
Consolidated Statement of Financial Condition

MARCH 31, 2008

Raymond James & Associates, Inc. and Subsidiaries

(a wholly-owned subsidiary of Raymond James Financial, Inc.)

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (in thousands, except share and par amounts)

(Unaudited)

MARCH 31, 2008

ASSETS

Cash and cash equivalents.....	\$	236,347
Assets segregated pursuant to federal regulations:		
Cash and cash equivalents		4,429,015
Securities purchased under agreement to resell.....		186,243
Receivables:		
Brokerage clients, net.....		1,429,862
Stock borrowed		710,656
Brokers, dealers and clearing organizations.....		120,285
Other		224,372
Deposits with clearing organizations.....		65,106
Securities owned, at fair value.....		243,510
Deferred income taxes, net.....		31,568
Property and equipment, net.....		143,071
Prepaid expenses and other assets.....		16,462
	\$	<u>7,836,497</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Loans payable	\$	63,836
Payables:		
Brokerage clients		5,476,773
Stock loaned		745,885
Brokers, dealers and clearing organizations		103,393
Payables to affiliates.....		156,988
Income taxes payable		43,623
Trading account securities sold, not yet purchased, at fair value....		102,113
Securities sold under agreement to repurchase.....		240,078
Accrued compensation, commissions and benefits		104,301
Accrued expenses and other liabilities.....		63,487
		<u>7,100,477</u>

Commitments and contingencies (Note 12)

Stockholder's equity:

5% non-voting cumulative preferred stock - convertible into one share of common stock; \$2 par value; authorized 200,000 shares; issued and outstanding 100,000 shares	200
Common stock - \$.10 par value; authorized 4,000,000 shares; issued and outstanding 1,083,500 shares	108
Additional paid-in capital	140,329
Retained earnings	595,533
Accumulated other comprehensive income.....	(150)
	<u>736,020</u>
	\$ <u>7,836,497</u>

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS:

Raymond James & Associates, Inc. (the "Company") is a Florida corporation and a wholly-owned subsidiary of Raymond James Financial, Inc. ("RJF" or the "Parent"). The Company is a full service broker-dealer engaged in most aspects of securities distribution and investment banking. The Company also offers financial planning services for individuals and provides clearing services for Raymond James Financial Services, Inc. ("RJS"), a wholly-owned subsidiary of RJF, other affiliated entities and unaffiliated broker-dealers. The Company is a member of the New York Stock Exchange, American Stock Exchange, Philadelphia Stock Exchange, Boston Stock Exchange, Chicago Board Options Exchange, New York Futures Exchange and Chicago Stock Exchange. It is also a member of the Securities Industry Association, Financial Industry Regulatory Authority, National Futures Association and Securities Investor Protection Corporation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

The Company conforms to its Parent's fiscal year end of September 30th. The accompanying Consolidated Statement of Financial Condition includes the accounts of the Company and its wholly-owned subsidiaries, Planning Corporation of America ("PCA"), a general insurance agency representing a number of insurance companies; and Raymond James Geneva S.A. ("RJC") and Raymond James Euro Support Ltd.

("RJES"), financial services firms based in Geneva, Switzerland. All significant intercompany balances and transactions have been eliminated in consolidation.

The Consolidated Statement of Financial Condition is prepared in accordance with U.S generally accepted accounting principles, the more significant of which are summarized below.

Securities transactions

Securities transactions are recorded on a trade date basis. Marketable securities are valued at market value, and securities which are not readily marketable are carried at estimated fair value as determined by management. When available, the Company uses prices from independent sources such as listed market prices, or broker or dealer price quotations to derive the fair value of the instruments. For investments in illiquid securities that do not have readily determinable fair values, the Company uses estimated fair values. Estimated fair values are determined by management based upon consideration of available information, including types of securities, current financial information, restrictions on dispositions and market values of underlying securities.

Cash and cash equivalents

Cash equivalents are highly liquid investments, consisting mainly of money market demand accounts, with original maturities of 90 days or less.

Assets segregated pursuant to federal regulations

In accordance with Rule 15c3-3 of the Securities Exchange Act of 1934, the Company, as a broker-dealer carrying client accounts, is subject to requirements related to maintaining cash or qualified securities in a segregated reserve account for the exclusive benefit of its clients. Cash and cash equivalents are included in segregated assets at March 31, 2008.

Securities purchased under agreements to resell

The Company invests in short-term securities purchased under agreements to resell (reverse repurchase agreements). Transactions involving reverse repurchase agreements are accounted for as collateralized financings. These transactions are carried at contractual amounts plus accrued interest. Reverse repurchase agreements generally require the Company to deposit cash with the counterparty. The Company monitors the market value of securities bought and sold on a daily basis, with additional collateral obtained or refunded as necessary. It is the Company's policy to obtain possession and control of securities purchased under resale agreements. The net fair value of securities purchased under resale agreements approximates their carrying value; as such, financial instruments are predominantly short-term in nature. The Company monitors the risk of loss by assessing the market value of the underlying securities as compared to the related receivable or payable, including accrued interest, and requests additional collateral where deemed appropriate. At March 31, 2008, there were no agreements with any individual counterparties where the risk of loss exceeded 10% of the Company's stockholder's equity, based on consideration of collateral value. At March 31, 2008, the fair value of securities received as collateral where the Company is permitted to sell or repledge the securities was \$185,444,000, and the fair value of the collateral that had been sold or repledged was \$183,432,000.

Receivables and allowance for doubtful accounts

Brokerage client receivables from broker-dealer clients are principally for amounts due on cash and margin transactions and are generally collateralized by securities owned by the clients. Receivables from broker-dealer clients are reported at their outstanding principal balance, adjusted for any allowance for doubtful accounts. When a broker-dealer receivable is considered to be impaired, the amount of the impairment is generally measured based on the fair value of the securities acting as collateral, which is measured based on current prices from independent sources such as listed market prices or broker-dealer price quotations. Securities owned by customers, including those that collateralize margin or other similar transactions, are not reflected in the Consolidated Statement of Financial Condition.

The Company also makes loans or pays advances to employees, primarily Financial Advisors, mainly for recruiting and retention purposes. These loans and advances are included in Other receivables in the amount of \$122,383,000 less an allowance for doubtful accounts of \$1,131,000. The Company provides for an allowance for doubtful accounts based on an evaluation of the Company's ability to collect such receivables. The Company's ongoing evaluation includes the review of specific accounts of Financial Advisors no longer associated with the Company and the Company's historical collection experience. When the review of these accounts indicates that any further collection activity is highly unlikely, the loans are written off and the corresponding allowance for doubtful accounts is reversed.

Securities borrowed and securities loaned

Securities borrowed and securities loaned transactions are reported as collateralized financings and recorded at the amount of collateral advanced or received. Securities borrowed transactions generally require the Company to deposit cash with the lender. With respect to securities loaned, the Company generally receives collateral in the form of cash in an amount in excess of the market value of securities loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded, as necessary.

Property and equipment

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation of assets is provided using the straight-line method for financial reporting purposes over the estimated useful lives of the assets, which range from two to seven years for software; two to five years for furniture, fixtures and equipment; and ten to thirty-one years for buildings, building improvements and land improvements. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful lives of the assets.

Additions, improvements and expenditures for repairs and maintenance that significantly extend the useful life of an asset are capitalized.

Exchange memberships

Exchange memberships are carried at cost or, if an other than temporary impairment in value has occurred, at a value that reflects management's estimate of the impairment. The memberships, carried at \$279,000, are included in Prepaid expenses and other assets and had an aggregate estimated fair value of \$2,560,000 at March 31, 2008.

Securities sold under agreement to repurchase

The Company has sold securities which it is under agreement to repurchase (repurchase agreements) at a future date. Transactions involving repurchase agreements are accounted for as secured borrowings. These transactions are carried at contractual amounts plus accrued interest. Included in Securities sold under agreement to repurchase are repurchase agreements with a fair value of \$49,283,000 at March 31, 2008 used to finance trading securities as part of an economic hedging strategy.

Income taxes

The results of operations of the Company are included in the consolidated income tax returns of RJF. The Company utilizes the asset and liability approach defined in SFAS No. 109, "Accounting for Income Taxes". SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement amounts and the tax bases of assets and liabilities.

The fiscal 2007 provision for income taxes was calculated on a separate company basis, and deferred tax assets and liabilities have been recorded by the Company.

In July 2006, the Financial Accounting Standards Board issued FIN 48, "Accounting for Uncertainty in Income Taxes," which establishes the criteria that an individual tax position must meet for the tax benefits of that position to be recognized. FIN 48 uses a two-step process to determine the amount of a tax benefit from an uncertain position to be recognized if it is more likely than not to be sustained upon examination by taxing authorities. The amount of the benefit is then measured to be the largest tax benefit that has greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. The Company adopted the provisions of FIN 48 on October 1, 2007. The adoption of FIN 48 did not result in an adjustment to fiscal 2008 opening retained earnings.

Stock and stock option plans

Selected employees participate in various RJF incentive stock option and restricted stock plans which provide for the issuance of RJF common stock. Stock-based compensation expense is calculated in accordance with the fair value provisions of SFAS No. 123(R), "Share-Based Payment", and amounts are allocated by RJF to the Company.

Foreign currency translation

Foreign currency balances are translated at the rate in effect as of the Consolidated Statement of Financial Condition date.

Commitments and contingencies

The Company recognizes liabilities for contingencies when there is an exposure that, when fully analyzed, indicates it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. When a range of probable loss can be estimated, the Company accrues the most likely amount. When no amount within the range is a better estimate than any other amount, the Company accrues the minimum amount in the range.

Use of estimates

The preparation of the Consolidated Statement of Financial Condition in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

NOTE 3 - RECEIVABLES AND PAYABLES:

Receivables from and payables to brokerage clients

Receivables from and payables to brokerage clients include amounts arising from normal cash and margin transactions. Securities owned by brokerage clients are held as collateral for receivables. Such collateral is not reflected in the accompanying Consolidated Statement of Financial Condition. The amount receivable from clients is shown net of an allowance for doubtful accounts of approximately \$2,747,000 as of March 31, 2008. The Company pays interest at varying rates for qualifying client funds on deposit which are awaiting reinvestment. Such funds on deposit totaled \$4,966,282,000 at March 31, 2008. Other funds on deposit on which the Company does not pay interest totaled \$510,491,000 at March 31, 2008.

Receivables from brokers, dealers and clearing organizations

(in thousands):

Securities failed to deliver	\$	60,374
Open transactions, net.....		26,528
Interest and other		<u>33,383</u>
Total receivables	\$	<u>120,285</u>

Payables to brokers, dealers and clearing organizations

(in thousands):

Securities failed to receive	\$	81,794
Interest and other		<u>21,599</u>
Total payables.....	\$	<u>103,393</u>

Fails to deliver represent receivables for securities sold that have not been delivered by the Company for which settlement date has passed. Fails to receive represent payables for securities purchased that have not been received by the Company for which settlement date has passed.

Amounts receivable and payable for securities that have not reached the contractual settlement dates are recorded net on the Consolidated Statement of Financial Condition and are included in receivables from or payables to brokers, dealers and clearing organizations as open transactions. Amounts payable for securities purchased of \$191,187,000 were netted against amounts receivable for securities sold of \$217,715,000 to arrive at a net receivable of \$26,528,000 at March 31, 2008.

NOTE 4 - RELATED PARTY TRANSACTIONS:

Pursuant to formal clearing agreements, the Company clears trades for RJFS and other affiliated entities. The Company confirms securities trades, processes securities movements, records transactions with clients in its accounts and collects commissions and fees on behalf of such affiliates. The Company retains a portion of such commissions and fees as a clearing fee for its services, which it records on a net basis.

The Company participates with its Parent and affiliates in certain expense sharing agreements. Receivable from affiliates of \$3,840,000 at March 31, 2008, which is included in Other receivables, and Payable to affiliates of \$156,988,000 at March 31, 2008, reflect amounts receivable and payable for these related party transactions. Included in Payables to affiliates at March 31, 2008, is \$108,536,000 in loans made to the Company by RJF for purposes of facilitating the Company's management of excess cash of its Parent. RJF loans money to the Company where it is invested on behalf of RJF in conjunction with the Company's normal proprietary cash investing activities.

NOTE 5 - SECURITIES OWNED AND SECURITIES SOLD, NOT YET PURCHASED (in thousands):

Marketable securities owned and securities sold, not yet purchased, are valued at fair market value. Securities not readily marketable are valued at fair value as determined by the Company's management. The valuation is based upon consideration of available information, including types of securities, current financial information, restrictions on dispositions and market values of underlying securities.

	Securities owned, at fair value	Trading account securities sold, not yet purchased, at fair value
Marketable:		
Equity securities	\$ 27,165	\$ 18,055
Municipal obligations	89,008	672
Corporate obligations	44,058	422
U.S. Government obligations.....	50,196	77,101
Agency obligations	24,801	5,863
Other securities	1,737	-
Non-marketable	<u>6,545</u>	<u>-</u>
	<u>\$ 243,510</u>	<u>\$ 102,113</u>

NOTE 6 - PROPERTY AND EQUIPMENT (in thousands):

Land.....	\$ 8,406
Buildings, building improvements, land improvements, and leasehold improvements.....	126,704
Furniture, fixtures, and equipment	119,136
Software.....	<u>40,633</u>
	294,879
Less:	
Accumulated depreciation and amortization	<u>(151,808)</u>
	<u>\$ 143,071</u>

NOTE 7 - BORROWINGS:

Loans payable of \$63,836,000 represents a mortgage note payable related to the financing of the Company's home office complex. The mortgage note is guaranteed by the Parent. The mortgage requires monthly principal and interest payments of \$530,000. The mortgage bears interest at 5.70% and is secured by land, buildings and improvements with a net book value of \$69,196,000 at March 31, 2008.

Principal maturities under this mortgage note payable for the succeeding fiscal years (in thousands):

Remainder of Fiscal 2008	\$ 1,612
Fiscal 2009	2,891
Fiscal 2010	3,060
Fiscal 2011	3,240
Fiscal 2012	3,429
Thereafter	<u>49,604</u>
Total	<u>\$ 63,836</u>

The Company maintains uncommitted lines of credit aggregating \$485,100,000 with commercial banks (\$185,100,000 secured and \$300,000,000 unsecured). The interest rates for these lines of credits are variable and are based on the Fed Funds rate. There were no secured or unsecured short-term borrowings outstanding at March 31, 2008. The interest rate on borrowings ranged from 2.75% to 5.21% for the six months ended March 31, 2008. Loans on the secured uncommitted lines of credit are collateralized by Company owned and/or client margin securities, as permitted by regulatory requirements.

The Company maintains an uncommitted secured tri-party repurchase agreement line of credit in the amount of \$600,000,000 for the primary purpose of financing its inventory. The interest rate on this line of credit is variable and is based on the Fed Funds rate. Under this agreement, there were secured short-term borrowings of \$90,000,000 outstanding at March 31, 2008 which is included in Securities sold under agreement to repurchase. The interest rate on borrowings ranged from 2.63% to 5.25%

for the six months ended March 31, 2008. This loan is collateralized by company-owned securities with a market value of \$93,673,000 at March 31, 2008.

NOTE 8 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK:

In the normal course of business the Company purchases and sells securities as either principal or agent on behalf of its clients. If either the client or a counterparty fails to perform, the Company may be required to discharge the obligations of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contract value of the transaction.

The Company acts as an intermediary between broker-dealers and other financial institutions whereby the Company borrows securities from one entity and then lends them to another. Securities borrowed and securities loaned are carried at the amounts of cash collateral advanced and received in connection with the transactions. The Company measures the market value of the securities borrowed and loaned against the cash collateral on a daily basis. The market value of securities borrowed and securities loaned was \$661,201,000 and \$661,182,000, respectively, at March 31, 2008. The contract value of securities borrowed and securities loaned was \$678,745,000 and \$680,416,000 respectively at March 31, 2008. Additional cash is obtained as necessary to ensure such transactions are adequately collateralized. If another party to the transaction fails to perform as agreed (for example, failure to deliver a security or failure to pay for a security), the Company may incur a loss if the market value of the security is different from the contract amount of the transaction.

The Company has also loaned, to broker-dealers and other financial institutions, securities owned by clients and others for which it has received cash or other collateral. The market value of securities loaned was \$63,925,000 at March 31, 2008. The contract value of securities loaned was \$65,469,000 at March 31, 2008. If a borrowing institution or broker-dealer does not return a security, the Company may be obligated to purchase the security in order to return it to the owner. In such circumstances, the Company may incur a loss equal to the amount by which the market value of the security on the date of non-performance exceeds the value of the collateral received from the broker-dealer or financial institution.

The Company has sold securities that it does not currently own and will, therefore, be obligated to purchase such securities at a future date. The Company has recorded a liability of \$102,113,000 at March 31, 2008 which represents the market value of the securities at such date. The Company is subject to loss if the market price of those securities increases. These positions include government obligations and equity securities utilized to economically hedge proprietary inventory positions. At March 31, 2008, the Company had \$82,963,000 in short government and agency obligations and \$12,644,000 in short equity securities which represented economical hedge positions.

The Company enters into security transactions on behalf of its clients and other brokers involving forward settlement. Forward contracts provide for the delayed delivery of the underlying instrument. The Company has entered into transactions with a contract value of \$2,848,409,000 and a market value of \$2,850,875,000 as of March 31, 2008. The contractual amounts related to these financial instruments reflect the volume and activity but do not reflect the amounts at risk. The gain or loss on these transactions is recognized on a trade date basis. Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The Company's exposure to market risk is determined by a number of factors, including the duration, the size, composition and diversification of positions held, the absolute and relative levels of interest rates, and market volatility. The credit risk for these transactions is limited to the unrealized market valuation gains recorded in the Consolidated Statement of Financial Condition.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with clients, broker-dealers and other financial institutions in the United States of America. These activities primarily involve collateralized arrangements and may result in credit exposure in the event that the counterparty fails to meet its contractual obligations. The Company's exposure to credit risk can be directly impacted by volatile securities markets which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limits based upon a review of the counterparties' financial condition and credit ratings. The Company monitors collateral levels on a daily basis for compliance with regulatory and internal guidelines and requests changes in collateral levels as appropriate.

NOTE 9 - FEDERAL AND STATE INCOME TAXES (in thousands):

Deferred income taxes at March 31, 2008 reflect the impact of temporary differences between amounts of assets and liabilities for financial statement purposes and such amounts as measured by tax laws. The temporary differences give rise to deferred tax assets and liabilities, which are summarized below:

Deferred tax assets:	
Deferred compensation.....	\$ 5,220
Accrued expenses	14,087
Capital expenditures	22,582
Other	<u>4,611</u>
Total deferred tax assets	<u>46,500</u>
Deferred tax liabilities:	
Capital expenditures	<u>(14,932)</u>
Total deferred tax liabilities	<u>(14,932)</u>
Net deferred tax assets	<u>\$ 31,568</u>

The Company has recorded a deferred tax asset at March 31, 2008. No valuation allowance as defined by SFAS No. 109 is required at March 31, 2008. Management believes that a valuation allowance is not necessary because it is more likely than not that the deferred tax asset is realizable.

NOTE 10 - NET CAPITAL REQUIREMENTS:

As a registered broker-dealer and member firm of the New York Stock Exchange, Inc. ("NYSE"), the Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934 and the rules of the securities exchanges of which it is a member whose requirements are substantially the same. The Company has elected to use the alternative method, permitted by the Uniform Net Capital Rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit items arising from client transactions. The NYSE may require a member firm to reduce its business if its net capital is less than 4% of aggregate debit items and may prohibit a member firm from expanding its business and declaring dividends if its net capital is less than 5% of aggregate debit items. At April 30, 2008, the Company's percentage was 22.51% as compared with the minimum 2%, and net capital, as defined, was \$340,462,000 as compared with minimum required net capital of \$30,250,000, resulting in excess net capital of \$310,212,000.

At April 30, 2008, the Company's deposit requirement for the proprietary accounts of introducing brokers was \$698,000.

NOTE 11 - EMPLOYEE BENEFIT PLANS:

The Company participates in various qualified and non-qualified savings, incentive and stock plans of RJF along with other affiliated companies. RJF allocates the cost of providing these plans to the Company based on cost per employee. The qualified plans include 401(k), incentive stock options, employee stock purchase, profit sharing and employee stock ownership plans. The 401(k) plan provides for the Company to match 100% of the first \$500 of compensation and 50% of the next \$500 of compensation deferred by each participant annually. As approved by the RJF Board of Directors, the incentive stock option plans grant options on RJF stock to key management employees and Financial Advisors of the Company. The employee stock purchase plan allows employees to purchase shares of RJF common stock on four specified dates throughout the year at a 15% discount from market value, subject to certain limitations. The profit sharing plan and employee stock ownership plan provide certain death or retirement benefits for employees who meet certain service requirements. Prior to October 1, 2007, the profit sharing plan and employee stock ownership plan benefits became fully vested after seven years of qualified service. Effective October 1, 2007, all unvested balances in these plans became fully vested after six years of qualified service. In addition, such benefits awarded on and after October 1, 2007 become fully vested after six years of qualified service. Non-qualified plans, available to only select employees, include deferred long-term incentive compensation, restricted stock, stock bonus, stock options, retention programs and employee investment funds.

NOTE 12 - COMMITMENTS AND CONTINGENCIES:

Long-term lease agreements expire at various times from 2008 through 2018. Minimum annual rentals under such agreements for the succeeding fiscal years are approximately (in thousands):

Remainder of Fiscal 2008	\$ 9,962
Fiscal 2009	16,739
Fiscal 2010	14,841
Fiscal 2011	12,368
Fiscal 2012	10,158
Thereafter	<u>18,840</u>
Total	<u>\$ 82,908</u>

In the normal course of business, the Company enters into underwriting commitments. Transactions relating to such commitments that were open at March 31, 2008 and were subsequently settled had no material effect on the Consolidated Statement of Financial Condition as of that date.

The approximate market values of collateral received that can be replugged by the Company were:

Sources of collateral (in thousands):	
Securities purchased under agreements to resell	\$ 185,444
Securities received in securities borrowed vs. cash transactions...	712,217
Collateral received for margin loans	<u>1,476,415</u>
Total	<u>\$ 2,374,076</u>

During the year certain collateral was replugged. The approximate market values of this portion of collateral replugged by the Company were:

Uses of collateral and trading securities (in thousands):	
Securities purchased under agreements to resell	\$ 183,432
Securities received in securities borrowed vs. cash transactions...	679,279
Collateral received for margin loans	<u>116,909</u>
Total	<u>\$ 979,620</u>

The Company utilizes client marginable securities to satisfy deposits with clearing organizations. At March 31, 2008, the Company had client margin securities valued at \$116,909,000 pledged with a clearing organization to meet the point in time requirement of \$67,394,000.

As a result of the extensive regulation of the securities industry, the Company is subject to regular reviews and inspections by regulatory authorities and self-regulatory organizations, which can result in the imposition of sanctions for regulatory violations, ranging from non-monetary censure to fines and, in serious cases, temporary or permanent suspension from business. In addition, from time to time, regulatory agencies and self-regulatory organizations institute investigations into industry practices, which can also result in the imposition of such sanctions.

The Company is a defendant or co-defendant in various lawsuits and arbitrations incidental to its securities business. The Company is contesting the allegations in these cases and believes that there are meritorious defenses in each of these actions. In view of the number and diversity of claims against the Company, the number of jurisdictions in which litigation is pending and the inherent difficulty of predicting the outcome of litigation and other claims, the Company cannot state with certainty what the eventual outcome of pending litigation or other claims will be. In the opinion of the Company's management, based on currently available information, review with outside legal counsel, and consideration of amounts provided for with respect to these matters in the Company's financial statements, the ultimate resolution of these matters will not result in a material adverse effect on the consolidated financial position or results of operations. However, resolution of one or more of these matters may have a material effect on the results of operations in any future period, depending upon the ultimate resolution of those matters and upon the level of income for such period.

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Individual solutions from independent advisors

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