

FOURTH QUARTER

RAYMOND JAMES®

DEAR FELLOW SHAREHOLDER,

Since we will focus on results for the year in our annual report, which will be released around calendar year-end, we will feature the fiscal fourth quarter's financial performance and events in this fourth quarter report. Nonetheless, we would be remiss not to celebrate the record results attained in fiscal 2011, which ended on September 30. Raymond James Financial, Inc. achieved record net revenues of \$3.3 billion, up 14% over last year. Net income also rose to a new record of \$278 million, exceeding last year by 22%. Thus, fully diluted earnings per share were \$2.19. Excluding the \$41 million pre-tax charge associated with the repurchase of our clients' outstanding auction rate securities (ARS), net income would have been an even more remarkable \$303 million, representing a 33% increase over last year's comparable results, or \$2.39 per share on a non-GAAP basis. In this case, the adjective "remarkable" is appropriate because the economic and stock market recoveries lost steam during the year as it became clear that a full recoupment of prior losses and employment levels would be a sesquipedalian process.

The September quarter itself was particularly difficult as the S&P 500 declined 14.3%, which depressed our clients' assets under administration by 8% to \$256 billion and assets under management by 12% to \$32.1 billion. Furthermore, fixed income and equity prices were very volatile, which negatively impacted trading profitability. Nonetheless, our financial results were impressively stable. Net revenues of \$818 million were 9% over last year's comparable period and only trailed last quarter's record results by 4%. Net income of \$69 million was flat with last year. Net income per fully diluted share was \$0.54, as contrasted to \$0.55 per share last year.

Those results included a \$3.6 million, or \$0.02 per share, positive partial reversal of the ARS charge in the third quarter, but also reflected an unusually high tax rate for the quarter engendered by the tax rate impact of a \$15 million nontaxable decline in the quarter-to-quarter market value of Corporate Owned Life Insurance investments used in our benefit plans. Thus, many analysts described our operating earnings as higher than reported financial results.

On September 30, 2011, shareholders' equity was \$2.6 billion or \$20.99 per share. The after-tax margin on net revenues during the fourth quarter was 8.4%, and the rate of return on average equity was 10.7%.

As always, the more interesting stories are obfuscated by summarizing the statistics. Three of our four main business segments performed admirably in the quarter. In spite of poor market conditions, the Private Client Group's revenues grew

12% over last year's comparable quarter to \$553 million, and generated a pre-tax contribution of \$64 million, up 34%. During the quarter, we continued to increase the number of financial advisors who serve clients to 5,113. The individual productivity of both our employee and independent contractor financial advisors reached record levels. Importantly, recruiting activity has begun to accelerate again.

The Asset Management Group increased its quarterly revenues over last year by 17% and its pre-tax profit contribution by 54% to \$17.8 million. Although the decline in assets during the September quarter will reduce fees in the first quarter of fiscal 2012, this segment continues to experience new net sales, and recent market advances should enhance future results.

In spite of low interest rates and the often-reported paradoxical difficulty of adding new loan assets, Raymond James Bank did increase loans by \$300 million during the quarter, even though the acquisition of the \$500 million Canadian loan portfolio has yet to close. Furthermore, credit quality continues to improve. Raymond James Bank increased quarterly revenues by 1% to \$67.6 million and its pre-tax profit contribution by 54% over last year to \$42.2 million.

Unfortunately, Capital Markets has been impacted by the market decline, and lead managed offerings in the U.S. and Canada declined to eight in the fourth quarter versus 13 in the same period last year and higher levels in this year's earlier quarters. Additionally, trading results and institutional commissions were negatively impacted by market conditions, although M&A activity remained healthy. Revenues for the quarter of \$151 million were down only 2% from last year, while the pre-tax contribution to profits of \$5.5 million was down 82% from last year's comparable quarter. Moreover, Raymond James Tax Credit Funds, which is included in this segment, prevented these comparisons from being worse as it had an excellent quarter and record year.

In accordance with our previously announced stock repurchase authorization, Raymond James repurchased 636,724 shares of common stock at an average price of \$25.16 during the quarter. We also repurchased 394,080 shares at an average cost of \$24.53 in October. As a reminder, our policy is to consider purchasing stock at prices below 1.5 times book value if we possess excess liquidity and the price appears attractive in light of the outlook for the industry.

The ARS repurchase is substantially completed, and we had approximately \$196 million in inventory on September 30.

Although the conversion of our savings and loan charter to a bank charter has not been completed as yet, we expect it to be during this quarter. In any case, the Federal Reserve Board is now

the regulator of the holding company. As a result of the impending conversion, the regulators permitted us not to gross up the balance sheet as we have in recent years to meet the Office of Thrift Supervision's qualifying asset level standards.

At the end of September, Van Saylor elected to retire as head of the Fixed Income Department, even though we encouraged him to stay in the position. Fortunately, he will still work in the department, albeit with less management responsibility. He and his management team have materially increased the size and scope of the department during his tenure thereby providing a balanced institutional Capital Markets platform. Jamie Augustine, who has run our Memphis Fixed Income Financial Institutions practice, has been appointed department head. In addition to his exemplary performance with us, he has previously occupied management roles at Bear Stearns and Morgan Keegan.


During the quarter, our financial advisors continued to receive accolades. *Registered Rep.'s* "Top 100 Independent Advisors" list included 24 financial advisors in our independent contractor broker/dealer, Raymond James Financial Services, more than any other firm. Four Raymond James advisors were named to *Barron's* list of Top 100 Women Advisors. In July, Margaret Starnier was also named one of the "Top 50 Women in Wealth" by Advisor One. For the fourth consecutive year, three Raymond James Financial Services advisors – Gerry Klingman, Mal Makin and Van Percy – were named to *Barron's* "Top 100 Independent Advisors" list. This ranking is based on assets under management, revenue and quality of service. We are extremely proud of the accomplishments of these professionals.

Although the stock market declined both in September and the early part of October, the equity market rallied in the last half of October as a more substantive plan was adopted by the European Union for Greece. Since we believe Greece and other countries in Europe, as well as their banks, may still have more restructuring to do, it's difficult to believe that the world's economic issues are behind us. In fact, it may be necessary to homogenize European work rules, tax regulations and other financial system regulations to accomplish a viable union or currency long term. Without those fundamental changes, it may be necessary to expel weaker members from the European Union.

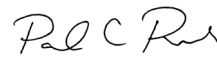
In any case, the United States, with as many problems as it must address, is in far better shape. Albeit slowly, the economy is still growing, corporations are financially healthy with liquid balance sheets and the financial industry has redressed many of its weaknesses. If we can keep the government from fettering private industry with unnecessary regulations, while still providing appropriate capital rules and leverage limitations, we

are confident economic conditions will continue to improve slowly, much like 1975-82. Real estate and related building activities still require another two to three years to cure their indigestion. Finally, unemployment should begin to decline in 2012. Consequently, even with rioters on Wall Street, who unfortunately don't understand how the free enterprise system works, the outlook for the stock market and our business remains reasonably benign.

Sincerely,



Thomas A. James
Chairman



Paul C. Reilly
CEO

November 1, 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (Unaudited – in 000s)

	September 30, 2011	September 30, 2010
Assets:		
Cash and Cash Equivalents	\$2,439,695	\$2,943,239
Assets Segregated Pursuant to Federal Regulations	3,548,683	3,430,715
Securities Purchased under Agreements to Resell	398,247	344,652
Financial Instruments	1,307,792	1,336,987
Receivables	9,122,763	8,620,202
Property and Equipment, Net	169,850	170,768
Other Assets	1,019,965	1,036,518
Total Assets	\$18,006,995	\$17,883,081
Liabilities and Shareholders' Equity:		
Loans Payable	\$711,950	\$2,989,428
Payables	13,665,456	11,513,810
Trading Instruments Sold but Not Yet Purchased	76,150	131,038
Securities Sold under Agreements to Repurchase	188,745	233,346
Other Liabilities	452,849	418,591
Total Liabilities	\$15,095,150	\$15,286,213
Total Equity Attributable to Raymond James Financial, Inc.	\$2,587,619	\$2,302,816
Noncontrolling Interests	324,226	294,052
Total Equity	\$2,911,845	\$2,596,868
Total Liabilities and Equity	\$18,006,995	\$17,883,081

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited – in 000s, Except per Share Amounts)

	Three Months Ended		Twelve Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Revenues:				
Securities Commissions and Fees	\$ 541,250	\$ 497,210	\$ 2,190,436	\$ 1,950,909
Investment Banking	64,565	52,486	251,183	164,957
Investment Advisory Fees	56,681	43,428	216,750	173,939
Interest	95,289	93,465	392,318	370,892
Net Trading Profits	(1,591)	13,402	27,506	38,256
Account and Service Fees ¹	74,595	65,313	286,523	251,877
Other ¹	3,808	(2,056)	35,170	28,686
Total Revenues	834,597	763,248	3,399,886	2,979,516
Interest Expense	16,814	15,362	65,830	62,851
Net Revenues	817,783	747,886	3,334,056	2,916,665
Non-Interest Expenses:				
Compensation, Commissions and Benefits	563,538	511,387	2,270,735	1,993,561
Communications and Information Processing	33,924	31,443	137,605	121,957
Occupancy and Equipment Costs	28,458	25,659	108,600	104,945
Clearance and Floor Brokerage	8,820	8,313	38,461	35,123
Business Development	23,310	20,840	94,875	80,213
Investment Sub-Advisory Fees	7,626	6,327	30,100	26,700
Bank Loan Loss Provision	5,423	20,543	33,655	80,413
Loss Provision for Auction Rate Securities	(3,609)	-	41,391	-
Other	31,611	23,898	127,889	117,609
Total Non-Interest Expenses	699,101	648,410	2,883,311	2,560,521
Income Including Noncontrolling Interests and Before Provision for Income Taxes	118,682	99,476	450,745	356,144
Provision for Income Taxes	56,902²	36,288	182,894	133,625
Net Income (Loss) Including Noncontrolling Interests	61,780	63,188	267,851	222,519
Net Income (Loss) Attributable to Noncontrolling Interests	(7,147)	(5,877)	(10,502)	(5,764)
Net Income Attributable to Raymond James Financial, Inc.	\$ 68,927	\$ 69,065	\$ 278,353	\$ 228,283
Net Income per Common Share – Diluted	\$ 0.54	\$ 0.55	\$ 2.19	\$ 1.83
Weighted-Average Common and Common Equivalent Shares Outstanding – Diluted	123,771	120,128	122,836	119,592

CONSOLIDATED RESULTS BY SEGMENT (in 000s)

Revenues:				
Private Client Group	\$ 552,910	\$ 493,340	\$ 2,185,990	\$ 1,903,101
Capital Markets	151,146	154,329	664,276	591,949
Asset Management	57,125	48,907	226,511	196,817
Raymond James Bank	67,616	66,671	281,992	276,770
Emerging Markets	8,184	4,646	43,184	16,639
Securities Lending	1,701	2,171	6,432	8,837
Proprietary Capital	2,694	(64)	16,805	17,029
Other	2,261	2,043	10,524	8,056
Intersegment Eliminations	(9,040)	(8,795)	(35,828)	(39,682)
Total Revenues	\$ 834,597	\$ 763,248	\$ 3,399,886	\$ 2,979,516
Pre-Tax Income:				
Private Client Group	\$ 63,764	\$ 47,423	\$ 218,811	\$ 160,470
Capital Markets	5,464	31,220	77,990	84,236
Asset Management	17,762	11,528	66,176	46,981
Raymond James Bank	42,180	27,365	172,993	112,009
Emerging Markets	308	(1,355)	4,531	(5,446)
Securities Lending	311	668	1,488	2,721
Proprietary Capital	1,949	(508)	4,391	1,728
Other	(5,909) ³	(10,988)	(85,133) ⁴	(40,791)
Pre-Tax Income	\$ 125,829	\$ 105,353	\$ 461,247	\$ 361,908

¹ We changed the title of what had been known as "Financial Service Fees" to "Account and Service Fees", to better reflect the nature of the revenues included within the line item description. Additionally, we reclassified certain components of revenue previously included within Other Revenues, into Account and Service Fees. The most significant elements of revenue subject to this reclassification include mutual fund and annuity service fees and correspondent clearing. All prior periods presented have been adjusted in order to conform prior periods to the current period presentation.

² Our quarterly tax provision was negatively impacted by a significant decline in value of the nontaxable COLI investment.

³ The three months ended September 30, 2011, includes a \$3.6 million pre-tax reduction of the loss provision for auction rate securities based upon actual repurchase activity.

⁴ Fiscal year 2011 includes a \$41 million pre-tax loss provision for auction rate securities.

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 5,400 financial advisors serving approximately \$2 million accounts in more than 2,400 locations throughout the United States, Canada and overseas. In addition, total client assets are currently approximately \$256 billion, of which \$32 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

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