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Service, Integrity and Conservative Management Remain Key to Raymond James' Strength

During these difficult economic times, partnering with a strong, stable and resilient firm is more important than ever. One of the reasons we are proud to be associated with Raymond James is that the firm exemplifies those traits.

In an environment where much of the financial services industry is struggling, Raymond James reported that, in the first fiscal quarter of 2009 ended on December 31, net revenues fell a scant three percent, while net income rose nine percent from the comparable quarter a year earlier.

In my view, those results validate yet again the firm's longstanding commitment to prudent management, careful planning and placing client needs ahead of all else. Raymond James understands the importance of gaining and retaining clients' trust – trust that must be constantly earned by actions designed to benefit clients over the long term rather than the firm's bottom line over the short term.

Stability and Strength in a Challenging Environment

In addition to reporting positive earnings in an extremely difficult environment, an important indicator of Raymond James' continuing stability is the firm's strong net capital position. As of September 30, 2008, the most recent date for which information is available, the firm's net capital stood at 18.32 percent of aggregate debits from client transactions, compared to the U.S. Securities and Exchange Commission's required minimum of two percent. Net capital totaled \$303,192,000, more than nine times the required minimum of \$33,096,000.

These results can be credited in part to the firm's leverage ratio of less than 10 to 1 as of September 30, the end of our 2008 fiscal year. That figure compares to ratios of 20 or 30 to 1 employed by many financial services companies in misguided efforts to magnify profits.

Further, while the U.S. banking industry as a whole posted a \$26.2 billion loss in the final three months of 2008 – its weakest year of net income in nearly two decades – Raymond James Bank continues to perform well. RJBank reported net income of \$34.3 million for the same period – a significant increase over the prior quarter, as well as the comparable quarter the previous year. And, although not entirely immune to bad loans and shrinking economic activity, the bank's real estate and corporate loan portfolios continue to fare far better than industry benchmarks.

Forward-Looking Management

Raymond James' continuing strength and stability stem directly from the key principles on which the company was founded. Those same principles are also at the core of Raymond James' recently announced succession plan. Designed to enable its current and future CEOs to work closely together to meet the challenges facing the financial services industry as a whole and our clients in particular, this carefully thought-out, long-term plan has been in the making for some time.

Chairman and CEO Tom James, with the support of senior management and the Raymond James Board of Directors, named Paul Reilly as the firm's president, effective in May. A year later, Reilly will take on the additional role of CEO, at which point James will assume a full-time, active role as executive chairman of the board.

Selected for his financial acumen, his success in running public companies and his dedication to the tenets that govern Raymond James, Reilly has been a member of the firm's board of directors since 2005. Currently executive chairman of global search firm Korn/Ferry International (NYSE-KFY), Reilly holds an MBA in finance. Prior to his tenure at Korn/Ferry, he was CEO of KPMG International, a firm with more than 100,000 employees and annual revenues of \$12 billion.

Both the succession plan and Paul Reilly's selection were designed to ensure that the strong leadership, conservative management and commitment to client needs that have served Raymond James and its clients so well will remain in place over the long term.

Particularly in this quickly changing and often challenging environment, you need and deserve the very best service, expertise and guidance available. Please be assured that we here and throughout Raymond James are hard at work to deliver just that.

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