
Raymond James Financial, Inc. Electronic EDGAR Proof

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Documents

10-Q	q10123108.htm
	Raymond James Financial, Inc. 1208 1st Qtr 10-Q
EX-10.9.8	ex10_98.htm
	\$100,000,000 credit agreement
EX-31.1	ex31_1.htm
	CEO certification
EX-31.2	ex31_2.htm
	CFO certification
EX-32.1	ex32_1.htm
	CEO SOX certification
EX-32.2	ex32_2.htm
	CFO SOX certification
10-Q	submissionpdf.pdf
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Module and Segment References

SEC EDGAR XFDL Submission Header

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)
☒

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2008

or

☐

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-9109

RAYMOND JAMES FINANCIAL, INC.
(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of incorporation or organization)

No. 59-1517485
(I.R.S. Employer Identification No.)

880 Carillon Parkway, St. Petersburg, Florida 33716
(Address of principal executive offices) (Zip Code)

(727) 567-1000
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.
122,352,787 shares of Common Stock as of February 4, 2009

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
Form 10-Q for the Quarter Ended December 31, 2008

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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

	December 31, 2008	September 30, 2008
	(in 000's)	
Assets		
Cash and Cash Equivalents	\$ 480,982	\$ 3,207,493
Assets Segregated Pursuant to Regulations and Other Segregated Assets	4,654,266	4,311,933
Securities Purchased under Agreements to Resell and Other Collateralized Financings	1,302,588	950,546
Financial Instruments, at Fair Value:		
Trading Instruments	259,674	314,008
Available for Sale Securities	467,844	577,933
Private Equity and Other Investments	212,814	209,915
Receivables:		
Brokerage Clients, Net	1,309,054	1,850,464
Stock Borrowed	557,536	675,080
Bank Loans, Net	7,676,791	7,095,227
Brokers-Dealers and Clearing Organizations	73,191	186,841
Other	358,018	344,594
Investments in Real Estate Partnerships - Held by Variable Interest Entities	264,475	239,714
Property and Equipment, Net	190,743	192,450
Deferred Income Taxes, Net	156,400	108,765
Deposits With Clearing Organizations	88,374	94,242
Goodwill	62,575	62,575
Prepaid Expenses and Other Assets	166,991	287,836
	\$ 18,282,316	\$ 20,709,616
Liabilities And Shareholders' Equity		
Loans Payable	\$ 161,278	\$ 2,212,224
Loans Payable Related to Investments by Variable Interest Entities in Real Estate Partnerships	94,694	102,564
Payables:		
Brokerage Clients	5,934,448	5,789,952
Stock Loaned	549,054	695,739
Bank Deposits	8,792,982	8,774,457
Brokers-Dealers and Clearing Organizations	68,229	266,272
Trade and Other	149,589	154,915
Trading Instruments Sold but Not Yet Purchased, at Fair Value	82,665	123,756
Securities Sold Under Agreements to Repurchase	60,817	122,728
Accrued Compensation, Commissions and Benefits	229,909	345,782
Income Taxes Payable	48,416	-
	16,172,081	18,588,389
Minority Interests	244,816	237,322
Shareholders' Equity:		
Preferred Stock; \$.10 Par Value; Authorized 10,000,000 Shares; Issued and Outstanding -0- Shares	-	-
Common Stock; \$.01 Par Value; Authorized 350,000,000 Shares; Issued 125,217,461 at December 31, 2008 and 124,078,129 at September 30, 2008	1,210	1,202
Shares Exchangeable into Common Stock; 260,937 at December 31, 2008 and 273,042 at September 30, 2008	3,349	3,504
Additional Paid-In Capital	367,695	355,274
Retained Earnings	1,687,390	1,639,662
Accumulated Other Comprehensive Income	(107,173)	(33,976)
	1,952,471	1,965,666
Less: 4,103,946 and 3,825,619 Common Shares in Treasury, at Cost	(87,052)	(81,761)
	1,865,419	1,883,905
	\$ 18,282,316	\$ 20,709,616

See accompanying Notes to Condensed Consolidated Financial Statements.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)
(in 000's, except per share amounts)

	Three Months Ended	
	December 31, 2008	December 31, 2007
Revenues:		
Securities Commissions and Fees	\$ 418,225	\$ 472,605
Investment Banking	20,733	23,855
Investment Advisory Fees	44,435	56,605
Interest	143,612	212,950
Net Trading Profits	9,175	1,102
Financial Service Fees	33,135	32,975
Other	26,518	29,099
Total Revenues	695,833	829,191
Interest Expense	31,891	143,364
Net Revenues	663,942	685,827
Non-Interest Expenses:		
Compensation, Commissions and Benefits	419,254	470,604
Communications and Information Processing	35,223	31,011
Occupancy and Equipment Costs	26,435	21,397
Clearance and Floor Brokerage	8,588	8,586
Business Development	24,724	23,859
Investment Advisory Fees	9,722	12,930
Bank Loan Loss Provision	24,870	12,820
Other	18,469	13,318
Total Non-Interest Expenses	567,285	594,525
Minority Interest in (Losses) Earnings of Subsidiaries	(5,007)	545
Income Before Provision for Income Taxes	101,664	90,757
Provision for Income Taxes	40,571	34,515
Net Income	\$ 61,093	\$ 56,242
Net Income per Share-Basic	\$ 0.52	\$ 0.48
Net Income per Share-Diluted	\$ 0.52	\$ 0.47
Weighted Average Common Shares		
Outstanding-Basic	116,575	116,881
Weighted Average Common and Common		
Equivalent Shares Outstanding-Diluted	118,087	120,241
Dividends Paid per Common Share	\$ 0.11	\$ 0.11
Net Income	\$ 61,093	\$ 56,242
Other Comprehensive Income:		
Change in Unrealized Loss on Available for Sale Securities, Net of Tax	(53,387)	(2,893)
Change in Currency Translations	(19,810)	2,066
Total Comprehensive (Loss) Income	\$ (12,104)	\$ 55,415

See accompanying Notes to Condensed Consolidated Financial Statements.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(in 000's)
(continued on next page)

	Three Months Ended	
	December 31, 2008	December 31, 2007
Cash Flows From Operating Activities:		
Net Income	\$ 61,093	\$ 56,242
Adjustments to Reconcile Net Income to Net		
Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	8,345	6,993
Excess Tax Benefits from Stock-Based Payment Arrangements	(3,754)	(360)
Deferred Income Taxes	(16,423)	(1,808)
Premium and Discount Amortization on Available for Sale Securities and Unrealized/Realized Gain on Other Investments	(1,192)	(2,128)
Other-than-Temporary Impairment on Available for Sale Securities	571	-
Impairment of and Loss on Sale of Property and Equipment	6,197	19
Gain on Sale of Loans Available for Sale	(49)	(97)
Provision for Loan Loss, Legal Proceedings, Bad Debts and Other Accruals	30,153	14,077
Stock-Based Compensation Expense	2,769	12,504
Loss on Company-Owned Life Insurance	13,505	876
(Increase) Decrease in Operating Assets:		
Assets Segregated Pursuant to Regulations and Other Segregated Assets	(342,333)	(413,202)
Receivables:		
Brokerage Clients, Net	539,995	(115,516)
Stock Borrowed	117,544	342,730
Brokers-Dealers and Clearing Organizations	113,650	21,118
Other	(16,320)	3,243
Securities Purchased Under Agreements to Resell and Other Collateralized Financings, Net of Securities Sold Under Agreements to Repurchase	(68,953)	152,359
Trading Instruments, Net	13,243	(119,022)
Proceeds from Sale of Loans Available for Sale	3,540	9,640
Origination of Loans Available for Sale	(3,217)	(10,545)
Prepaid Expenses and Other Assets	95,798	(26,954)
Minority Interest	(5,007)	545
Increase (Decrease) in Operating Liabilities:		
Payables:		
Brokerage Clients	144,496	497,638
Stock Loaned	(146,685)	(341,034)
Brokers-Dealers and Clearing Organizations	(198,043)	55,166
Trade and Other	(13,989)	18,560
Accrued Compensation, Commissions and Benefits	(115,086)	(107,245)
Income Taxes Payable	52,171	22,811
Net Cash Provided by Operating Activities	272,019	76,610

See accompanying Notes to Condensed Consolidated Financial Statements.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(in 000's)
(continued)

	Three Months Ended	
	December 31, 2008	December 31, 2007
Cash Flows from Investing Activities:		
Additions to Property and Equipment, Net	(15,138)	(8,329)
Bank Loan Originations and Purchases	(1,196,108)	(1,798,220)
Bank Loan Repayments and Increase in Unearned Fees, net	571,148	596,411
Purchases of Private Equity and Other Investments, Net	(1,703)	(464)
Investments in Company-Owned Life Insurance	(8,836)	(47,818)
Investments in Real Estate Partnerships-Held by Variable Interest Entities	(24,761)	(5,199)
Repayments of Loans by Investor Members of Variable Interest Entities Related to Investments in Real Estate Partnerships	783	1,797
Securities Purchased Under Agreements to Resell, Net	(345,000)	600,000
Purchases of Available for Sale Securities	-	(23,754)
Available for Sale Securities Maturations and Repayments	24,907	20,125
Net Cash Used in Investing Activities	(994,708)	(665,451)
Cash Flows from Financing Activities:		
Proceeds from Borrowed Funds, Net	-	1,509
Repayments of Borrowings, Net	(2,050,946)	(668)
Proceeds from Borrowed Funds Related to Company-Owned Life Insurance	38,120	-
Proceeds from Borrowed Funds Related to Investments by Variable Interest Entities in Real Estate Partnerships	1,260	1,435
Repayments of Borrowed Funds Related to Investments by Variable Interest Entities in Real Estate Partnerships	(9,130)	(9,378)
Proceeds from Capital Contributed to Variable Interest Entities Related to Investments in Real Estate Partnerships	10,685	11,716
Minority Interest	1,816	6,179
Exercise of Stock Options and Employee Stock Purchases	4,135	7,107
Increase in Bank Deposits	18,525	623,603
Purchase of Treasury Stock	(4,462)	(6,854)
Dividends on Common Stock	(13,365)	(13,357)
Excess Tax Benefits from Stock-Based Payment Arrangements	3,754	360
Net Cash (Used in) Provided by Financing Activities	(1,999,608)	621,652
Currency Adjustment:		
Effect of Exchange Rate Changes on Cash	(4,214)	2,066
Net (Decrease) Increase in Cash and Cash Equivalents	(2,726,511)	34,877
Cash and Cash Equivalents at Beginning of Year	3,207,493	644,943
Cash and Cash Equivalents at End of Period	\$ 480,982	\$ 679,820
Supplemental Disclosures of Cash Flow Information:		
Cash Paid for Interest	\$ 33,601	\$ 144,769
Cash Paid for Income Taxes	\$ 1,197	\$ 14,147

See accompanying Notes to Condensed Consolidated Financial Statements.

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
December 31, 2008

NOTE 1 - BASIS OF PRESENTATION:

The accompanying unaudited condensed consolidated financial statements include the accounts of Raymond James Financial, Inc. ("RJF") and its consolidated subsidiaries that are generally controlled through a majority voting interest. RJF is a holding company headquartered in Florida whose subsidiaries are engaged in various financial service businesses; as used herein, the term "the Company" refers to RJF and/or one or more of its subsidiaries. In accordance with Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 46R, "Consolidation of Variable Interest Entities" ("FIN 46R"), the Company also consolidates any variable interest entities ("VIEs") for which it is the primary beneficiary. Additional information is provided in Note 7 below. When the Company does not have a controlling interest in an entity, but exerts significant influence over the entity, the Company applies the equity method of accounting. All material intercompany balances and transactions have been eliminated in consolidation.

Certain financial information that is normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") but not required for interim reporting purposes has been condensed or omitted. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial position and results of operations for the interim periods presented. The nature of the Company's business is such that the results of any interim period are not necessarily indicative of results for a full year. These unaudited condensed consolidated financial statements should be read in conjunction with Management's Discussion and Analysis and the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2008. To prepare consolidated financial statements in conformity with GAAP, management must estimate certain amounts that affect the reported assets and liabilities, disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Certain revisions and reclassifications have been made to the unaudited condensed consolidated financial statements of the prior period to conform to the current period presentation. For the three months ended December 31, 2008, the Company reclassified cash collateral related to interest rate swap contracts in accordance with FASB Staff Position ("FSP") FIN No. 39-1, "Amendment of FASB Interpretation No. 39" ("FSP FIN No. 39-1"). See Note 2 below for further discussion of the Company's adoption of this accounting pronouncement. The Condensed Consolidated Statements of Financial Condition were adjusted for the period ended September 30, 2008, which resulted in reclassifications between Brokers-Dealers and Clearing Organizations Receivables and Payables, Trading Instruments, and Trading Instruments Sold but Not Yet Purchased, netting to a \$22.2 million adjustment between total assets and total liabilities. This reclassification had an immaterial impact on the Condensed Consolidated Statements of Cash Flows for the three months ended December 31, 2007. In the quarter ended December 31, 2008, a new intersegment component to the Company's segment reporting was added to reflect total gross revenues by segment with the elimination of intersegment transactions in this new segment. In addition, the methodology for allocating the Company's corporate bonus pool expense to individual segments was changed. Reclassifications have been made in the segment disclosure for the three months ended December 31, 2007 to conform to this presentation. Additional information is provided in Note 18 below. In the quarter ended December 31, 2008, the Condensed Consolidated Statements of Financial Condition were adjusted to reflect the reclassification of certain other investments from Prepaid Expenses and Other Assets to Other Investments. This reclassification included the Company's private equity investments and other miscellaneous investments recorded at fair value and totaled \$157.2 million at September 30, 2008. The Condensed Consolidated Statements of Cash Flows for the three months ended, December 31, 2007 were adjusted for this reclassification, which resulted in a net increase of \$300,000 in cash flows provided by operating activities with the offset to cash flows used in investing activities. In addition, for the three months ended, December 31, 2007 the Condensed Consolidated Statements of Cash Flows were adjusted for a \$47.8 million reclassification of investments in company-owned life insurance from an operating activity to an investing activity.

The Company's quarters end on the last day of each calendar quarter.

NOTE 2 – EFFECTS OF RECENTLY ISSUED ACCOUNTING STANDARDS:

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. The Company adopted SFAS 157 on October 1, 2008. See Note 3 below for the additional disclosure requirements of this pronouncement and for information regarding the impact the adoption of SFAS 157 had on the financial position and operating results of the Company.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS 159”). SFAS 159 allows companies to elect to follow fair value accounting for certain financial assets and liabilities on an instrument by instrument basis. SFAS 159 is applicable only to certain financial instruments and was effective for the Company on October 1, 2008. The Company elected not to adopt the fair value option for any other financial assets and liabilities as permitted by SFAS 159. See Note 3 below for further discussion of the impact the provisions of this pronouncement had on the Company’s consolidated financial statements.

In April 2007, the FASB issued FSP FIN No. 39-1. FSP FIN No. 39-1 defines "right of setoff" and specifies what conditions must be met for a derivative contract to qualify for this right of setoff. FSP FIN No. 39-1 also addresses the applicability of a right of setoff to derivative instruments and clarifies the circumstances in which it is appropriate to offset amounts recognized for those instruments in the statement of financial position. In addition, this FSP permits offsetting of fair value amounts recognized for multiple derivative instruments executed with the same counterparty under a master netting arrangement and fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) arising from the same master netting arrangement as the derivative instruments. This interpretation was adopted by the Company on October 1, 2008. See Note 10 below for information regarding the impact the adoption of FSP FIN No. 39-1 had on the Company’s consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, “Business Combinations” (“SFAS 141R”). SFAS 141R provides new guidance on accounting for business combinations which includes the fundamental principle of recording the acquired business at fair value. In addition, this statement requires extensive disclosures about the acquisition’s quantitative and qualitative effects including validation of the fair value of goodwill. This statement is effective for all business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (October 1, 2009 for the Company). Earlier application is prohibited.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements” (“SFAS 160”). SFAS 160 requires noncontrolling interests to be treated as a separate component of equity, not as a liability or other item outside of permanent equity. This statement is applicable to the accounting for noncontrolling interests and transactions with noncontrolling interest holders in consolidated financial statements and is effective for fiscal years beginning on or after December 15, 2008 (October 1, 2009 for the Company). The Company is currently evaluating the impact the adoption of SFAS 160 will have on its consolidated financial statements.

In February 2008, the FASB issued FSP SFAS No. 157-2, “Effective Date of FASB Statement No. 157” (“FSP SFAS No. 157-2”). FSP SFAS No. 157-2 delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities that are not remeasured at fair value on a recurring basis (at least annually) until fiscal years beginning after November 15, 2008 (October 1, 2009 for the Company), and interim periods within those fiscal years. The Company does not expect the adoption of FSP SFAS No. 157-2 will have a material impact on its consolidated financial statements.

In October 2008, the FASB issued FSP SFAS No. 157-3, “Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active” (“FSP SFAS No. 157-3”). FSP SFAS No. 157-3 clarifies the application of SFAS 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The Company adopted FSP SFAS No 157-3 on October 1, 2008. See Note 3 below for information regarding the impact the adoption of this interpretation had on the Company’s consolidated financial statements.

In February 2008, the FASB issued FSP SFAS No. 140-3, “Accounting for Transfers of Financial Assets and Repurchase Financing Transactions” (“FSP SFAS No. 140-3”). FSP SFAS No. 140-3 addresses the issue of whether these transactions should be viewed as two separate transactions or as one "linked" transaction. The FSP includes a "rebuttable presumption" that presumes linkage of the two transactions unless the presumption can be overcome by meeting certain criteria. The FSP will be effective for fiscal years beginning after November 15, 2008 (October 1, 2009 for the Company) and will apply only to original transfers made after that date; early adoption will not be allowed. The Company is currently evaluating the impact the adoption of FSP SFAS No. 140-3 will have on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”). SFAS 161 requires companies to expand its disclosures regarding derivative instruments and hedging activities to include how and why an entity is using a derivative instrument or hedging activity, an explanation of its accounting under SFAS 133, and how this instrument affects the entity’s financial position and performance as well as cash flows. SFAS 161 also clarifies that derivative instruments are subject to concentration-of-credit-risk disclosures which amends SFAS 107, “Disclosures about Fair Value of Financial Instruments”. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 (quarter ending March 31, 2009 for the Company) with early adoption permitted. Although the Company will have to comply with additional disclosure requirements, it does not expect the adoption of SFAS No. 161 will have a material impact on its consolidated financial statements.

In June 2008, the FASB issued FSP Emerging Issues Task Force (“EITF”) 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities” (“FSP EITF 03-6-1”). FSP EITF 03-6-1 requires unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents to be treated as participating securities as defined in EITF Issue No. 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128," and, therefore, included in the earnings allocation in computing earnings per share under the two-class method described in FASB Statement No. 128, “Earnings per Share”. This FSP is effective for fiscal years beginning after December 15, 2008 (October 1, 2009 for the Company), and interim periods within those fiscal years. The Company is currently evaluating the impact the adoption of FSP EITF 03-6-1 will have on its consolidated financial statements.

In December 2008, the FASB issued FSP SFAS No. 140-4 and FIN 46R-8, “Disclosures about Transfers of Financial Assets and Interest in Variable Interest Entities”. FSP SFAS No. 140-4 and FIN 46R-7 require companies to provide additional disclosures about transfers of financial assets and their involvement with VIEs in addition to certain disclosures which apply to companies acting as the transferor, sponsor, servicer, primary beneficiary, or qualifying special purpose entity. These disclosures are intended to provide greater transparency to financial statement users regarding a company’s involvement with transferred financial assets and VIEs. The Company adopted this interpretation on October 1, 2008. See Note 7 below for the required disclosures under FSP SFAS No. 140-4 and FIN 46R-7.

In January 2009, the FASB issued FSP EITF No. 99-20-1, “Amendments to the Impairment Guidance of EITF Issue No. 99-20” (“FSP EITF No.99-20-1”). FSP EITF No. 99-20-1 amends the impairment guidance in EITF No. 99-20, “Recognition of Interest Income and Impairment on Purchased Beneficial Interest That Continue to be Held by a Transferor in Securitized Financial Assets,” to achieve more consistent determination of whether an other-than-temporary impairment (“OTTI”) has occurred. In addition, this interpretation retains and emphasizes the objective of an OTTI assessment and the related disclosure requirements in SFAS No. 115 “Accounting for Certain Investments in Debt and Equity Securities”. The Company adopted this interpretation on October 1, 2008. See Note 5 below for the impact the adoption of FSP EITF No. 99-20-1 had on the Company’s consolidated financial statements.

NOTE 3 - FAIR VALUE:

The Company adopted SFAS 157 and FSP SFAS 157-3 on October 1, 2008. The adoption of these pronouncements did not have any impact on the financial position or operating results of the Company. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments and assets and liabilities recognized at fair value in the financial statements on a recurring basis in accordance with SFAS 157. FSP SFAS No. 157-2 delays the effective date of SFAS 157 (until October 1, 2009 for the Company) for nonfinancial assets and nonfinancial liabilities, except for items recognized or disclosed at fair value on a recurring basis. As such, the Company has not applied SFAS 157 to the impairment tests or assessments under SFAS No. 142, “Goodwill and Other Intangible Assets (“SFAS 142”), real estate owned and nonfinancial long-lived assets measured at fair value for an impairment assessment under SFAS No.144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS 144”).

In determining fair value, the Company uses various valuation approaches, including market, income and/or cost approaches. Fair value is a market-based measure considered from the perspective of a market participant. As such, even when market assumptions are not readily available, the Company’s own assumptions reflect those that market participants would use in pricing the asset or liability at the measurement date. The standard describes the following three levels used to classify fair value measurements:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2— Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

SFAS 157 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The availability of observable inputs can vary from instrument to instrument and in certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement of an instrument requires judgment and consideration of factors specific to the instrument.

Valuation Techniques

The fair value for certain financial instruments is derived using pricing models and other valuation techniques that involve significant management judgment. The price transparency of financial instruments is a key determinant of the degree of judgment involved in determining the fair value of the Company ’s financial instruments. Financial instruments for which actively quoted prices or pricing parameters are available will generally have a higher degree of price transparency than financial instruments that are thinly traded or not quoted. In accordance with SFAS 157, the criteria used to determine whether the market for a financial instrument is active or inactive is based on the particular asset or liability. For equity securities, the Company ’s definition of actively traded was based on average daily volume and other market trading statistics. The Company considered the market for other types of financial instruments, including certain non-U.S. agency government securities and certain collateralized debt obligations, to be inactive as of December 31, 2008. As a result, the valuation of these financial instruments included significant management judgment in determining the relevance and reliability of market information available. The Company considered the inactivity of the market to be evidenced by several factors, including decreased price transparency caused by decreased volume of trades relative to historical levels, stale transaction prices and transaction prices that varied significantly either over time or among market makers.

Cash Equivalents

Cash equivalents consist of investments in money market mutual funds. Such instruments are classified within Level 1 of the fair value hierarchy.

Trading Instruments and Trading Instruments Sold but Not Yet Purchased

Trading Securities

Trading securities are comprised primarily of the financial instruments held by the Company's broker-dealer subsidiaries (see Note 4 to the Condensed Consolidated Financial Statements for more information). When available, the Company uses quoted prices in active markets to determine the fair value of securities. Such instruments are classified within Level 1 of the fair value hierarchy. Examples include exchange traded equity securities and liquid government debt securities.

When instruments are traded in secondary markets and quoted market prices do not exist for such securities, the Company employs valuation techniques, including matrix pricing to estimate fair value. Matrix pricing generally utilizes spread-based models periodically re-calibrated to observable inputs such as market trades or to dealer price bids in similar securities in order to derive the fair value of the instruments. Valuation techniques may also rely on other observable inputs such as yield curves, interest rates and expected principal repayments, and default probabilities. Instruments valued using these inputs are typically classified within Level 2 of the fair value hierarchy. Examples include certain municipal debt securities, corporate debt securities, agency mortgage backed securities, and restricted equity securities in public companies. Management utilizes prices from independent services to corroborate its estimate of fair value. Depending upon the type of security, the pricing service may provide a listed price, a matrix price, or use other methods including broker-dealer price quotations.

Positions in illiquid securities that do not have readily determinable fair values require significant management judgment or estimation. For these securities the Company uses pricing models, discounted cash flow methodologies, or similar techniques. Securities valued using these techniques are classified within Level 3 of the fair value hierarchy. Examples include certain municipal debt securities, certain mortgage backed securities and equity securities in private companies. For certain collateralized mortgage obligations (“CMOs”), where there has been limited activity or less transparency around significant inputs to the valuation, such as assumptions regarding performance of the underlying mortgages, securities are currently classified as Level 3 even though the Company believes that Level 2 inputs could likely be obtainable should markets for these securities become more active in the future.

Derivative Contracts

The Company enters into interest rate swaps and futures contracts as part of its fixed income business to facilitate customer transactions and to hedge a portion of the Company’s trading inventory. In addition, to mitigate interest rate risk should there be a significantly rising rate environment, Raymond James Bank (“RJBank”) purchases interest rate caps. See Note 10 of the Notes to the Condensed Consolidated Financial Statements for more information. Fair values for derivative contracts are obtained from counterparties, pricing models that consider current market trading levels and the contractual prices for the underlying financial instruments, as well as time value and yield curve or other volatility factors underlying the positions. Where model inputs can be observed in a liquid market and the model does not require significant judgment, such derivative contracts are typically classified within Level 2 of the fair value hierarchy.

Available for Sale Securities

Available for sale securities are comprised primarily of CMOs and other mortgage related debt securities. Debt and equity securities classified as available for sale are reported at fair value with unrealized gains and losses, net of deferred taxes, reported in shareholders' equity as a component of accumulated other comprehensive income. See Note 5 of the Notes to the Condensed Consolidated Financial Statements for more information. The fair value of available for sale securities is determined by obtaining third party bid quotations based upon observable data including benchmark yields, reported trades, other broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, other bids/offers, new issue data, monthly payment information, collateral performance, and reference data including market research publications. Changes to fair value are recognized in Other Comprehensive Income. Securities measured using these valuation techniques are generally classified within Level 2 of the fair value hierarchy.

If these sources are not available, are deemed unreliable, or when an active market does not exist, then the fair value is estimated using pricing models or discounted cash flow analyses, using observable market data where available as well as unobservable inputs provided by management. Securities valued using these valuation techniques are classified within Level 3 of the fair value hierarchy.

Private Equity Investments

Private equity investments, held primarily by the Company’s Proprietary Capital segment, consist of various direct and third party private equity and merchant banking investments. The valuation of these investments requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and long-term nature of these assets. Direct private equity investments are valued initially at transaction price until significant transactions or developments indicate that a change in the carrying values of these investments is appropriate. Generally, the carrying values of these investments will be adjusted based on financial performance, investment-specific events, financing and sales transactions with third parties and changes in market outlook. Investments in funds structured as limited partnerships are generally valued based on the financial statements of the partnerships which generally use similar methodologies. Investments valued using these valuation techniques are classified within Level 3 of the fair value hierarchy.

Other Investments

Other investments consist predominantly of Canadian government bonds. The fair value of these bonds is estimated using recent external market transactions. Such bonds are classified within Level 2 of the fair value hierarchy as the external market transactions used are less frequent than those in active markets.

Recurring Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2008 are presented below:

December 31, 2008 (in 000's)	Level 1	Level 2	Level 3	FIN 39 Netting (1)	Total
Assets:					
Cash Equivalents	\$ 39,503	\$ -	\$ -	\$ -	\$ 39,503
Trading Instruments:					
Provincial and Municipal Obligations	46	29,111	8,028	-	37,185
Corporate Obligations	1,277	15,529	18,071	-	34,877
Government Obligations	14,790	1,924	-	-	16,714
Agencies	-	45,572	489	-	46,061
Total Debt Securities	16,113	92,136	26,588	-	134,837
Derivative Contracts	-	317,896	-	(213,609)	104,287
Equity Securities	19,670	64	-	-	19,734
Other Securities	816	-	-	-	816
Total Trading Instruments	36,599	410,096	26,588	(213,609)	259,674
Available for Sale Securities:					
Agency Mortgage Backed Securities and Collateralized Mortgage Obligations	-	244,006	-	-	244,006
Non-Agency Collateralized Mortgage Obligations	-	216,398	7,434	-	223,832
Other Securities	6	-	-	-	6
Total Available for Sale Securities	6	460,404	7,434	-	467,844
Private Equity and Other Investments:					
Private Equity Investments	-	-	157,176	-	157,176
Other Investments	2,166	52,758	714	-	55,638
Total Private Equity and Other Investments	2,166	52,758	157,890	-	212,814
Other Assets	-	89	-	-	89
Total	\$ 78,274	\$ 923,347	\$ 191,912	\$ (213,609)	\$ 979,924
Liabilities:					
Trading Instruments Sold but Not Yet Purchased:					
Provincial and Municipal Obligations	\$ -	\$ 720	\$ -	\$ -	\$ 720
Corporate Obligations	1,465	4,694	-	-	6,159
Government Obligations	998	-	-	-	998
Agencies	645	-	-	-	645
Total Debt Securities	3,108	5,414	-	-	8,522
Derivative Contracts	-	292,916	-	(230,451)	62,465
Equity Securities	11,678	-	-	-	11,678
Total Trading Instruments Sold but Not Yet Purchased	14,786	298,330	-	(230,451)	82,665
Other Liabilities	-	-	267	-	267
Total	\$ 14,786	\$ 298,330	\$ 267	\$ (230,451)	\$ 82,932

(1) As permitted under FIN 39, the Company has elected to net derivative receivables and derivative payables and the related cash collateral received and paid when a legally enforceable master netting agreement exists.

Level 3 Items Measured at Fair Value on a Recurring Basis

Assets and liabilities are considered Level 3 instruments when their value is determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 instruments also include those for which the determination of fair value requires significant management judgment or estimation. As of December 31, 2008, 5.4% and 0.5% of the Company’s total assets and total liabilities, respectively, represented instruments measured at fair value on a recurring basis. Instruments measured at fair value on a recurring basis categorized as Level 3 as of December 31, 2008 represented 1.3% of the Company’s total assets.

The realized and unrealized gains and losses for assets and liabilities within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs. The following table presents additional information about Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended December 31, 2008:

Three Months Ended December 31, 2008 (in 000's)	Fair Value Measurements Using Significant Unobservable Inputs					Fair Value, December 31, 2008	Change in Unrealized Gains/ (Losses) Related to Financial Instruments Held at December 31, 2008
	Fair Value, September 30, 2008	Total Realized /Unrealized Gains/(Losses) Included in Earnings	Total Unrealized Gains/(Losses) Included in Other Comprehensive Income	Purchases, Issuances, and Settlements, Net	Transfers In and/ or Out of Level 3		
Assets:							
Trading Instruments:							
Provincial and Municipal Obligations	\$ 7,107	\$ (350)	\$ -	\$ 1,271	\$ -	\$ 8,028	\$ (350)
Corporate Obligations	18,716	(1,030)	-	385	-	18,071	(1,033)
Agencies	489	1	-	(1)	-	489	-
Available for Sale Securities:							
Non-Agency Collateralized Mortgage Obligations	8,710	(571)	(648)	(57)	-	7,434	(571)
Private Equity and Other Investments:							
Private Equity Investments	153,282	(330)	-	4,224	-	157,176	(247)
Other Investments	844	33	-	(163)	-	714	(130)
Liabilities:							
Other Liabilities	\$ (178)	\$ (89)	\$ -	\$ -	\$ -	\$ (267)	\$ (89)

Gains and losses (realized and unrealized) included in earnings for the three months ended December 31, 2008 are reported in net trading profits and other revenues in the Company’s statements of income as follows:

Three Months Ended December 31, 2008 (in 000's)	Net Trading Profits	Other Revenues
Total gains or losses included in earnings	\$ (1,379)	\$ (957)
Change in unrealized gains or losses relating to assets still held at reporting date	\$ (1,383)	\$ (1,037)

Nonrecurring Fair Value Measurements

Certain assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value measurement in certain circumstances, for example, when there is evidence of impairment. These instruments are measured at fair value on a nonrecurring basis and include certain loans that have been deemed impaired.

When a loan held for investment is deemed impaired, a creditor measures impairment based on the present value of expected future cash flows discounted at the loan’s effective interest rate, except that as a practical expedient, impairment may be measured based on the fair value of the loan or on the fair value of the underlying collateral if the loan is collateral supported. As of December 31, 2008, loans deemed to be impaired based on a fair value measurement totaled \$7.9 million with the portion deemed to be impaired included in the allowance for loan losses.

The following table presents financial instruments by level within the fair value hierarchy at December 31, 2008, for which a nonrecurring change in fair value was recorded during the three months ended December 31, 2008.

(in 000's)	Fair Value Measurements				Total Gains/ (Losses)
	Level 1	Level 2	Level 3	Total	
Assets:					
Loans	\$ -	\$ -	\$ 7,864	\$ 7,864	\$ -

Fair Value Option

Effective October 1, 2008, the Company adopted SFAS 159. SFAS 159 allows companies to elect to follow fair value accounting for certain financial assets and liabilities on an instrument by instrument basis. The Company elected not to adopt the fair value option for any other financial assets and liabilities as permitted by SFAS 159.

NOTE 4 – TRADING INSTRUMENTS AND TRADING INSTRUMENTS SOLD BUT NOT YET PURCHASED:

	December 31, 2008		September 30, 2008	
	Trading Instruments	Instruments Sold but Not Yet Purchased	Trading Instruments	Instruments Sold but Not Yet Purchased
(in 000's)				
Provincial and Municipal Obligations	\$ 37,185	\$ 720	\$ 101,748	\$ 79
Corporate Obligations	34,877	6,159	43,738	-
Government Obligations	16,714	998	28,896	82,062
Agencies	46,061	645	60,950	25
Total Debt Securities	134,837	8,522	235,332	82,166
Derivative Contracts	104,287	62,465	35,315	19,302
Equity Securities	19,734	11,678	42,391	22,288
Other Securities	816	-	970	
Total	\$ 259,674	\$ 82,665	\$ 314,008	\$ 123,756

Mortgage backed securities of \$53.9 million and \$70.1 million at December 31, 2008 and September 30, 2008, respectively, are included in Corporate Obligations and Agencies in the table above. Mortgage backed securities sold but not yet purchased were \$600,000 at December 31, 2008. There were no material mortgage backed securities sold but not yet purchased at September 30, 2008. These are included in Agencies in the table above. Auction rate securities totaling \$6.0 million and \$16.8 million at December 31, 2008 and September 30, 2008, respectively, are included in Municipal Obligations and Equity Securities in the table above. At both December 31, 2008 and September 30, 2008 these securities were carried at par, which is management’s estimate of fair value. The Company believes most of the remainder of these securities will be redeemed at par, within a reasonable time period, by virtue of call provisions, as issuers refinance their bonds to reduce the higher levels of debt service resulting from recent failed auctions. There were no auction rate securities in Trading Instruments Sold but Not Yet Purchased as of December 31, 2008 or as of September 30, 2008.

See Note 3 above for information regarding the fair value of Trading Instruments and Trading Instruments Sold but Not Yet Purchased.

NOTE 5 - AVAILABLE FOR SALE SECURITIES:

Available for sale securities are comprised primarily of CMOs and other mortgage-related debt securities owned by RJBank, and certain equity securities owned by the Company's non-broker-dealer subsidiaries. There were no proceeds from the sale of available for sale securities for the three months ended December 31, 2008 and 2007.

The amortized cost and fair values of securities available for sale at December 31, 2008 and September 30, 2008 are as follows:

	December 31, 2008			
	Cost Basis	Gross	Gross	Fair Value
		Unrealized	Unrealized	
		Gains	Losses	
(in 000's)				
Agency Mortgage Backed Securities and Collateralized Mortgage Obligations	\$ 249,347	\$ 70	\$ (5,411)	\$ 244,006
Non-Agency Collateralized Mortgage Obligations	392,030	-	(168,198)	223,832
Total RJBank Available for Sale Securities	641,377	70	(173,609)	467,838
Other Securities	3	3	-	6
Total Available for Sale Securities	\$ 641,380	\$ 73	\$(173,609)	\$ 467,844

	September 30, 2008			
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(in 000's)		
Agency Mortgage Backed Securities and Collateralized Mortgage Obligations	\$ 262,823	\$ 82	\$ (3,907)	\$ 258,998
Non-Agency Collateralized Mortgage Obligations	404,044	-	(85,116)	318,928
Total RJBank Available for Sale Securities	666,867	82	(89,023)	577,926
Other Securities	3	4	-	7
Total Available for Sale Securities	\$ 666,870	\$ 86	\$ (89,023)	\$ 577,933

See Note 3 above for additional information regarding the fair value of available for sale securities.

The following table shows RJBank’s investments’ gross unrealized losses and fair value, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position, at December 31, 2008:

	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
(in 000's)						
Agency Mortgage Backed Securities and Collateralized Mortgage Obligations	\$126,360	\$ (2,572)	\$110,678	\$ (2,839)	\$237,038	\$ (5,411)
Non-Agency Collateralized Mortgage Obligations	121,093	(79,811)	101,713	(88,387)	222,806	(168,198)
Total Temporarily Impaired Securities	\$247,453	\$ (82,383)	\$212,391	\$ (91,226)	\$459,844	\$(173,609)

The reference point for determining when securities are in a loss position is quarter end. As such, it is possible that a security had a fair value that exceeded its amortized cost on other days during the period.

Agency Mortgage Backed Securities and Collateralized Mortgage Obligations

The Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, both of which were placed under the conservatorship of the U.S. Government on September 7, 2008, guarantees the contractual cash flows of the agency mortgage backed securities. At December 31, 2008, of the 100 U.S. government-sponsored enterprise mortgage backed securities in a continuous unrealized loss position, 51 were in a continuous unrealized loss position for less than 12 months and 49 for 12 months or more. The unrealized losses at December 31, 2008 were primarily due to the continued illiquidity and uncertainty in the markets. The Company does not consider these securities other than temporarily impaired due to the guarantee provided by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation as to the full payment of principal and interest.

Non-Agency Collateralized Mortgage Obligations

As of December 31, 2008 and including subsequent ratings changes, \$133.8 million of the non-agency collateralized mortgage obligations were rated AAA by two rating agencies and \$90.0 million were rated less than AAA by at least one rating agency. Of the 28 non-agency collateralized mortgage obligations in a continuous unrealized loss position, 11 were in a continuous unrealized loss position for less than 12 months and 17 for 12 months or more. All of the non-agency securities carry various amounts of credit enhancement, and none are collateralized with subprime loans. These securities were purchased based on the underlying loan characteristics such as loan to value (“LTV”) ratio, credit scores, property type, location and the current level of credit enhancement. Current characteristics of each security owned such as delinquency and foreclosure levels, credit enhancement, projected losses and coverage are reviewed monthly by management. When the level of credit loss coverage for an individual security deteriorates below a specified level, management expands its analysis of the security to include detailed cash flow projections based upon loan level credit characteristics and prepayment assumptions. The resulting cash flows are reviewed to determine whether the company will receive all of the originally scheduled cash flows. The resulting projected credit losses are compared to the current level of credit enhancement to determine whether the security is expected to experience losses during any future period and therefore become other-than-temporarily impaired.

The Company has reviewed these securities in accordance with its accounting policy for other-than-temporary impairment, which is described in Note 1 of the Notes to the Consolidated Financial Statements included in the Company’s Annual Report of Form 10-K for the year ended September 30, 2008. In applying FSP EITF 99-20-1, which amended EITF 99-20, the Company estimated future cash flows for each security based upon its best estimate of future delinquencies, loss severity and prepayments to determine the probability of future losses resulting in other-than-temporary impairment. Since the decline in fair value of the securities presented in the table above is not attributable to credit quality but to a significant widening of interest rate spreads across market sectors related to the continued illiquidity and uncertainty in the markets, and because the Company has the ability and intent to hold these investments until a fair value recovery or maturity, it does not consider these securities to be other-than-temporarily impaired as of December 31, 2008. It is possible that the underlying loan collateral of these securities will perform worse than current expectations, which may lead to adverse changes in cash flows on these securities and potential future other-than-temporary impairment losses. Events that may trigger material declines in fair values for these securities in the future would include but are not limited to deterioration of credit metrics, significantly higher levels of default and severity of loss on the underlying collateral, deteriorating credit enhancement and loss coverage ratios, or further illiquidity. In prior periods the Company determined that two securities in the portfolio were other-than-temporarily impaired. The Company recognized an additional loss of \$571,000 on these two securities due to additional fair value declines in the three months ended December 31, 2008. No securities were identified as other-than-temporarily impaired during the three months ended December 31, 2007.

NOTE 6 – BANK LOANS, NET:

Bank client receivables are primarily comprised of loans originated or purchased by RJBank and include commercial and residential real estate loans, as well as commercial and consumer loans. These receivables are collateralized by first or second mortgages on residential or other real property, by other assets of the borrower, or are unsecured. The following table presents the balance and associated percentage of each major loan category in RJBank’s portfolio, including loans receivable and loans available for sale:

	December 31, 2008		September 30, 2008	
	Balance	%	Balance	%
(\$ in 000's)				
Commercial Loans	\$ 727,459	9%	\$ 725,997	10%
Real Estate Construction Loans	382,806	5%	346,691	5%
Commercial Real Estate Loans (1)	3,861,062	50%	3,528,732	49%
Residential Mortgage Loans	2,841,190	36%	2,599,567	36%
Consumer Loans	15,014	-	23,778	-
Total Loans	7,827,531	100%	7,224,765	100%
Net Unearned Income and Deferred Expenses (2)	(44,600)		(41,383)	
Allowance for Loan Losses	(106,140)		(88,155)	
	(150,740)		(129,538)	
Loans, Net	\$ 7,676,791		\$ 7,095,227	

- (1) Loans wholly or partially secured by real estate. Of this amount, \$612.8 million and \$546.7 million is wholly or substantially secured by lien(s) on real estate as of December 31, 2008 and September 30, 2008, respectively. The remainder is partially secured by real estate, the majority of which are also secured by other assets of the borrower, and includes loans to certain real estate investment trusts.
- (2) Includes purchase premiums, purchase discounts, and net deferred origination fees and costs.

At December 31, 2008 and September 30, 2008, RJBank had \$50 million and \$1.7 billion, respectively, in Federal Home Loan Bank of Atlanta (“FHLB”) advances secured by a blanket lien on RJBank’s residential mortgage loan portfolio. See Note 9 of the Notes to the Condensed Consolidated Financial Statements for more information regarding the FHLB advances.

At December 31, 2008 and September 30, 2008, RJBank had \$249,000 and \$524,000 in loans available for sale, respectively. RJBank’s gain from the sale of originated residential loans available for sale was \$49,000 and \$97,000 for the three months ended December 31, 2008 and 2007, respectively.

Certain officers, directors, and affiliates, and their related entities were indebted to RJBank for \$1.9 million at December 31, 2008 and September 30, 2008, respectively. All such loans were made in the ordinary course of business.

Loan interest and fee income for the three months ended December 31, 2008 and 2007 was \$99.6 million and \$84.3 million, respectively.

The following table shows the contractual maturities of RJBank’s loan portfolio at December 31, 2008, including contractual principal repayments. This table does not, however, include any estimates of prepayments. These prepayments could significantly shorten the average loan lives and cause the actual timing of the loan repayments to differ from those shown in the following table:

	Due in			Total
	1 Year or Less	1 Year – 5 Years	>5 Years	
	(in 000's)			
Commercial Loans	\$ 2,602	\$ 465,861	\$ 258,996	\$ 727,459
Real Estate Construction Loans	97,394	269,286	16,126	382,806
Commercial Real Estate Loans (1)	184,336	3,026,496	650,230	3,861,062
Residential Mortgage Loans	692	7,181	2,833,317	2,841,190
Consumer Loans	13,933	1,081	-	15,014
Total Loans	\$ 298,957	\$3,769,905	\$ 3,758,669	\$ 7,827,531

(1) Loans wholly or partially secured by real estate. Of this amount, \$612.8 million is wholly or substantially secured by lien(s) on real estate as of December 31, 2008. The remainder is partially secured by real estate, the majority of which are also secured by other assets of the borrower, and includes loans to certain real estate investment trusts.

RJBank classifies loans as nonperforming when full and timely collection of interest or principal becomes uncertain or when they are 90 days past due. The following table shows the comparative data for nonperforming loans and assets:

	December 31, 2008	September 30, 2008
(\$ in 000's)		
Nonaccrual Loans	\$ 57,189	\$ 52,033
Accruing Loans Which are 90 Days or more Past Due	6,734	6,131
Total Nonperforming Loans	63,923	58,164
Real Estate Owned and Other Repossessed Assets, Net	12,827	4,144
Total Nonperforming Assets, Net	\$ 76,750	\$ 62,308
Total Nonperforming Assets as a % of Total Loans, Net and Other Real Estate Owned, Net	1.00%	0.88%

The gross interest income related to non-performing loans, which would have been recorded had these loans been current in accordance with their original terms totaled \$1.3 million for the quarter ended December 31, 2008 or \$2.5 million since origination. The interest income recognized on nonaccrual loans for the quarter ended December 31, 2008 was \$32,000. As of December 31, 2008, there were five loans which RJBank considers to be impaired in the corporate loan portfolio totaling \$37.6 million included in nonaccrual loans. In addition, there were two loans which RJBank considers to be impaired in the residential loan portfolio for which \$474,000 is included in nonaccrual loans. The Company has established reserves totaling \$7.5 million against these seven loans. The average balance of the impaired loans was \$36.6 million for the three months ended December 31, 2008. RJBank considers a loan to be impaired when it is probable that it will be unable to collect the scheduled payments of principal or interest when due according to the terms of the loan agreement. Of the \$3.1 million in charge-offs related to corporate loans during the quarter ended December 31, 2008, \$1.6 million is related to these impaired loans and \$1.5 related to a loan secured by property that was subsequently foreclosed and carried in other real estate owned. As of December 31, 2008, four of these impaired loans totaling \$14.9 million were classified as a troubled debt restructuring. At the time of this restructuring, RJBank increased its commitment to one of the borrowers by \$894,000. As of December 31, 2008 RJBank had commitments to lend an additional \$1.6 million to borrowers whose existing loans were classified as troubled debt restructurings.

Changes in the allowance for loan losses at RJBank were as follows:

	Three Months Ended	
	December 31, 2008	December 31, 2007
(\$ in 000's)		
Allowance for Loan Losses, Beginning of Period	\$ 88,155	\$ 47,022
Provision For Loan Losses	24,870	12,820
Charge-Offs:		
Commercial Real Estate Loans	(3,141)	(372)
Residential Mortgage Loans	(3,744)	(214)
Total Charge-Offs	(6,885)	(586)
Total Recoveries	-	-
Net Charge-Offs	(6,885)	(586)
Allowance for Loan Losses, End of Period	\$ 106,140	\$ 59,256
Net Charge-Offs to Average Bank Loans, Net Outstanding	0.09%	0.01%

The calculation of the allowance is subjective as management segregates the loan portfolio into different homogeneous classes and assigns each class an allowance percentage based on the perceived risk associated with that class of loans. The factors taken into consideration when assigning the reserve percentage to each reserve category include: estimates of borrower default probabilities and collateral values; trends in delinquencies; volume and terms; changes in geographic distribution, lending policies, local, regional, and national economic conditions; concentrations of credit risk and past loss history. In addition, the Company provides for potential losses inherent in RJBank's unfunded lending commitments using the criteria above, further adjusted for an estimated probability of funding. The provision for loan loss is included in other expenses in the Condensed Consolidated Statements of Income and Comprehensive Income.

Additionally, every residential and consumer loan over 60 days past due is reviewed by RJBank personnel monthly and documented in a written report detailing delinquency information, balances, collection status, appraised value, and other data points. RJBank senior management meets monthly to discuss the status, collection strategy and charge-off/write-down recommendations on every residential or consumer loan over 60 days past due. Generally, loans are charged off when determined by management to be uncollectible. For commercial loans management evaluates all sources of repayment, including the estimated liquidation value of collateral pledged, to determine an amount to be charged off. Commercial real estate and real estate construction loans are charged off to adjusted collateral value based upon current appraisals reduced by anticipated selling costs. Residential loans and consumer loans secured by real estate are charged-off to updated collateral valuations adjusted for anticipated selling expenses.

In addition to the allowance for loan losses shown net of Bank Loans, Net, RJBank had reserves for unfunded lending commitments included in Trade and Other Payables of \$8.3 million and \$9.2. million at December 31, 2008 and September 30, 2008, respectively.

RJBank’s net interest income after provision for loan losses for the quarter ended December 31, 2008 and 2007 was \$69.6 million and \$22.4 million, respectively.

RJBank originates and purchases portfolios of loans that may or may not include interest only loans that subject the borrower to payment increases over the life of the loan. RJBank does not originate or purchase residential loans that have terms that permit negative amortization features or are option adjustable rate mortgages. RJBank also does not originate or purchase loans with deeply discounted teaser rates.

Loans where borrowers may be subject to payment increases include adjustable rate mortgage loans with terms that initially require payment of interest only; payments may increase significantly when the interest-only period ends and the loan principal begins to amortize. At December 31, 2008 and September 30, 2008, these loans totaled \$2.0 billion. These loans are underwritten based on a variety of factors including the borrower’s credit history, debt to income ratio, employment, the loan-to-value (“LTV”) ratio, and the borrower’s disposable income and cash reserves. In instances where the borrower is of lower credit standing, the loans are typically underwritten to have a lower LTV ratio and/or other mitigating factors. Loans with aggregate balances totaling \$237.3 million at December 31, 2008 were scheduled to re-price within the next six months. A large percentage of these loans were projected to adjust to a lower payment than the current payment, and this percentage is likely to increase in a falling rate environment.

Management does not believe these loans represent an unusual concentration of risk, as evidenced by low net charge-offs and past due loans. All of these loans are secured by mortgages on one-to-four family residential real estate and are diversified geographically. Interest-only loans are underwritten at the time of application or purchased based on the amortizing payment amount, and borrowers are required to meet stringent parameters regarding debt ratios, LTV levels, and credit score.

High LTV loans include all mortgage loans where the LTV is greater than or equal to 90% and the borrower has not provided other credit support or purchased private mortgage insurance (“PMI”). At December 31, 2008 and September 30, 2008, RJBank held \$461,000 and \$472,000, respectively, in total outstanding balances for these loans.

NOTE 7 - VARIABLE INTEREST ENTITIES (“VIEs”):

Under the provisions of FIN 46R the Company has determined that Raymond James Employee Investment Funds I and II (the “EIF Funds”), certain entities in which Raymond James Tax Credit Funds, Inc. (“RJTCF”) owns variable interests, various partnerships involving real estate, and a trust fund established for employee retention purposes are VIEs. Of these, the Company has determined that the EIF Funds, certain tax credit fund partnerships/LLCs, and the trust fund should be consolidated in the financial statements as the Company is the primary beneficiary.

The EIF Funds are limited partnerships, for which the Company is the general partner, that invest in the merchant banking and private equity activities of the Company and other unaffiliated venture capital limited partnerships. The EIF Funds were established as compensation and retention measures for certain qualified key employees of the Company. The Company makes non-recourse loans to these employees for two-thirds of the purchase price per unit. The loans and applicable interest are to be repaid based on the earnings of the EIF Funds. Given the EIF Funds’ purpose and design, the Company is deemed to be the entity/person most closely associated with these VIEs. As a result, the Company is deemed to be the primary beneficiary, and accordingly, consolidates the EIF Funds, which had combined assets of approximately \$19.1 million at December 31, 2008. None of those assets act as collateral for any obligations of the EIF Funds. The Company's exposure to loss is limited to its contributions and the non-recourse loans funded to the employee investors, for which their partnership interests serve as collateral. At December 31, 2008 that exposure is approximately \$3.4 million.

RJTCF is a wholly owned subsidiary of RJF and is the managing member or general partner in approximately 53 separate tax credit housing funds having one or more investor members or limited partners. These tax credit housing funds are organized as limited liability companies or limited partnerships for the purpose of investing in limited partnerships which purchase and develop low income housing properties qualifying for tax credits. As of December 31, 2008, 51 of these tax credit housing funds are VIEs as defined by FIN 46R, and RJTCF's interest in these tax credit housing funds which are VIEs range from .01% to 99%. The Company's determination of the primary beneficiary of each VIE requires judgment and is based on an analysis of all relevant facts and circumstances, including: (1) the existence of a principal-agency relationship between investor member(s) and managing member, (2) the relationship and significance of the activities of the VIE to each member, (3) each member's exposure to the expected losses of the VIE, and (4) the design of the VIE. In the design of tax credit fund VIEs, the overriding premise is that the investor members invest solely for tax attributes associated with the portfolio of low income housing properties held by the VIE, while the managing member, RJTCF, is responsible for overseeing the operations of the VIE. In instances where there is a single investor member that holds 50% or more of the total investor member tax attributes, the managing member, RJTCF, is not deemed to be the primary beneficiary of such VIEs given that one investor member has the majority of the exposure to the expected losses of the VIE. Conversely, for those tax credit fund VIEs where there is not one single investor member holding a 50% or more interest in the tax attributes, then the managing member, RJTCF, is deemed to be the primary beneficiary of such tax credit fund VIEs.

RJTCF has concluded that it is the primary beneficiary in approximately one-fifth of these tax credit housing funds, and accordingly, consolidates these funds, which have combined assets of approximately \$272 million at December 31, 2008. None of those assets act as collateral for any obligations of these funds. The Company's exposure to loss is limited to its investments in, advances to, and receivables due from these funds and at December 31, 2008, that exposure is approximately \$30.2 million.

RJTCF is not the primary beneficiary of the remaining tax credit housing funds it determined to be VIEs and accordingly the Company does not consolidate these funds. The Company's exposure to loss is limited to its investments in, advances to, and receivables due from these funds and at December 31, 2008, that exposure is approximately \$7.5 million.

The two remaining tax credit housing funds that have been determined not to be VIEs are wholly owned by RJTCF and are included in the Company's consolidated financial statements. At December 31, 2008, only one of these funds had any material activity. These funds typically hold interests in certain tax credit limited partnerships for less than 90 days, or until beneficial interest in the fund is sold to third-parties. These funds had assets of approximately \$0.4 million at December 31, 2008, which is also the Company's exposure to losses as of December 31, 2008.

See Note 12 of the Notes to Condensed Consolidated Financial Statements for information regarding the Company's commitments related to RJTCF.

As of December 31, 2008, the Company has a variable interest in several limited partnerships involved in various real estate activities, in which a subsidiary is the general partner. Given that the Company is not entitled to receive the majority of any residual returns and does not have the ability to significantly influence the financial results of these partnerships, the Company is not the primary beneficiary of these VIEs and accordingly does not consolidate these partnerships. These partnerships have assets of approximately \$12 million at December 31, 2008. The carrying value of the Company's investment in these partnerships is not material at December 31, 2008.

One of the Company's restricted stock plans is associated with a trust fund which was established through the Company's wholly owned Canadian subsidiary. This trust fund was established and funded to enable the trust fund to acquire Company common stock in the open market to be used to settle restricted stock units granted as a retention vehicle for certain employees of the Canadian subsidiary. Given this trust fund's purpose and design, the Company, through its Canadian subsidiary, is deemed to be the entity/person most closely associated with this VIE. As a result, the Company is deemed to be the primary beneficiary in accordance with FIN 46R, and accordingly, consolidates this trust fund, which has assets of approximately \$12.6 million at December 31, 2008. None of those assets are specifically pledged as collateral for any obligations of the trust fund. The Company's exposure to loss is limited to its contributions to the trust fund and at December 31, 2008, that exposure is approximately \$12.6 million.

NOTE 8 - BANK DEPOSITS:

Bank deposits include Negotiable Order of Withdrawal (“NOW”) accounts, demand deposits, savings and money market accounts and certificates of deposit. The following table presents a summary of bank deposits at December 31, 2008 and September 30, 2008:

	December 31, 2008		September 30, 2008	
	Balance	Weighted Average Rate (1)	Balance	Weighted Average Rate (1)
(\$ in 000's)				
Bank Deposits:				
NOW Accounts	\$ 4,857	0.01%	\$ 3,402	0.30%
Demand Deposits (Non-Interest Bearing)	2,597	-	2,727	-
Savings and Money Market Accounts	8,559,798	0.01%	8,520,121	1.58%
Certificates of Deposit	225,730	4.10%	248,207	4.12%
Total Bank Deposits	\$8,792,982	0.12%	\$8,774,457	1.65%

(1) Weighted average rate calculation is based on the actual deposit balances at December 31, 2008 and September 30, 2008, respectively.

RJBank had deposits from RJF executive officers and directors of \$650,000 and \$401,000 at December 31, 2008 and September 30, 2008, respectively.

Scheduled maturities of certificates of deposit and brokered certificates of deposit at December 31, 2008 and September 30, 2008 were as follows:

	December 31, 2008		September 30, 2008	
	Denominations Greater than or Equal to \$100,000	Denominations Less than \$100,000	Denominations Greater than or Equal to \$100,000	Denominations Less than \$100,000
(in 000's)				
Three Months or Less	\$ 13,652	\$ 29,784	\$ 12,068	\$ 25,820
Over Three Through Six Months	5,604	20,344	12,971	27,996
Over Six Through Twelve Months	12,035	32,827	12,336	38,783
Over One Through Two Years	13,044	35,703	14,592	39,672
Over Two Through Three Years	10,942	22,621	11,520	23,039
Over Three Through Four Years	2,109	8,630	2,442	8,853
Over Four Years	8,245	10,190	8,145	9,970
Total	\$ 65,631	\$ 160,099	\$ 74,074	\$ 174,133

Interest expense on deposits is summarized as follows:

	Three Months Ended	
	December 31, 2008	December 31, 2007
(in 000's)		
Certificates of Deposit	\$ 2,448	\$ 2,816
Money Market, Savings and NOW Accounts	12,635	60,620
Total Interest Expense on Deposits	\$ 15,083	\$ 63,436

NOTE 9 – LOANS PAYABLE:

Loans payable at December 31, 2008 and September 30, 2008 are presented below:

	December 31, 2008	September 30, 2008
	(in 000's)	
Short-Term Borrowings:		
Borrowings on Lines of Credit	\$ 50,000	\$ 200,000
Current Portion of Mortgage Notes Payable	2,694	2,891
Federal Home Loan Bank Advances	-	1,900,000
Total Short-Term Borrowings	52,694	2,102,891
Long-Term Borrowings:		
Mortgage Notes Payable	58,584	59,333
Federal Home Loan Bank Advances	50,000	50,000
Total Long-Term Borrowings	108,584	109,333
Total Loans Payable	\$ 161,278	\$ 2,212,224

At December 31, 2008, the Company maintained three 364-day committed and several uncommitted financing arrangements denominated in U.S. dollars and one uncommitted line of credit denominated in Canadian dollars (“CDN”). At December 31, 2008, the aggregate domestic facilities were \$945.1 million and the Canadian line of credit was CDN \$40 million. Lenders are under no obligation to lend to the Company under uncommitted lines and there have been several recent instances where they were unwilling to do so.

On January 8, 2009, RJF amended its revolving credit agreement with JPMorgan Chase Bank and three other commercial banks. The amendment extended the facility termination date until January 22, 2009 and continued the aggregate commitment of the lenders at \$50 million, the amount of loans then currently outstanding under the agreement. RJF repaid the outstanding loan balance on the facility termination date. On February 6, 2009, RJF closed on a new \$100 million unsecured revolving credit agreement. Drawings on this line are subject to the Company’s receipt of approval from the U.S. Treasury to participate in the Capital Purchase Program.

Raymond James & Associates, Inc. (“RJA”) maintains a \$50 million committed secured line of credit and a \$100 million committed tri-party repurchase arrangement, each with a commercial bank. At December 31, 2008, there were collateralized financings of \$40 million outstanding under the \$100 million tri-party repurchase arrangement. These borrowings are included in Securities Sold Under Agreements to Repurchase on the Condensed Consolidated Statement of Financial Condition and are collateralized by RJA-owned securities with a market value of approximately \$64 million. RJA’s committed facilities with the two commercial banks are subject to 0.15% and 0.125% per annum facility fees, respectively.

In addition, RJA maintains \$235.1 million in uncommitted secured facilities. At December 31, 2008, RJA also maintained \$360 million in uncommitted tri-party repurchase facilities with related parties, including an arrangement with Raymond James Financial Services, Inc. (“RJFS”). RJBank had provided \$300 million of those uncommitted arrangements to RJA, which was guaranteed by RJF. Approximately \$240 million was available only until January 30, 2009 under an exception from affiliate lending regulations granted by the Office of Thrift Supervision (“OTS”). RJBank has applied for an extension from the OTS until October 30, 2009, since such an extension was granted by the Federal Reserve on January 30, 2009. Collateral for loans under secured lines of credit and securities sold under repurchase agreements (collectively “collateral”) are RJA-owned and/or client margin securities, as permitted by regulatory requirements. The required market value of the collateral ranges from 102% to 125% of the cash provided. Although RJA had \$510 million committed or related party collateralized financing arrangements available at December 31, 2008, RJA’s Fixed Income inventory available to serve as collateral is typically substantially less. Unsecured loan facilities available to RJA total \$150 million of uncommitted unsecured lines of credit.

The interest rates for all of the Company’s financing facilities are variable and are based on the Fed Funds rate, LIBOR, or Canadian prime rate as applicable. Unlike committed credit facilities, uncommitted lenders are not subject to any formula determining the interest rates they may charge on a loan. For the three months ended December 31, 2008, interest rates on the financing facilities ranged from (on a 360 days per year basis) 0.59% to 5.94%. For the three months ended December 31, 2007, those interest rates ranged from 4.75% to 6.13%.

In addition, the Company’s joint ventures in Turkey and Argentina have multiple settlement lines of credit. The Company has guaranteed certain of these settlement lines of credit as follows: one in Turkey totaling \$8 million and one in Argentina for \$9 million. At December 31, 2008, there were no outstanding balances on the settlement lines in Turkey or Argentina. At December 31, 2008 the aggregate unsecured settlement lines of credit available were \$4.4 million, and there were no outstanding balances on these lines. The interest rates for these lines of credit ranged from 6% to 25%. On December 5, 2008, the Company’s Turkish joint venture ceased operations. See Note 12 of the Notes to the Condensed Consolidated Financial Statements for more information.

RJBank had \$50 million in FHLB advances outstanding at December 31, 2008, which was comprised of several long-term, fixed rate advances. The weighted average interest rate on these fixed rate advances at December 31, 2008 was 5.19%. The outstanding FHLB advances mature between September 2010 and February 2011. The maximum amount of FHLB advances outstanding at any month-end during the three months ended December 31, 2008 and 2007 was \$50 million and \$69 million, respectively. The average amounts of FHLB advances outstanding and the weighted average interest rate thereon for the three months ended December 31, 2008 and 2007 were \$50 million at a rate of 5.19% and \$58.2 million at a rate of 5.32%, respectively. These advances are secured by a blanket lien on RJBank’s residential loan portfolio granted to FHLB. The FHLB has the right to convert advances totaling \$35 million at December 31, 2008 to a floating rate at one or more future dates. RJBank has the right to prepay these advances without penalty if the FHLB exercises its right. The September 30, 2008 FHLB advances included \$1.9 billion in overnight advances to meet point in time regulatory balance sheet composition requirements related to its qualifying as a thrift institution. These advances were repaid on October 1, 2008.

Mortgage notes payable evidences a mortgage loan for the financing of the Company’s home office complex. The mortgage loan bears interest at 5.7% and is secured by land, buildings, and improvements with a net book value of \$67.1 million at December 31, 2008.

NOTE 10 – DERIVATIVE FINANCIAL INSTRUMENTS:

The Company enters into interest rate swaps and futures contracts as part of its fixed income business to facilitate customer transactions and to hedge a portion of the Company’s trading inventory. These positions are marked to fair value with the gain or loss and the related interest recorded in Net Trading Profits within the statement of income for the period. Any collateral exchanged as part of the swap agreement is recorded in Broker Receivables and Payables in the statement of financial condition for the period.

Under FASB Interpretation (“FIN”) No. 39, “Offsetting of Amounts Related to Certain Contracts” (“FIN No. 39”), the Company elects to net-by-counterparty the fair value of interest rate swap contracts entered into by the Fixed Income Trading group. Certain contracts contain a legally enforceable master netting arrangement and therefore, the fair value of those swap contracts are netted by counterparty in the Condensed Consolidated Statements of Financial Condition. As of October 1, 2008, the Company adopted FASB Staff Position (“FSP”) FIN No. 39-1, “Amendment of FASB Interpretation No. 39” (“FSP FIN No. 39-1”). As the Company elects to net-by-counterparty the fair value of interest rate swap contracts, it also must now net-by-counterparty any collateral exchanged as part of the swap agreement. This cash collateral is recorded net-by-counterparty in Trading Instruments or Trading Instruments Sold but Not Yet Purchased in the Condensed Consolidated Statements of Financial Condition for the period presented.

The Company had outstanding interest rate derivative contracts with notional amounts of \$3.7 billion at both December 31, 2008 and September 30, 2008. The notional amount of a derivative contract does not change hands; it is simply used as a reference to calculate payments. Accordingly, the notional amount of the Company’s derivative contracts outstanding at December 31, 2008 greatly exceeds the possible losses that could arise from such transactions. The net market value of all open derivative asset positions at December 31, 2008 and September 30, 2008 was \$104.3 million, (including cash collateral of \$18.3 million) and \$35.3 million (net of cash collateral of \$4.1 million), respectively. The net market value of all open derivative liability positions at December 31, 2008 and September 30, 2008 was \$62.5 million, (including cash collateral of \$13.5 million) and \$19.3 million (net of cash collateral of \$4.0 million), respectively.

To mitigate interest rate risk in a significantly rising rate environment, RJBank purchased three-year term interest rate caps with high strike rates (more than 300 basis points higher than current rates) during the year ended September 30, 2008 that will increase in value if interest rates rise and entitle RJBank to cash flows if interest rates rise above strike rates. These positions are recorded at fair value with any changes in fair value recorded in Other Revenue within the statement of income for the period. At December 31, 2008 and September 30, 2008, the notional amount of the interest rate caps held by RJBank was \$1.5 billion. The fair value at December 31, 2008 and September 30, 2008 was \$89,000 and \$1.3 million, respectively. The Company’s maximum loss exposure under these interest rate cap contracts was \$1.8 million at December 31, 2008.

The Company is exposed to credit losses in the event of nonperformance by the counterparties to its interest rate derivative agreements. The Company performs a credit evaluation of counterparties prior to entering into derivative transactions and monitors their credit standings. Currently, the Company anticipates that all counterparties will be able to fully satisfy their obligations under those agreements. The Company may require collateral from counterparties to support these obligations as established by the credit threshold specified by the agreement and/or as a result of monitoring the credit standing of the counterparties. The Company is also exposed to interest rate risk related to its interest rate swap agreements. The Company monitors exposure in its derivatives subsidiary daily based on established limits with respect to a number of factors, including interest rate, spread, ratio and basis, and volatility risks. These exposures are monitored both on a total portfolio basis and separately for selected maturity periods.

NOTE 11 - INCOME TAXES

As of December 31, 2008 and September 30, 2008 the liability for unrecognized tax benefits was \$5.1 million and \$4.9 million, respectively. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate for income from continuing operations was \$3.7 million and \$3.5 million at December 31, 2008 and September 30, 2008, respectively.

The Company recognizes the accrual of interest and penalties related to income tax matters in interest expense and other expense, respectively. As of December 31, 2008 and September 30, 2008, accrued interest and penalties included in the unrecognized tax benefits liability were approximately \$1.6 million and \$1.5 million, respectively.

The Company’s tax liability does not include any accrual for potential taxes, interest or penalties related to tax assessments of the Company’s Turkish joint venture. The Company has fully reserved for its equity interest in this joint venture (see Item 1, “Legal Proceedings” of Part II below for additional information).

The Company files income tax returns in the U. S. federal jurisdiction and various states, local and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or foreign income tax examination by tax authorities for years prior to 2008 for federal tax returns, 2004 for state and local tax returns and 2000 for foreign tax returns. During this quarter, the Company settled a State of Maine audit for the years 2002 through 2006. As a result, the Company paid approximately \$70,000 that was previously provided for under FIN 48 as an unrecognized tax benefit. During this quarter, the fiscal year 2004 federal income tax return examined under the IRS Compliance Assurance Program was finalized resulting in a refund. The 2008 federal income tax return is currently being examined under the IRS Compliance Assurance Program. This program accelerates the examination of key issues in an attempt to resolve them before the tax return is filed. Certain state and local returns are also currently under various stages of audit. The 2008 IRS audit and state audits in process are expected to be completed in fiscal year ending 2009. It is anticipated that the unrecognized tax benefits may increase by an estimated \$0.3 million over the next 12 months.

NOTE 12 – COMMITMENTS AND CONTINGENCIES:

The Company is the lessor in a leveraged commercial aircraft transaction with Continental Airlines, Inc. (“Continental”). The Company’s ability to realize its expected return is dependent upon this airline’s ability to fulfill its lease obligation. In the event that this airline defaults on its lease commitment and the trustee for the debt holders is unable to re-lease or sell the plane with adequate terms, the Company would suffer a loss of some or all of its investment. The carrying amount of this leveraged lease with Continental was approximately \$8.8 million as of December 31, 2008. The Company’s equity investment represented 20% of the aggregate purchase price; the remaining 80% was funded by public debt issued in the form of equipment trust certificates. The residual value of the aircraft at the end of the lease term of approximately 17 years was originally projected to be 15% of the original cost and has not been adjusted since inception. This lease expires in May 2014.

Although Continental remains current on its lease payments to the Company, the inability of Continental to make its lease payments, or the termination or modification of the lease through a bankruptcy proceeding, could result in the write-down of the Company’s investment and the acceleration of certain income tax payments. The Company continues to monitor this lessee for specific events or circumstances that would increase the likelihood of a default on Continental’s obligations under this lease.

RJBank had \$50 million in FHLB advances outstanding at December 31, 2008, comprised of several long-term, fixed rate advances. RJBank had \$1.7 billion in immediate credit available from the FHLB on December 31, 2008 and total available credit of 40% of total assets, with the pledge of additional collateral to the FHLB. See Note 9 of the Notes to the Condensed Consolidated Financial Statements for more information. At December 31, 2008 and September 30, 2008, no securities other than FHLB stock were pledged by RJBank as collateral with the FHLB for advances.

As of December 31, 2008, RJBank had entered into short-term reverse repurchase agreements totaling \$1.1 billion with four counterparties, with individual exposures of \$400 million, \$300 million, \$250 million and \$100 million. Although RJBank is exposed to risk that these counterparties may not fulfill their contractual obligations, the Company believes the risk of loss is minimal due to the U.S. Treasury securities received as collateral, the creditworthiness of these counterparties, which is closely monitored, and the short duration of these agreements.

As of September 30, 2008, RJBank had not settled purchases of \$8.5 million in syndicated loans (included in Bank Loans, net) due to sellers’ delays in finalizing settlement, all of which had settled prior to December 31, 2008. As of December 31, 2008, there were no purchases of syndicated loans that had not settled.

RJBank provides to its affiliate, Raymond James Capital Services, Inc. (“RJCS”), on behalf of certain corporate borrowers, a guarantee of payment in the event of the borrower’s default for exposure under interest rate swaps entered into with RJCS. At December 31, 2008 and September 30, 2008, the aggregate exposure under these guarantees was \$14.5 million and \$2.5 million, respectively, which was underwritten as part of RJBank’s larger corporate credit relationships. The estimated total potential exposure under these guarantees is \$16.2 million at December 31, 2008.

See Note 16 of the Notes to Condensed Consolidated Financial Statements with respect to RJBank’s and Raymond James Multi-Family Finance, Inc.’s commitments to extend credit and other RJBank credit-related off-balance sheet financial instruments such as standby letters of credit and loan purchases.

As part of an effort to increase brand awareness, the Company entered into a stadium naming rights contract in July 1998. The contract expires in 2016 and has a 4% annual escalator. Expenses of \$796,000 and \$765,000 were recognized in the three months ended December 31, 2008 and 2007, respectively.

In the normal course of business, the Company enters into underwriting commitments. Transactions relating to such commitments of RJA that were open at December 31, 2008 and were subsequently settled had no material effect on the consolidated financial statements as of that date. There were no material transactions relating to such commitments of Raymond James Ltd. (“RJ Ltd.”) that were recorded and open at December 31, 2008.

The Company utilizes client marginable securities to satisfy deposits with clearing organizations. At December 31, 2008, the Company had client margin securities valued at \$113.5 million pledged with a clearing organization to meet the point in time requirement of \$63.9 million. At September 30, 2008, the Company had client margin securities valued at \$210 million pledged with a clearing organization to meet the point in time requirement of \$139.9 million.

The Company has committed a total of \$60.3 million, in amounts ranging from \$200,000 to \$5 million, to 44 different independent venture capital or private equity partnerships. As of December 31, 2008, the Company had invested \$37.3 million of that amount and had received \$30.5 million in distributions. Additionally, the Company controls the general partner in two internally sponsored private equity limited partnerships to which it has committed \$14 million. Of that amount, the Company has invested \$13.7 million and has received \$10 million in distributions as of December 31, 2008. The Company is not the controlling general partner in another internally sponsored private equity limited partnership to which it has committed \$30 million. As of December 31, 2008, the Company has invested \$3.8 million of that amount and has not received any distributions.

The Company is the general partner in EIF Funds. These limited partnerships invest in the merchant banking and private equity activities of the Company and other unaffiliated venture capital limited partnerships. The EIF Funds were established as compensation and retention measures for certain qualified key employees of the Company. At December 31, 2008, the funds have unfunded commitments of \$1.8 million.

In the normal course of business, certain subsidiaries of the Company act as general partner and may be contingently liable for activities of various limited partnerships. These partnerships engaged primarily in real estate activities. In the opinion of the Company, such liabilities, if any, for the obligations of the partnerships will not in the aggregate have a material adverse effect on the Company’s consolidated financial position.

At December 31, 2008, the approximate market values of collateral received that can be repledged by the Company, were:

Sources of Collateral (In 000's):	
Securities Purchased Under Agreements to Resell and Other	
Collateralized Financings	\$ 1,312,689
Securities Received in Securities Borrowed vs. Cash Transactions	556,197
Collateral Received for Margin Loans	1,100,699
Total	<u>\$ 2,969,585</u>

During the quarter, certain collateral was repledged. At December 31, 2008, the approximate market values of this portion of collateral and financial instruments owned that were repledged by the Company, were:

Uses of Collateral and Trading Securities (In 000's):	
Securities Purchased Under Agreements to Resell and Other	
Collateralized Financings	\$ -
Securities Delivered in Securities Borrowed vs. Cash Transactions	529,807
Collateral Received for Margin Loans	113,515
Total	<u>\$ 643,322</u>

The Company has from time to time authorized performance guarantees for the completion of trades with counterparties in Argentina and Turkey. At December 31, 2008, there were no outstanding performance guarantees in Argentina or Turkey.

See Note 9 of the Notes to Condensed Consolidated Financial Statements for information regarding the Company’s other financing arrangements.

The Company guarantees the existing mortgage debt of RJA of approximately \$61.3 million. The Company guarantees interest rate swap obligations of RJCS. The Company has also committed to lend to RJTCF, or guarantee obligations in connection with RJTCF’s low income housing development/rehabilitation and syndication activities, aggregating up to \$125 million upon request, subject to certain limitations as well as annual review and renewal. RJTCF borrows in order to invest in partnerships which purchase and develop properties qualifying for tax credits (“project partnerships”). These investments in project partnerships are then sold to various tax credit funds, which have third party investors, and for which RJTCF serves as the managing member or general partner. RJTCF typically sells these investments within 90 days of their acquisition, and the proceeds from the sales are used to repay RJTCF’s borrowings. During the first quarter of fiscal year 2009, a subsidiary of the Company purchased 58 units in one of RJTCF’s current fund offerings for a capital contribution of up to \$58 million. At December 31, 2008, \$30 million of capital had been contributed by the subsidiary to this fund. The subsidiary expects to resell these interests to other investors; however, the holding period of these interests could be much longer than 90 days. In addition to the 58 unit interest purchased, RJTCF provided certain specific performance guarantees to the investors of this fund. The Company has guaranteed the \$58 million capital contribution obligation as well as the specified performance guarantees provided by RJTCF to the fund’s investors. The unfunded capital contribution obligation is \$28 million as of December 31, 2008. Additionally, RJTCF may make short-term loans or advances to project partnerships on behalf of the tax credit funds in which it serves as managing member or general partner. At December 31, 2008, cash funded to invest in either loans or investments in project partnerships (excluding the 58 unit purchase mentioned previously) was \$10.3 million. In addition, at December 31, 2008, RJTCF is committed to additional future fundings (excluding the 58 unit purchase mentioned previously) of \$300,000 related to project partnerships that have not yet been sold to various tax credit funds. The Company and RJTCF also issue certain guarantees to various third parties related to project partnerships, interests in which have been or are expected to be sold to one or more tax credit funds under RJTCF’s management. In some instances, RJTCF is not the primary guarantor of these obligations which aggregate to a cumulative maximum obligation of approximately \$14.9 million as of December 31, 2008. Through RJTCF’s wholly owned lending subsidiary, Raymond James Multi-Family Finance, Inc., certain construction loans or loans of longer duration (“permanent loans”) may be made directly to certain project partnerships. As of December 31, 2008 nine such construction loans are outstanding with an unfunded balance of \$13.1 million available for future draws on such loans. Similarly, five permanent loan commitments are outstanding as of December 31, 2008. Each of these commitments will only be funded if certain conditions are achieved by the project partnership and in the event such conditions are not met, generally expire two years after their issuance. The total amount of such unfunded permanent loan commitments as of December 31, 2008 is \$5.9 million.

The Company entered into two agreements, both with Raymond James Trust, National Association (“RJT”) and one with the Office of the Controller of the Currency (“OCC”), as a condition to RJT’s conversion in January, 2008 from a state to a federally chartered institution. Under those agreements, the Company is obligated to provide RJT with sufficient capital in a form acceptable to the OCC to meet and maintain the capital and liquidity requirements commensurate with RJT’s risk profile for its conversion and any subsequent requirements of the OCC. The conversion expands RJT’s market nationwide, while substituting federal for multiple state regulatory oversight. RJT’s federal charter limits it to fiduciary activities. Thus, capital requirements are not expected to be significant.

As a result of the extensive regulation of the securities industry, the Company's broker-dealer subsidiaries are 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.

Raymond James Yatyrym Menkul Kyymetler A. S., (“RJY”), the Company’s Turkish affiliate, was assessed for the year 2001 approximately \$6.8 million by the Turkish tax authorities. The authorities applied a significantly different methodology than in the prior year’s audit which the Turkish tax court and Council of State affirmed. RJY is vigorously contesting most aspects of this assessment and has sought reconsideration of the Turkish Council of State. The Turkish tax authorities, utilizing the 2001 methodology, assessed RJY \$5.7 million for 2002, which is also being challenged. Audits of 2003 and 2004 are anticipated and their outcome is unknown in light of the change in methodology and the pending litigation. On October 24, 2008, RJY was notified by the Capital Markets Board of Turkey that the technical capital inadequacy resulting from RJY’s provision for this case required an additional capital contribution, and as a result, RJY halted all trading activities. On December 5, 2008, RJY ceased operations and subsequently filed for protection under Turkish bankruptcy laws. The Company has recorded a provision for loss in its condensed consolidated financial statements for its full equity interest in this joint venture. As of December 31, 2008, RJY had total capital of approximately \$4.7 million, of which the Company owns approximately 50%.

Sirchie Acquisition Company (“SAC”), an 80% owned indirect unconsolidated subsidiary acquired as a merchant banking investment, has been advised by the Commerce and Justice Departments that they intend to seek civil and criminal sanctions against it, as the purported successor in interest to Sirchie Finger Print Laboratories, Inc. (“Sirchie”), based upon alleged breaches of Department of Commerce suspension orders by Sirchie and its former majority shareholder that occurred prior to the acquisition. Discussions are ongoing and the impact, if any, on the value of this investment is indeterminate at this time.

In connection with auction rate securities (“ARS”), the Company's broker-dealers, RJA and RJFS, have been subject to ongoing investigations, with which they are cooperating fully, by the Securities and Exchange Commission (“SEC”), the New York Attorney General's Office and Florida’s Office of Financial Regulation. The Company is also named in a class action similar to that filed against a number of brokerage firms alleging various securities law violations, which it is vigorously defending.

Several large banks and brokerage firms, most of whom were the primary underwriters of and supported the auctions for ARS, have announced agreements, usually as part of a regulatory settlement, to repurchase ARS at par from some of their clients. Other brokerage firms have entered into similar agreements. The Company, in conjunction with other industry participants is actively seeking a solution to ARS’ illiquidity. This includes issuers restructuring and refinancing the ARS, which has met with some success. Should these restructurings and refinancings continue, then clients’ holdings could be reduced further, however, there can be no assurance these events will continue. If the Company were to consider resolving pending claims, inquiries or investigations by offering to repurchase all or some portion of these ARS from certain clients, it would have to have sufficient regulatory capital and cash or borrowing power to do so, and at present it does not have such capacity. Further, if such repurchases were made at par value there could be a market loss if the underlying securities’ value is less than par and any such loss could adversely affect the results of operations.

NOTE 13 - CAPITAL TRANSACTIONS:

The following table presents information on a monthly basis for purchases of the Company’s stock for the quarter ended December 31, 2008:

Period	Number of Shares Purchased	Average Price Per Share
October 1, 2008 - October 31, 2008	1,448	\$32.75
November 1, 2008 - November 30, 2008	242,670	17.91
December 1, 2008 – December 31, 2008	3,696	18.42
Total	247,814	\$18.00

The Company does not have a formal stock repurchase plan. On May 20, 2004, the Board of Directors authorized \$75 million for repurchases pursuant to prior authorization from the Board of Directors. During March 2008, the Company exhausted this authorization. On March 11, 2008, the Board of Directors authorized an additional \$75 million for repurchases at the discretion of the Board’s Share Repurchase Committee. Since May 2004, 3,620,154 shares have been repurchased for a total of \$82.3 million, leaving \$67.7 million available to repurchase shares. Historically the Company has considered such purchases when the price of its stock approaches 1.5 times book value or when employees surrender shares as payment for option exercises. The decision to repurchase shares is subject to cash availability and other factors. Accordingly, the Company purchased no shares in open market transactions for the three months ended December 31, 2008.

During the three months ended December 31, 2008, 242,670 shares were purchased for the trust fund that was established and funded to acquire Company common stock in the open market to be used to settle restricted stock units granted as a retention vehicle for certain employees of the Company’s wholly owned Canadian subsidiary (see Note 16 of the Notes to the Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2008 for more information on this trust fund). The Company also purchased 5,144 shares that were surrendered by employees as payment for option exercises during the three months ended December 31, 2008.

NOTE 14 – SHARE-BASED COMPENSATION:

The Company applies the provisions of SFAS No. 123R, “Share-Based Payment”, to account for share-based awards made to employees and directors. This pronouncement requires the measurement and recognition of compensation expense for all share-based awards made to employees and directors to be based on estimated fair values. In addition, this pronouncement requires the excess tax benefit, the resulting realized tax benefit that exceeds the previously recognized deferred tax asset for share-based awards, to be recognized as additional paid-in capital. The Company’s share-based employee and outside director compensation plans are described more fully in Note 16 of the Notes to the Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2008. The Company’s net income for the three months ended December 31, 2008 and December 31, 2007 includes \$11.1 million and \$10.3 million, respectively, of compensation costs and \$3.4 million and \$3.0 million, respectively of income tax benefits related to the Company’s share-based awards to employees and members of its Board of Directors. For the three months ended December 31, 2008, the Company recognized \$3.8 million of excess tax benefits as additional paid-in capital.

During the three months ended December 31, 2008, the Company granted 254,650 stock options, 859,486 shares of restricted stock and 220,086 restricted stock units to employees under its share-based employee compensation plans. During the three months ended December 31, 2008, no stock options were granted to outside directors. Restricted stock grants under the 2007 Stock Bonus Plan and the 2005 Restricted Stock Plan are limited to 750,000 and 1,350,000 shares, respectively, per fiscal year.

The weighted-average grant-date fair value of stock options granted to employees and directors during the three months ended December 31, 2008 was \$6.23 per share. Pre-tax unrecognized compensation expense for stock options granted to employees and outside directors, net of estimated forfeitures, was \$13.7 million as of December 31, 2008, and will be recognized as expense over a weighted-average period of approximately 3.3 years.

The weighted-average grant-date fair value of restricted stock granted to employees during the three months ended December 31, 2008 was \$18.84 per share. Pre-tax unrecognized compensation expense for unvested restricted stock granted to employees, net of estimated forfeitures, was \$63.6 million as of December 31, 2008, and will be recognized as expense over a weighted-average period of approximately 3.6 years.

The weighted-average grant-date fair value of restricted stock units granted to employees during the three months ended December 31, 2008 was \$17.91 per share. Pre-tax unrecognized compensation expense for unvested restricted stock units granted to employees, net of estimated forfeitures, was \$8.4 million as of December 31, 2008, and will be recognized as expense over a weighted-average period of approximately 2.1 years.

Under one of its non-qualified fixed stock option plans, the Company may grant stock options to its independent contractor Financial Advisors. In addition, the Company may grant restricted stock units or restricted shares of common stock to its independent contractor Financial Advisors under one of its restricted stock plans. The Company accounts for share-based awards to its independent contractor Financial Advisors in accordance with EITF No. 96-18, “Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services” and EITF 00-19, “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock” (see Note 17 of the Notes to the Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2008 for more information). Due to the decline in the value of the Company’s common stock during the three months ended December 31, 2008, the Company’s net income for the three months ended December 31, 2008 includes \$8.7 million and \$3.3 million, respectively, of reductions in compensation expense and income tax benefits related to the Company’s share-based awards to its independent contractor Financial Advisors. The Company’s net income for the three months ended December 31, 2007 includes \$1.5 million of compensation costs and \$0.6 million of income tax benefits related to the Company’s share-based plans available for awards to its independent contractor Financial Advisors.

During the three months ended December 31, 2008, the Company granted 45,500 stock options and 6,317 shares of restricted stock to its independent contractor Financial Advisors.

As of December 31, 2008, there was \$1.1 million of total unrecognized pre-tax compensation cost related to unvested stock options granted to its independent contractor Financial Advisors based on an estimated weighted-average fair value of \$6.08 per share at that date. These costs are expected to be recognized over a weighted average period of approximately 2.6 years.

As of December 31, 2008, there was \$2.0 million of total unrecognized pre-tax compensation cost related to unvested restricted stock granted to its independent contractor Financial Advisors based on an estimated fair value of \$17.13 per share at that date. These costs are expected to be recognized over a weighted average period of approximately 4.1 years.

NOTE 15 - REGULATIONS AND CAPITAL REQUIREMENTS:

Certain broker-dealer subsidiaries of the Company are subject to the requirements of the Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934. RJA, a member firm of the Financial Industry Regulatory Authority (“FINRA”), is also subject to the rules of FINRA, whose requirements are substantially the same. Rule 15c3-1 requires that aggregate indebtedness, as defined, not exceed 15 times net capital, as defined. Rule 15c3-1 also provides for an “alternative net capital requirement”, which RJA, Raymond James Financial Services, Inc. (“RJFS”), Eagle Fund Distributors, Inc. (“EFD”), formerly Heritage Fund Distributors, Inc., and Raymond James (USA) Ltd. (“RJ(USA)”) have elected. It requires that minimum net capital, as defined, be equal to the greater of \$250,000 or two percent of Aggregate Debit Items arising from client transactions. FINRA may require a member firm to reduce its business if its net capital is less than four percent of Aggregate Debit Items and may prohibit a member firm from expanding its business and declaring cash dividends if its net capital is less than five percent of Aggregate Debit Items. The net capital position of RJA at December 31, 2008 and September 30, 2008 was as follows:

	December 31, 2008	September 30, 2008
	(\$ in 000's)	
Raymond James & Associates, Inc.:		
(Alternative Method Elected)		
Net Capital as a Percent of Aggregate Debit Items	23.07%	18.32%
Net Capital	\$275,491	\$ 303,192
Less: Required Net Capital	(23,886)	(33,096)
Excess Net Capital	\$ 251,605	\$ 270,096

At December 31, 2008 and September 30, 2008, RJFS had no Aggregate Debit Items and therefore the minimum net capital of \$250,000 was applicable. The net capital position of RJFS at December 31, 2008 and September 30, 2008 was as follows:

	December 31, 2008	September 30, 2008
(in 000's)		
Raymond James Financial Services, Inc.:		
(Alternative Method Elected)		
Net Capital	\$ 35,456	\$ 54,225
Less: Required Net Capital	(250)	(250)
Excess Net Capital	\$ 35,206	\$ 53,975

At December 31, 2008 and September 30, 2008, EFD had no Aggregate Debit Items and therefore the minimum net capital of \$250,000 was applicable. The net capital position of EFD at December 31, 2008 and September 30, 2008 was as follows:

	December 31, 2008	September 30, 2008
(in 000's)		
Eagle Fund Distributors, Inc.:		
(Alternative Method Elected)		
Net Capital	\$ 1,840	\$ 2,326
Less: Required Net Capital	(250)	(250)
Excess Net Capital	\$ 1,590	\$ 2,076

The net capital position of RJ(USA) at December 31, 2008 and September 30, 2008 was as follows:

	December 31, 2008	September 30, 2008
(\$ in 000's)		
Raymond James (USA) Ltd.:		
(Alternative Method Elected)		
Net Capital as a Percent of Aggregate		
Debit Items	34,016%	749.6%
Net Capital	\$ 4,504	\$ 4,507
Less: Required Net Capital	(250)	(250)
Excess Net Capital	\$ 4,254	\$ 4,257

RJ Ltd. is subject to the Minimum Capital Rule (Dealer Member Rule No. 17 of the Investment Industry Regulatory Organization of Canada ("IIROC")) and the Early Warning System (Dealer Member Rule No. 30 of the IIROC). The Minimum Capital Rule requires that every member shall have and maintain at all times Risk Adjusted Capital greater than zero calculated in accordance with Form 1 (Joint Regulatory Financial Questionnaire and Report) and with such requirements as the Board of Directors of the IIROC may from time to time prescribe. Insufficient Risk Adjusted Capital may result in suspension from membership in the stock exchanges or the IIROC.

The Early Warning System is designed to provide advance warning that a member firm is encountering financial difficulties. This system imposes certain sanctions on members who are designated in Early Warning Level 1 or Level 2 according to their capital, profitability, liquidity position, frequency of designation or at the discretion of the IIROC. Restrictions on business activities and capital transactions, early filing requirements, and mandated corrective measures are sanctions that may be imposed as part of the Early Warning System. The Company was not in Early Warning Level 1 or Level 2 at December 31, 2008 or September 30, 2008. The Risk Adjusted Capital of RJ Ltd. at December 31, 2008 and September 30, 2008 was as follows (in Canadian dollars):

	December 31, 2008	September 30, 2008
(in 000's)		
Raymond James Ltd.:		
Risk Adjusted Capital before minimum	\$ 36,911	\$ 48,520
Less: Required Minimum Capital	(250)	(250)
Risk Adjusted Capital	\$ 36,661	\$ 48,270

At December 31, 2008, the Company’s other active domestic and international broker-dealers are in compliance with and met all net capital requirements.

RJBank is subject to various regulatory and capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, RJBank must meet specific capital guidelines that involve quantitative measures of RJBank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. RJBank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require RJBank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I Capital (as defined in the regulations) to risk-weighted assets (as defined). Management believes that, as of December 31, 2008, RJBank meets all capital adequacy requirements to which it is subject.

To be categorized as “well capitalized”, RJBank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below.

	Requirement for capital adequacy purposes				To be well capitalized under prompt corrective action provisions	
	Actual					
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(\$ in 000's)						
As of December 31, 2008:						
Total Capital (to Risk-Weighted Assets)	\$ 806,385	10.3%	\$ 622,513	8.0%	\$ 778,142	10.0%
Tier I Capital (to Risk-Weighted Assets)	708,624	8.9%	311,257	4.0%	466,885	6.0%
Tier I Capital (to Adjusted Assets)	708,624	7.4%	382,695	4.0%	478,368	5.0%
As of September 30, 2008 (1):						
Total Capital (to Risk-Weighted Assets)	\$ 786,599	9.7%	\$ 649,518	8.0%	\$ 811,897	10.0%
Tier I Capital (to Risk-Weighted Assets)	689,281	8.5%	324,759	4.0%	487,138	6.0%
Tier I Capital (to Adjusted Assets)	689,281	6.0%	458,052	4.0%	572,564	5.0%

(1) The actual Total Capital (to Risk-Weighted Assets), Tier I Capital (to Risk-Weighted Assets) and Tier I Capital (to Adjusted Assets) amounts previously reported for September 30, 2008 was \$778,624,000, \$689,281,000, and \$689,281,000 with a ratio of 10.9%, 9.6% and 6.0%, respectively. Subsequent to filing the Company's Annual Report on Form 10-K, the Company discovered that its wholly owned subsidiary, RJBank, had misinterpreted an instruction related to the calculation of RJBank's risk weighted capital ratio. As a result, despite the Company's intention and ability to maintain RJBank at a “well capitalized” level under the bank regulatory framework, RJBank was “adequately capitalized” rather than “well capitalized” at September 30, 2008. Upon discovery of the misinterpretation, the Company recalculated the ratio, determined the amount of additional capital that needed to be contributed and made a \$30 million capital contribution to RJBank, an amount that would have increased the bank's September 30, 2008 total risk based capital ratio above the 10% level necessary to be considered well capitalized. The Company has notified the OTS and filed an amended Thrift Financial Report as of September 30, 2008. As the Company was able to and did contribute additional capital and it did not impact clients, the Company's management does not consider this to be material and does not expect any additional ramifications of the misinterpretation.

Raymond James Trust, N.A., is regulated by the OCC and is required to maintain sufficient capital and meet capital and liquidity requirements. As of December 31, 2008, RJT met the requirements.

The Company expects to continue paying cash dividends. However, the payment and rate of dividends on the Company's common stock is subject to several factors including operating results, financial requirements of the Company, and the availability of funds from the Company's subsidiaries, including the broker-dealer subsidiaries, which may be subject to restrictions under the net capital rules of the SEC, FINRA and the IIROC; and RJBank, which may be subject to restrictions by federal banking agencies. Such restrictions have never limited the Company's dividend payments.

NOTE 16 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK:

RJBank has outstanding at any time a significant number of commitments to extend credit and other credit-related off-balance sheet financial instruments such as standby letters of credit and loan purchases. These arrangements are subject to strict credit control assessments and each customer’s credit worthiness is evaluated on a case-by-case basis. A summary of commitments to extend credit and other credit-related off-balance sheet financial instruments outstanding at December 31, 2008 and September 30, 2008, is as follows:

	December 31, 2008	September 30, 2008
(in 000's)		
Standby Letters of Credit	\$ 240,573	\$ 239,317
Open End Consumer Lines of Credit	43,358	43,544
Commercial Lines of Credit	1,392,974	1,384,941
Unfunded Loan Commitments - Variable Rate (1)	330,156	1,055,686
Unfunded Loan Commitments - Fixed Rate	3,995	4,005

(1) Includes commitments to purchase pools of adjustable rate whole first mortgage loans.

Because many loan commitments expire without being funded in whole or part, the contract amounts are not estimates of the Company’s future liquidity requirements.

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. The credit risk amounts are equal to the contractual amounts, assuming that the amounts are fully advanced and that the collateral or other security is of no value. RJBank uses the same credit approval and monitoring process in extending loan commitments and other credit-related off-balance sheet instruments as it does in making loans.

RJBank’s policy is generally to require customers to provide collateral at the time of closing. The amount of collateral obtained, if it is deemed necessary by RJBank upon extension of credit, is based on RJBank’s credit evaluation of the borrower. Collateral held varies but may include accounts receivable, inventory, real estate, and income producing commercial properties.

In the normal course of business, RJBank issues, or participates in the issuance of, financial standby letters of credit whereby it provides an irrevocable guarantee of payment in the event the letter of credit is drawn down by the beneficiary. As of December 31, 2008, \$240.6 million of such letters of credit were outstanding. Of the letters of credit outstanding, \$239.0 million are underwritten as part of a larger corporate credit relationship. In the event that a letter of credit is drawn down, RJBank would pursue repayment from the account party under the existing borrowing relationship, or would liquidate collateral, or both. The proceeds from repayment or liquidation of collateral are expected to satisfy the maximum potential future amount of any payments of amounts drawn down under the existing letters of credit. The credit risk involved in issuing letters of credit is essentially the same as that involved with extending loan commitments to clients, and accordingly, RJBank uses a credit evaluation process and collateral requirements similar to those for loan commitments.

The Company, through RJTCF’s wholly owned lending subsidiary, Raymond James Multi-Family Finance, Inc., may have at any time unfunded commitments to extend credit to certain project partnerships for either construction or permanent loans. At December 31, 2008, the unfunded portion of executed commitments to extend credit was \$19 million. See Note 12 of the Notes to the Consolidated Financial Statements for more information regarding these commitments.

RJ Ltd. is subject to foreign exchange risk primarily due to financial instruments held in U.S. dollars that may be impacted by fluctuation in foreign exchange rates. In order to mitigate this risk, RJ Ltd. enters into forward foreign exchange contracts. The fair value of these contracts is immaterial. As of December 31, 2008, forward contracts outstanding to buy and sell U.S. dollars totaled CDN \$1.2 million and CDN \$0.9 million, respectively.

See Note 19 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2008 for more information regarding the Company’s financial instruments with off-balance sheet risk.

NOTE 17 – EARNINGS PER SHARE:

The following table presents the computation of basic and diluted earnings per share:

	Three Months Ended	
	December 31, 2008	December 31, 2007
(in 000's, except per share amounts)		
Net Income	\$ 61,093	\$ 56,242
Weighted Average Common Shares Outstanding During the Period	116,575	116,881
Dilutive Effect of Stock Options and Awards (1)	1,512	3,360
Weighted Average Diluted Common Shares (1)	118,087	120,241
Net Income per Share – Basic	\$ 0.52	\$ 0.48
Net Income per Share - Diluted (1)	\$ 0.52	\$ 0.47
Securities Excluded from Weighted Average Diluted Common Shares Because Their Effect Would Be Antidilutive	4,087	1,382

(1) Diluted earnings per share is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include stock options, units and awards.

NOTE 18 – SEGMENT ANALYSIS:

SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information”, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The Company currently operates through the following eight business segments: Private Client Group (“PCG”); Capital Markets; Asset Management; RJBank; Emerging Markets; Stock Loan/Borrow; Proprietary Capital and various corporate activities combined in the “Other” segment. In the quarter ended December 31, 2008, a new intersegment component to the Company’s segment reporting was added to reflect total gross revenues by segment with the elimination of intersegment transactions in this new segment. In addition, the methodology for allocating the Company’s corporate bonus pool expense to individual segments was changed. Reclassifications have been made in the segment disclosure for previous periods to conform to this presentation. The business segments are based upon factors such as the services provided and the distribution channels served and are consistent with how the Company assesses performance and determines how to allocate resources throughout the Company and its subsidiaries. The financial results of the Company’s segments are presented using the same policies as those described in Note 1 of the Notes to the Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2008. Segment data includes charges allocating corporate overhead and benefits to each segment. Intersegment receivables and payables are eliminated between segments upon consolidation.

The PCG segment includes the retail branches of the Company’s broker-dealer subsidiaries located throughout the U.S., Canada and the United Kingdom. These branches provide securities brokerage services including the sale of equities, mutual funds, fixed income products and insurance products to their individual clients. The segment includes net interest earnings on client margin loans and cash balances. Additionally, this segment includes the correspondent clearing services that the Company provides to other broker-dealer firms.

The Capital Markets segment includes institutional sales and trading in the U.S., Canada and Europe. It provides securities brokerage, trading, and research services to institutions with an emphasis on the sale of U.S. and Canadian equities and fixed income products. This segment also includes the Company’s management of and participation in underwritings, merger and acquisition services, public finance activities, and the operations of Raymond James Tax Credit Funds, Inc.

The Asset Management segment includes investment portfolio management services of Eagle Asset Management, Inc., Eagle Boston Investment Management, Inc., and Raymond James Consulting Services (RJA’s asset management services division), mutual fund management by Eagle Fund Services, Inc., and trust services of Raymond James Trust, National Association. In addition to the asset management services noted above, this segment also offers fee-based programs to clients who have contracted for portfolio management services from outside money managers.

RJBank is a separate segment, which provides consumer, residential, and commercial loans, as well as Federal Deposit Insurance Corporation (“FDIC”)-insured deposit accounts to clients of the Company’s broker-dealer subsidiaries and to the general public.

The Emerging Markets segment includes various joint ventures in Turkey and Latin America. These joint ventures operate in securities brokerage, investment banking and asset management. On December 5, 2008, the Company’s Turkish joint venture ceased operations. See Item 1, “Legal Proceedings” of Part II below for more information.

The Stock Loan/Borrow segment involves the borrowing and lending of securities from and to other broker-dealers, financial institutions and other counterparties, generally as an intermediary.

The Proprietary Capital segment consists of the Company’s principal capital and private equity activities including: various direct and third party private equity and merchant banking investments (including Raymond James Capital, Inc., a captive merchant banking business), short-term special situation mezzanine and bridge investments, the EIF Funds, and three private equity funds sponsored by the Company: Raymond James Capital Partners, L.P., Ballast Point Ventures, L.P., and Ballast Point Ventures II, L.P.

The Other segment includes certain corporate activities of the Company.

Information concerning operations in these segments of business is as follows:

	Three Months Ended	
	December 31, 2008	December 31, 2007
	(in 000's)	
Revenues:		
Private Client Group	\$ 414,544	\$ 530,007
Capital Markets	128,706	114,523
Asset Management	51,291	64,629
RJBank	109,239	102,589
Emerging Markets	4,323	12,786
Stock Loan/Borrow	3,290	13,876
Proprietary Capital	538	1,171
Other	1,086	8,492
Intersegment Eliminations	(17,184)	(18,882)
Total Revenues	\$ 695,833	\$ 829,191
Income Before Provision for Income Taxes:		
Private Client Group	\$ 32,585	\$ 56,084
Capital Markets	14,289	4,696
Asset Management	9,074	18,555
RJBank	54,626	14,774
Emerging Markets	(465)	(1,555)
Stock Loan/Borrow	1,223	1,643
Proprietary Capital	(544)	(657)
Other	(9,124)	(2,783)
Pre-Tax Income	\$ 101,664	\$ 90,757
Net Interest Income (Expense):		
Private Client Group	\$ 12,161	\$ 28,114
Capital Markets	1,328	(564)
Asset Management	113	524
RJBank	94,463	35,204
Emerging Markets	237	904
Stock Loan/Borrow	1,851	2,571
Proprietary Capital	149	724
Other	1,419	2,109
Net Interest Income	\$ 111,721	\$ 69,586

The following table presents the Company's total assets on a segment basis:

	Three Months Ended	
	December 31, 2008	September 30, 2008
(in 000's)		
Total Assets:		
Private Client Group (1)	\$ 6,979,895	\$ 6,861,688
Capital Markets (2)	984,082	1,400,658
Asset Management	66,172	75,339
RJBank	9,450,337	11,356,939
Emerging Markets	47,248	52,786
Stock Loan/Borrow	555,576	698,926
Proprietary Capital	174,008	169,652
Other	24,998	93,628
Total	\$ 18,282,316	\$ 20,709,616

- (1) Includes \$46 million of goodwill allocated pursuant to SFAS No. 142, "Goodwill and Other Intangible Assets".
(2) Includes \$17 million of goodwill allocated pursuant to SFAS No. 142.

The Company has operations in the U.S., Canada, Europe and joint ventures in Turkey and Latin America. Substantially all long-lived assets are located in the U.S. The percentage of total assets associated with foreign activities is 5.4%. The percentages of pre-tax income and net income associated with foreign activities are 1.1% and 0.7%, respectively. Revenues, classified by the major geographic areas in which they are earned, were as follows:

	Three Months Ended	
	December 31, 2008	December 31, 2007
(in 000's)		
Revenues:		
United States	\$ 634,122	\$ 730,910
Canada	45,069	68,618
Europe	12,488	16,088
Other	4,154	13,575
Total	\$ 695,833	\$ 829,191

The Company has investments of \$6.7 million, net of a \$2.3 million reserve for its Turkish joint venture interest, in emerging market joint ventures, which carry greater risk than amounts invested in developed markets.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business and Total Company Overview

The following Management’s Discussion and Analysis is intended to help the reader understand the results of operations and the financial condition of the Company. Management’s Discussion and Analysis is provided as a supplement to, and should be read in conjunction with, the Company’s financial statements, and accompanying notes to the financial statements.

Historically, the Company’s overall results have been highly correlated to the activity levels in the U.S. equity markets. Active securities markets, a steep, positively sloping yield curve and upward movements in equity indices have a positive impact, while volatile interest rates and disruption in credit markets have a negative impact on brokerage results. As RJBank continues to grow and a greater percentage of the firm’s revenues come from interest earnings, the Company is somewhat insulated from these market influences. The Company is currently operating in a challenging environment: a recession and financial services industry issues related to credit quality, auction rate securities and liquidity are negatively impacting activity levels, and the current equity market conditions are continuing to dampen investment banking activity. However, positive Financial Advisor recruiting results, increased institutional commissions, and continued loan growth coupled with improved interest rate spreads at RJBank had a positive impact on results and should continue to support results for at least the next one or two quarters.

Segments

The Company currently operates through the following eight business segments: Private Client Group (“PCG”); Capital Markets; Asset Management; RJBank; Emerging Markets; Stock Loan/Borrow, Proprietary Capital and certain corporate activities in the Other segment.

The following table presents the gross revenues and pre-tax income of the Company on a segment basis for the periods indicated:

	Three Months Ended		
	December 31, 2008	December 31, 2007	Percentage Change
(in 000's)			
Total Company			
Revenues	\$ 695,833	\$ 829,191	(16%)
Pre-tax Income	101,664	90,757	12%
Private Client Group			
Revenues	\$ 414,544	\$ 530,007	(22%)
Pre-tax Income	32,585	56,084	(42%)
Capital Markets			
Revenues	128,706	114,523	12%
Pre-tax Income	14,289	4,696	204%
Asset Management			
Revenues	51,291	64,629	(21%)
Pre-tax Income	9,074	18,555	(51%)
Raymond James Bank			
Revenues	109,239	102,589	6%
Pre-tax Income	54,626	14,774	270%
Emerging Markets			
Revenues	4,323	12,786	(66%)
Pre-tax Loss	(465)	(1,555)	70%
Stock Loan/Borrow			
Revenues	3,290	13,876	(76%)
Pre-tax Income	1,223	1,643	(26%)
Proprietary Capital			
Revenues	538	1,171	(54%)
Pre-tax Loss	(544)	(657)	17%
Other			
Revenues	1,086	8,492	(87%)
Pre-tax Loss	(9,124)	(2,783)	(228%)
Intersegment Eliminations			
Revenues	(17,184)	(18,882)	9%
Pre-tax Income	-	-	-

Results of Operations – Three Months Ended December 31, 2008 Compared with the Three Months Ended December 31, 2007

Total Company

Total Company net revenues decreased 3% to \$664 million from \$686 million in the comparable quarter of the prior year. Net interest earnings increased 61%, or \$42 million, with net income up 9% from the prior year quarter. The current year results include increased net interest income, positive trading results and increased institutional commissions, partially offset by lower private client commissions, lower investment advisory fee revenue and increased non-interest, non-compensation expenses. The Company also benefitted from an \$11.7 million adjustment to its estimate of incentive compensation at September 30, 2008, in comparison to a \$5 million adjustment in the first quarter of the prior year. The Company’s effective tax rate for the quarter continues to be higher than it had been in a rising equity market primarily as a result of a larger nondeductible unrealized loss on the Company’s corporate owned life insurance investment than in the prior year. Diluted net income was \$0.52 per share, versus \$0.47 per share in the prior year quarter.

Net Interest Analysis

The following table presents average balance data and interest income and expense data for the Company, as well as the related net interest income. The respective average rates are presented on an annualized basis.

	Three Months Ended					
	December 31, 2008			December 31, 2007		
	Average Balance	Interest Inc./Exp.	Average Yield/ Cost	Average Balance	Interest Inc./Exp.	Average Yield/ Cost
(\$ in 000's)						
Interest-Earning Assets:						
Margin Balances	\$1,245,963	\$ 11,738	3.77%	\$ 1,513,852	\$ 26,321	6.95%
Assets Segregated Pursuant to Regulations and Other Segregated Assets	4,142,295	6,317	0.61%	4,208,850	47,560	4.52%
Interest-Earning Assets of RJBank (1)	9,638,379	110,247	4.58%	6,467,707	101,719	6.29%
Stock Borrow		3,290			13,876	
Interest-Earning Assets of Variable Interest Entities		121			207	
Other		11,899			23,267	
Total Interest Income		<u>\$143,612</u>			<u>\$212,950</u>	
Interest-Bearing Liabilities:						
Client Interest Program	\$5,383,546	\$ 8,405	0.62%	\$ 5,303,582	\$ 53,642	4.05%
Interest-Bearing Liabilities of RJBank (1)	9,097,350	15,784	0.69%	6,079,863	66,515	4.38%
Stock Loan		1,439			11,305	
Interest-Bearing Liabilities of Variable Interest Entities		1,397			1,619	
Other		4,866			10,283	
Total Interest Expense		<u>31,891</u>			<u>143,364</u>	
Net Interest Income		<u><u>\$111,721</u></u>			<u><u>\$ 69,586</u></u>	

(1) See RJBank section below in Part I for details.

Net interest income increased \$42 million, or 61%, over the same quarter in the prior year. RJBank’s net interest income increased \$59 million, or 168%, while net interest income in the PCG segment declined \$16 million, or 57%. RJBank benefitted not only from the continued growth of its loan portfolio but also from increased spreads. There were two specific factors which enhanced the interest rate spreads at RJBank as follows: (1) as rates were declining over the quarter, a larger spread was realized on the large portion of the 5/1 adjustable rate mortgage portfolio that is still in its fixed rate period; and (2) RJBank benefitted from a historically low Fed rate which lowered RJBank’s cost of funds, as RJBank sets interest rates on deposits consistent with the Fed rate. As a result, RJBank had an interest rate spread of 3.9% which is not sustainable for the long term.

Average client margin balances declined \$268 million (18%) and assets segregated pursuant to regulations decreased \$67 million over the same quarter of the prior year. Customer cash balances held in the Client Interest Program increased \$80 million. Net interest income in the PCG segment was negatively impacted by lower margin balances and by lower spreads. This segment is negatively impacted by interest rate cuts as the rate is lowered immediately on the interest earning assets while the lowering of the interest rate paid to clients occurs over a period of weeks to remain competitive with money market fund yields.

Private Client Group

The PCG segment includes the retail branches of the Company’s broker-dealer subsidiaries located throughout the United States, Canada, and the United Kingdom. These branches provide securities brokerage services including the sale of equities, mutual funds, fixed income products and insurance products to their individual clients. This segment accounted for 60% of the Company’s revenues for the three months ended December 31, 2008. It generates revenues principally through commissions charged on securities transactions, fees from wrap fee investment accounts and the interest revenue generated from client margin loans and cash balances. The Company primarily charges for the services provided to its PCG clients based on commission schedules or through asset based advisory fees.

The success of the PCG segment is dependent upon the quality and integrity of its Financial Advisors and support personnel and the Company’s ability to attract, retain, and motivate a sufficient number of these associates. The Company faces competition for qualified associates from major financial services companies, including other brokerage firms, insurance companies, banking institutions, and discount brokerage firms. The Company currently offers several affiliation alternatives for Financial Advisors ranging from the traditional branch setting, under which the Financial Advisors are employees of the Company and the costs associated with running the branch are incurred by the Company, to the independent contractor model, under which the Financial Advisors are responsible for all of their own direct costs. Accordingly, the independent contractor Financial Advisors are paid a larger percentage of commissions and fees. By offering alternative models to potential and existing Financial Advisors, the Company is able to effectively compete with a wide variety of other brokerage firms for qualified Financial Advisors, as Financial Advisors can choose the model that best suits their practice and profile. For the past several years, the Company has focused on increasing its minimum production standards and recruiting Financial Advisors with high average production. The following table presents a summary of Private Client Group Financial Advisors as of the periods indicated:

			December 31, 2008 Total	December 31, 2007 Total
	Employee	Independent Contractors		
Private Client Group - Financial Advisors:				
RJA	1,206	-	1,206	1,109
RJFS	-	3,123	3,123	3,060
RJ Ltd.	204	214	418	331
Raymond James Investment Services Limited (“RJIS”)	-	101	101	82
Total Financial Advisors	1,410	3,438	4,848	4,582

Private Client Group revenues were 22% below the prior year quarter, reflecting the impact of negative market conditions on this segment. Securities commissions and fees declined 17% despite a 6% increase in the number of Financial Advisors. All of the Company’s broker-dealers experienced positive results in recruiting successful Financial Advisors as the brokerage industry continues to be in a state of unrest. Unfortunately, the financial markets themselves have been in a decline and clients are not investing as actively. As a result average annual production per Financial Advisor declined from \$328,000 to \$323,000 in RJFS and from \$514,000 to \$493,000 in RJA since the same quarter in the prior year. In addition, the lower equity values in the marketplace result in lower asset under management balances and therefore lower fees are earned on those assets.

Private Client Group results also include the interest revenue earned on client margin balances and cash segregated for regulatory purposes net of the interest expense paid on client cash balances. The net interest from these balances declined \$16 million, or 57%, from the prior year as interest rates fell to record low levels, thus compressing spreads. In addition, client margin balances have declined \$357 million since the prior year.

While net revenues declined 15% from the prior year, pre-tax earnings declined 42%, with non-interest expenses declining only 11%. The expenses include increased occupancy related to RJAs growth and a \$6 million write-off of capitalized software that was determined not to be a viable asset during the quarter. Increased payouts or front money associated with recruiting was offset by a \$2 million bonus reversal and other cost saving measures.

Capital Markets

The Capital Markets segment includes institutional sales and trading in the United States, Canada, and Europe; management of and participation in underwritings; financial advisory services including private placements and merger and acquisition services; public finance activities; and the syndication and related management of investment partnerships designed to yield returns in the form of low-income housing tax credits to institutions. The Company provides securities brokerage services to institutions with an emphasis on the sale of U.S. and Canadian equities and fixed income products. Institutional sales commissions accounted for 71% of the segment’s revenues and are driven primarily through trade volume, resulting from a combination of general market activity and by the Capital Markets group’s ability to find attractive investment opportunities and promote those opportunities to potential and existing clients. Revenues from investment banking activities are driven principally by the number and the dollar value of the transactions with which the Company is involved. This segment also includes trading of taxable and tax-exempt fixed income products, as well as equity securities in the OTC and Canadian markets. This trading involves the purchase of securities from, and the sale of securities to, clients of the Company or other dealers who may be purchasing or selling securities for their own account or acting as agent for their clients. Profits and losses related to this trading activity are primarily derived from the spreads between bid and ask prices in the relevant market.

Capital Markets pre-tax results increased over 200% from the prior year as trading results shifted from a nominal loss to a \$7.5 million gain and fixed income commissions increased over 150%. All of the segment’s trading profits were generated by fixed income, as the bond market was volatile and active. The fixed income markets’ volatility has generated activity as clients are attracted to the possibility of better yields and others are selling holdings to obtain liquidity. The segment results also included increased mergers and acquisition fees over the prior year’s comparable quarter. The negative market conditions that impacted the Private Client Group also impacted Capital Markets as there were only three domestic and three Canadian underwritings in the quarter. An improvement in the overall equity markets will likely be necessary to realize a significant increase in underwritings and the related commissions and fees. The segment benefitted from a \$6 million reversal of a bonus accrual.

	Three Months Ended	
	December 31, 2008	December 31, 2007
Number of managed/co-managed public equity offerings:		
United States	3	19
Canada	3	8
Total dollars raised (in 000's):		
United States	\$12,752,000	\$ 7,522,000
Canada (in U.S. dollars)	\$ 47,000	\$ 234,000

Asset Management

The Asset Management segment includes investment portfolio management services, mutual fund management, private equity management, and trust services. Investment portfolio management services include both proprietary and selected outside money managers. The majority of the revenue for this segment is generated by the investment advisory fees related to asset management services for individual investment portfolios and mutual funds. These accounts are billed a fee based on a percentage of assets. Investment advisory fees are charged based on either a single point in time within the quarter, typically the beginning or end of a quarter, or the “average daily” balances of assets under management. The balance of assets under management is affected by both the performance of the underlying investments and the new sales and redemptions of client accounts/funds. Declining equity markets negatively impact revenues from investment advisory fees as existing accounts depreciate in value, in addition to individuals and institutions being less likely to commit new funds to the equity markets.

The following table presents the assets under management as of the dates indicated:

	December 31, 2008	September 30, 2008	December 31, 2007
Assets Under Management (in 000's):			
Eagle Asset Management, Inc.	\$ 11,154,995	\$ 12,606,186	\$ 14,224,337
Eagle Family of Mutual Funds (formerly Heritage)	8,723,899	9,151,787	9,746,392
Raymond James Consulting Services	6,600,908	7,989,510	9,424,142
Eagle Boston Investment Management, Inc.	312,983	633,646	740,069
Freedom Accounts	5,926,010	7,603,840	8,388,208
Total Assets Under Management	\$ 32,718,795	\$ 37,984,969	\$ 42,523,148
Less: Assets Managed for Affiliated Entities	(5,012,341)	(4,675,129)	(5,249,550)
Total Third Party Assets Under Management	\$ 27,706,454	\$ 33,309,840	\$ 37,273,598
Non-Managed Fee Based Assets:			
Passport	\$ 15,180,929	\$ 17,681,201	\$ 20,147,134
IMPAC	7,122,251	8,436,116	8,675,982
Total	\$ 22,303,180	\$ 26,117,317	\$ 28,823,116

The Asset Management segment’s revenues declined 21% as financial assets under management declined 26% from the previous year. The decline is a combined result of the decline in market values of the equity portfolios and fewer clients investing, as they are hesitant to make new or additional investments in the uncertain markets.

Raymond James Bank

RJBank provides residential, consumer, and corporate loans, as well as FDIC-insured deposit accounts, to clients of the Company's broker-dealer subsidiaries and to the general public. RJBank also purchases residential whole loan pools, and participates with other banks in corporate loan syndications. RJBank generates revenue principally through the interest income earned on the loans noted above and other investments, offset by the interest expense it incurs on client deposits and borrowings. RJBank’s objective is to maintain a substantially duration-matched portfolio of assets and liabilities.

Gross revenues increased 6% and pre-tax profits at RJBank increased 270% during the quarter ended December 31, 2008 compared to the same quarter in the prior year. Loan interest and fees at RJBank increased \$15 million despite lower interest rates, with the net loan balances increasing from \$5.7 billion to \$7.7 billion and total assets increasing from \$6.8 billion to \$9.5 billion. Deposits increased 42% from \$6.2 billion to \$8.8 billion. Interest expense decreased 76% due to the average cost of funds decreasing from 4.38% to 0.69%. The growth in loan balances at RJBank combined with deteriorating market conditions gave rise to an attendant increase in loan loss provisions; the provisions for loan loss were \$24.9 million compared to \$12.8 million in the prior year quarter. Net loan charge-offs for the quarter totaled \$6.9 million. RJBank recorded an unrealized pre-tax loss of \$85 million during the quarter related to their available for sale securities portfolio.

The tables below present certain credit quality trends for corporate loans and residential/consumer loans:

	Three Months Ended	
	December 31, 2008	December 31, 2007
	(in 000's)	
Net Loan Charge-offs:		
Corporate Loans	\$ 3,141	\$ 372
Residential/Consumer Loans	3,744	214
Total	\$ 6,885	\$ 586
	December 31, 2008	September 30, 2008
	(in 000's)	
Allowance for Loan Loss:		
Corporate Loans	\$ 94,082	\$ 79,404
Residential/Consumer Loans	12,058	8,751
Total	\$ 106,140	\$ 88,155
Nonperforming Assets:		
Corporate	\$ 47,336	\$ 39,390
Residential/Consumer	29,414	22,918
Total	\$ 76,750	\$ 62,308
Total Loans (1):		
Corporate Loans (1)	\$ 4,930,866	\$ 4,563,065
Residential/Consumer Loans (1)	2,852,065	2,620,317
Total	\$ 7,782,931	\$ 7,183,382

(1) Net of unearned income and deferred expenses.

The following table presents average balance data and interest income and expense data for the Company's banking operations, as well as the related interest yields/costs, rates and interest spread for the periods indicated. The respective average rates are presented on an annualized basis.

	Three Months Ended					
	December 31, 2008			December 31, 2007		
	Average Balance	Interest Inc./Exp.	Average Yield/ Cost	Average Balance	Interest Inc./Exp.	Average Yield/ Cost
(\$ in 000's)						
(continued on next page)						
Interest-Earning Banking Assets:						
Loans, Net of Unearned Income (1)	\$ 7,637,064	\$ 99,645	5.22%	\$ 5,096,938	\$ 84,259	6.61%
Reverse Repurchase Agreements	507,554	545	0.43%	665,326	7,868	4.73%
Agency Mortgage backed Securities	252,276	1,885	2.99%	188,604	2,474	5.25%
Non-agency Collateralized Mortgage Obligations	277,159	5,629	8.12%	388,896	5,580	5.74%
Money Market Funds, Cash and Cash Equivalents	929,728	2,426	1.04%	119,280	1,407	4.72%
FHLB Stock and Other	34,598	117	1.35%	8,663	131	6.05%
Total Interest-Earning Banking Assets	\$9,638,379	\$ 110,247	4.58%	\$ 6,467,707	\$ 101,719	6.29%
Non-Interest-Earning Banking Assets and Allowance for Loan Losses	47,255			18,247		
Total Banking Assets	\$ 9,685,634			\$ 6,485,954		
Interest-Bearing Banking Liabilities:						
Retail Deposits:						
Certificates of Deposit	\$ 239,685	\$ 2,448	4.09%	\$ 241,888	\$ 2,816	4.66%
Money Market, Savings, and NOW (2) Accounts	8,801,172	12,635	0.57%	5,595,959	60,620	4.33%
FHLB Advances and Other	56,493	701	4.96%	242,016	3,079	5.09%
Total Interest-Bearing Banking Liabilities	\$ 9,097,350	\$ 15,784	0.69%	\$ 6,079,863	\$ 66,515	4.38%
Non-Interest-Bearing Banking Liabilities	5,956			21,855		
Total Banking Liabilities	9,103,306			6,101,718		
Total Banking Shareholder's Equity	582,328			384,236		
Total Banking Liabilities and Shareholder's Equity	\$ 9,685,634			\$ 6,485,954		

	Three Months Ended					
	December 31, 2008			December 31, 2007		
	Average Balance	Interest Inc./Exp.	Average Yield/ Cost	Average Balance	Interest Inc./Exp.	Average Yield/ Cost
	(\$ in 000's)					
	(continued)					
Excess of Interest- Earning Banking Assets Over Interest- Bearing Banking Liabilities/Net						
Operating Interest Income	\$ 541,029	\$ 94,463		\$ 387,844	\$ 35,204	
Bank Net Interest (3):						
Spread			3.89%			1.91%
Margin (Net Yield on Interest- Earning Bank Assets)			3.92%			2.18%
Ratio of Interest						
Earning Banking Assets to Interest- Bearing Banking Liabilities			105.95%			106.38%
Return On Average:						
Total Banking Assets			1.42%			0.57%
Total Banking Shareholder's Equity			23.59%			9.80%
Average Equity to Average Total Banking Assets			6.01%			5.92%

- (1) Nonaccrual loans are included in the average loan balances. Payments or income received on impaired nonaccrual loans are applied to principal. Income on other nonaccrual loans is recognized on a cash basis. Fee income on loans included in interest income for the three months ended December 31, 2008 and 2007 was \$4.4 million and \$3.0 million, respectively.
- (2) Negotiable Order of Withdrawal (“NOW”) account.
- (3) The increase in interest spreads is due to a rapid decline in short-term interest rates, which led to a decline in RJBank’s cost of funds.

Increases and decreases in interest income and operating interest expense result from changes in average balances (volume) of interest-earning banking assets and liabilities, as well as changes in average interest rates. The following table shows the effect that these factors had on the interest earned on RJBank's interest-earning assets and the interest incurred on its interest-bearing liabilities. The effect of changes in volume is determined by multiplying the change in volume by the previous year's average yield/cost. Similarly, the effect of rate changes is calculated by multiplying the change in average yield/cost by the previous year's volume. Changes applicable to both volume and rate have been allocated proportionately.

	Three Months Ended December 31, 2008 Compared to 2007		
	Increase (Decrease) Due To		Total
	Volume	Rate	
	(in 000's)		
Interest Revenue			
Interest-Earning Banking Assets:			
Loans, Net of Unearned Income	\$ 41,991	\$ (26,605)	\$ 15,386
Reverse Repurchase Agreements	(1,866)	(5,457)	(7,323)
Agency Mortgage Backed Securities	836	(1,425)	(589)
Non-agency Collateralized Mortgage Obligations	(1,604)	1,653	49
Money Market Funds, Cash and Cash Equivalents	9,560	(8,541)	1,019
FHLB Stock and Other	392	(406)	(14)
Total Interest-Earning Banking Assets	\$ 49,309	\$ (40,781)	\$ 8,528
Interest Expense			
Interest-Bearing Banking Liabilities:			
Retail Deposits:			
Certificates Of Deposit	\$ (26)	\$ (342)	\$ (368)
Money Market, Savings and NOW Accounts	34,723	(82,708)	(47,985)
FHLB Advances and Other	(2,360)	(18)	(2,378)
Total Interest-Bearing Banking Liabilities	\$ 32,337	\$ (83,068)	\$ (50,731)
Change in Net Interest Income	\$ 16,972	\$ 42,287	\$ 59,259

Emerging Markets

The Emerging Markets segment includes the Company's joint ventures in Latin America and Turkey. The Company's joint venture in Turkey ceased conducting business during the quarter and has filed for bankruptcy. This accounts for 80% of the decline in revenues within this segment. The remaining decline was due to the global market conditions resulting in declines in commission and investment advisory revenue in Latin America.

Stock Loan/Stock Borrow

This segment conducts its business through the borrowing and lending of securities from and to other broker-dealers, financial institutions and other counterparties, generally as an intermediary. The borrower of the securities puts up a cash deposit, commonly 102% of the market value of the securities, on which interest is earned. Accordingly, the lender receives cash and pays interest. These cash deposits are adjusted daily to reflect changes in current market value. The net revenues of this operation are the interest spreads generated.

Stock Loan revenues declined 76%, with net revenues declining 28%. Both gross interest revenue and expense declined due to both lower rates and average balances, down over 50% from the prior year. The average interest rate spread increased a modest 10%. Non-interest expenses were well controlled, down 32% from the prior year's comparable quarter. As a result, the segments pre-tax income is down 26% from the same quarter in the prior year.

Proprietary Capital

This segment consists of the Company’s principal capital and private equity activities including: various direct and third party private equity and merchant banking investments, short-term special situation mezzanine and bridge investments, Raymond James Employee Investment Funds I and II (the “EIF Funds”), and three private equity funds sponsored by the Company: Raymond James Capital Partners, L.P., a merchant banking limited partnership, and Ballast Point Ventures, L.P. and Ballast Point Ventures II, L.P., venture capital limited partnerships (the “Funds”). The Company earns management fees for services provided to two of the Funds and participates in profits or losses through both general and limited partnership interests. Additionally, the Company incurs profits or losses as a result of direct merchant banking investments and short-term special situation mezzanine and bridge investments. The EIF Funds are limited partnerships, for which the Company is the general partner, that invest in the merchant banking and private equity activities of the Company and other unaffiliated venture capital limited partnerships. The EIF Funds were established as compensation and retention measures for certain qualified key employees of the Company.

Proprietary Capital results improved modestly from the prior year due to higher advisory fees.

Other

This segment includes various corporate activities of Raymond James Financial, Inc. including certain compensation accruals, interest on corporate cash and corporate expenses. Revenues in the segment declined due to lower interest earnings. Pre-tax earnings were also impacted by 22% higher non-interest expenses.

Liquidity and Capital Resources

The Company’s senior management establishes the liquidity and capital policies of the Company. These policies include senior management’s review of short- and long-term cash flow forecasts, review of monthly capital expenditures, the monitoring of the availability of alternative sources of financing, and the daily monitoring of liquidity in the Company’s significant subsidiaries. Decisions on the allocation of capital to business units considers, among other factors, projected profitability and cash flow, risk and impact on future liquidity needs. The Company’s Treasury Department assists in evaluating, monitoring and controlling the impact that the Company’s business activities have on its financial condition, liquidity and capital structure as well as maintains the relationships the Company has with various lenders. The objectives of these policies are to support the successful execution of the Company’s business strategies while ensuring ongoing and sufficient liquidity.

The unprecedented volatility of the financial markets, accompanied by a severe deterioration of economic conditions worldwide, has had a pronounced adverse affect on the availability of credit through traditional sources. As a result of concern about the stability of the markets generally and the strength of counterparties specifically, many lenders have reduced and, in some cases, ceased to provide funding to the Company. See Sources of Liquidity-Borrowings section below for additional information. Further, the current environment is not conducive to most types of financings.

Liquidity is provided primarily through the Company’s business operations and financing activities.

Cash provided by operating activities during the three months ended December 31, 2008 was approximately \$272.0 million, which was primarily attributable to the decrease in brokerage client receivables, the increase in brokerage client deposits (directly correlated to the increase in segregated assets), the decrease in stock borrowed receivables, and the decrease in receivables from broker-dealers and clearing organizations. This was partially offset by the increase in segregated assets, the decrease in payables to broker-dealers and clearing organizations, the decrease in stock loaned payables, and the decrease in accrued compensation payable.

Investing activities used \$994.7 million, which was primarily due to loans originated and purchased by RJBank, purchases of securities purchased under agreements to resell at RJBank, and to additional investments made in real estate partnerships held by VIEs. This was partially offset by loan repayments to RJBank.

Financing activities used \$2.0 billion, predominantly the result of repayments on borrowed funds, including the \$1.9 billion overnight borrowing to meet point-in-time regulatory balance sheet composition requirements related to RJBank’s qualifying as a thrift institution at September 30, 2008, and the payment of cash dividends. This was partially offset by the proceeds from borrowed funds related to company-owned life insurance (see more information in the Other Sources of Liquidity section below) and an increase in deposits at RJBank.

The Company believes its existing assets, most of which are liquid in nature, together with funds generated from operations and potential external financing, should provide adequate funds for continuing operations at current levels of activity.

Sources of Liquidity

In addition to the liquidity provided through the Company’s business operations, the Company has various potential sources of capital.

Liquidity Available from Subsidiaries

The Company’s two principal domestic broker-dealer subsidiaries are required to maintain net capital equal to the greater of \$250,000 or 2% of aggregate debit balances arising from customer transactions. At December 31, 2008, both of these brokerage subsidiaries far exceeded their minimum net capital requirements. At that date, these subsidiaries had excess net capital of \$286.8 million, of which approximately \$150 to \$200 million is available for dividend (subject to cash availability and possibly to regulatory approval) while still maintaining a capital level well above regulatory “early warning” guidelines.

Subject to notification and in some cases approval by the Office of Thrift Supervision (“OTS”), RJBank may dividend to the Company as long as RJBank maintains its “well capitalized” status under bank regulatory capital guidelines.

Liquidity available to the Company from its subsidiaries, other than its broker-dealer subsidiaries and RJBank, is not limited by regulatory requirements.

Borrowings and Financing Arrangements

The following table presents the Company’s domestic financing arrangements as of December 31, 2008:

	Committed Unsecured	Committed Collateralized	Uncommitted Collateralized	Uncommitted Unsecured	Total Financing Arrangements
(in 000's)					
RJA (with third party lenders)	\$ -	\$ 150,000	\$ 235,100	\$ 150,000	\$ 535,100
RJA (with related parties)	-	-	360,000	-	360,000
RJF	50,000	-	-	-	50,000
Total Company	\$ 50,000	\$ 150,000	\$ 595,100	\$ 150,000	\$ 945,100

At December 31, 2008, the Company maintained three 364-day committed and several uncommitted financing arrangements denominated in U.S. dollars and one uncommitted line of credit denominated in Canadian dollars (“CDN”). At December 31, 2008, the aggregate domestic facilities were \$945.1 million and the Canadian line of credit was CDN \$40 million. Lenders are under no obligation to lend to the Company under uncommitted lines and there have been several recent instances where they were unwilling to do so.

On January 8, 2009, RJF amended its revolving credit agreement with JPMorgan Chase Bank and three other commercial banks. The amendment extended the facility termination date until January 22, 2009 and continued the aggregate commitment of the lenders at \$50 million, the amount of loans then currently outstanding under the agreement. RJF repaid the outstanding loan balance on the facility termination date. On February 6, 2009, RJF closed on a new \$100 million unsecured revolving credit agreement. Drawings on this line are subject to the Company’s receipt of approval from the U.S. Treasury to participate in the Capital Purchase Program (“CPP”).

RJA maintains a \$50 million committed secured line of credit and a \$100 million committed tri-party repurchase arrangement, each with a commercial bank. At December 31, 2008, there were collateralized financings of \$40 million outstanding under the \$100 million tri-party repurchase arrangement. These borrowings are included in Securities Sold Under Agreements to Repurchase on the Condensed Consolidated Statement of Financial Condition and are collateralized by RJA-owned securities with a market value of approximately \$64 million. RJA’s committed facilities with the two commercial banks are subject to 0.15% and 0.125% per annum facility fees, respectively.

In addition, RJA maintains \$235.1 million in uncommitted secured facilities. At December 31, 2008, RJA also maintained \$360 million in uncommitted tri-party repurchase arrangements with related parties, including an arrangement with RJFS. RJBank had provided \$300 million of those uncommitted arrangements to RJA, which was guaranteed by RJF. Approximately \$240 million was available until January 30, 2009 under an exception from affiliate lending regulations granted by the OTS. RJBank has applied for an extension from the OTS until October 30, 2009, since such an extension was granted by the Federal Reserve on January 30, 2009. Collateral for loans under secured lines of credit and securities sold under repurchase agreements (collectively “collateral”) are RJA-owned and/or client margin securities, as permitted by regulatory requirements. The required market value of the collateral ranges from 102% to 125% of the cash provided. Although RJA had \$510 million committed or related party collateralized financing arrangements available, at December 31, 2008, RJA’s Fixed Income inventory available to serve as collateral is typically substantially less. Unsecured loan facilities available to RJA total \$150 million of uncommitted unsecured lines of credit.

In addition, the Company’s joint ventures in Turkey and Argentina have multiple settlement lines of credit. The Company has guaranteed certain of these settlement lines of credit as follows: one in Turkey totaling \$8 million and one in Argentina for \$9 million. At December 31, 2008, there were no outstanding balances on the settlement lines in Turkey or Argentina. At December 31, 2008 the aggregate unsecured settlement lines of credit available were \$4.4 million, and there were no outstanding balances on these lines. On December 5, 2008, the Company’s Turkish joint venture ceased operations. See Note 12 of the Notes to the Condensed Consolidated Financial Statements for more information.

RJBank had \$50 million in FHLB advances outstanding at December 31, 2008, which comprises several long-term, fixed rate advances. RJBank had \$1.7 billion in immediate credit available from the FHLB on December 31, 2008 and total available credit of 40% of total assets, with the pledge of additional collateral to the FHLB. See Note 9 of the Notes to Condensed Consolidated Financial Statements for more information.

At December 31, 2008 and September 30, 2008, the Company had loans payable of \$161.3 million and \$2.2 billion, respectively. The balance at December 31, 2008 is comprised of a \$61.3 million mortgage loan for its home-office complex, \$50 million in FHLB advances (RJBank), and \$50 million outstanding on its committed line of credit.

Other Sources of Liquidity

The Company owns a significant number of life insurance policies utilized to fund certain non-qualified deferred compensation plans. The Company is able to borrow up to 90% of the cash surrender value of these policies. To further solidify its cash position, the Company borrowed the full 90%, or \$38 million, against these policies in December 2008. There is no specified maturity for this loan.

The Company believes that it qualifies to participate in the U.S. Treasury’s CPP and submitted an application through its primary regulator in November 2008. While there is no guarantee that the Company will be approved, the Company estimates that this program could provide up to approximately \$300 million in new preferred equity. While the Company views additional capital as beneficial in the current environment, it would also have the potential to significantly improve the Company’s liquidity position, which would be important in the event that Temporary Liquidity Guarantee Program (“TLGP”) debt is not issued.

Once the Company has become a Bank Holding Company, which is anticipated in the next few months, it intends to apply for the FDIC’s TLGP. Participation in the TLGP would be expected to assist the Company in obtaining several hundred million dollars of senior unsecured debt financing at the holding company level. The Company may also pursue other forms of debt financing that would not benefit from the TLGP. There is no assurance that any form of financing will be obtained.

If the Company were unable to obtain external financing, it may be necessary to reduce cash contributions to its subsidiaries, extract capital from its subsidiaries to the extent permitted to maintain continued compliance with regulatory requirements or reduce investments in private equity and venture capital endeavors. Those courses of action could result in foregoing opportunities to recruit additional Financial Advisors or acquire new business operations, reducing inventory levels of carried securities or scaling back of current business operations. A consequence of any of those courses of action would likely be a negative impact on near term earnings.

Statement of Financial Condition Analysis

The Company’s statement of financial condition consists primarily of cash and cash equivalents (a large portion of which are segregated for the benefit of customers), receivables and payables. The items represented in the statement of financial condition are primarily liquid in nature, providing the Company with flexibility in financing its business. Total assets of \$18.3 billion at December 31, 2008 were down approximately 3% from September 30, 2008 (excluding the cash received in the prior year from the \$1.9 billion overnight borrowing at RJBANK). Most of this modest decrease is due to changes in brokers-dealers gross assets and liabilities, including trading inventory, stock loan/borrow, receivables and payables from/to broker-dealers and clearing organizations which fluctuate with the Company’s business levels and overall market conditions. Due to the Company’s decision to decrease the rate of growth of RJBANK’s loan portfolio, the change in bank loans has had less of an impact on the Company’s total assets during recent fiscal quarters than in the prior year.

As of December 31, 2008, the Company’s liabilities are comprised primarily of brokerage client payables of \$5.9 billion at the broker-dealer subsidiaries and deposits of \$8.8 billion at RJBANK, as well as deposits held on stock loan transactions of \$549 million. The Company primarily acts as an intermediary in stock loan/borrow transactions. As a result, the liability associated with the stock loan transactions is related to the \$558 million receivable comprised of the Company’s cash deposits for stock borrowed transactions. To meet its obligations to clients, the Company has approximately \$5.1 billion in cash and segregated assets. The Company also has client brokerage receivables of \$1.3 billion and \$7.7 billion in loans at RJBANK.

Contractual Obligations, Commitments and Contingencies

The Company has contractual obligations of approximately \$2.8 billion, with \$2.3 billion coming due in the next twelve months related to its short and long-term debt, non-cancelable lease agreements, partnership investments, unfunded commitments to extend credit, unsettled loan purchases, underwriting commitments and a stadium naming rights agreement. Included in the obligations due within the next twelve months are \$2.0 billion in commitments related to RJBANK’s letters of credit and lines of credit. Commitments related to letters of credit and lines of credit may expire without being funded in whole or part, therefore these amounts are not estimates of future cash flows (see Notes 12 and 16 of the Notes to the Condensed Consolidated Financial Statements for further information on the Company’s commitments).

The Company’s Board of Directors approved up to \$200 million in short-term or mezzanine financing investments, primarily related to investment banking transactions. As of December 31, 2008, the Company did not have any such investments. The Board of Directors has approved the use of up to \$75 million for investment in proprietary merchant banking opportunities. As of December 31, 2008, the Company has invested \$32.3 million. The use of this capital is subject to availability of funds.

The Company is authorized by the Board of Directors to repurchase its common stock for general corporate purposes. There is no formal stock repurchase plan at this time. In May 2004 the Board authorized the repurchase of up to \$75 million of shares. During March 2008, the Company exhausted this authorization. On March 11, 2008, the Board of Directors authorized an additional \$75 million for repurchases at the discretion of the Board’s Share Repurchase Committee. As of December 31, 2008 the unused portion of this authorization was \$67.7 million.

RJBANK provides to its affiliate, RJCS, on behalf of certain corporate borrowers, a guarantee of payment in the event of the borrower’s default for exposure under interest rate swaps entered into with RJCS. At December 31, 2008 and September 30, 2008, the aggregate exposure under these guarantees was \$14.5 million and \$2.5 million respectively, which was underwritten as part of RJBANK’s larger corporate credit relationships. The estimated total potential exposure under these guarantees is \$16.2 million at December 31, 2008.

RJBANK has outstanding at any time a significant number of commitments to extend credit, and other credit-related off-balance sheet financial instruments such as standby letters of credit and loan purchases. Because many loan commitments expire without being funded in whole or part, the contract amounts are not estimates of the Company’s future liquidity requirements. Based on the underlying terms and conditions of these loans, management believes it is highly unlikely that a material percentage of these commitments would be drawn. Many of these loan commitments have fixed expiration dates or other termination clauses and, historically, a large percentage of the letters of credit expire without being funded.

As of December 31, 2008, RJBANK had entered into short-term reverse repurchase agreements totaling \$1.1 billion with four counterparties, with individual exposures of \$400 million, \$300 million, \$250 million and \$100 million. Although RJBANK is exposed to risk that these counterparties may not fulfill their contractual obligations, the Company believes the risk of default is minimal due to the U.S. Treasury securities received as collateral, the creditworthiness of these counterparties, which is closely monitored, and the short duration of these agreements.

The Company has also committed to lend to RJTCF, or guarantee obligations in connection with RJTCF’s low income housing development/rehabilitation and syndication activities, aggregating up to \$125 million upon request, subject to certain limitations as well as annual review and renewal. RJTCF borrows in order to invest in partnerships which purchase and develop properties qualifying for tax credits (“project partnerships”). These investments in project partnerships are then sold to various tax credit funds, which have third party investors, and for which RJTCF serves as the managing member or general partner. RJTCF typically sells these investments within 90 days of their acquisition, and the proceeds from the sales are used to repay RJTCF’s borrowings. During the first quarter of fiscal year 2009, a subsidiary of the Company purchased 58 units in one of RJTCF’s current fund offerings for a capital contribution of up to \$58 million. At December 31, 2008, \$30 million of capital had been contributed by the subsidiary to this fund. The subsidiary expects to resell these interests to other investors; however, the holding period of these interests could be much longer than 90 days. In addition to the 58 unit interest purchased, RJTCF provided certain specific performance guarantees to the investors of this fund. The Company has guaranteed the \$58 million capital contribution obligation as well as the specified performance guarantees provided by RJTCF to the fund’s investors. The unfunded capital contribution obligation is \$28 million as of December 31, 2008. Additionally, RJTCF may make short-term loans or advances to project partnerships on behalf of the tax credit funds in which it serves as managing member or general partner. At December 31, 2008, cash funded to invest in either loans or investments in project partnerships (excluding the 58 unit purchase mentioned previously) was \$10.3 million. In addition, at December 31, 2008, RJTCF is committed to additional future fundings (excluding the 58 unit purchase mentioned previously) of \$300,000 related to project partnerships that have not yet been sold to various tax credit funds. The Company and RJTCF also issue certain guarantees to various third parties related to project partnerships, interests in which have been or are expected to be sold to one or more tax credit funds under RJTCF’s management. In some instances, RJTCF is not the primary guarantor of these obligations which aggregate to a cumulative maximum obligation of approximately \$14.9 million as of December 31, 2008. Through RJTCF’s wholly owned lending subsidiary, Raymond James Multi-Family Finance, Inc., certain construction loans or loans of longer duration (“permanent loans”) may be made directly to certain project partnerships. As of December 31, 2008 nine such construction loans are outstanding with an unfunded balance of \$13.1 million available for future draws on such loans. Similarly, five permanent loan commitments are outstanding as of December 31, 2008. Each of these commitments will only be funded if certain conditions are achieved by the project partnership and in the event such conditions are not met, generally expire two years after their issuance. The total amount of such unfunded permanent loan commitments as of December 31, 2008 is \$5.9 million.

The Company is the lessor in a leveraged commercial aircraft transaction with Continental Airlines, Inc. (“Continental”). The Company’s ability to realize its expected return is dependent upon this airline’s ability to fulfill its lease obligation. In the event that this airline defaults on its lease commitment and the Trustee for the debt holders is unable to re-lease or sell the plane with adequate terms, the Company would suffer a loss of some or all of its investment. The value of the Company’s leveraged lease with Continental was approximately \$8.8 million as of December 31, 2008. The Company’s equity investment represented 20% of the aggregate purchase price; the remaining 80% was funded by public debt issued in the form of equipment trust certificates. The residual value of the aircraft at the end of the lease term of approximately 17 years is projected to be 15% of the original cost. This lease expires in May 2014. Although Continental remains current on its lease payments to the Company, the inability of Continental to make its lease payments, or the termination or modification of the lease through a bankruptcy proceeding, could result in the write-down of the Company’s investment and the acceleration of certain income tax payments. The Company continues to monitor this lessee for specific events or circumstances that would increase the likelihood of a default on Continental’s obligations under this lease.

The Company utilizes client marginable securities to satisfy deposits with clearing organizations. At December 31, 2008, the Company had client margin securities valued at \$113.5 million pledged with a clearing organization to meet the point in time requirement of \$63.9 million. At September 30, 2008, the Company had client margin securities valued at \$210.0 million pledged with a clearing organization to meet the point in time requirement of \$139.9 million.

In the normal course of business, certain subsidiaries of the Company act as general partner and may be contingently liable for activities of various limited partnerships. These partnerships engaged primarily in real estate activities. In the opinion of the Company, such liabilities, if any, for the obligations of the partnerships will not in the aggregate have a material adverse effect on the Company’s consolidated financial position.

The Company entered into two agreements, both with Raymond James Trust, National Association (“RJT”) and one with the Office of the Controller of the Currency (“OCC”), as a condition to RJT’s conversion in January, 2008 from a state to a federally chartered institution. Under those agreements, the Company is obligated to provide RJT with sufficient capital in a form acceptable to the OCC to meet and maintain the capital and liquidity requirements commensurate with RJT’s risk profile for its conversion and any subsequent requirements of the OCC. The conversion expands RJT’s market nationwide, while substituting federal for multiple state regulatory oversight. RJT’s federal charter limits it to fiduciary activities. Thus, capital requirements are not expected to be significant.

See Note 12 of the Notes to the Consolidated Financial Statements for further information on the Company's commitments and contingencies.

In addition, see Item 1, "Legal Proceedings," in Part II of this report for discussion of auction rate securities ("ARS") and the potential implications of the Company's current liquidity position on its ability to resolve these matters.

Regulatory

The Company's broker-dealer subsidiaries are subject to requirements of the SEC in the United States and the IIROC in Canada relating to liquidity and capital standards. The domestic broker-dealer subsidiaries of the Company are subject to the requirements of the Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934. RJA, a member firm of FINRA, is also subject to the rules of FINRA, whose requirements are substantially the same. Rule 15c3-1 requires that aggregate indebtedness, as defined, not exceed 15 times net capital, as defined. Rule 15c3-1 also provides for an "alternative net capital requirement", which RJA, RJFS, Eagle Distribution Fund, Inc. ("EFD") and Raymond James (USA) Ltd. have elected. It requires that minimum net capital, as defined, be equal to the greater of \$250,000 or 2% of Aggregate Debit Items arising from client transactions. FINRA may require a member firm to reduce its business if its net capital is less than four percent of Aggregate Debit Items and may prohibit a member firm from expanding its business and declaring cash dividends if its net capital is less than 5% of Aggregate Debit Items. RJA, RJFS, EFD, Raymond James (USA) Ltd. all had net capital in excess of minimum requirements as of December 31, 2008.

RJ Ltd. is subject to the Minimum Capital Rule (By-Law No. 17 of the IIROC) and the Early Warning System (By-Law No. 30 of the IIROC). The Minimum Capital Rule requires that every member shall have and maintain at all times Risk Adjusted Capital greater than zero calculated in accordance with Form 1 (Joint Regulatory Financial Questionnaire and Report) and with such requirements as the Board of Directors of the IIROC may from time to time prescribe. Insufficient Risk Adjusted Capital may result in suspension from membership in the stock exchanges or the IIROC. The Early Warning System is designed to provide advance warning that a member firm is encountering financial difficulties. This system imposes certain sanctions on members who are designated in Early Warning Level 1 or Level 2 according to its capital, profitability, liquidity position, frequency of designation or at the discretion of the IIROC. Restrictions on business activities and capital transactions, early filing requirements, and mandated corrective measures are sanctions that may be imposed as part of the Early Warning System. RJ Ltd. was not in Early Warning Level 1 or Level 2 during the quarter ended December 31, 2008 or 2007.

RJBank is subject to various regulatory and capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly, additional discretionary actions by regulators. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, RJBank must meet specific capital guidelines that involve quantitative measures of RJBank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. RJBank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Quantitative measures established by regulation to ensure capital adequacy require RJBank to maintain minimum amounts and ratios of Total and Tier I Capital (as defined in the regulations) to risk-weighted assets (as defined). Management believes, as of December 31, 2008, that RJBank meets all capital adequacy requirements to which it is subject.

The Company has announced its plans to seek financial holding company status as a result of RJBank's planned conversion from a thrift to a nationally-chartered commercial bank. The Company has filed to become a bank holding company, and then upon approval would elect to become a financial holding company. Once the financial holding company status is achieved, the Company would be under regulation of the Federal Reserve.

See Note 15 of the Notes to the Condensed Consolidated Financial Statements for further information on the Company's regulatory environment.

Off-Balance Sheet Arrangements

Information concerning the Company's off balance sheet arrangements is included in Note 16 of the Notes to the Condensed Consolidated Financial Statements. Such information is hereby incorporated by reference.

Effects of Inflation

The Company's assets are primarily liquid in nature and are not significantly affected by inflation. However, the rate of inflation affects the Company's expenses, including employee compensation, communications and occupancy, which may not be readily recoverable through charges for services provided by the Company.

Factors Affecting “Forward-Looking Statements”

From time to time, the Company may publish “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, or make oral statements that constitute forward-looking statements. These forward-looking statements may relate to such matters as anticipated financial performance, future revenues or earnings, business prospects, projected ventures, new products, anticipated market performance, recruiting efforts, and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company cautions readers that a variety of factors could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These risks and uncertainties, many of which are beyond the Company's control, are discussed in the section entitled “Risk Factors” of Item 1A of Part I included in the Company's Annual Report on Form 10-K for the year ended September 30, 2008 and in Item 1A of Part II of this report on Form 10-Q. The Company does not undertake any obligation to publicly update or revise any forward-looking statements.

Critical Accounting Policies

The condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. For a full description of these and other accounting policies, see Note 1 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2008. The Company believes that of its significant accounting policies, those described below involve a high degree of judgment and complexity. These critical accounting policies require estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the condensed consolidated financial statements. Due to their nature, estimates involve judgment based upon available information. Actual results or amounts could differ from estimates and the difference could have a material impact on the condensed consolidated financial statements. Therefore, understanding these policies is important in understanding the reported results of operations and the financial position of the Company.

Valuation of Financial Instruments and Other Assets

“Trading instruments” and “Available for sale securities” are reflected in the Condensed Consolidated Statements of Financial Condition at fair value or amounts that approximate fair value. In accordance with SFAS 115, “Accounting for Certain Investments in Debt and Equity Securities”, unrealized gains and losses related to these financial instruments are reflected in net income or other comprehensive income, depending on the underlying purpose of the instrument.

The Company adopted SFAS 157 and FSP SFAS 157-3 on October 1, 2008. The adoption of these pronouncements did not have any material impact on the financial position or operating results of the Company. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments and assets and liabilities recognized at fair value in the financial statements on a recurring basis in accordance with SFAS 157. FSP SFAS No. 157-2 delays the effective date of SFAS 157 (until October 1, 2009 for the Company) for nonfinancial assets and nonfinancial liabilities, except for items recognized or disclosed at fair value on a recurring basis. As such, the Company has not applied SFAS 157 to the impairment tests or assessments under SFAS 142, real estate owned and nonfinancial long-lived assets measured at fair value for an impairment assessment under SFAS 144.

In determining fair value, the Company uses various valuation approaches, including market, income and/or cost approaches. Fair value is a market-based measure considered from the perspective of a market participant. As such, even when market assumptions are not readily available, the Company’s own assumptions reflect those that market participants would use in pricing the asset or liability at the measurement date. The standard describes the following three levels used to classify fair value measurements:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2— Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

SFAS 157 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The availability of observable inputs can vary from instrument to instrument and in certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement of an instrument requires judgment and consideration of factors specific to the instrument.

Valuation Techniques

The fair value for certain financial instruments is derived using pricing models and other valuation techniques that involve significant management judgment. The price transparency of financial instruments is a key determinant of the degree of judgment involved in determining the fair value of the Company’s financial instruments. Financial instruments for which actively quoted prices or pricing parameters are available will generally have a higher degree of price transparency than financial instruments that are thinly traded or not quoted. In accordance with SFAS 157, the criteria used to determine whether the market for a financial instrument is active or inactive is based on the particular asset or liability. For equity securities, the Company’s definition of actively traded was based on average daily volume and other market trading statistics. The Company considered the market for other types of financial instruments, including certain non-U.S. agency government securities and certain collateralized debt obligations, to be inactive as of December 31, 2008. As a result, the valuation of these financial instruments included significant management judgment in determining the relevance and reliability of market information available. The Company considered the inactivity of the market to be evidenced by several factors, including decreased price transparency caused by decreased volume of trades relative to historical levels, stale transaction prices and transaction prices that varied significantly either over time or among market makers.

Cash Equivalents

Cash equivalents consist of investments in money market mutual funds. Such instruments are classified within Level 1 of the fair value hierarchy.

Trading Instruments and Trading Instruments Sold but Not Yet Purchased

Trading Securities

Trading securities are comprised primarily of the financial instruments held by the Company's broker-dealer subsidiaries (see Note 4 of the Notes to the Condensed Consolidated Financial Statements for more information). When available, the Company uses quoted prices in active markets to determine the fair value of securities. Such instruments are classified within Level 1 of the fair value hierarchy. Examples include exchange traded equity securities and liquid government debt securities.

When instruments are traded in secondary markets and quoted market prices do not exist for such securities, the Company employs valuation techniques, including matrix pricing to estimate fair value. Matrix pricing generally utilizes spread-based models periodically re-calibrated to observable inputs such as market trades or to dealer price bids in similar securities in order to derive the fair value of the instruments. Valuation techniques may also rely on other observable inputs such as yield curves, interest rates and expected principal repayments, and default probabilities. Instruments valued using these inputs are typically classified within Level 2 of the fair value hierarchy. Examples include certain municipal debt securities, corporate debt securities, agency mortgage backed securities, and restricted equity securities in public companies. Management utilizes prices from independent services to corroborate its estimate of fair value. Depending upon the type of security, the pricing service may provide a listed price, a matrix price, or use other methods including broker-dealer price quotations.

Positions in illiquid securities that do not have readily determinable fair values require significant management judgment or estimation. For these securities the Company uses pricing models, discounted cash flow methodologies, or similar techniques. Securities valued using these techniques are classified within Level 3 of the fair value hierarchy. Examples include certain municipal debt securities, certain mortgage backed securities and equity securities in private companies. For certain collateralized mortgage obligations (“CMOs”), where there has been limited activity or less transparency around significant inputs to the valuation, such as assumptions regarding performance of the underlying mortgages, securities are currently classified as Level 3 even though the Company believes that Level 2 inputs could likely be obtainable should markets for these securities become more active in the future.

Derivative Contracts

The Company enters into interest rate swaps and futures contracts as part of its fixed income business to facilitate customer transactions and to hedge a portion of the Company’s trading inventory. In addition, to mitigate interest rate risk should there be a significantly rising rate environment, Raymond James Bank (“RJBank”) purchases interest rate caps. See Note 10 of the Notes to the Condensed Consolidated Financial Statements for more information. Fair values for derivative contracts are obtained from counterparties, pricing models that consider current market trading levels and the contractual prices for the underlying financial instruments, as well as time value and yield curve or other volatility factors underlying the positions. Where model inputs can be observed in a liquid market and the model does not require significant judgment, such derivative contracts are typically classified within Level 2 of the fair value hierarchy.

Available for Sale Securities

Available for sale securities are comprised primarily of CMOs and other mortgage related debt securities. Debt and equity securities classified as available for sale are reported at fair value with unrealized gains and losses, net of deferred taxes, reported in shareholders' equity as a component of accumulated other comprehensive income. See Note 5 of the Notes to the Condensed Consolidated Financial Statements for more information. The fair value of available for sale securities is determined by obtaining third party bid quotations based upon observable data including benchmark yields, reported trades, other broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, other bids/offers, new issue data, monthly payment information, collateral performance, and reference data including market research publications. Changes to fair value are recognized in Other Comprehensive Income. Securities measured using these valuation techniques are generally classified within Level 2 of the fair value hierarchy.

If these sources are not available, are deemed unreliable, or when an active market does not exist, then the fair value is estimated using pricing models or discounted cash flow analyses, using observable market data where available as well as unobservable inputs provided by management. Securities valued using these valuation techniques are classified within Level 3 of the fair value hierarchy.

The reference point for determining when securities are in a loss position is quarter end. As such, it is possible that a security had a fair value that exceeded its amortized cost on other days during the period. Unrealized losses deemed to be other-than-temporary for available for sale securities are included in current period earnings within Other Revenue and a new cost basis for the security is established. In order to evaluate the Company’s risk exposure and any potential impairment of these securities, characteristics of each security owned such as collateral type, delinquency and foreclosure levels, credit enhancement, projected loan losses and collateral coverage are reviewed monthly by management. These factors, in addition to the Company’s intent and ability to hold the investment for a time period sufficient to allow for the anticipated valuation recovery to the Company’s cost basis, are also considered in determining whether these securities are other-than-temporarily impaired. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, and forecasted performance of the security. See Note 5 of the Notes to the Condensed Consolidated Financial Statements for more information.

Private Equity Investments

Private equity investments, held primarily by the Company’s Proprietary Capital segment, consist of various direct and third party private equity and merchant banking investments. The valuation of these investments requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and long-term nature of these assets. Direct private equity investments are valued initially at transaction price until significant transactions or developments indicate that a change in the carrying values of these investments is appropriate. Generally, the carrying values of these investments will be adjusted based on financial performance, investment-specific events, financing and sales transactions with third parties and changes in market outlook. Investments in funds structured as limited partnerships are generally valued based on the financial statements of the partnerships which generally use similar methodologies. Investments valued using these valuation techniques are classified within Level 3 of the fair value hierarchy.

Other Investments

Other investments consist predominantly of Canadian government bonds. The fair value of these bonds is estimated using recent external market transactions. Such bonds are classified within Level 2 of the fair value hierarchy as the external market transactions used are less frequent than those in active markets.

Goodwill

Goodwill is related to the acquisitions of Roney & Co. (now part of RJA) and Goepel McDermid, Inc. (now called Raymond James Ltd.). This goodwill, totaling \$63 million, was allocated to the reporting units within the Private Client Group and Capital Markets segments pursuant to SFAS 142. Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. In accordance with this pronouncement, indefinite-life intangible assets and goodwill are not amortized. Rather, they are subject to impairment testing on an annual basis, or more often if events or circumstances indicate there may be impairment. This test involves assigning tangible assets and liabilities, identified intangible assets and goodwill to reporting units and comparing the fair value of each reporting unit to its carrying amount. If the fair value is less than the carrying amount, a further test is required to measure the amount of the impairment.

When available, the Company uses recent, comparable transactions to estimate the fair value of the respective reporting units. The Company calculates an estimated fair value based on multiples of revenues, earnings, and book value of comparable transactions. However, when such comparable transactions are not available or have become outdated, the Company uses discounted cash flow scenarios to estimate the fair value of the reporting units. As of December 31, 2008, goodwill had been allocated to the Private Client Group of RJA, and both the Private Client Group and Capital Markets segments of Raymond James Ltd. Due to the impact of negative market conditions on the Private Client Group and Capital Market segments the Company performed an analysis of the carrying value of the goodwill for each reporting unit. This analysis did not result in impairment. The Company will be performing its annual testing for impairment of goodwill during the quarter ending March 31, 2009. The results of this testing could result in the impairment of goodwill.

Allowance for Loan Losses and Other Provisions

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 or an asset has been impaired 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; if not determinable, the Company accrues the minimum of the range of probable loss.

The Company records reserves related to legal proceedings in Trade and Other Payables. Such reserves are established and maintained in accordance with SFAS No. 5, "Accounting for Contingencies" (“SFAS 5”), and Financial Interpretation No. 14, “Reasonable Estimation of the Amount of a Loss”. The determination of these reserve amounts requires significant judgment on the part of management. Management considers many factors including, but not limited to: the amount of the claim; the amount of the loss in the client's account; the basis and validity of the claim; the possibility of wrongdoing on the part of an employee of the Company; previous results in similar cases; and legal precedents and case law. Each legal proceeding is reviewed with counsel in each accounting period and the reserve is adjusted as deemed appropriate by management. Lastly, each case is reviewed to determine if it is probable that insurance coverage will apply, in which case the reserve is reduced accordingly. Any change in the reserve amount is recorded in the consolidated financial statements and is recognized as a charge/credit to earnings in that period.

The Company also records reserves or allowances for doubtful accounts related to client receivables and loans. Client receivables at the broker-dealers are generally collateralized by securities owned by the brokerage clients. Therefore, when a 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.

Client loans at RJBank are generally collateralized by real estate or other property. RJBank provides for both an allowance for losses in accordance with SFAS 5 and a reserve for individually impaired loans in accordance with SFAS No. 114, “Accounting by a Creditor for Impairment of a Loan”. The calculation of the SFAS 5 allowance is subjective as management segregates the loan portfolio into different homogeneous classes and assigns each class an allowance percentage based on the perceived risk associated with that class of loans. The loan grading process provides specific and detailed risk measurement across the corporate loan portfolio. The factors taken into consideration when assigning the reserve percentage to each reserve category include estimates of borrower default probabilities and collateral values; trends in delinquencies; volume and terms; changes in geographic distribution, lending policies, local, regional, and national economic conditions; concentrations of credit risk and past loss history. In addition, the Company provides for potential losses inherent in RJBank’s unfunded lending commitments using the criteria above, further adjusted for an estimated probability of funding. For individual loans identified as impaired, RJBank measures impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is supported by collateral. At December 31, 2008, the amortized cost of all RJBank loans was \$7.8 billion and an allowance for loan losses of \$106.1 million was recorded against that balance. The total allowance for loan losses is equal to 1.36% of the amortized cost of the loan portfolio.

The following table allocates RJBank’s allowance for loan losses by loan category:

	December 31, 2008		September 30, 2008	
	Allowance	Loan Category as a % of Total Loans Receivable	Allowance	Loan Category as a % of Total Loans Receivable
(\$ in 000's)				
Commercial Loans	\$ 10,138	9%	\$ 10,147	10%
Real Estate Construction Loans	8,192	5%	7,061	5%
Commercial Real Estate Loans (1)	75,752	50%	62,197	49%
Residential Mortgage Loans	11,965	36%	8,589	36%
Consumer Loans	93	-	161	-
Total	\$ 106,140	100%	\$ 88,155	100%

(1) Loans wholly or partially secured by real estate.

The Company also makes loans or pays advances to Financial Advisors, primarily for recruiting and retention purposes. 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. At December 31, 2008 the receivable from Financial Advisors was \$215.8 million, which is net of an allowance of \$2.9 million for estimated uncollectibility.

Income Taxes

SFAS No. 109, “Accounting for Income Taxes”, as interpreted by FIN 48, establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company’s financial statements or tax returns. Judgment is required in assessing the future tax consequences of events that have been recognized in the Company’s financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact the Company’s financial position, results of operations, or cash flows. See Note 10 of the Notes to the Condensed Consolidated Financial Statements for further information on the Company’s income taxes.

For discussion of the effects recently issued accounting standards not yet adopted will have on the Company’s accounting policies and consolidated financial statements, see Note 2 of the Notes to the Condensed Consolidated Financial Statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For a description of the Company’s risk management policies, including a discussion of the Company’s primary market risk exposures, which include interest rate risk and equity price risk, as well as a discussion of the Company’s foreign exchange risk, credit risk, liquidity risk, operational risk, and regulatory and legal risk and a discussion of how these exposures are managed, refer to the Company’s Annual Report on Form 10-K for the year ended September 30, 2008.

Market Risk

Market risk is the risk of loss to the Company resulting from changes in interest rates and security prices. The Company has exposure to market risk primarily through its broker-dealer and banking operations. The Company’s broker-dealer subsidiaries, primarily RJA, trade tax exempt and taxable debt obligations and act as an active market maker in approximately 687 listed and over-the-counter equity securities. In connection with these activities, the Company maintains inventories in order to ensure availability of securities and to facilitate client transactions. Additionally, the Company, primarily within its Canadian broker-dealer subsidiary, invests for its own proprietary equity investment account.

See Notes 3 and 4 of the Notes to the Condensed Consolidated Financial Statements for information regarding the fair value of trading inventories associated with the Company's broker-dealer client facilitation, market-making and proprietary trading activities.

Changes in value of the Company's trading inventory may result from fluctuations in interest rates, credit ratings of the issuer, equity prices and the correlation among these factors. The Company manages its trading inventory by product type and has established trading divisions that have responsibility for each product type. The Company's primary method of controlling risk in its trading inventory is through the establishment and monitoring of limits on the dollar amount of securities positions that can be entered into and other risk-based limits. Limits are established both for categories of securities (e.g., OTC equities, corporate bonds, municipal bonds) and for individual traders. As of December 31, 2008, the absolute fixed income and equity inventory limits excluding contractual underwriting commitments for the Company’s domestic subsidiaries, were \$1.96 billion and \$59.8 million, respectively. These same inventory limits for RJ Ltd. as of December 31, 2008, were \$47.3 million and \$62.5 million, respectively. The Company's trading activities in the aggregate were significantly below these limits at December 31, 2008. Position limits in trading inventory accounts are monitored on a daily basis. Consolidated position and exposure reports are prepared and distributed to senior management. Limit violations are carefully monitored. Management also monitors inventory levels and trading results, as well as inventory aging, pricing, concentration and securities ratings. For derivatives, primarily interest rate swaps, the Company monitors exposure in its derivatives subsidiary daily based on established limits with respect to a number of factors, including interest rate, spread, ratio, basis, and volatility risk. These exposures are monitored both on a total portfolio basis and separately for selected maturity periods.

In the normal course of business, the Company enters into underwriting commitments. RJA and RJ Ltd., as a lead, co-lead or syndicate member in the underwriting deal, may be subject to market risk on any unsold shares issued in the offering to which they are committed. Risk exposure is controlled by limiting participation, the deal size or through the syndication process.

Interest Rate Risk

The Company is exposed to interest rate risk as a result of maintaining trading inventories of fixed income instruments and actively manages this risk using hedging techniques that involve swaps, futures, and U.S. Treasury obligations. The Company monitors, on a daily basis, the Value-at-Risk (“VaR”) in its institutional Fixed Income trading portfolios (cash instruments and interest rate derivatives). VaR is an appropriate statistical technique for estimating the potential loss in trading portfolios due to typical adverse market movements over a specified time horizon with a suitable confidence level.

To calculate VaR, the Company uses historical simulation. This approach assumes that historical changes in market conditions are representative of future changes. The simulation is based upon daily market data for the previous twelve months. VaR is reported at a 99% confidence level, based on a one-day time horizon. This means that the Company could expect to incur losses greater than those predicted by the VaR estimates only once in every 100 trading days, or about 2.5 times a year on average over the course of time. During the three months ended December 31, 2008, the reported daily loss in the institutional Fixed Income trading portfolio exceeded the predicted VaR one time.

However, trading losses on a single day could exceed the reported VaR by significant amounts in unusually volatile markets and might accumulate over a longer time horizon, such as a number of consecutive trading days. Accordingly, management employs additional interest rate risk controls including position limits, a daily review of trading results, review of the status of aged inventory, independent controls on pricing, monitoring of concentration risk, and review of issuer ratings.

The following tables set forth the high, low, and daily average VaR for the Company's overall institutional portfolio during the three months ended December 31, 2008, with the corresponding dollar value of the Company's portfolio:

	Three Months Ended December 31, 2008			VaR at	
	High	Low	Daily Average	December 31, 2008	September 30, 2008
	(\$ in 000's)				
Daily VaR	\$ 901	\$ 296	\$ 603	\$ 446	\$ 586
Related Portfolio Value					
(Net) (1)	\$ 98,176	\$ 97,195	\$ 110,295	\$ 86,215	\$ 103,047
VaR as a Percent of Portfolio Value	0.92%	0.30%	0.55%	0.52%	0.57%

(1) Portfolio value achieved on the day of the VaR calculation.

The modeling of the risk characteristics of trading positions involves a number of assumptions and approximations. While management believes that its assumptions and approximations are reasonable, there is no uniform industry methodology for estimating VaR, and different assumptions or approximations could produce materially different VaR estimates. As a result, VaR statistics are more reliable when used as indicators of risk levels and trends within a firm than as a basis for inferring differences in risk-taking across firms.

Additional information is discussed under Derivative Financial Instruments in Note 10 of the Notes to the Condensed Consolidated Financial Statements.

RJ Ltd.'s net income is sensitive to changes in interest rate conditions. Assuming a shift of 100 basis points in interest rates and using interest-bearing asset and liability balances as of December 31, 2008, RJ Ltd.'s sensitivity analysis indicates that an upward movement would increase RJ Ltd.'s net income by approximately CDN\$46,000 for the quarter, whereas a downward shift of the same magnitude would decrease RJ Ltd.'s net income by approximately this same amount for the quarter. This sensitivity analysis is based on the assumption that all other variables remain constant.

RJBank maintains an earning asset portfolio that is comprised of mortgage, corporate and consumer loans, as well as mortgage backed securities, securities purchased under resale agreements, deposits at other banks and other investments. Those earning assets are funded in part by: its obligations to clients, including NOW accounts, demand deposits, money market accounts, savings accounts, and certificates of deposit; and FHLB advances. Based on the current earning asset portfolio of RJBank, market risk for RJBank is limited primarily to interest rate risk. In the current market and economic environment, short term interest rate risk has been severely impacted as credit conditions have rapidly deteriorated and financial markets have experienced widespread illiquidity and elevated levels of volatility. RJBank analyzes interest rate risk based on forecasted net interest income, which is the net amount of interest received and interest paid, and the net portfolio valuation, both in a range of interest rate scenarios. The following table represents the carrying value of RJBank's assets and liabilities that are subject to market risk. This table does not include financial instruments with limited market risk exposure due to offsetting asset and liability positions, short holding periods or short periods of time until the interest rate resets.

RJBank Financial Instruments with Market Risk (as described above):

	December 31, 2008	September 30, 2008
	(in 000's)	
Mortgage Backed Securities	\$ 184,662	\$ 301,329
Loans Receivable, Net	2,414,404	2,314,884
Total Assets with Market Risk	\$ 2,599,066	\$ 2,616,213
Certificates of Deposit	\$ 111,483	\$ 118,233
Federal Home Loan Bank Advances	50,000	50,000
Total Liabilities with Market Risk	\$ 161,483	\$ 168,233

The following table shows the distribution of those RJBank loans that mature in more than one year between fixed and adjustable interest rate loans at December 31, 2008:

	Interest Rate Type		
	Fixed	Adjustable	Total
	(in 000's)		
Commercial Loans	\$ 1,424	\$ 723,433	\$ 724,857
Real Estate Construction Loans	-	285,412	285,412
Commercial Real Estate Loans (1)	28,983	3,647,743	3,676,726
Residential Mortgage Loans	21,867	2,818,631	2,840,498
Consumer Loans	-	1,081	1,081
Total Loans	\$ 52,274	\$ 7,476,300	\$ 7,528,574

(1) Loans wholly or partially secured by real estate. Of this amount, \$612.8 million is wholly or substantially secured by lien(s) on real estate. The remainder is partially secured by real estate, the majority of which are also secured by other assets of the borrower, and includes loans to certain real estate investment trusts.

One of the core objectives of RJBank's Asset/Liability Management Committee is to manage the sensitivity of net interest income to changes in market interest rates. The Asset/Liability Management Committee uses several measures to monitor and limit RJBank's interest rate risk including scenario analysis, interest repricing gap analysis and limits, and net portfolio value limits. Simulation models and estimation techniques are used to assess the sensitivity of the net interest income stream to movements in interest rates. Assumptions about consumer behavior play an important role in these calculations; this is particularly relevant for loans such as mortgages where the client has the right, but not the obligation, to repay before the scheduled maturity.

The sensitivity of net interest income to interest rate conditions is estimated for a variety of scenarios. Assuming an immediate and lasting shift of 100 basis points in the term structure of interest rates, RJBank's sensitivity analysis indicates that an upward movement would decrease RJBank's net interest income by 3.24% in the first year after the rate increase. This sensitivity figure is based on positions as of December 31, 2008, and is subject to certain simplifying assumptions, including that management takes no corrective action.

To mitigate interest rate risk in a significantly rising rate environment, RJBank purchased three year term interest rate caps with high strike rates (more than 300 basis points higher than current rates) during the year ended September 30, 2008 that will increase in value if interest rates rise and entitle RJBank to cash flows if interest rates rise above strike rates. RJBank minimizes the credit or repayment risk of derivative instruments by entering into transactions only with high-quality counterparties whose credit rating is investment grade. See Note 10 of the Notes to the Condensed Consolidated Financial Statements for further information.

Equity Price Risk

The Company is exposed to equity price risk as a consequence of making markets in equity securities and the investment activities of RJA and RJ Ltd. The U.S. broker-dealer activities are primarily client-driven, with the objective of meeting clients' needs while earning a trading profit to compensate for the risk associated with carrying inventory. The Company attempts to reduce the risk of loss inherent in its inventory of equity securities by monitoring those security positions constantly throughout each day and establishing position limits. The Company's Canadian broker-dealer has a proprietary trading business with 26 traders. The average aggregate inventory held for proprietary trading during the three months ended December 31, 2008 was CDN\$8.1 million. The Company's equity securities inventories are priced on a regular basis and there are no material unrecorded gains or losses.

Foreign Exchange Risk

RJ Ltd. is subject to foreign exchange risk primarily due to financial instruments denominated in U.S. dollars that may be impacted by fluctuation in foreign exchange rates. In order to mitigate this risk, RJ Ltd. enters into forward foreign exchange contracts. The fair value of these contracts is immaterial. As of December 31, 2008, forward contracts outstanding to buy and sell U.S. dollars totaled CDN \$1.2 million and CDN \$0.9 million, respectively.

Credit Risk

Credit risk is the risk of loss due to adverse changes in a borrower's, issuer's or counterparty's ability to meet its financial obligations under contractual or agreed upon terms. The nature and amount of credit risk depends on the type of transaction, the structure and duration of that transaction and the parties involved. Credit risk is an integral component of the profit assessment of lending and other financing activities.

The Company is engaged in various trading and brokerage activities whose counterparties primarily include broker-dealers, banks and other financial institutions. The Company is exposed to risk that these counterparties may not fulfill their obligations. The risk of default depends on the creditworthiness of the counterparty and/or the issuer of the instrument. The Company manages this risk by imposing and monitoring individual and aggregate position limits within each business segment for each counterparty, conducting regular credit reviews of financial counterparties, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions and conducting business through clearing organizations, which guarantee performance.

The Company's client activities involve the execution, settlement, and financing of various transactions on behalf of its clients. Client activities are transacted on either a cash or margin basis. Credit exposure associated with the Company's Private Client Group results primarily from customer margin accounts, which are monitored daily and are collateralized. When clients execute a purchase, the Company is at some risk that the client will renege on the trade. If this occurs, the Company may have to liquidate the position at a loss. However, most private clients have available funds in the account before the trade is executed. The Company monitors exposure to industry sectors and individual securities and performs analysis on a regular basis in connection with its margin lending activities. The Company adjusts its margin requirements if it believes its risk exposure is not appropriate based on market conditions.

The Company is subject to concentration risk if it holds large positions, extends large loans to, or has large commitments with a single counterparty, borrower, or group of similar counterparties or borrowers (e.g. in the same industry). Securities purchased under agreements to resell consist primarily of securities issued by the U.S. government or its agencies. Receivables from and payables to clients and stock borrow and lending activities are conducted with a large number of clients and counterparties and potential concentration is carefully monitored. Inventory and investment positions taken and commitments made, including underwritings, may involve exposure to individual issuers and businesses. The Company seeks to limit this risk through careful review of the underlying business and the use of limits established by senior management, taking into consideration factors including the financial strength of the counterparty, the size of the position or commitment, the expected duration of the position or commitment and other positions or commitments outstanding.

The Company is also the lessor in a leveraged commercial aircraft transaction with Continental. The Company's ability to realize its expected return is dependent upon the airline's ability to fulfill its lease obligation. In the event that the airline defaults on its lease commitments and the trustee for the debt holders is unable to re-lease or sell the plane with adequate terms, the Company would suffer a loss of some or all of its investment. Although Continental remains current on its lease payments to the Company, the inability of Continental to make its lease payments, or the termination or modification of the lease through a bankruptcy proceeding, could result in the write-down of the Company's investment and the acceleration of certain income tax payments. The Company continues to monitor this lessee for specific events or circumstances that would increase the likelihood of a default on Continental's obligations under this lease.

RJBank manages risks inherent in its lending activities through policies and procedures which incorporate strong lending standards and management oversight. The underwriting policies are described in the section below.

Loan Underwriting Policies

The Company’s credit risk is managed through its policies and procedures. There have been no material changes in the Company’s underwriting policies during the three months ended December 31, 2008. For a description of RJBank’s underwriting policies for both the residential and corporate loan portfolios, refer to the Company’s Annual Report on Form 10-K for the year ended September 30, 2008.

Loan Portfolio

The Company tracks and reviews many factors to monitor credit risk in RJBank’s loan portfolios. These factors include, but are not limited to: loan performance trends, loan product parameters and qualification requirements, geographic and industry concentrations, borrower credit scores, LTV ratios, occupancy (i.e. owner occupied, second home or investment property), collateral value trends, level of documentation, loan purpose, industry performance trends, average loan size, and policy exceptions.

The LTV/FICO scores of RJBank’s residential first mortgage loan portfolio are as follows:

	December 31, 2008	September 30, 2008
Residential First Mortgage		
Loan Weighted Average		
LTV/FICO (1)	63% / 751	64% / 750

(1) At origination. Small group of local loans representing less than 0.5% of residential portfolio excluded.

The geographic concentrations (top five states) of RJBank’s one-to-four family residential mortgage loans are as follows:

December 31, 2008	September 30, 2008 (1)
(\$ outstanding as a % of RJBank total assets)	
5.9% CA	5.2% CA
4.1% NY	3.3% NY
3.0% FL	3.0% FL
2.0% NJ	2.1% NJ
1.3% VA	1.3% VA

(1) Concentration ratios are presented as a percentage of adjusted RJBank total assets of \$9.4 billion. Adjusted RJBank total assets (non-GAAP) at September 30, 2008 exclude the assets associated with the \$1.9 billion FHLB advance repaid on October 1, 2008 and the \$60 million return of capital to RJF on October 2, 2008.

The industry concentrations (top five categories) of RJBank’s corporate loans are as follows:

December 31, 2008	September 30, 2008 (1)
(\$ outstanding as a % of RJBank total assets)	
3.7% Consumer Products/Services	3.3% Telecom
3.6% Telecom	3.2% Retail Real Estate
3.5% Industrial Manufacturing	3.2% Consumer Products/Services
3.3% Retail Real Estate	3.1% Industrial Manufacturing
3.3% Healthcare (excluding hospitals)	3.0% Healthcare (excluding hospitals)

(1) Concentration ratios are presented as a percentage of adjusted RJBank total assets of \$9.4 billion. Adjusted RJBank total assets (non-GAAP) at September 30, 2008 exclude the assets associated with the \$1.9 billion FHLB advance repaid on October 1, 2008 and the \$60 million return of capital to RJF on October 2, 2008.

To manage and limit credit losses, the Company maintains a rigorous process to manage its loan delinquencies. With all whole loans purchased on a servicing-retained basis and all originated first mortgages serviced by a third party, the primary collection effort resides with the servicer. RJBank personnel direct and actively monitor the servicers’ efforts through extensive communications regarding individual loan status changes and requirements of timely and appropriate collection or property management actions and reporting, including management of other third parties used in the collection process (appraisers, attorneys, etc.). Additionally, every residential and consumer loan over 60 days past due is reviewed by RJBank personnel monthly and documented in a written report detailing delinquency information, balances, collection status, appraised value, and other data points. RJBank senior management meets monthly to discuss the status, collection strategy and charge-off/write-down recommendations on every residential or consumer loan over 60 days past due.

See Note 6 of the Notes to the Condensed Consolidated Financial Statements for more information.

Liquidity Risk

See Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources,” in this report for more information regarding the Company’s liquidity and how it manages its liquidity risk.

Item 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls are procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed to ensure that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives, as the Company's are designed to do, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company’s internal control over financial reporting during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

As a result of the extensive regulation of the securities industry, the Company’s broker-dealer subsidiaries are 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.

Raymond James Yatrym Menkul Kyymetler A. S., (“RJY”), the Company’s Turkish affiliate, was assessed for the year 2001 approximately \$6.8 million by the Turkish tax authorities. The authorities applied a significantly different methodology than in the prior year’s audit which the Turkish tax court and Council of State affirmed. RJY is vigorously contesting most aspects of this assessment and has sought reconsideration of the Turkish Council of State. The Turkish tax authorities, utilizing the 2001 methodology, assessed RJY \$5.7 million for 2002, which is also being challenged. Audits of 2003 and 2004 are anticipated and their outcome is unknown in light of the change in methodology and the pending litigation. On October 24, 2008, RJY was notified by the Capital Markets Board of Turkey that the technical capital inadequacy resulting from RJY’s provision for this case required an additional capital contribution, and as a result, RJY halted all trading activities. On December 5, 2008 RJY ceased operations and subsequently filed for protection under Turkish bankruptcy laws. The Company has recorded a provision for loss in its consolidated financial statements for its full equity interest in this joint venture. As of December 31, 2008, RJY had total capital of approximately \$4.7 million, of which the Company owns approximately 50%.

Sirchie Acquisition Company, LLC (“SAC”), an 80% owned indirect unconsolidated subsidiary acquired as a merchant banking investment has been advised by the Commerce and Justice Departments that they intend to seek civil and criminal sanctions against it, as the purported successor in interest to Sirchie Finger Print Laboratories, Inc. (“Sirchie”), based upon alleged breaches of Department of Commerce suspension orders by Sirchie and its former majority shareholder that occurred prior to the acquisition. Discussions are ongoing, and the impact, if any, on the value of this investment is indeterminate at this time.

In connection with auction rate securities (“ARS”), the Company's primary broker-dealers, RJA and RJFS, have been subject to ongoing investigations, with which they are cooperating fully, by the Securities and Exchange Commission (“SEC”), the New York Attorney General's Office and Florida’s Office of Financial Regulation. The Company is also named in a class action lawsuit similar to that filed against a number of brokerage firms alleging various securities law violations, which it is vigorously defending. The Company announced in April 2008 that customers held approximately \$1.9 billion of ARS, which as of December 31, 2008, had declined to approximately \$919 million due to the redemption and refinancing of such securities by the issuers of the ARS. Additional information regarding ARS can be found at http://www.raymondjames.com/auction_rate_preferred.htm. The information on the Company’s Internet site is not incorporated by reference.

Several large banks and brokerage firms, most of whom were the primary underwriters of and supported the auctions for ARS, have announced agreements, usually as part of a regulatory settlement, to repurchase ARS at par from some of their clients. Other brokerage firms have entered into similar agreements. The Company, in conjunction with other industry participants is actively seeking a solution to ARS’ illiquidity. This includes issuers restructuring and refinancing the ARS, which has met with some success. Should these restructurings and refinancings continue, then clients’ holdings could be reduced further, however, there can be no assurance these events will continue. If the Company were to consider resolving pending claims, inquiries or investigations by offering to repurchase all or some portion of these ARS from certain clients, it would have to have sufficient regulatory capital and cash or borrowing power to do so, and at present it does not have such capacity. Further, if such repurchases were made at par value there could be a market loss if the underlying securities’ value is less than par and any such loss could adversely affect the results of operations.

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 lawsuits and arbitrations. 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 current available information, review with outside legal counsel, and consideration of amounts provided for in the accompanying consolidated financial statements with respect to these matters, ultimate resolution of these matters will not have a material adverse impact on the Company’s 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.

Item 1A. **RISK FACTORS**

There were no changes to Item 1A, “Risk Factors”, included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2008.

Item 2. **UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Reference is made to information contained under “Capital Transactions” in Note 13 of the Notes to Condensed Consolidated Financial Statements for the information required by Part II, Item 2 (c).

The Company expects to continue paying cash dividends. However, the payment and rate of dividends on the Company’s common stock is subject to several factors including operating results, financial requirements of the Company, compliance with the net worth covenant in the Company’s line of credit agreement, and the availability of funds from the Company’s subsidiaries, including the broker-dealer subsidiaries, which may be subject to restrictions under the net capital rules of the SEC, FINRA and the IIROC; and RJBank, which may be subject to restrictions by federal banking agencies. Such restrictions have never become applicable with respect to the Company’s dividend payments. (See Note 15 of the Notes to the Condensed Consolidated Financial Statements for more information on the capital restrictions placed on RJBank and the Company’s broker-dealer subsidiaries).

Item 5. **OTHER INFORMATION**

On February 6, 2009, RJF entered into a new 364-day credit agreement with six commercial banks, JPMorgan Chase Bank, National Association also acting in the capacity of Administrative Agent for the lenders. The new agreement provides for up to \$100 million of revolving borrowings outstanding from time to time. In addition to representations, warranties and covenants that are comparable to the RJF credit agreement that recently terminated, the new agreement contains additional provisions related to RJBank. Borrowings under this new agreement are subject to RJF’s receipt of approval from the U.S. Treasury to participate in the CPP. The Comapny conducts other commercial banking business with the six lenders.

Item 6. **EXHIBITS**

- 10.9.8 \$100,000,000 CREDIT AGREEMENT, dated as of February 6, 2009, among RAYMOND JAMES FINANCIAL, INC., as Borrower, THE LENDERS NAMED HEREIN, JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent, REGIONS BANK, as Co-Syndication Agent, FIFTH THIRD BANK, as Co-Syndication Agent, and PNC BANK, NATIONAL ASSOCIATION, as Co-Syndication agent, filed herewith.
- 11 Statement Re: Computation of per Share Earnings (The calculation of per share earnings is included in Part I, Item 1 in the Notes to Condensed Consolidated Financial Statements (Earnings Per Share) and is omitted here in accordance with Section (b)(11) of Item 601 of Regulation S-K).
- 31.1 Principal Executive Officer Certification as required by Rule 13a-14(a)/15d-14(a), filed herewith.
- 31.2 Principal Financial Officer Certification as required by Rule 13a-14(a)/15d-14(a), filed herewith.
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	<div>RAYMOND JAMES FINANCIAL, INC. (Registrant)</div>
<div>Date: February 9, 2009</div>	<div>/s/ Thomas A. James Thomas A. James Chairman and Chief Executive Officer</div>
	<div>/s/ Jeffrey P. Julien Jeffrey P. Julien Senior Vice President - Finance and Chief Financial Officer</div>

\$100,000,000

CREDIT AGREEMENT

Dated as of February 6, 2009

among

RAYMOND JAMES FINANCIAL, INC.,
as Borrower,

THE LENDERS NAMED HEREIN,

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

REGIONS BANK,

as Co-Syndication Agent

FIFTH THIRD BANK,

as Co-Syndication Agent

and

PNC BANK, NATIONAL ASSOCIATION,
as Co-Syndication Agent

J.P. MORGAN SECURITIES INC.,
as Sole Bookrunner and Sole Lead Arranger

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CREDIT AGREEMENT

This CREDIT AGREEMENT, dated as of February 6, 2009, is among RAYMOND JAMES FINANCIAL, INC., a Florida corporation, THE LENDERS (as hereinafter defined), JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, individually and as administrative agent (the “Administrative Agent”), and REGIONS BANK, FIFTH THIRD BANK AND PNC BANK, NATIONAL ASSOCIATION, each individually and as a co-syndication agent (collectively, the “Co-Syndication Agents”).

The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Acquisition” means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (a) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division or line of business thereof, whether through purchase of assets, merger or otherwise, or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

“Adjusted LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMorgan Chase Bank, National Association, in its capacity as administrative agent for the Lenders pursuant to Article VIII, and not in its individual capacity as a Lender, and any successor administrative agent appointed pursuant to Article VIII.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Advisers Act” means the Investment Advisers Act of 1940, as amended.

“Affiliate” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

“Agents” means and includes the Administrative Agent and the Co-Syndication Agents.

“Aggregate Debit Items” means, at any time, “aggregate debit items” computed in accordance with Rule 15c3-1.

“Aggregate Indebtedness” means, at any time, “aggregate indebtedness” computed in accordance with Rule 15c3-1.

“Agreement” means this Second Amended and Restated Revolving Credit Agreement, as amended, restated, modified or supplemented from time to time.

“Agreement Accounting Principles” means generally accepted accounting principles in the United States of America as in effect from time to time, applied in a manner consistent with those used in preparing the Financial Statements.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on the Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

“Applicable Percentage” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment; provided that in the case of Section 2.21 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the total Commitments (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

“Applicable Commitment Fee Rate” means a rate per annum equal to 15% of the Applicable Margin for Eurodollar Loans (determined on the effective date and thereafter in advance of each quarterly calendar period on the last Business Day of the prior quarterly calendar period); provided that the Applicable Commitment Fee Rate shall in no event be less than 0.50% per annum.

“Applicable Margin” means, for any day, (a) with respect to any Eurodollar Loan, 150% of the applicable LIBOR Market Rate Spread, and (b) with respect to any ABR Loan, 1.00% less than the Applicable Margin for Eurodollar Loans.

“Approved Fund” has the meaning assigned to such term in Section 9.04(b).

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit C or any other form approved by the Administrative Agent.

“Authorized Officer” means any of the chief executive officer, president, chief financial officer or controller of the Borrower, acting singly.

“Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“Bank Holding Company Act” means the Bank Holding Company Act of 1956, as amended.

“Bankruptcy Code” means Title 11, United States Code, sections 1 et seq., as the same may be amended from time to time, and any successor thereto or replacement therefor which may be hereafter enacted.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower” means Raymond James Financial, Inc., a Florida corporation, and its successors and assigns.

“Borrowing” means Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.03.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“CEA” means the Commodity Exchange Act, as amended from time to time.

“CFTC” means the Commodities Future Trading Commission and any successor entity.

“Capitalized Lease” of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“Capitalized Lease Obligations” of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“Change in Control” means the acquisition by any Person, or two or more Persons acting in concert, including without limitation any acquisition effected by means of a merger or consolidation, of beneficial ownership (within the meaning of Rule 13d-3 of the Commission under the Exchange Act) of 30% or more of the outstanding shares of voting stock of the Borrower. For purposes of making such calculation, an “acquisition” shall not include a transfer of shares by a shareholder or his estate to members of his immediate family (spouse, children, grandchildren, spouses of children or grandchildren) or to trusts for the benefit of the shareholder or members of his immediate family.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“Class”, when used in reference to any Loan or Borrowing, refers to the fact that such Loan, or the Loans comprising such Borrowing, are Revolving Loans.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Commission” means the Securities and Exchange Commission and any successor entity.

“Commitment” means, with respect to each Lender, the commitment of such Lender to make Revolving Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender’s Revolving Loans, as such commitment may be (a) reduced from time to time pursuant to [Section 2.09](#) and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to [Section 9.04](#). The initial amount of each Lender’s Commitment is set forth on [Schedule 2.01](#), or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders’ Commitments is \$100,000,000.

“Compliance Certificate” means a certificate executed by an Authorized Officer substantially in the form of [Exhibit B](#) hereto.

“Consolidated” or “consolidated”, when used in connection with any calculation, means a calculation to be determined on a consolidated basis for the Borrower and its Subsidiaries in accordance with Agreement Accounting Principles.

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as a general partner of a partnership with respect to the liabilities of the partnership.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender, as determined by the Administrative Agent, that has (a) failed to fund any portion of its Loans within three Business Days of the date required to be funded by it hereunder, (b) notified the Borrower, the Administrative Agent or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, (c) failed, within three Business Days after request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute, or (e) (i) become or is insolvent or has a parent company that has become or is insolvent or (ii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment.

“Double Leverage Ratio” means, at any time, as calculated for the Borrower on a parent-only basis in accordance with Agreement Accounting Principles, the ratio of (a) Investments in Subsidiaries plus, without duplication, (i) Intangible Assets, (ii) net equity Investments in real estate partnerships, and (iii) private equity Investments and the funding commitments related thereto, to (b) the shareholders’ equity of the Borrower.

“Effective Date” means the date on which the conditions specified in [Section 4.01](#) are satisfied (or waived in accordance with [Section 9.02](#)).

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“Eurodollar”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

“Event of Default” has the meaning assigned to such term in [Article VII](#).

“Excess Net Capital” means, at any time, “excess net capital” computed in accordance with Rule 15c3-1.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is organized or in which its principal office is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under [Section 2.19\(b\)](#)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender’s failure to comply with [Section 2.17\(e\)](#), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrowers with respect to such withholding tax pursuant to [Section 2.17\(a\)](#).

“Extension Date” is defined in [Section 2.20](#).

“Extension Period” is defined in [Section 2.20](#).

“Extension Request” is defined in [Section 2.20](#).

“FDIC” means the Federal Deposit Insurance Corporation or any successor entity.

“FDIC-Guaranteed Term Notes” means senior unsecured notes of the Borrower, guaranteed by the FDIC and backed by the full faith and credit of the United States, maturing on or before June 30, 2012 and issued pursuant to and in conformity with the FDIC’s Temporary Liquidity Guarantee Program (and related Master Agreement) in an aggregate principal amount not exceeding the guarantee cap established by the FDIC for the Borrower.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Financial Statements” is defined in [Section 5.05](#).

“FINRA” means the Financial Industry Regulatory Authority or any successor entity.

“Fiscal Quarter” means one of the four three-month accounting periods comprising a Fiscal Year.

“Fiscal Year” means the twelve-month accounting period ending on the last day of September of each year.

“FOCUS Report” means, for any Person, the Financial and Operational Combined Uniform Single Report required to be filed on a monthly or quarterly basis, as the case may be, with the Commission or the NYSE, or any report that is required in lieu of such report.

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is organized. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Governmental Authority” means any government (foreign or domestic) or any state or other political subdivision thereof or any governmental body, agency, authority, regulatory body, court, central bank, department or commission (including without limitation any taxing authority or political subdivision) or any instrumentality or officer thereof (including without limitation any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation, partnership or other entity directly or indirectly owned or controlled by or subject to the control of any of the foregoing.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any

Environmental Law.

“Illiquid Assets” means, as of any date, the sum, without duplication, on a consolidated basis (excluding RJ Bank other than as provided in clause (vii) below) of (i) Intangible Assets, (ii) property and equipment, (iii) net equity Investments in real estate partnerships, (iv) private equity Investments and the funding commitments related thereto, (v) net deferred tax assets, (vi) prepaid expenses and “other” assets, (vii) shareholder equity in RJ Bank and receivables from RJ Bank, (viii) any assets of RJA, RJFS, Raymond James Ltd. or any other broker-dealer Subsidiary that would be deducted from regulatory capital in determining net regulatory capital, (ix) auction rate securities owned by the Borrower or its Subsidiaries, (x) the applicable haircuts on securities owned by the Borrower or its Subsidiaries as specified on Schedule 6.20, and (xi) other Investments (but excluding investments in Canadian Treasury bills at Raymond James Ltd. that are recorded under “other” assets).

“Indebtedness” of a Person means such Person’s (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade) and obligations arising under a master repurchase agreement (securities), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances, preferred stock (other than preferred stock of the Borrower) or other instruments, (e) Capitalized Lease Obligations, (f) Contingent Obligations, (g) obligations for which such Person is obligated pursuant to or in respect of a Letter of Credit, and (h) any other obligation for borrowed money which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Indemnitee” has the meaning assigned to such term in Section 9.03(b).

“Information” has the meaning assigned to such term in Section 9.12.

“Intangible Assets” means goodwill, intellectual property rights, unamortized deferred charges, organizational or developmental expenses, and other intangible items.

“Interest Election Request” means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.08.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period.

“Interest Period” means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Investment” of the Borrower or a Subsidiary means any (a) loan, advance (other than (i) commission, bonus, travel and similar advances to officers and employees made in the ordinary course of business and (ii) non-recourse loans to directors, officers and employees of the Borrower or its Subsidiaries for investments in Borrower-sponsored investment programs), extension of credit (other than accounts receivable and customer loans secured by customer securities in each case arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; (b) stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; (c) any deposit accounts and certificate of deposit owned by such Person; and (d) structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person; provided, however, that in regard to clauses (b), (c) and (d), “Investment” shall not include any such securities, accounts or instruments owned or acquired by the Borrower or its Subsidiaries in the ordinary course of its business, including but not limited to the market making activities of RJA and the mortgage-backed securities purchased by RJ Bank in the ordinary course of business.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Lead Arranger” means J.P. Morgan Securities Inc.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

“Letter of Credit” of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

“LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page providing rate quotations comparable to those currently provided on such page), as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the “LIBO Rate” with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

“LIBOR Market Rate Spread” means, with respect to any Eurodollar Loan, a percentage rate per annum equal to the average of the Markit CDX.NA.IG Series 11 or any successor series (5 Year Period) for the preceding 30 business days (the “Credit Default Swap Spread”) as provided by Markit Group Limited (“Markit”) to the Administrative Agent; provided that the LIBOR Market Rate Spread with respect to any Eurodollar Loan shall in no event be less than 2.50%. The LIBOR Market Rate Spread will be set on the date which is two Business Days prior to the first day of each Interest Period for each Eurodollar Loan; provided that for each Eurodollar Loan having an Interest Period longer than three months, the LIBOR Market Rate Spread shall be reset as of the last day of each three-month interval during such Interest Period. If for any reason the Credit Default Swap Spread is not available or is not provided by Markit to the Administrative Agent by 11:00 a.m., New York City time, on any date of determination of the Credit Default Swap Spread, the Borrower and the Lenders shall negotiate in good faith, for a period up to 30 days thereafter (such 30-day period, the “Negotiation Period”), to agree on an alternative method for establishing the LIBOR Market Rate Spread; provided that (i) the LIBOR Market Rate Spread on any date of determination thereof in accordance with this definition which falls during the Negotiation Period shall be based upon the then most recently available Credit Default Swap Spread and (ii) if no such alternative method is agreed upon during the Negotiation Period, the LIBOR Market Rate Spread with respect to any Loan shall be the LIBOR Market Rate Spread determined under clause (i) above and increased by (x) 0.25% on the first Business Day following the expiration of the Negotiation Period (the “Initial Rate Increase Date”) and (y) an additional 0.25% on each succeeding 90-day anniversary of the Initial Rate Increase Date (or if such 90th day is not a Business Day, on the immediately succeeding Business Day), in each case, so long as the Credit Default Swap Spread remains unavailable or is not provided by Markit and an alternative method for establishing the LIBOR Market Rate Spread has not been agreed upon by the Borrower and the Lenders hereunder.

“Lien” means any security interest, lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

“Loan” means a Revolving Loan.

“Loan Documents” means this Agreement, any Notes issued pursuant to Section 2.10(e) and the other documents and agreements contemplated hereby and executed by the Borrower in favor of the Administrative Agent or any Lender.

“MSRB” means the Municipal Securities Rulemaking Board and any successor entity.

“Margin Stock” has the meaning assigned to that term under Regulation U.

“Material Adverse Effect” means a material adverse effect on (a) the business, Property, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower to perform its obligations under the Loan Documents, or (c) the rights of or benefits available to the Administrative Agent and the Lenders under the Loan Documents.

“Material Subsidiary” means (a) any of the Subsidiaries listed on Schedule 5.09 hereto and (b) in the case of any specified condition or event, any other Subsidiary or group of other Subsidiaries (i) each of which has suffered such condition or event to occur and (ii) that in the aggregate represents five percent (5%) or more of the net revenues or the consolidated assets of the Borrower and its Subsidiaries, as reflected in the then most recent financial statements delivered pursuant to Section 6.01(a) or (b).

“Maturity Date” means February 4, 2010.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“NYSE” means the New York Stock Exchange, Inc.

“Net Capital” means, at any time, “net capital” computed in accordance with Rule 15c3-1.

“Net Cash Capital” means, as of any date on a consolidated basis, (a) Shareholders’ Equity plus, without duplication, (i) the mortgage Indebtedness permitted by Section 6.11(a)(ix), (ii) the aggregate principal amount of any unsecured term debt of the Borrower with a remaining maturity of more than one year that does not constitute a liability of any Subsidiary, and (iii) any TARP Preferred Stock, minus Illiquid Assets.

“Net Cash Capital to Net Liquid Assets Ratio” means, as of any date, the ratio of (a) Net Cash Capital to (b) Net Liquid Assets.

“Net Income” means, for any computation period, with respect to the Borrower on a consolidated basis with its Subsidiaries (other than any Subsidiary which is restricted from declaring or paying dividends or otherwise advancing funds to its parent whether by contract or otherwise), cumulative net income earned during such period as determined in accordance with Agreement Accounting Principles.

“Net Liquid Assets” means, as of any date, the total assets of Borrower and its consolidated Subsidiaries (other than RJ Bank) minus, without duplication, (i) Illiquid Assets and (ii) any segregated assets.

“**Nonperforming Assets**” means nonperforming loans, real estate owned and other repossessed or non-accrual assets.

“**Note**” means any promissory note issued at the request of a Lender pursuant to [Section 2.10\(e\)](#).

“**OCC**” means the Office of the Controller of the Currency and any successor entity.

“**OTS**” means the Office of Thrift Supervision and any successor entity.

“**Obligations**” means all unpaid principal of and accrued and unpaid interest on the Loans, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Administrative Agent or any indemnified party arising under the Existing Credit Agreement.

“**Other Taxes**” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“**PBGC**” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“**Participant**” has the meaning set forth in [Section 9.04](#).

“**Person**” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any Governmental Authority.

“**Plan**” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“**Prime Rate**” means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, National Association, as its prime rate in effect at its office located at 270 Park Avenue, New York, NY; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“**Property**” of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“**RJA**” means Raymond James & Associates, Inc. and any successor entity.

“**RI Bank**” means Raymond James Bank, FSB and any successor entity.

“**RJFS**” means Raymond James Financial Services, Inc. and any successor entity.

“**Register**” has the meaning set forth in [Section 9.04](#).

“**Regulation D**” means Regulation D of the Board as from time to time in effect and any successor thereto or other regulation or official interpretation of the Board relating to reserve requirements applicable to depositary institutions.

“**Regulation T**” means Regulation T of the Board as from time to time in effect and shall include any successor or other regulation or official interpretation of the Board relating to the extension of credit by securities brokers and dealers for the purpose of purchasing or carrying margin stocks applicable to such Persons.

“**Regulation U**” means Regulation U of the Board as from time to time in effect and any successor or other regulation or official interpretation of the Board relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to such Persons.

“**Regulation X**” means Regulation X of the Board as from time to time in effect and shall include any successor or other regulation or official interpretation of the Board relating to the extension of credit by the specified lenders for the purpose of purchasing or carrying margin stocks applicable to such Persons.

“**Related Parties**” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“**Required Lenders**” means, at any time, Lenders having Revolving Loans and unused Commitments representing at least 66.67% (two-thirds) of the sum of the total Revolving Loans and unused Commitments at such time.

“**Revolving Loan**” means a Loan made by the Lenders to the Borrower pursuant to [Article II](#) hereof.

“**Rule 15c3-1**” means Rule 15c3-1 of the General Rules and Regulations as promulgated by the Commission under the Exchange Act, as such rule may be amended from time to time, or any rule or regulation of the Commission which replaces Rule 15c3-1.

“**Rule 15c3-3**” means Rule 15c3-3 of the General Rules and Regulations as promulgated by the Commission under the Exchange Act, as such rule may be amended from time to time, or any rule or regulation of the Commission which replaces Rule 15c3-3.

“**SIPA**” means the Security Investor Protection Act of 1970, as amended.

“**SIPC**” means the Securities Investor Protection Corporation or any successor entity.

“**Self-Regulatory Organization**” has the meaning assigned to such term in Section 3(a)(26) of the Exchange Act.

“**Shareholders’ Equity**” means shareholders’ equity (including TARP Preferred Stock) as shown in the consolidated financial statements of the Borrower and its Subsidiaries at the end of the most recent Fiscal Quarter prior to the date of determination.

“**Statutory Reserve Rate**” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“**Subsidiary**” of a Person means (a) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, (b) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled, or (c) any other corporation or entity which for financial reporting purposes is consolidated with the Borrower in accordance with Agreement Accounting Principles. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of the Borrower.

“**Substantial Portion**” means, with respect to the Property of the Borrower and its Subsidiaries, Property which (a) represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made, or (b) is responsible for more than 15% of the consolidated net sales or Net Income of the Borrower and its Subsidiaries as reflected in the financial statements referred to in clause (a) above.

“**TARP**” means the U.S. Department of the Treasury Troubled Asset Relief Program.

“**TARP Preferred Stock**” means preferred stock of the Borrower issued to the U.S. Department of the Treasury, as initial holder, pursuant to the TARP Capital Purchase Program.

“**Tangible Net Worth**” means, at any date, the consolidated common stockholders’ equity of the Borrower and its consolidated Subsidiaries, excluding TARP Preferred Stock, determined in accordance with Agreement Accounting Principles, minus, without duplication, (i) Intangible Assets and (ii) net deferred tax assets.

“**Taxes**” means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings imposed by any Governmental Authority.

“**Transactions**” means the execution, delivery and performance by the Borrower of this Agreement, the borrowing of Loans and the use of proceeds thereof.

“**Type**”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“**Wholly-Owned Subsidiary**” of a Person means (a) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (b) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

“**Withdrawal Liability**” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a “Eurodollar Loan”) or by Class and Type (e.g., a “Eurodollar Revolving Loan”). Borrowings also may be classified and referred to by Class (e.g., a “Revolving Borrowing”) or by Type (e.g., a “Eurodollar Borrowing”) or by Class and Type

(e.g., a “Eurodollar Revolving Borrowing”).

SECTION 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement.

SECTION 1.04 Accounting Terms; Agreement Accounting Principles. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with Agreement Accounting Principles, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in Agreement Accounting Principles or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in Agreement Accounting Principles or in the application thereof, then such provision shall be interpreted on the basis of Agreement Accounting Principles as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

SECTION 2.01 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (a) such Lender’s Revolving Loans exceeding such Lender’s Commitment or (b) the sum of the total Revolving Loans exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02 Loans and Borrowings. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender’s failure to make Loans as required.

(b) Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of five (5) Eurodollar Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03 Requests for Revolving Borrowings. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”; and
- (v) the location and number of the Borrower’s account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

SECTION 2.04 [Intentionally Omitted]

SECTION 2.05 [Intentionally Omitted]

SECTION 2.06 [Intentionally Omitted]

SECTION 2.07 Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender’s share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender’s Loan included in such Borrowing.

SECTION 2.08 Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

- (i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);
- (ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;
- (iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and
- (iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

- (d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.
- (e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Revolving Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09 Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

- (b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the sum of the Revolving Loans would exceed the total Commitments.
- (c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

- SECTION 2.10 Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date.
- (b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

- (c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.
- (d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.
- (e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

- (f) If at any time the aggregate Revolving Loans of the Lenders exceeds the aggregate Commitments of the Lenders, the Borrower shall immediately prepay the Revolving Loans in the amount of such excess.
- (g) No Revolving Loan shall be paid or pre-paid with any proceeds from the FDIC Guaranteed Term Notes or any other FDIC-guaranteed debt.

SECTION 2.11 Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Revolving Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09(c), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09(c). Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

- SECTION 2.12 Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at a rate per annum equal to the Applicable Commitment Fee Rate on the daily average unused amount of the Commitment of such Lender during the period from and including February 6, 2009 to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).
- (b) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.
- (c) All commitment fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13 Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Margin.

- (b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.
- (c) [Intentionally Omitted]
- (d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.
- (e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.
- (f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

- (a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or
- (b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15 Increased Costs. (a) If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or
- (ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(b) and is revoked in accordance therewith) or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17 Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or the Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising there from or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

SECTION 2.18 Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal or interest on any of its loans hereunder resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its loans hereunder and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the loans hereunder of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective loans hereunder; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment or sale of a participation in any of its loans hereunder to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.07(b), 2.18(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19 Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 for payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20 Extension of Maturity Date. The Borrower may request an extension of the Maturity Date by submitting a request for an extension to the Administrative Agent (an "Extension Request") no more than 45 days, but no less than 30 days, prior to the then effective Maturity Date. Each extension effected pursuant to this Section 2.20 shall commence on the then effective

Maturity Date (the “Extension Date”). The Extension Request must specify the new Maturity Date requested by the Borrower, which date shall be no more than 364 days (the “Extension Period”) after the Extension Date, including the Extension Date as one of the days in the calculation of the days elapsed. Promptly upon receipt of an Extension Request, the Administrative Agent shall notify each Lender of the contents thereof and shall request each Lender to approve the Extension Request. Each Lender approving the Extension Request shall deliver its written consent to the Administrative Agent no earlier than 30 days prior to the then effective Maturity Date and no later than 20 days after receipt of the Extension Request. In the event that a Lender shall fail to notify the Administrative Agent within such period as to whether it agrees to the Extension Request, such Lender shall be deemed to have refused the Extension Request. If the consent of the Required Lenders is timely received by the Administrative Agent, the new Maturity Date specified in the Extension Request shall become effective on the Extension Date as to such consenting Lenders only (and not as to any Lender which has not consented to such extension), and the Administrative Agent shall promptly notify the Borrower and each consenting Lender of the new Maturity Date and new aggregate amount of the Lenders’ Commitments. Notwithstanding anything contained in this Agreement to the contrary, (a) all obligations hereunder owing to the non-extending Lenders shall be due and payable on the Maturity Date without giving effect to any requested extension, (b) the aggregate amount of the Lenders’ Commitments as of the commencement of the Extension Period shall be reduced to an amount equal to the sum of the Commitments of the Lenders ultimately consenting to the Extension Request, and (c) each Lender may, in its sole discretion, grant or deny its consent with respect to any proposed Extension Request. Any Lender not granting the Extension Request shall, if the Borrower has selected an assignee for such Lender reasonably acceptable to the Administrative Agent prior to the Extension Date, promptly assign to such assignee its rights and obligations hereunder in respect of all or that portion of such Lender’s Commitment as such assignee is willing to accept, all in accordance with Section 9.04.

SECTION 2.21 Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

- (a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.12(a);
- (b) the Commitment and Revolving Credit Loans of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 9.02), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender which affects such Defaulting Lender differently than other affected Lenders shall require the consent of such Defaulting Lender;
- (c) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 2.18(c)) but excluding Section 2.19 and the last sentence of Section 2.20) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (iii) third, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Agreement, (iv) fourth, pro rata, to the payment of any amounts owing to the Borrower or the Lenders as a result of any judgment of a court of competent jurisdiction obtained by the Borrower or any Lender against such Defaulting Lender as a result of such Defaulting Lender’s breach of its obligations under this Agreement, and (v) fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if such payment is (x) a prepayment of the principal amount of any Loans which a Defaulting Lender has funded its participation obligations and (y) made at a time when the conditions set forth in Section 4.02 are satisfied, such payment shall be applied solely to prepay the Loans of all non-Defaulting Lenders pro rata prior to being applied to the prepayment of any Loans of any Defaulting Lender.

In the event that the Administrative Agent and the Borrower each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

ARTICLE III

[Intentionally Omitted]

ARTICLE IV

CONDITIONS PRECEDENT

SECTION 4.01 Effective Date. The obligations of the Lenders to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02) by delivery of the following documents:

- (a) Charter Documents; Good Standing Certificates. Copies of the Restated Articles of Incorporation of the Borrower, together with all amendments thereto, certified by the Secretary of State of Florida, together with (i) good standing certificates (A) as to the Borrower, from the State of Florida and (B) as to RJA, from the States of Florida, New York and Michigan, and (ii) a certificate of corporate existence as to RJ Bank from the OTS.
- (b) By-Laws and Resolutions. Copies, certified by the Secretary or Assistant Secretary of the Borrower, of its by-laws and of its Board of Directors’ resolutions authorizing the execution, delivery and performance of the Loan Documents to which the Borrower is a party.
- (c) Secretary’s Certificate. An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title and bear the signature of the officers of the Borrower authorized to sign the Loan Documents and to make borrowings hereunder, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.
- (d) Officer’s Certificate. A certificate, dated the date of this Agreement, signed by the chief financial officer of the Borrower, in form and substance satisfactory to the Administrative Agent, to the effect that: (i) on such date (both before and after giving effect to the making of any Loans hereunder) no Default or Event of Default has occurred and is continuing and (ii) each of the representations and warranties set forth in Article V of this Agreement is true and correct on and as of such date.
- (e) Legal Opinion. A favorable written opinion of Paul L. Matecki, Esq., Senior Vice President-General Counsel, Director of Compliance of the Borrower, addressed to the Administrative Agent and the Lenders in form and substance acceptable to the Administrative Agent and its counsel.
- (f) Loan Documents. Executed originals of this Agreement, each of the other Loan Documents, together with all schedules, exhibits, certificates, instruments, opinions, documents and financial statements required to be delivered pursuant hereto and thereto.
- (g) Reports. Copies of the RJA/RJFS FOCUS Reports and the RJ Bank Financial Report as at December 31, 2008.
- (h) Payment of Fees. The Borrower shall have paid all accrued and unpaid fees, costs and expenses to the extent due and payable on or prior to the execution of this Agreement.
- (i) Other. Such other documents as the Administrative Agent, any Lender or their counsel may have reasonably requested.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02 Each Borrowing. The obligation of each Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

- (a) The Administrative Agent shall have received written evidence of the U.S. Department of the Treasury’s approval of Borrower’s application to participate in the TARP Capital Purchase Program;
- (b) The representations and warranties contained in Article V are true and correct as of such date of Borrowing, including the representations and warranties set forth in Section 5.06 and the first sentence of Section 5.08;
- (c) At the time of and immediately after giving effect to such Borrowing, no Default or Event of Default shall have occurred and be continuing; and
- (d) A Borrowing/Interest Election Request shall have been properly submitted.

Each Borrowing/Interest Election Request with respect to each such Borrowing shall constitute a representation and warranty by the Borrower that the conditions contained in Section 4.02 have been satisfied. Any Lender may require a duly completed Compliance Certificate as a condition to making a Loan.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

SECTION 5.01 Corporate Existence; Conduct of Business. Each of the Borrower and each Material Subsidiary (a) is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, (b) is duly qualified and in good standing as a foreign corporation in each jurisdiction in which its ownership or lease of property or the conduct of its business requires such qualification, except where failure to be so qualified will not have a Material Adverse Effect, and (c) has all requisite corporate power, and possesses all licenses, registrations and authorizations from and with any Governmental Authority, Self-Regulatory Organization or securities exchange, necessary or material to the conduct of its business as now or presently proposed to be conducted. RJA and RJFS each is (i) duly registered with the Commission as a broker-dealer under the Exchange Act, (ii) a member in good standing of the FINRA and, as to RJA, a member organization in good standing of the NYSE, (iii) not in arrears in regard to any assessment made upon it by the SIPC, and (iv) has received no notice from the Commission, FINRA, MSRB, CFTC, FDIC or any other Governmental Authority, Self-Regulatory Organization or securities exchange of any alleged rule violation or other circumstance which could reasonably be expected to have a Material Adverse Effect, except as disclosed in the Financial Statements.

SECTION 5.02 Authorization and Validity. The Borrower has all requisite power and authority (corporate and otherwise) and legal right to execute and deliver each of the Loan Documents and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings and the Loan Documents constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity limiting the availability of equitable remedies.

SECTION 5.03 Compliance with Laws and Contracts. The Borrower and its Subsidiaries (including RJA, RJFS and RJ Bank) have complied in all material respects with all applicable laws, statutes, and rules, regulations, orders and decrees or restrictions of any Governmental Authority, Self-Regulatory Organization or securities exchange having jurisdiction over the conduct of their respective businesses or the ownership of their respective properties (including, without limitation, the Exchange Act, the Advisers Act, the Investment Company Act, the CEA, Environmental Laws, and the applicable rules and regulations of the Commission, the Board, FINRA, NYSE, MSRB, CFTC, FDIC, OTS and OCC), except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Without limiting the foregoing, the Borrower and its Material Subsidiaries are in compliance with all applicable capital requirements of all Governmental Authorities (including, without limitation, Rule 15c3-1 and OTS (or, as applicable, OCC and Board) capital requirements). Neither the execution and delivery by the Borrower of the Loan Documents, the application of the proceeds of the Loans, the consummation of any transaction contemplated by the Loan Documents, nor compliance with the provisions of the Loan Documents will, or at the relevant time did, (a) violate any law, rule, regulation (including Regulations T, U and X), order, writ, judgment, injunction, decree or award binding on the Borrower or any Subsidiary, (b) violate or conflict with the Borrower's or any Subsidiary's charter, articles or certificate of incorporation or by-laws, (c) violate the provisions of or require the approval or consent of any party to any indenture, instrument or agreement to which the Borrower or any Subsidiary is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien (other than Liens permitted by [Section 6.16](#)) in, of or on the Property of the Borrower or any Subsidiary pursuant to the terms of any such indenture, instrument or agreement, or (d) require the consent or approval of any Person, except for any violation of, or failure to obtain an approval or consent required under, any such indenture, instrument or agreement that could not have a Material Adverse Effect.

SECTION 5.04 Governmental Consents. No order, consent, approval, qualification, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of, any Governmental Authority, Self-Regulatory Organization or securities exchange is necessary or required in connection with the execution, delivery, consummation or performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents, the application of the proceeds of the Loans, or the consummation of any other transaction contemplated by the Loan Documents. Neither the Borrower nor any Subsidiary is in default under or in violation of any foreign, Federal, state or local law, rule, regulation, order, writ, judgment, injunction, decree or award binding upon or applicable to the Borrower or such Subsidiary, in each case the consequence of which default or violation could reasonably be expected to have a Material Adverse Effect.

SECTION 5.05 Financial Statements. The Borrower has heretofore furnished to each of the Lenders the September 30, 2008 audited consolidated financial statements of the Borrower and its Subsidiaries (collectively, the "[Financial Statements](#)"). The Borrower has also heretofore furnished to each of the Lenders (a) the March 31, 2008, June 30, 2008, September 30, 2008 and December 31, 2008 quarterly FOCUS Reports of RJA and RJFS (the "[RJA/RJFS FOCUS Reports](#)") and (b) the March 31, 2008, June 30, 2008, September 30, 2008 and December 31, 2008 quarterly Thrift Financial Reports of RJ Bank (the "[RJ Bank Financial Reports](#)"). Each of the Financial Statements was prepared in accordance with Agreement Accounting Principles and fairly presents the consolidated financial condition, results of operations, changes in Shareholders' Equity and cash flows of the Borrower and its Subsidiaries at such dates and for the respective periods then ended. The RJA/RJFS FOCUS Reports are correct and complete in all material respects and conform in all material respects to Exchange Act requirements and applicable Commission rules and regulations. The RJ Bank Financial Reports are correct and complete in all material respects and conform in all material respects to applicable OTS (or, as applicable, OCC) rules and regulations.

SECTION 5.06 Material Adverse Change. No material adverse change in the business, Property, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries taken as a whole has occurred since September 30, 2008.

SECTION 5.07 Taxes. The Borrower and its Subsidiaries have filed or caused to be filed on a timely basis and in correct form all United States Federal and applicable state tax returns and all other material tax returns which are required to be filed and have paid all material taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists. As of the date hereof, the Internal Revenue Service has completed its audit of the United States income tax returns of the Borrower on a consolidated basis through the Borrower's Fiscal Year ending September 30, 2007. Except for the Borrower's participation in the Internal Revenue Service's Continuous Audit Program, there are no pending audits or investigations regarding the Borrower's or its Subsidiaries' Federal, state or local tax returns which could reasonably be expected to have a Material Adverse Effect. No tax liens have been filed and no claims are being asserted with respect to any such taxes which could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges are in accordance with Agreement Accounting Principles.

SECTION 5.08 Litigation and Contingent Obligations. Except as described in the "Legal Proceedings" section of the Borrower's Exchange Act reports filed with the Commission during the twelve-month period ended December 31, 2008, there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority and there is no litigation, arbitration, proceeding, inquiry or investigation by any Governmental Authority, Self-Regulatory Organization or securities exchange pending or, to the knowledge of any of the Borrower's officers, threatened against or affecting the Borrower or any Subsidiary or any of their respective Properties which could reasonably be expected to have a Material Adverse Effect, or that involve this Agreement or the Transactions. The Borrower and its Subsidiaries have no material Contingent Obligations or Environmental Liabilities not provided for or disclosed in the Financial Statements.

SECTION 5.09 Subsidiaries. [Schedule 5.09](#) hereto contains an accurate list of all of the Borrower's Material Subsidiaries as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries. All of the outstanding shares of capital stock and other equity interests of each Subsidiary are validly issued and outstanding and fully paid and nonassessable, and all such shares and other equity interests owned by the Borrower or a Subsidiary are owned, beneficially and of record, by the Borrower or such Subsidiary free and clear of all Liens.

SECTION 5.10 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan. The Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Loans hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

SECTION 5.11 Defaults. No Default or Event of Default has occurred and is continuing.

SECTION 5.12 Federal Reserve Regulations. Neither the making of any Loan hereunder or the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation T, Regulation U or Regulation X. Following the application of the proceeds of the Loans, less than 25% of the value of the assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder taken as a whole have been, and will continue to be, represented by Margin Stock.

SECTION 5.13 Investment Company. Neither the Borrower nor any Subsidiary is, or after giving effect to any Loan will be, subject to registration or regulation under (i) the Investment Company Act of 1940, as amended, or (ii) any other foreign, Federal or state statute or regulation which limits its ability to incur Indebtedness or consummate the transactions contemplated hereby.

SECTION 5.14 Ownership of Properties. The Borrower and its Subsidiaries have good and marketable title to, free of all Liens (other than those permitted by [Section 6.16](#)), all of the Properties and assets reflected in the Financial Statements as being owned by them, except for assets sold, transferred or otherwise disposed of in the ordinary course of business since the date thereof. The Borrower and its Subsidiaries own, or are licensed or otherwise possess, legally enforceable rights to use, free and clear of all Liens (other than those permitted by [Section 6.16](#)), all intellectual property of any type necessary for the conduct of their respective businesses as currently conducted.

SECTION 5.15 Material Agreements. Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction (other than normal regulatory restrictions) which could reasonably be expected to have a Material Adverse Effect or which restricts or imposes conditions upon the ability of any Material Subsidiary to (a) pay dividends or make other distributions on its capital stock, (b) make loans or advances to the Borrower, (c) repay loans or advances from the Borrower or (d) grant Liens to the Administrative Agent to secure the Borrower's obligations hereunder (other than RJA secured securities inventory lines of credit). Neither the Borrower nor any Material Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

SECTION 5.16 Insurance. The Borrower and its Subsidiaries maintain with financially sound and reputable insurance companies insurance on their Property in such amounts and covering such risks as is reasonably consistent with sound business practice, except to the extent that wind and flood insurance coverage is not available on commercially reasonable terms.

SECTION 5.17 Disclosure. None of the (a) information, exhibits or reports furnished by the Borrower or any Subsidiary to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents, or (b) representations or warranties of the Borrower or any Subsidiary contained in this Agreement, the other Loan Documents or any other document, certificate or written statement furnished to the Administrative Agent or the Lenders by or on behalf of the Borrower or any Subsidiary pursuant to this Agreement, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which they were made. There is no fact known to any Authorized Officer (other than matters generally affecting the economy or the financial services industry) that has had or could reasonably be expected to have a Material Adverse Effect and that has not been disclosed herein or in such other documents, certificates and statements furnished to the Lenders for use in connection with the transactions

contemplated by this Agreement.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

SECTION 6.01 Financial Reporting. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with Agreement Accounting Principles, consistently applied, and will furnish to the Lenders:

(a) As soon as practicable and in any event within 75 days after the close of each of its Fiscal Years, an unqualified audit report from KPMG LLP, PricewaterhouseCoopers LLP, Ernst & Young LLP or Deloitte & Touche LLP, prepared in accordance with Agreement Accounting Principles on a consolidated and consolidating basis (consolidating statements need not be certified by such accountants) for itself and its Subsidiaries, including balance sheets as of the end of such period and related statements of income, changes in Shareholders' Equity and cash flows, and accompanied by any management letter prepared by said accountants (when available).

(b) As soon as practicable and in any event within 40 days after the close of the first three Fiscal Quarters of each of its Fiscal Years, for itself and its Subsidiaries, consolidated and consolidating unaudited balance sheets as at the close of each such period and consolidated and consolidating statements of income, changes in shareholders' equity and cash flows for the period from the beginning of such Fiscal Year to the end of such quarter, all certified by its chief financial officer or its controller.

(c) As soon as practicable and in any event (i) within 25 days after the close of each Fiscal Quarter, the FOCUS Report for such Fiscal Quarter filed by RJA and RJFS with the Commission and (ii) within 30 days after the close of each Fiscal Quarter, the Thrift Financial Report (or Consolidated Report of Condition and Income, as the case may be) for such Fiscal Quarter filed by RJ Bank with the OTS (or the OCC, as the case may be).

(d) Together with the financial statements required by clauses (a) and (b) above, a Compliance Certificate signed by its chief financial officer or its controller showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Event of Default exists, or if any Default or Event of Default exists, stating the nature and status thereof.

(e) Prompt written notice of the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding \$1,000,000.

(f) As soon as possible and in any event within 10 days after any Authorized Officer of the Borrower learns thereof, notice of the assertion or commencement of any claim, action, litigation, suit or proceeding against or affecting the Borrower or any Subsidiary, including any investigation or proceeding commenced by the Commission, the Board, FINRA, MSRB, NYSE, CFTC, FDIC, OTS, OCC or any other Governmental Authority, Self-Regulatory Organization or securities exchange, which could reasonably be expected to have a Material Adverse Effect.

(g) Prompt written notice regarding any material developments relating to pending claims, investigations or issues relating to auction rate securities, including a liquidity plan relating to any proposed repurchase of such securities.

(h) Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished.

(i) Within 15 days after the filing thereof, copies of all effective registration statements (other than on Form S-8) and annual, quarterly, monthly or other regular reports which the Borrower files with the Commission and, upon request, any such reports filed by any Subsidiary.

(j) Such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

SECTION 6.02 Use of Proceeds. The Borrower will, and will cause each Subsidiary to, use the proceeds of the Loans for short-term working capital. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Loans to (i) purchase or carry any Margin Stock in violation of Regulation T, Regulation U or Regulation X, (ii) finance the Acquisition of any Person which has not been approved and recommended by the board of directors (or functional equivalent thereof) of such Person, (iii) fund loans from the Borrower to any Subsidiary of the Borrower which loans by their terms are subordinated to other Indebtedness of such Subsidiary (except as specifically provided in Section 6.11(a)(viii)) or (iv) fund Subsidiary capital contributions, except for up to \$25,000,000 of such capital contributions where no regulatory limitation on repayment is applicable.

SECTION 6.03 Notice of Default. The Borrower will give prompt written notice to the Lenders of the occurrence of (a) any Default or Event of Default or (b) any other event or development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect other than matters generally affecting the economy or the financial services industry.

SECTION 6.04 Conduct of Business. The Borrower will, and will cause each Material Subsidiary to, (a) subject to Section 6.12(c), preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, (b) maintain all registrations, licenses, consents, approvals and authorizations from and with any Governmental Authority, Self-Regulatory Organization or securities exchange necessary or material to the conduct of its business, and (c) qualify and remain qualified as a foreign corporation in each jurisdiction in which its ownership or lease of property or the conduct of its business requires such qualification, except where failure to qualify could not have a Material Adverse Effect. The Borrower will not, and will not permit any of its Material Subsidiaries to, engage in any material line of business substantially different from those lines of business carried on by it on the date hereof.

SECTION 6.05 Taxes. The Borrower will, and will cause each Subsidiary to, timely file complete and correct United States Federal and applicable foreign, state and local tax returns required by applicable law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles.

SECTION 6.06 Insurance. The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance in such amounts and covering such risks as is reasonably consistent with sound business practice, except to the extent that wind and flood insurance coverage is not available on commercially reasonable terms, and the Borrower will furnish to the Administrative Agent and any Lender upon request full information as to the insurance carried.

SECTION 6.07 Compliance with Laws. The Borrower will, and will cause each Subsidiary to, comply with all laws, statutes (including, without limitation, the Exchange Act, the Advisers Act, the Investment Company Act, the CEA, Environmental Laws and the Bank Holding Company Act), rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject.

SECTION 6.08 Maintenance of Properties. The Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

SECTION 6.09 Inspection. The Borrower will, and will cause each Subsidiary to, permit the Administrative Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, corporate books and financial records of the Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate. The Borrower will keep or cause to be kept, and cause each Subsidiary to keep or cause to be kept, appropriate records and books of account in which complete entries are to be made reflecting its and their business and financial transactions, such entries to be made in accordance with Agreement Accounting Principles consistently applied.

SECTION 6.10 Ownership of Subsidiaries. The Borrower will continue to own, directly, beneficially and of record, free and clear of all Liens and restrictions, 100% of the outstanding shares of capital stock of each of RJA, RJFS and RJ Bank.

SECTION 6.11 Indebtedness. (a) The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

- (i) The Loans hereunder;
- (ii) FDIC-Guaranteed Term Notes and TARP Preferred Stock;
- (iii) Securities sold under agreements to repurchase (to the extent such obligations constitute Indebtedness);
- (iv) Contingent Obligations permitted by Section 6.15;
- (v) Capital Lease Obligations and purchase money Indebtedness not exceeding \$27,000,000 in the aggregate at any time outstanding;
- (vi) (i) Moneys due to counterparties under stock loan transactions, (ii) liabilities to customers for cash on deposit, (iii) liabilities to brokers, dealers and clearing organizations relating to the settlement of securities transactions, and (iv) monies due to counterparties under interest rate and credit default swap transactions;
- (vii) Indebtedness of Raymond James Credit Corporation in an aggregate principal amount not exceeding \$50,000,000 used to finance loans collateralized by public company restricted or control shares;
- (viii) Indebtedness of any Subsidiary for borrowed money from the Borrower which is not subordinated by its terms to other Indebtedness of such Subsidiary, except for Indebtedness not exceeding CDN \$175,000,000 of Raymond James Ltd./Raymond James Ltée. (Canadian Subsidiary) for borrowed money from the Borrower (or an Affiliate of the Borrower) which is subordinated by its terms to other Indebtedness of such Subsidiary;

(ix) Mortgage Indebtedness in an aggregate principal amount not exceeding \$80,000,000 relating to property of the Borrower or its Subsidiaries used for corporate operations;

(x) Guarantees or loans by the Borrower or its Subsidiaries with respect to the activities of Raymond James Tax Credit Funds, Inc. or any of its Subsidiaries not exceeding the lesser of (i) \$300,000,000 or (ii) 10% of Shareholders' Equity;

(xi) Indebtedness related to investments in real estate partnerships owed by variable interest entities of the Borrower in an aggregate principal amount not exceeding the value of associated assets reflected on the Borrower's balance sheet;

(xii) Indebtedness incurred in connection with merchant banking activities in an aggregate principal amount not exceeding \$150,000,000;

(xiii) RJA and Raymond James Ltd./Raymond James Ltée. secured and unsecured lines of credit used to facilitate the broker-dealer business that do not constitute proceeds of third party loans included in regulatory capital;

(xiv) RJ Bank secured advances from the Federal Home Loan Bank of Atlanta to provide traditional banking products and services; and

(xv) Unsecured Indebtedness not otherwise permitted by this [Section 6.11](#) in an aggregate principal amount not exceeding \$10,000,000.

(b) The Borrower will not prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof, or make any payment in violation of any subordination terms of, any Indebtedness with a scheduled maturity subsequent to the Maturity Date.

SECTION 6.12 Merger. The Borrower will not, nor will it permit any Subsidiary to, merge or consolidate with or into any other Person, except that (a) a Wholly-Owned Subsidiary may merge or consolidate into the Borrower or any Wholly-Owned Subsidiary of the Borrower, (b) the Borrower or any Subsidiary may merge or consolidate with any other Person so long as the Borrower or such Subsidiary is the continuing or surviving corporation and, prior to and after giving effect to such merger or consolidation, no Default or Event of Default shall exist, and (c) any Subsidiary may enter into a merger or consolidation as a means of effecting a disposition permitted by [Section 6.13](#).

SECTION 6.13 Sale of Assets. The Borrower will not, nor will it permit any Subsidiary to, lease, sell, transfer or otherwise dispose of its Property, to any other Person except for (a) sales of securities sold in the ordinary course of business, and (b) leases, sales, transfers or other dispositions of its Property that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other than sales of securities sold in the ordinary course of business) as permitted by this [Section 6.13](#) during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries.

SECTION 6.14 Investments and Acquisitions. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including, without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

(a) Existing Investments in Subsidiaries and Affiliates;

(b) Obligations of, or fully guaranteed by, the United States of America or the Commonwealth of Canada; commercial paper and other short-term notes and securities rated investment grade by a national securities rating agency; demand deposit accounts maintained in the ordinary course of business; and certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000;

(c) (i) Publicly traded securities, (ii) direct or indirect proprietary private Investments (including venture capital, merchant banking and leveraged aircraft lease Investments) not exceeding the lesser of (A) \$300,000,000 or (B) 15% of Shareholder's Equity (calculated net of the aggregate of any cash returns on individual Investments up to a limit of the respective individual amounts of such Investments) plus up to \$10,000,000 constituting Borrower's equity Investment in its leveraged commercial aircraft lease with Continental Airlines, Inc., and (iii) (A) bridge loans of a tenor of six months or less, (B) preferred stock, other mezzanine equity instruments of other non-publicly traded debt or equity securities held for periods of six months or less, and (C) net worth maintenance guarantees (or other "keepwell" arrangements) of a duration of six months or less, primarily relating to Borrower's investment banking activities that, on a cumulative basis for such Investments described in (iii) (A), (B) and (C) above, do not exceed \$200,000,000 in aggregate principal amount at any time outstanding;

(d) Additional Investments in existing Subsidiaries of the Borrower provided that no Default or Event of Default shall have occurred and be continuing either immediately before or after giving effect to such transaction and no Material Adverse Effect would result therefrom;

(e) Acquisitions of or Investments in the capital stock, assets, obligations or other securities of or interest in other Persons provided that (i) each such Person shall (x) in regard to Persons that would as a result of the proposed transaction become Material Subsidiaries, be incorporated, organized or otherwise formed under the laws of any state of the United States, or under the laws of Canada or Great Britain, and (y) be engaged in a line of business not substantially different from those lines of business carried on by the Borrower and its Subsidiaries on the date hereof, (ii) the transaction (or any tender offer commencing a proposed transaction) shall have been approved and recommended by the board of directors (or functional equivalent thereof) of such Person, and (iii) no Default or Event of Default shall have occurred and be continuing either immediately before or after giving effect to such transaction and no Material Adverse Effect would result therefrom;

(f) Securities purchased under agreements to resell (to the extent such transactions constitute Investments);

(g) Investments in (i) mortgage, pre-development, construction or other loans, advances or guarantees not exceeding \$100,000,000 in aggregate principal amount outstanding to finance low income housing projects whose creditworthiness have been underwritten by Raymond James Tax Credit Funds, Inc. (such loans, advances or guarantees to be in addition to the guarantees or loans permitted by [Sections 6.11\(a\)\(x\)](#) and [6.15\(d\)](#) hereof), and (ii) loans to Pine Creek Healthcare Capital, Inc. to purchase and carry debt obligations not exceeding \$50,000,000 in aggregate principal amount outstanding that are issued to fund health care facilities and associated equipment;

(h) Investment in a Canadian trust fund established and funded to acquire Borrower common stock in the open market in order to make in-kind settlements of restricted stock units granted as bonuses to certain employees of Raymond James Ltd./Raymond James Ltée.; and

(i) Loans and advances that RJ Bank makes in the ordinary course of its business.

SECTION 6.15 Contingent Obligations. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except

(a) by endorsement of instruments for deposit or collection in the ordinary course of business;

(b) guarantees by the Borrower of the Indebtedness of Raymond James Credit Corporation in an aggregate principal amount not exceeding \$50,000,000 referred to in [Section 6.11\(a\)](#) (vii);

(c) guarantees by the Borrower with respect to settlement of securities transactions by its Affiliates (including its offices and foreign joint ventures) extended to customers of, lenders to, or clearing agencies for, such Affiliates;

(d) guarantees or loans by the Borrower or its Subsidiaries with respect to the activities of Raymond James Tax Credit Funds, Inc. or any of its Subsidiaries not exceeding the lesser of (i) \$300,000,000 or (ii) 10% of Shareholders' Equity (such guarantees or loans to be in addition to the guarantees or loans permitted by [Section 6.14\(g\)\(i\)](#));

(e) guarantees by the Borrower relating to the net performance obligations of RJ Capital Services, Inc. owed to counterparties under interest rate and credit default swap transactions documented under the ISDA (International Swaps Dealer Association) form Master Agreement and applicable Addenda;

(f) guarantees by the Borrower (or any Subsidiary) of the Indebtedness of any other Subsidiaries in an aggregate principal amount not exceeding \$30,000,000;

(g) guarantees by RJA of obligations related to Letters of Credit issued by JPMorgan Chase Bank, N.A. for the benefit of RJA retail corporate clients, so long as repayment of any such guarantee is collateralized by securities in such customer's RJA account;

(h) Letters of Credit issued by RJ Bank in the ordinary course of its business;

(i) guarantees by the Borrower of the mortgage Indebtedness permitted by [Section 6.11\(a\)\(ix\)](#);

(j) agreements of the Borrower with the Office of the Controller of the Currency and Raymond James Trust, N.A. ensuring that the latter has adequate capital and liquidity; and

(k) guarantees by RJ Bank of payment in the event of default for exposure under interest rate swaps on behalf of corporate borrowers doing business with Raymond James Capital Services, Inc.

SECTION 6.16 Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except:

(a) Liens for Taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books;

- (b) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure the payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books;
- (c) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;
- (d) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Borrower or its Subsidiaries;
- (e) Liens securing the Indebtedness permitted by Sections 6.11(a)(iii), (v), (vi), (ix), (x), (xii), (xiii) and (xiv) and the Investments permitted by Section 6.14 (g)(i); and
- (f) Liens incurred in the ordinary course of the settlement of securities transactions.

SECTION 6.17 Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except (a) in regard to any sale, lease or other transfer of any property or assets (other than cash advances or loans) to, or any purchase, lease or other acquisition of any property or assets from, any Affiliate, in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary that could be obtained on an arms-length basis from unrelated parties, (b) in regard to any other transaction with an Affiliate, in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms and (c) transactions among the Borrower and Wholly-Owned Subsidiaries of the Borrower.

SECTION 6.18 Change in Corporate Structure; Fiscal Year. The Borrower shall not, nor shall it permit any Material Subsidiary to, (a) permit any amendment or modification to be made to its certificate or articles of incorporation or by-laws which is materially adverse to the interests of the Lenders (provided that the Borrower shall notify the Administrative Agent of any other amendment or modification thereto as soon as practicable thereafter) or (b) change its Fiscal Year to end on any date other than the last day of September of each year, except that the Borrower or any Material Subsidiary may change its Fiscal Year to a calendar year basis if the Bank Holding Company Act becomes applicable to Borrower.

SECTION 6.19 Inconsistent Agreements. The Borrower shall not, nor shall it permit any Subsidiary to, enter into any indenture, agreement, instrument or other arrangement which (a) directly or indirectly prohibits or restrains, or has the effect of prohibiting or restraining, or imposes materially adverse conditions upon, the incurrence of Borrower's obligations hereunder, the amending of the Loan Documents or the ability of any Subsidiary to (i) pay dividends or make other distributions on its capital stock, (ii) make loans or advances to the Borrower, or (iii) repay loans or advances from the Borrower (except to the extent repayment of such loans or advances is permitted to be subordinated pursuant to Section 6.11(a)(viii)), or (b) contains any provision which would be violated or breached by the making of Loans or by the performance by the Borrower or any Subsidiary of any of its obligations under any Loan Document.

SECTION 6.20 Financial Covenants.

6.20.1 Minimum Tangible Net Worth. The Borrower on a consolidated basis with its Subsidiaries at all times after the date hereof shall maintain Tangible Net Worth of not less than (i) \$1,370,000,000 plus (ii) 50% (fifty percent) of cumulative Net Income (if positive) earned after September 30, 2008.

6.20.2 Net Cash Capital to Net Liquid Assets Ratio. The Borrower on a consolidated basis with its Subsidiaries at all times after the date hereof shall maintain a Net Cash Capital to Net Liquid Assets Ratio of not less than 3% (three percent).

6.20.3 Double Leverage Ratio. The Borrower on a parent-only basis at all times after the date hereof shall maintain a Double Leverage Ratio of not more than 1.15 to 1.0.

6.20.4 RJA Net Capital. The Borrower shall cause RJA at all times after the date hereof to maintain a ratio (computed in accordance with Exhibit A to Rule 15c3-3, "Formula for Determination of Reserve Requirements for Brokers and Dealers") of Net Capital to Aggregate Debit Items of not less than 10% (ten percent).

6.20.5 RJFS Net Capital. The Borrower shall cause RJFS at all times after the date hereof to maintain Net Capital of not less than \$5,000,000.

6.20.6 RJA/RJFS Excess Net Capital. The Borrower shall cause RJA and RJFS at all times, except for certain limited periods totaling not more than 20 days during any Fiscal Year when equity and/or debt underwriting commitments result in a temporary reduction of Excess Net Capital, to have combined Excess Net Capital of not less than \$200,000,000.

6.20.7 RJ Bank Nonperforming Assets. The Borrower shall cause RJ Bank at all times after the date hereof to maintain (a) a ratio of (i) RJ Bank's total Nonperforming Assets to (ii) RJ Bank's total assets of less than 4% (four percent) and (b) a ratio of (i) RJ Bank's allowance for loan losses to (ii) RJ Bank's total nonperforming loans of greater than 70% (seventy percent).

SECTION 6.21 Borrower and RJ Bank Well Capitalized. The Borrower shall, and shall cause RJ Bank, at all times after the date hereof to maintain a status of "well capitalized" as such term is from time to time defined by the Board, OTS, OCC or such other regulatory body with supervisory authority over the Borrower and RJ Bank (such standard to be determined by reference to minimum total risk-based, Tier I risk-based, Tier I leverage ratios or such other quantitative measures as established from time to time by such regulatory bodies).

SECTION 6.22 Restricted Payments. The Borrower shall not declare or pay dividends on, or purchase, redeem, retire, defease or otherwise acquire for value, any of its capital stock now or hereafter outstanding, or return any capital or make any distribution of assets to such capital stockholders, in an amount that exceeds the lesser of (a) \$60,000,000 per Fiscal Year plus the amount of any common stock repurchases used to fund the Borrower's incentive stock option and stock purchase plans, or (b) if TARP Preferred Stock is outstanding, the maximum amount of such restricted equity payments permitted to be made under the terms applicable to such Preferred Stock.

ARTICLE VII

EVENTS OF DEFAULT

If any one of the following events ("Events of Default") shall occur:

- (a) Representation or Warranty. Any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries to the Lenders or the Administrative Agent under or in connection with this Agreement, any other Loan Document, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be false in any material respect on the date as of which made or deemed made;
- (b) Non-Payment. (i) Nonpayment of any principal of any Loan when due, or (ii) nonpayment of any interest upon any Loan or of any facility fee or other obligation under any of the Loan Documents within five days after the same becomes due;
- (c) Specific Defaults. The breach by the Borrower of any of the terms or provisions of Section 6.02, Section 6.03(a), Section 6.04 (second sentence only) or Sections 6.10 through 6.20;
- (d) Other Defaults. The breach by the Borrower (other than a breach which constitutes an Event of Default under another paragraph of this Article VII) of any of the terms or provisions of this Agreement which is not remedied within 30 days after written notice from the Administrative Agent or any Lender;
- (e) Cross-Default. Failure of the Borrower or any of its Material Subsidiaries to pay when due any FDIC-Guaranteed Term Notes or any other Indebtedness aggregating in excess of \$5,000,000; or the default by the Borrower or any of its Subsidiaries in the performance of any term, provision or condition contained in any agreement or agreements under which any such Indebtedness was created or is governed (or the occurrence of any other event or existence of any other condition) the effect of any of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of the Borrower or any of its Material Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Material Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as then become due;
- (f) Insolvency; Voluntary Proceedings. The Borrower or any of its Material Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this paragraph, or (vi) fail to contest in good faith any appointment or proceeding described in paragraph (g) below;
- (g) Involuntary Proceedings. Without the application, approval or consent of the Borrower or any of its Material Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Material Subsidiaries or any Substantial Portion of its Property, or a proceeding described in subparagraph (f)(iv) above shall be instituted against the Borrower or any of its Material Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days;
- (h) Condemnation. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion;
- (i) Judgments. (i) The Borrower or any of its Material Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge one or more judgments or orders for the payment of money in excess of \$10,000,000 in the aggregate, or (ii) the Borrower or any of its Subsidiaries shall fail to pay, bond or otherwise discharge one or more nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case of clauses (i) and (ii), is/are not stayed on appeal or otherwise being appropriately contested in good faith;
- (j) Change in Control. Any Change in Control shall occur;

(k) SIPC. The Commission or any Self-Regulatory Organization has notified the SIPC pursuant to Section 5(a)(1) of the SIPA of facts which indicate that the Borrower, RJIA or RJFS is in or is approaching financial difficulty, or the SIPC shall file an application for a protective decree with respect to the Borrower, RJIA or RJFS under Section 5(a)(3) of the SIPA;

(l) Broker-Dealer License. The Commission or other Governmental Authority shall revoke or suspend the license or authorization of RJIA and RJFS under Federal or state law to conduct business as a securities broker-dealer (and such license or authorization shall not be reinstated within five days), or RJIA or RJFS shall be suspended or expelled from membership in the NYSE, FINRA or any other Self-Regulatory Organization or securities exchange;

(m) Bank License. The OTS, the OCC or any other appropriate banking regulator shall revoke or terminate the charter or license of RJ Bank, or the FDIC shall revoke or terminate the deposit insurance of RJ Bank; or

(n) ERISA Event. An ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in (i) liability of the Borrower and its Subsidiaries in an aggregate amount exceeding \$1,000,000 or (ii) a Material Adverse Effect.

then, and in every such event (other than an event with respect to the Borrower described in paragraphs (f) or (g) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in paragraphs (f) or (g) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

None of the Lenders identified in this Agreement as a "Co-Syndication Agent" shall have any right, power, obligation, liability, responsibility or duty (including that of a fiduciary) under this Agreement other than those applicable to all Lenders as such.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.01 Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it at 880 Carillon Parkway, St. Petersburg, Florida 33716, Attention of Jeffrey P. Julien (Telecopy No. (727) 573-8915);

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin, 10th Floor, Houston, Texas 77002, Attention of Wesley Gibson (Telecopy No. (713) 750-2228), with a copy to JPMorgan Chase Bank, N.A., Financial Institutions – Broker Dealer Group, 270 Park Avenue, 36th Floor, New York, NY 10172, Attention of Piers C. Murray (Telecopy No. (212) 270-1511); and

(iii) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02 Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the

amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change [Section 2.18 \(b\)](#) or [\(c\)](#) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender, or (vi) waive or amend the condition set forth in [Section 4.02 \(a\)](#) without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, and no amendment shall be made to [Section 2.21](#), without the prior written consent of the Administrative Agent.

SECTION 9.03 Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and the Lead Arranger and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Administrative Agent, the Lead Arranger and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “**Indemnitee**”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any Property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender’s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 9.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of any Commitment to an assignee that is a Lender with a Commitment immediately prior to giving effect to such assignment.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender’s Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its affiliates and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee’s compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this [Section 9.04\(b\)](#), the term “**Approved Fund**” has the following meaning:

“**Approved Fund**” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of [Sections 2.15](#), [2.16](#), [2.17](#) and [9.03](#)). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this [Section 9.04](#) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “**Register**”). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee’s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to [Section 2.05\(c\)](#), [2.07\(b\)](#), [2.18\(d\)](#) or [9.03\(c\)](#), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a “**Participant**”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to [Section 9.02\(b\)](#) that affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of [Sections 2.15](#), [2.16](#) and [2.17](#) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of [Section 9.08](#) as though it were a Lender, provided such Participant agrees to be subject to [Section 2.18\(c\)](#) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under [Section 2.15](#) or [2.17](#) than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower’s prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of [Section 2.17](#) unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with [Section 2.17\(e\)](#) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09 Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates’ directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than the Borrower. For the purposes of this Section, “Information” means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 9.12(a) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS AFFILIATES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES) AND ITS SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 9.13 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”) hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

[signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

RAYMOND JAMES FINANCIAL, INC.

By: Jeffrey P. Julien

Title: Senior Vice President and Chief Financial Officer

Address for Notices:
880 Carillon Parkway
St. Petersburg, Florida 33716
Attention: Jeffrey P. Julien
Telephone: (727) 567-5021
Facsimile: (727) 573-8915

JPMORGAN CHASE BANK, N.A.
Individually and as Administrative Agent

By: Thomas I. Poz

Title: Vice President

Address for General Notices:
Financial Institutions-Broker-Dealer Group
270 Park Avenue
36th Floor
New York, NY 10172
Attention: Piers C. Murray
Telephone: (212) 270-5445
Facsimile: (212) 270-1511

Address for Funding Matters:
Loan and Agency Services
1111 Fannin, 10th Floor
Houston, TX 77002
Attention: Wesley Gibson
Telephone: (713) 750-2424
Facsimile: (713) 750-2228

REGIONS BANK,

Individually and as Co-Syndication Agent

By: Heather L. Long

Title: Vice President

Address for Notices:
100 N. Tampa Street
Suite 3100
Tampa, FL 33602-5145
Attention: Heather L. Long
Telephone: (813) 226-1256
Facsimile: (813) 226-1260

FIFTH THIRD BANK,

Individually and as Co-Syndication Agent

By: John A. Marian

Title: Vice President

Address for Notices:
201 East Kennedy Boulevard
Suite 1800
Tampa, FL 33602
Attention: John A. Marian
Telephone: (813) 306-2456
Facsimile: (813) 306-2531

PNC BANK, NATIONAL ASSOCIATION,

Individually and as Co-Syndication Agent

By: Kirk Seagers

Title: Vice President

Address for Notices:
1600 Market Street
22nd Floor
Philadelphia, PA 19103
Attention: Kirk Seagers
Telephone: (215) 585-6290
Facsimile: (215) 585-6987

CITIBANK, N.A.

By: William Mandaro

Title: Director

Address for Notices:
388 Greenwich Street
35th Floor
New York, New York 10013
Attention: William Mandaro
Telephone: (212) 816-0852
Facsimile: (646) 688-6821

THE BANK OF NEW YORK MELLON

By: Thomas Caruso

Title: First Vice President

Address for Notices:
One Wall Street
19th Floor
New York, New York 10286
Attention: John Templeton
Telephone: (212) 635-6823
Facsimile: (212) 809-9566

COMMITMENTS

Lender	Commitment
JPMorgan Chase Bank, N.A.	\$20,000,000
Regions Bank	\$20,000,000
Fifth Third Bank	\$20,000,000
PNC Bank, National Association	\$20,000,000
Citibank, N.A.	\$10,000,000
The Bank of New York Mellon	\$10,000,000
Aggregate Commitment	\$100,000,000

RAYMOND JAMES FINANCIAL, INC.

MATERIAL SUBSIDIARIES*

Name	Jurisdiction of Organization
Raymond James & Associates, Inc.	Florida
Raymond James Bank, FSB	U.S.A.
Raymond James Financial Services, Inc.	Florida
Raymond James Ltd./Raymond James Ltée.	Canada

* All Material Subsidiaries are 100% directly or indirectly owned by the Borrower.

SECURITIES PERCENTAGE HAIRCUTS

	Haircut %
Municipal Obligations (less auction rate securities)	25.0%
Corporate Obligations	25.0%
Government Obligations	10.0%
Agencies	10.0%
Derivative Contracts	30.0%
Equity Securities	30.0%
Other Securities	30.0%

FORM OF BORROWING/INTEREST ELECTION REQUEST

TO: JPMorgan Chase Bank, N.A., as Administrative Agent under that certain Credit Agreement dated as of February 6, 2009 among Raymond James Financial Inc., the Agents and the Lenders parties thereto (the “Credit Agreement”).

The undersigned Borrower hereby gives to the Administrative Agent a [Borrowing Request pursuant to Section 2.03] [Interest Election Request pursuant to Section 2.08] of the Credit Agreement, and such Borrower hereby requests to [borrow] [convert] [continue] on _____, 20__ (the “date of Borrowing”) from the Lenders on a pro rata basis an aggregate principal amount of:

[US \$ _____] in Loans as a

☐ ABR Borrowing

☐ Eurodollar Borrowing

· Applicable Interest Period of _____ month(s).

The Administrative Agent is authorized and directed to transfer the funds constituting such Borrowing to the following account of the undersigned: [identify account name/number], Reference: Loan drawdown.

The undersigned hereby certifies to the Administrative Agent and the Lenders that (i) the representations and warranties of the undersigned contained in Article V of the Credit Agreement are and shall be true and correct on and as of the date hereof and on and as of the date of Borrowing, including the representations and warranties set forth in Section 5.06 and the first sentence of Section 5.08 thereof; and (ii) as of the date hereof and on and as of the date of Borrowing and immediately after giving effect to the Borrowing requested hereby, no Default has occurred and is continuing.

Unless otherwise defined herein, terms defined in the Credit Agreement shall have the same meanings in this Borrowing/Interest Election Request.

Dated _____

RAYMOND JAMES FINANCIAL, INC.

By: /s/ Jeffrey P. Julien
Name: Jeffrey P. Julien
Title: Senior Vice President and Chief Financial Officer

COMPLIANCE CERTIFICATE

I _____certify that I am the _____of RAYMOND JAMES FINANCIAL, INC. (the “Borrower”), and that as such I am authorized to execute this Compliance Certificate on behalf of the Borrower, and DO HEREBY FURTHER CERTIFY on behalf of the Borrower that:

1. I have reviewed the terms of that certain Credit Agreement dated as of February 6, 2009 among the Borrower, the financial institutions named therein (the “Lenders”) and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, supplemented or modified from time to time, the “Credit Agreement”) and I have made, or have caused to be made by employees or agents under my supervision, a detailed review of the transactions and conditions of the Borrower during the accounting period covered by the attached financial statements;
2. The examinations described in paragraph 1 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate, except as set forth below; and
3. Schedule I attached hereto sets forth financial data and computations evidencing compliance with the covenants set forth in Sections 6.13, 6.20.1, 6.20.2, 6.20.3, 6.20.4, 6.20.5, 6.20.6 and 6.20.7 of the Credit Agreement, all of which data and computations are true, complete and correct. Capitalized terms not defined herein are defined in the Credit Agreement.

Described below are the exceptions, if any, to paragraph 2 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Compliance Certificate in support hereof, are made and delivered this _____ day of _____, 20__.

RAYMOND JAMES FINANCIAL, INC.

By: Jeffrey P. Julien

Title: Senior Vice President and Chief Financial Officer

B-

Section 6.13 — Sale of Assets

Asset Dispositions for twelve-month period ending with month in which disposition occurs:

(a)	Permitted asset dispositions		
	10% of consolidated assets of the Borrower at beginning of		
	such twelve-month period*	\$	
(b)	Actual asset dispositions for such period		\$

* Note: must also demonstrate (to the extent calculable) that total asset dispositions for such period do not involve Property which is responsible for more than 15% of the consolidated net sales or Net Income of the Borrower for such twelve-month period.

Section 6.20.1 — Minimum Tangible Net Worth

1.	Required Tangible Net Worth: \$1,370,000,000		
	* plus 50% of cumulative Net Income earned after September 30, 2008 (if positive)	\$	
		Total	\$
2.	Actual Tangible Net Worth:		\$

Section 6.20.2 — Net Cash Capital to Net Liquid Assets Ratio

1.	Net Cash Capital	\$
2.	Net Liquid Assets	\$
3.	Ratio of (a) to (b)	%

Section 6.20.3 — Maximum Double Leverage Ratio

1.	Maximum Double Leverage Ratio		1.15 to 1.0
2.	Actual Double Leverage Ratio		
(a)	Investment in Subsidiaries <u>plus</u> , without duplication, (i) Intangible Assets, (ii) net equity Investments in real estate partnerships, and (iii) private equity Investments and the funding commitments related thereto		\$
(b)	Shareholders equity (parent only)		\$
(c)	Ratio of (a) to (b)	_____	to 1.0

Section 6.20.4 — RJA Net Capital Ratio

1.	Minimum RJA Net Capital Ratio		10%
2.	Actual RJA Net Capital Ratio		
(a)	Net Capital	\$	
(b)	Aggregate Debit Items	\$	
(c)	Ratio of (a) to (b)	_____	%

Section 6.20.5 — RJFS Minimum Net Capital

1.	Minimum RJFS Net Capital \$5,000,000	
2.	Actual RJFS Net Capital	\$

Section 6.20.6 — RJA/RJFS Excess Net Capital

1.	Minimum combined RJA/RJFS Excess Net Capital	\$200,000,000
2.	Actual combined RJA/RJFS Excess Net Capital	\$

Section 6.20.7 — RJ Bank Nonperforming Assets

A.1.	Maximum RJ Bank Nonperforming Assets to Total Assets Ratio < 4%	
2.	Actual Ratio	
(a)	Total Nonperforming Assets	\$ _____
(b)	Total Assets	\$ _____
(c)	Ratio of (a) to (b)	_____ %
B.1.	Minimum RJ Bank Loan Loss Reserve to Nonperforming Loans Ratio	70%
2.	Actual Ratio	
(a)	Allowance for Loan Losses	\$ _____
(b)	Total Nonperforming Loans	\$ _____
(c)	Ratio of (a) to (b)	_____ %

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the “Assignor”) and [Insert name of Assignee] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1.

Assignor:
2.

Assignee:

[and is an Affiliate/Approved Fund of [identify Lender]]
3.

Borrower:

Raymond James Financial, Inc.
4.

Administrative Agent:

JPMorgan Chase Bank, N.A., as Administrative Agent under the Credit Agreement
5.

Credit Agreement:

The Credit Agreement dated as of February 6, 2009 among Raymond James Financial, Inc., the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans ¹
Revolving Commitment	\$	\$	%

Effective Date: _____ ___, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all the syndicate-level information (which may contain material non-public information about the Borrower and its affiliates and their related parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee’s compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]
By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]
By: _____
Title:

¹ Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

[Consented to and]² Accepted:

JPMORGAN CHASE BANK, N.A., as

Administrative Agent

By _____
Title:

[Consented to:]³

[RAYMOND JAMES FINANCIAL, INC.]

By____/s/ Jeffrey P. Julien_____
Title: SVP & CFO

² To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

³ To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

RAYMOND JAMES FINANCIAL INC.
CREDIT AGREEMENT

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

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2. Payments. From and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

CERTIFICATIONS

I, Thomas A. James, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Raymond James Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2009

/s/ THOMAS A. JAMES
Thomas A. James
Chairman and Chief Executive Officer

CERTIFICATIONS

I, Jeffrey P. Julien, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Raymond James Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2009

/s/ JEFFREY P. JULIEN
Jeffrey P. Julien
Senior Vice President – Finance
and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Raymond James Financial, Inc. (the "Company") on Form 10-Q for the quarter ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas A. James, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 9, 2009

/s/ THOMAS A. JAMES
Thomas A. James
Chief Executive Officer

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Raymond James Financial, Inc. (the "Company") on Form 10-Q for the quarter ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey P. Julien, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 9, 2009

/s/ JEFFREY P. JULIEN
Jeffrey P. Julien
Chief Financial Officer