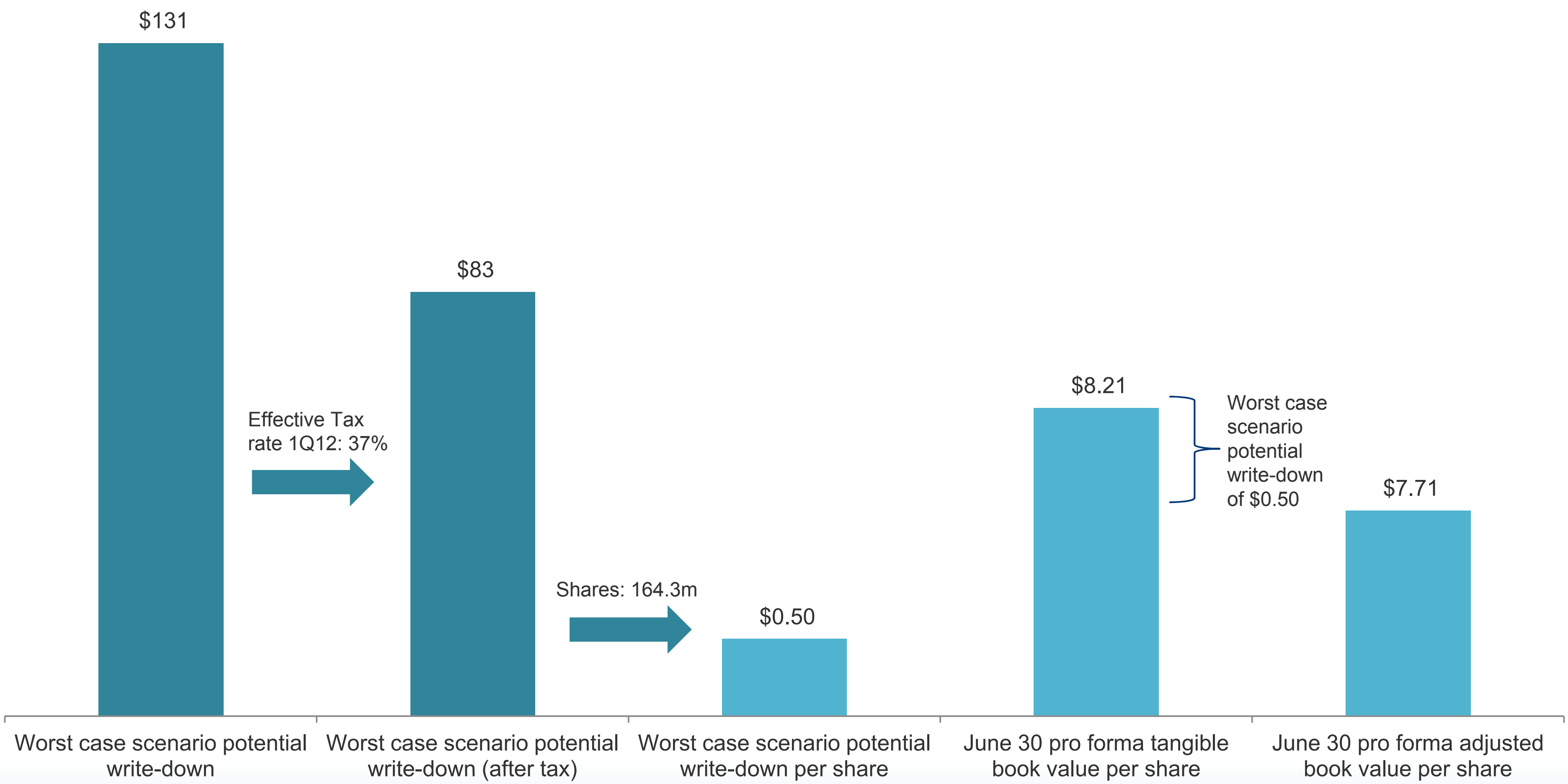
CDS Spread 1 year, in bps

Ireland	1040
Portugal	975
Belgium	56
Spain	140
Italy	84

Maturity, in years

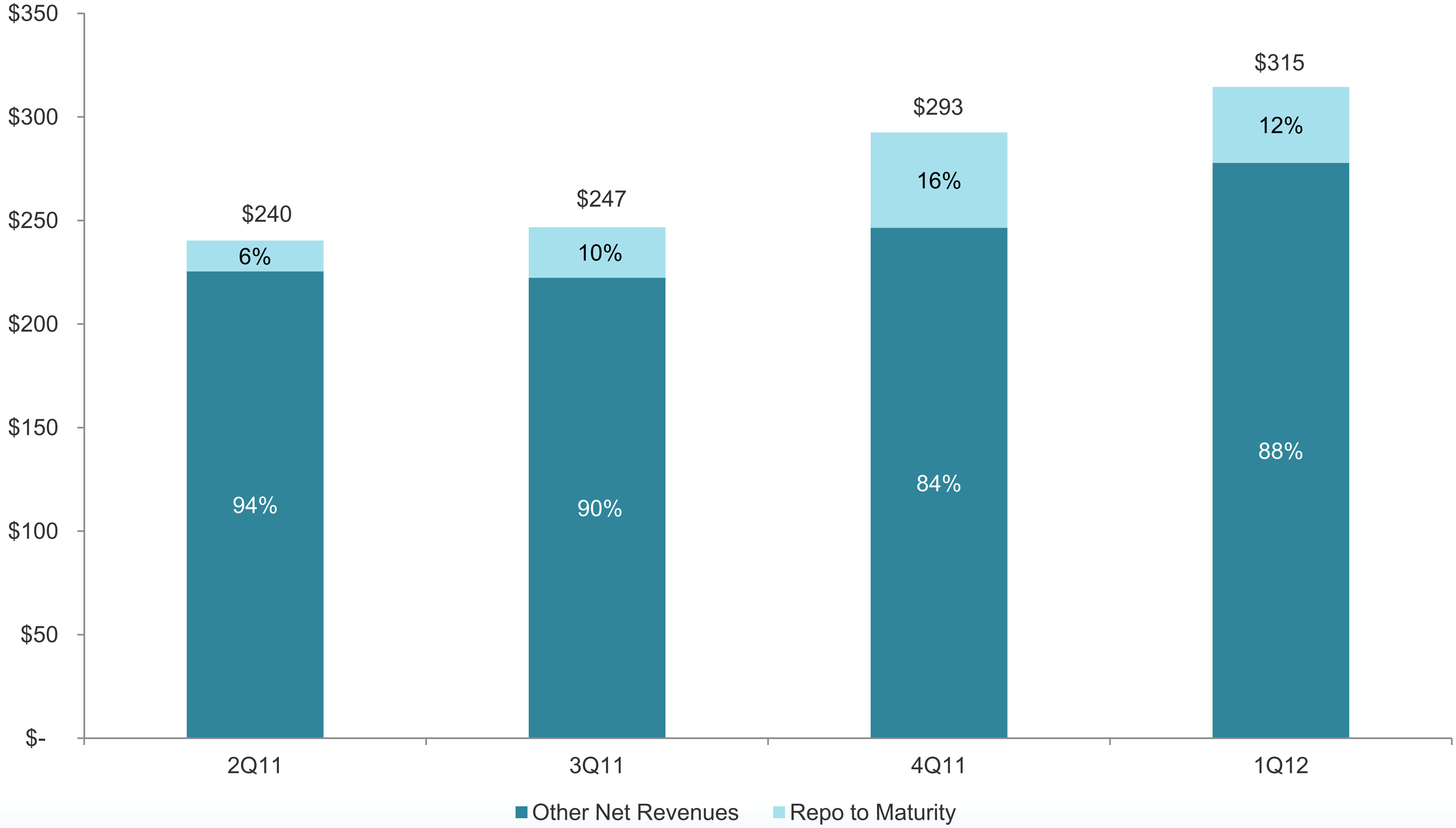
Ireland	0.37
Portugal	0.48
Belgium	1.24
Spain	1.05
Italy	1.19

Worst Case Scenario Analysis: All Countries Default at Same Time (as of June 30, 2011) (cont.)



Note: All pro forma amounts assume issuance of the 3.375% convertible notes and 6.25% senior unsecured notes. It also assumes repayment of $109m of the par amount of the 9% Convertible Notes and repayment of $100m of outstanding borrowings under the revolving credit facility.

European Sovereign Portfolio Contribution to Net Revenues



Appendices

European Financial Stability Facility

- The European Financial Stability Facility (EFSF) was created by the euro area Member States within the framework of the Economic and Financial Affairs Council.
- The EFSF's mandate is to safeguard financial stability in Europe by providing financial assistance to euro area Member States.
- EFSF is authorized to use the following instruments linked to appropriate conditionality:
  - Provide loans to countries in financial difficulties.
  - Intervene in the debt primary and secondary markets.
  - Act on the basis of a precautionary program.
  - Finance recapitalizations of financial institutions through loans to governments.
- To fulfill its mission, EFSF issues bonds or other debt instruments on the capital markets.
- EFSF is backed by guarantee commitments from the euro area Member States for a total of €780 billion and has a lending capacity of €440 billion.
- EFSF has been assigned the best possible credit rating; AAA by Standard & Poor's and Fitch Ratings, Aaa by Moody's.
- The facility expires June 30, 2013.
- EFSF is a Luxembourg-registered company owned by Euro Area Member States. It is headed by Klaus Regling, former Director-General for economic and financial affairs at the European Commission.

Cost of Capital: June 30 Pro Forma

($ in millions)	Notes Offerings [1]	June 30, 2011	June 30, 2011 (pro forma)	March 31, 2011	1Q12 Rate	1Q12 Expense	1Q12 Expense (pro forma)	Maturity
Revolver	$ (100.0)	$ 292.00 [2]	$ 192.0	$ 292.0	[3]	$ 2.9 [4]	$ 2.3	June 2014 [5]
Subsidiary revolver[6]	-	-	-	-		-	-	June 2012
6.25% Senior Unsecured Notes, par	325.0	-	325.0	-	6.25%	-	5.1	August 2016
3.375% Convertible Notes, par	325.0	-	325.0	-	3.375%	-	2.7	August 2018
9.0% Convertible Notes, par	(109.1)	187.8	78.7	187.8	9.0%	4.2	1.8	June 2013 [7]
1.875% Convertible Notes, par	-	287.5	287.5	287.5	1.875%	1.4	1.4	August 2016
Total Debt	**$ 440.9**	**$ 767.3**	**$ 1,208.2**	**$ 767.3**				
Interest expense	4.8					8.5	13.3	
Amortization of debt issuance costs	(0.0)					2.3	2.3	
Accretion of debt discount	1.7					3.0	4.7	
Interest on borrowings	$ 6.5					$ 13.8	$ 20.3	
Preferred Stock								
Series A	$ -	$ 96.2	$ 96.2	$ 96.2	10.7%	$ 4.0	$ 4.0	Perpetual
Series B	-	34.4	34.4	34.4	9.75%	1.0	1.0	Perpetual
Equity	15.1	1,389.6	1,404.7	1,373.7				
Total Equity and Preferred Stock	$ 15.1	$ 1,520.2	$ 1,535.3	$ 1,504.3				
Dividend expense						$ 5.0	$ 5.0	
Total Capital	**$ 456.0**	**$ 2,287.5**	**$ 2,743.5**	**$ 2,271.6**				
Debt/EBITDA		**3.2** [8]	**4.0**	**3.9**				

(1) Includes issuance of 3.375% convertible notes and 6.25% senior unsecured notes. Assumes repayment of $109.1 million of the par amount of the 9% Convertible Notes and $100 million of outstanding borrowings under the revolver.

(2) This amount excludes $50.0m that was drawn down in May 2011 for working capitcal purposes, which is not permanent capital.

(3) LIBOR + 200 bps on $145.6m and LIBOR + 275 bps on $196.4m.

(4) Expense includes facility fees.

(5) Revolving credit facility was amended in June 2010 extending $690m to June 15, 2014, while $511m retains the existing facility maturity of June 15, 2012.

(6) A $300 million senior secured credit facility was entered into on June 29, 2011 by our combined U.S. broker-dealer / FCM subsidiary. The credit facility can be used for general corporate purposes. The rate on this facility is LIBOR + 125 bps.

(7) These notes mature in 2038, but are puttable in July 2013.

(8) Debt/EBITDA = Average total debt (sequential quarters) per consolidated balance sheet, excluding bank overdrafts and $50.0m that was drawn down in May 2011 for working capital purposes, divided by annualized adjusted EBITDA.

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Strong Liquidity Position: June 30 Pro Forma

($ in millions)	Total	Required Capital	Excess Capital	Free Cash	Non-Cash
Regulated entities	$ 1,978	$ 1,636 [2]	$ 342	N/A	N/A
Non-regulated entities	251			59	192
Total Capital	2,229	1,636	342	59	192
Uses and Sources (Proforma):					
Convertible debt issuance [1]	290			290	
Senior unsecured notes issuance [1]	320			320	
9% Convertible Notes Paydown[1]	(131)			(131)	
Revolver Paydown [1]	(100)			(100)	
Preferred dividends	(5)			(5)	
Total Capital after Uses (Proforma)	2,603	1,636	342	433	192
Pro forma undrawn revolver[3]				959	
Undrawn subsidiary revolver				300	
Non-segregated client payables and collateral				1,621	
Total Available Liquidity			**$ 342**	**$ 3,313**	
June 30, 2011 Proforma Available Liquidity			**$3,655**		
June 30, 2011 Available Liquidity			**$3,176**		

[1] Includes issuance of 3.375% convertible notes and 6.25% senior unsecured notes. Assumes repayment of $109.1 million of the par amount of the 9% Convertible Notes and $100 million of outstanding borrow ings under the revolver.

[2] Includes early w arning and capital planning buffers.

[3] Revolving credit facility w as amended in June 2010 extending $690m to June 15, 2014, w hile $511m retains the existing facility maturity of June 15, 2012.

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