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Disciplined, Conservative Management Strengthens Raymond James

Dear Friends,

In view of recent announcements concerning the futures of once-stalwart financial services industry firms Merrill Lynch & Company (which is to be purchased by Bank of America for approximately \$50 billion, or \$29 a share) and Lehman Brothers Holdings (which has declared bankruptcy), it is natural to question how other financial services firms are faring during the credit crunch brought about by the turmoil in the housing industry and subprime mortgages.

None of this is good news, of course, but we're pleased to be able to tell you that Raymond James is a conservatively managed firm positioned to withstand these economic and market challenges. Raymond James CEO and chairman Tom James called the developments a "tragedy for the industry" to lose two major Wall Street firms, but said both are examples of what can happen when risk management controls are not properly utilized.

Because of its steady approach and disciplined management, Raymond James has used leverage sparingly in its growth strategy. When it has been used, conservative principles and rules have been applied. In addition, as we have said before, the firm has almost no direct exposure to the subprime business that impacted the markets and so many other financial organizations.

While there is a solid foundation under Raymond James, it can still be unsettling and worrying for investors to hear about the troubles of some of the largest firms in the industry. We encourage your continuing to take a long-term, disciplined approach with your investment portfolio.

There are as many theories as there are analysts on where the market goes from here, and there is little to be gained in speculating whether other firms will be caught in untenable financial positions. What we can tell you is that you can take comfort, as we do, in the fact that Raymond James' conservative management practices have proved themselves time and time again. The firm is strongly positioned in each of its businesses and continues to offer admirable support as we work with you on meeting your financial objectives. Raymond James' steadfast principles remain in place as the company assesses its positions and makes market decisions.

Turmoil in the industry feeds the headlines and raises the volume of concern, but the strength of Raymond James and its management discipline should provide some relief from the din of the marketplace.

If you have questions about the current state of the industry or would like to discuss your portfolio and your specific investments, please feel free to contact us.

Sincerely,



Jonathan D. Wax, CFP
President & Chief Executive Officer
Waller & Wax Advisors Inc.



Laura Waller, CFP
Chief Investment Officer
Waller and Wax Advisors Inc.

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Raymond James Financial
Services, Inc. Member FINRA/SIPC

100 North Tampa Street, Suite 2150
Tampa, Florida 33602
(813) 221-1956 or (813) 221-1747 Fax