

# corporate profile

Raymond James Financial is a diversified financial services holding company whose subsidiaries engage primarily in investment and financial planning, including securities and insurance brokerage, investment banking, asset management, banking and cash management, and trust services. Its three wholly owned broker/dealers (Raymond James & Associates, Raymond James Financial Services and Raymond James Ltd.) and Raymond James Investment Services Limited, a majority-owned independent contractor subsidiary in the United Kingdom, have more than 5,300 financial advisors serving approximately 1.8 million accounts in nearly 2,300 locations throughout the United States, Canada and overseas. In addition, total client assets are currently approximately \$196 billion, of which about \$29 billion are managed by the firm's asset management subsidiaries. Established in 1962 and a public company since 1983, Raymond James Financial is listed on the New York Stock Exchange and its shares are currently owned by more than 18,000 individual and institutional investors.

Stock Traded  
**New York Stock Exchange**  
 Stock Symbol  
**RJF**

**RAYMOND JAMES®**  
 FINANCIAL, INC.

Individual solutions from independent advisors

International Headquarters:  
 The Raymond James Financial Center  
 880 Carillon Parkway | St. Petersburg, FL 33716  
 raymondjames.com

# third quarter

## Condensed Consolidated Statements of Income (Unaudited – in 000s, Except Per Share Amounts)

	Three Months Ended		Nine Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
<b>Revenues:</b>				
Securities Commissions and Fees	\$ 405,925	\$ 483,225	\$ 1,193,855	\$ 1,437,327
Investment Banking	20,586	36,236	59,320	87,323
Investment Advisory Fees	27,558	51,492	110,954	161,416
Interest	98,037	156,935	349,722	561,199
Net Trading Profits	13,272	11,100	35,213	5,256
Financial Service Fees	30,909	31,774	94,849	97,512
Other	35,965	37,986	80,583	95,040
<b>Total Revenues</b>	<b>632,252</b>	<b>808,748</b>	<b>1,924,496</b>	<b>2,445,073</b>
Interest Expense	7,453	66,724	46,088	325,535
<b>Net Revenues</b>	<b>624,799</b>	<b>742,024</b>	<b>1,878,408</b>	<b>2,119,538</b>
<b>Non-Interest Expenses:</b>				
Compensation, Commissions and Benefits	406,809	490,479	1,217,965	1,434,389
Communications and Information Processing	26,690	30,899	91,869	93,140
Occupancy and Equipment Costs	26,299	26,102	77,679	71,600
Clearance and Floor Brokerage	8,377	7,969	24,429	23,648
Business Development	18,652	24,527	62,193	70,130
Investment Advisory Fees	7,114	12,997	24,058	38,490
Bank Loan Loss Provision	29,790	12,366	129,639	36,299
Other	24,378	21,992	71,003	51,253
<b>Total Non-Interest Expenses</b>	<b>548,109</b>	<b>627,331</b>	<b>1,698,835</b>	<b>1,818,949</b>
Minority Interest	4,381	(425)	(7,318)	(3,104)
Income Before Provision for Income Taxes	72,309	115,118	186,891	303,693
Provision for Income Taxes	29,714	45,180	77,110	117,723
<b>Net Income</b>	<b>\$ 42,595</b>	<b>\$ 69,938</b>	<b>\$ 109,781</b>	<b>\$ 185,970</b>
<b>Net Income per Share – Diluted</b>	<b>\$ 0.36</b>	<b>\$ 0.59</b>	<b>\$ 0.93</b>	<b>\$ 1.56</b>
<b>Weighted Average Common and Common Equivalent Shares Outstanding – Diluted</b>	<b>\$ 119,460</b>	<b>\$ 118,272</b>	<b>\$ 118,411</b>	<b>\$ 119,212</b>

## Consolidated Results by Segment (in 000s)

<b>Revenues:</b>				
Private Client Group	\$ 370,719	\$ 485,672	\$ 1,136,305	\$ 1,525,135
Capital Markets	138,524	147,114	391,243	386,146
Asset Management	35,398	59,416	132,870	184,702
Raymond James Bank	80,747	96,222	273,322	303,945
Emerging Markets	3,208	10,389	10,628	33,270
Stock Loan/Borrow	2,361	6,728	8,258	29,015
Proprietary Capital	9,881	16,147	9,780	18,560
Other	3,203	4,320	4,587	19,378
Intersegment Eliminations	(11,789)	(17,260)	(42,497)	(55,078)
<b>Total</b>	<b>\$ 632,252</b>	<b>\$ 808,748</b>	<b>\$ 1,924,496</b>	<b>\$ 2,445,073</b>
<b>Pre-Tax Income:</b>				
Private Client Group	\$ 18,321	\$ 34,909	\$ 62,587	\$ 144,227
Capital Markets	20,224	27,253	50,495	36,381
Asset Management	6,691	14,215	20,669	47,552
Raymond James Bank	27,406	37,957	69,616	78,622
Emerging Markets	(1,311)	(271)	(4,065)	(1,720)
Stock Loan/Borrow	885	1,893	2,955	4,827
Proprietary Capital	(308)	5,855	(1,354)	4,578
Other	401	(6,693)	(14,012)	(10,774)
<b>Pre-Tax Income</b>	<b>\$ 72,309</b>	<b>\$ 115,118</b>	<b>\$ 186,891</b>	<b>\$ 303,693</b>

## Dear Shareholder,

It was a pleasure to experience a respite from the onslaught on the financial markets in the June quarter as the S&P 500 rose 15%. One is reminded that hope, enthusiasm and confidence are necessary components of a healthy psyche, an up market and a more vibrant economy. On the other hand, the effects on our financial results were muted by well-earned investor skepticism and fear. Although the economy, corporate earnings and the financial markets may be on the mend, it is unlikely to be a short and painless convalescence.

Our comparisons for both the quarter and nine months pale in contrast to the record revenues and net income attained last year, as the impending devastation of the storms on the horizon hadn't yet been totally comprehended. Thus, net revenues of \$625 million were 16% below last year's comparable June quarter and net income, correspondingly, fell 39% to \$42.6 million. Were it not for the fact that revenues and net income were up 6% and 600%, respectively, from the immediately preceding March quarter, as well as that analysts expected far worse results, the tone of this report would be more discouraging. In fact, given the market improvement and the continued additions to our revenue-producing personnel, I prefer to view these results as precursors to the far better results that will accompany a more complete recovery in the economy.

Diluted earnings per share for the June quarter were \$0.36 contrasted to \$0.59 in the same quarter last year and \$0.05 in the immediately preceding quarter. The after-tax margin on net revenues was 6.8% and the annualized rate of return on equity was an anemic 8.8% for the quarter. On June 30, 2009, stockholders' equity was \$1.96 billion, or \$16.58 per share. Total client assets under administration were \$196 billion compared to \$212 billion at the same time last year.

As you might expect, given the discussion above, segment revenues and pre-tax net income were all down from last year's third quarter. In contrast, pre-tax net income, compared to the preceding quarter, was uniformly higher. Since commissions and fees only advanced 10%, there is still considerable room for improvement in the Private Client Group, as we added 150 financial advisors net in the June quarter. Although I anticipate that industry recruiting will slow over the next 12 months, there is still enough industry ferment to enable us to add materially to both our independent contractor and employee-based sales forces. Moreover, successful recruiting has resulted in increased Raymond James & Associates office occupancy, which should enhance overall productivity. Capital Markets' results are still being driven by Fixed Income activity but public offering transaction volume is

growing in Equity Capital Markets also. Asset Management results are beginning to improve as assets under management are growing from both rising market values and positive net sales, bulwarked by excellent relative investment performance.

Raymond James Bank's results returned to profitability of \$27.4 million pre-tax during the quarter compared to the \$12.4 million pre-tax loss in the March quarter, when the loan loss provision expense was an unusually high \$75 million due to problems in the commercial real estate market. Although we expect to experience moderate continuing loan losses in the future, loan loss provision expenses will be erratic given the relatively small size of Raymond James Bank, which magnifies the effects of deterioration in individual loans. The bank also experienced \$4 million in additional FDIC insurance expense as a result of a special assessment. Raymond James Financial contributed \$35 million in additional capital to the bank during the quarter, consistent with our objective of attaining and maintaining a ratio of total bank capital to risk-weighted assets in a range of 11.5% to 12.5% by calendar year-end. As part of the strategy to achieve a higher capital ratio, we elected not to replace all loan payoffs, thereby reducing loans outstanding by \$475 million during the quarter and increasing the capital ratio to 11.4%. After that ratio range objective is achieved, we expect to grow the bank commensurate with its growth in retained earnings.

For the first nine months of fiscal 2009, net revenues of \$1.9 billion were 11% below last year's comparable quarter, producing net income of \$110 million, down 41% from last year. Diluted earnings per share were \$0.93 compared to \$1.56 last year. In light of the devastation in the financial sector and the deep recession in the economy, these results were much better than they appear quantitatively.

On May 19, Raymond James withdrew its application to participate in the U.S. Treasury's TARP Capital Purchase Program, as program participants began to receive bad publicity for their involvement and it didn't appear that we needed the funding. Nonetheless, in May we also filed a shelf registration statement to put the company in a position to access the capital markets if and when necessary and/or opportune.

The auction rate securities issue has remained problematic as refundings have slowed. However, Nuveen, which accounts for approximately two-thirds of our outstanding \$833 million in outstanding securities, has filed the first two in a planned series of preferred stock offerings with short-term duration to refund its existing ARS preferred securities. We continue to cooperate with state and federal regulators, which are investigating our sales procedures.

During the quarter, Raymond James received a number of accolades and recorded a number of memorable achievements. We acquired Lane Berry, an accomplished middle-market investment banking and advisory firm in Boston. Its talented and experienced team of proven professionals is already generating revenues as well as working cooperatively with our existing investment banking team.

In the June *SmartMoney* Annual Broker Survey, Raymond James was named the best full-service broker for the second consecutive year, receiving top ratings for customer satisfaction and account statements. Raymond James Ltd. ranked highest among full-service investment firms in the 2009 Canadian J.D. Power study.

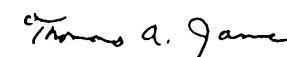
In *The Wall Street Journal's* annual "Best on the Street" stock-pricing contest, six of our analysts captured seven awards, which earned a seventh-place tie of the 163 firms that were analyzed. In the *Forbes* "Blue Chip Analyst" survey, which measures stock recommendation performance and earnings accuracy over a three-year period, 12 of our analysts received 15 awards, which ranked the firm fifth in the industry. Raymond James Financial Services Institutional Division ranked second in the *Bank Investment Consultant's* survey of third-party marketers. Financial Advisors Sherri Stephens and Margaret Starner were named to *Barron's* 2009 "Top 100 Advisors" list.

I don't expect the economic recovery to be rapid because of the damage done to the financial sector and the depth of the recession.

The banking industry is still replacing lost capital and increasing capital ratios, as additional losses continue to be experienced. Although business leaders and politicians continue to lament the low levels of new loans, regulators are imposing more stringent capital requirements, as one might expect. Furthermore, real estate values are still declining as banks disgorge bad loans. Although corporate America has rapidly reduced costs, thereby maintaining profitability, revenue growth is difficult to achieve due to consumer caution.

In short, the economic damage will take some time to heal and the recovery will be slow. As a result, the stock market will probably continue to be volatile. Hence, it may be some time before we realize our full earnings power. However, our continuing investment in productive personnel and systems should produce higher earnings, as conditions improve.

Sincerely,



Thomas A. James  
Chairman and CEO  
July 29, 2009

## Condensed Consolidated Balance Sheet (Unaudited – in 000s)

	June 30, 2009	September 30, 2008
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 539,346	\$ 3,207,493
Assets Segregated Pursuant to Federal Regulations	5,156,139	4,311,933
Securities Purchased under Agreements to Resell	564,245	950,546
Financial Instruments	1,075,955	1,101,856
Receivables	9,569,089	10,152,206
Property and Equipment, Net	187,569	192,450
Other Assets	738,487	793,132
	<b>\$ 17,830,830</b>	<b>\$ 20,709,616</b>
<b>Liabilities and Shareholders' Equity:</b>		
Loans Payable	\$ 198,349	\$ 2,314,788
Payables	15,070,915	15,681,335
Trading Securities Sold But Not Yet Purchased	45,241	123,756
Securities Sold under Agreements to Repurchase	84,081	122,728
Other Liabilities	258,369	345,782
Total Liabilities	15,656,955	18,588,389
Minority Interest	211,767	237,322
Shareholders' Equity	1,962,108	1,883,905
	<b>\$ 17,830,830</b>	<b>\$ 20,709,616</b>