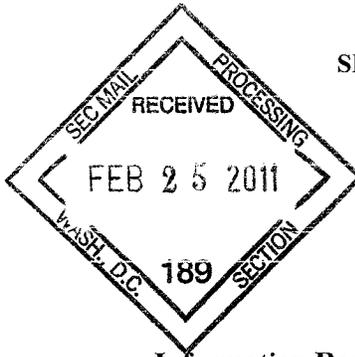


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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
hours per response 12.00

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
**8-37854**

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

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REPORT FOR THE PERIOD BEGINNING 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM ID NO.

**Calamos Financial Services LLC**      **2020 Calamos Court**  
(No. and Street)

**Naperville**      **Illinois**      **60563**  
(City)      (State)      (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Cristina Wasiak**      **630.245.7200**  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**McGLADREY & PULLEN, LLP**  
(Name - if individual, state last, first, middle name)

**One South Wacker Drive, Suite 800**      **Chicago**      **Illinois**      **60606**  
(Address)      (City)      (State)      (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.



11016896

**FOR OFFICIAL USE ONLY**

\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).

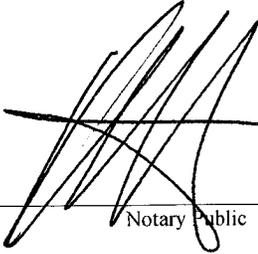
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## OATH OR AFFIRMATION

I, Cristina Wasiaak, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Calamos Financial Services LLC, as of December 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.

  
Signature

SVP, Chief Financial Officer  
Title

  
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Equity.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditor's Report on Internal Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

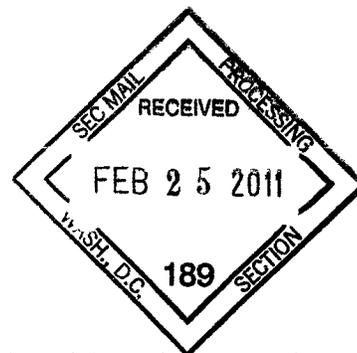
# CALAMOS FINANCIAL SERVICES LLC

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### Independent Auditor's Report



To the Member  
Calamos Financial Services LLC

We have audited the accompanying statement of financial condition of Calamos Financial Services LLC (the Company) as of December 31, 2010, and the related statements of operations, changes in member's capital and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calamos Financial Services LLC as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. This schedule is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chicago, Illinois  
February 22, 2011

**CALAMOS FINANCIAL SERVICES LLC**  
**Statement of Financial Condition**  
**December 31, 2010**

**Assets**

Cash	\$317,171
Receivables:	
Affiliated funds	515,182
Affiliates	728,610
Securities owned	28,309,562
Prepaid expenses and other assets	<u>120,800</u>
Total assets	<u>\$29,991,325</u>

**Liabilities and Member's Capital**

Payables:	
Brokers	\$13,461,037
Affiliates	203,058
Accrued compensation and benefits expenses	3,730,831
Other accrued expenses	<u>184,213</u>
Total liabilities	<u>17,579,139</u>
Contributed capital	45,767,911
Accumulated deficit	<u>(33,355,725)</u>
Total member's capital	<u>12,412,186</u>
Total liabilities and member's capital	<u>\$29,991,325</u>

See accompanying notes to financial statements.

**CALAMOS FINANCIAL SERVICES LLC**  
**Statement of Operations**  
**Year ended December 31, 2010**

Revenues:	
Distribution fees	\$67,095,654
Administrative services fees	12,713,121
Commissions	1,535,918
Interest and dividends	94,963
Net realized and change in unrealized gains on securities owned	<u>2,139,451</u>
Total revenues	<u>83,579,107</u>
Expenses:	
Distribution expenses	66,172,407
Employee compensation and benefits	13,441,332
Occupancy	1,177,823
Dues, licenses and fees	326,013
Administrative and technology services	278,922
Other operating expenses	<u>6,270,579</u>
Total expenses	<u>87,667,076</u>
Net loss	<u><u>\$(4,087,969)</u></u>

See accompanying notes to financial statements.

**CALAMOS FINANCIAL SERVICES LLC**  
**Statement of Changes in Member's Capital**  
**Year ended December 31, 2010**

	<u>Contributed capital</u>	<u>Accumulated earnings/(deficit)</u>	<u>Total</u>
Balance at beginning of year	\$45,717,252	\$746,096	\$46,463,348
Net loss	—	(4,087,969)	(4,087,969)
Withdrawal of capital by parent	(30,000,000)	—	(30,000,000)
Compensation expense recognized under stock incentive plans	114,763	—	114,763
Shares withheld to pay employee taxes on vesting under stock incentive plans	(64,104)	—	(64,104)
Dividend equivalent accrued under stock incentive plans	—	(13,852)	(13,852)
Balance at end of year	<u>\$15,767,911</u>	<u>\$(3,355,725)</u>	<u>\$12,412,186</u>

See accompanying notes to financial statements.

**CALAMOS FINANCIAL SERVICES LLC**  
**Statement of Cash Flows**  
**Year ended December 31, 2010**

Cash flows from operating activities:	
Net loss	\$(4,087,969)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Stock based compensation	114,763
Employee taxes paid on vesting under stock incentive plans	(64,104)
Change in unrealized loss on securities owned	1,730,123
Realized gain on sold securities	(3,869,573)
Net (increase) decrease in assets:	
Net receivables from affiliates	68,194
Receivables from affiliated funds	(374,407)
Securities owned	29,572,261
Prepaid expenses and other assets	(11,961)
Net increase (decrease) in liabilities:	
Payables to brokers	709,317
Accrued compensation and benefits expenses	264,589
Other accrued expenses	76,459
Net cash provided by operating activities	<u>24,127,692</u>
Cash flows used in financing activities:	
Withdrawal of capital by parent	<u>(30,000,000)</u>
Net cash used in financing activities	<u>(30,000,000)</u>
Net decrease in cash	(5,872,308)
Cash at beginning of year	<u>6,189,479</u>
Cash at end of year	<u>\$317,171</u>

See accompanying notes to financial statements.

**CALAMOS FINANCIAL SERVICES LLC**  
**Notes to Financial Statements**

**(1) Nature of Business and Summary of Significant Accounting Policies**

*Nature of Business*

Calamos Financial Services LLC (the Company) is a wholly owned subsidiary of Calamos Holdings LLC (Holdings). Calamos Asset Management, Inc. (CAM) is the sole manager of Holdings and operates and controls all of the business and affairs of Holdings. The Company, a registered broker and dealer in securities under the Securities Exchange Act of 1934, acts as the sole distributor of the Calamos open-end mutual funds (collectively the Funds). As such, the Company receives distribution and service fees from the Funds and generally pays these fees to financial intermediaries.

For a portion of the year, the Company acted as distributor for Calamos Global Funds PLC, an Ireland-domiciled open-end umbrella company consisting of Undertakings for Collective Investment in Transferable Securities, which are registered in the Republic of Ireland. As of December 31, 2010, the Company no longer acts as distributor to the Calamos Global Funds PLC.

Because the Company operates primarily with the purpose of distributing mutual fund shares and does not hold customer funds or safekeep customer securities, it is exempt from computing the Reserve Requirements under Rule 15c3-3 paragraph (k)(2)(i) of the Securities and Exchange Commission, and is exempt from including Information Relating to the Possession or Control Requirements under Rule 15c3-3.

*Securities Owned*

The Company carries its securities owned at fair value, which is determined based upon quoted prices in active markets. The Company records securities transactions on a trade date basis.

*Financial Instruments*

The carrying values of cash, receivables and payables approximate fair value due to the short maturities of these financial instruments.

*Revenues*

Distribution fees consist of Rule 12b-1 distribution and service fees from the Funds that are earned on the distribution of mutual fund shares. These fees are accrued monthly and are based on the average daily assets of the Funds. Commission revenues are recognized on settlement date. Administrative service fees are received for services provided to shareholders and prospective shareholders of the Funds.

Realized and unrealized gains and losses on securities owned are reported on a net basis in the statement of operations. Interest and dividends, both of which are recognized when earned, consist of interest earned on cash and certain securities owned, and dividends earned from securities owned. Dividend income is recognized as earned on the ex-dividend date.

**CALAMOS FINANCIAL SERVICES LLC**  
**Notes to Financial Statements – (Continued)**

***Compensation Plans***

The Company participates in CAM's incentive stock plan that provides for grants of restricted stock unit (RSU) awards and stock option awards to certain employees of the Company. RSUs are convertible on a one-for-one basis into shares of CAM's common stock. Stock option awards are based on shares of CAM's common stock. The Company estimates the fair value of the options as of the grant date using the Black-Scholes option-pricing model. Stock-based compensation expense is recognized based on the grant-date fair value of the award. The Company records compensation expense on a straight-line basis over the service period.

***Income Taxes***

The Company is organized as a single-member limited liability company and is a disregarded entity for federal income tax purposes. Because the Company has no federal income tax liabilities, there are no uncertain tax positions that impact the Company's financial statements for the year ended December 31, 2010.

***Use of Estimates in the Preparation of Financial Statements***

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Management believes the accounting estimates are appropriate and reasonably stated; however, due to the inherent uncertainties in making estimates, actual amounts could differ from these estimates.

**(2) Related-Party Transactions**

Holdings and certain of its affiliates share personnel, office space and equipment with the Company. Shared costs are allocated based on a management services agreement. Expenses allocated between the companies are included in the statement of operations. The following is a summary of these expenses for the year ended December 31, 2010:

Expenses allocated to the Company from Holdings and affiliates:	
Occupancy	\$1,177,823
Employee compensation and benefits	257,071
Administrative and technology services	21,851
Equipment rental and maintenance	1,379,676
Other operating expenses	<u>2,125,581</u>
Total	<u>4,962,002</u>
Expenses allocated to Holdings and affiliates from the Company:	
Employee compensation and benefits	1,042,378
Other operating expenses	<u>238,635</u>
Total	<u>1,281,013</u>
Net expenses allocated to the Company from Holdings and affiliates	<u>\$3,680,989</u>

**CALAMOS FINANCIAL SERVICES LLC**  
**Notes to Financial Statements – (Continued)**

The Company is party to an agreement with Calamos Advisors LLC (Advisors), whereby Advisors pays the Company for administrative services provided to existing and prospective shareholders of the Funds and for distribution services provided to Advisors, among other services and activities. The Company received \$12,538,121 for administrative and distribution services from Advisors during the year ended December 31, 2010. These fee revenues are reported within administrative services fees on the statement of operations.

At December 31, 2010, the Company had receivables due from various affiliates of \$728,610 and payables to various affiliates of \$203,058 primarily related to its management services and administrative services agreements.

The Company is party to a non-recourse agreement with Advisors to sell and transfer outright all of its rights, title and interest in certain fee payments to Advisors. In accordance with this agreement, the fee payments specifically consist of and are limited to: (a) Class B distribution fees; (b) Class C distribution and services fees (with respect to Class C Shares during the first year after such shares are purchased); and (c) contingent deferred sales charges on Class A, Class B and Class C shares of the Funds. In exchange for fees identified above, Advisors agrees to pay certain amounts including the following: (a) amounts required to make commission payments on Class A shares of the Funds for purchases through the large purchase order net asset value privilege; (b) commission payments on Class B shares of the Funds; (c) amounts required to make 12b-1 fee payments to financial service firms with respect to Class C shares of the Funds during the first year after shares are purchased; and (d) other various amounts as agreed upon from time to time. For the year ended December 31, 2010, Advisors paid \$5,295,933 for fee payments on A, B and C fund share sales in accordance with the terms of the non-recourse agreement.

The Company is the distributor for the Funds. For the year ended December 31, 2010, the Company earned \$67,022,327 of distribution fees from the Funds that are not subject to the above mentioned agreement with Advisors. These distribution fees are generally paid to brokers and other financial intermediaries and are reported as distribution expenses in the statement of operations. Commission revenue of \$1,535,918 represents front-end sales charges earned from the sale of shares of the Funds for the year ended December 31, 2010. Expenses and costs paid by the Company on behalf of the Funds are billed to and collected from the Funds. Uncollected commissions and distribution fees due from the Funds at December 31, 2010 were \$515,182.

**(3) Securities Owned**

At December 31, 2010, securities owned at fair value consist of the following:

U.S. based money market funds	\$24,345,536
Equity mutual funds	3,838,257
Common stock	<u>125,769</u>
Total securities owned	<u>\$28,309,562</u>

**(4) Fair Value Measurements**

The Company utilizes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows: Level 1 – observable inputs such as quoted prices in active markets; Level 2 – inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and Level 3 – unobservable inputs in which there is little or no market data, and require the reporting entity to develop its

**CALAMOS FINANCIAL SERVICES LLC**  
**Notes to Financial Statements – (Continued)**

own assumptions. At December 31, 2010, all securities owned of \$28,309,562 were classified as Level 1 securities.

For assets recorded at fair value, the Company uses a market approach. Specifically, investments in mutual funds and money market funds are stated at fair value based on published net asset values of shares owned by the Company. Common stock represent securities traded on a national securities exchange and are stated at the last reported sales price on the day of valuation.

**(5) Payable to Brokers**

At December 31, 2010, the Company had payments due to brokers and other financial intermediaries for 12b-1 distribution and services fees in the amount of \$13,461,037.

**(6) Profit Sharing Plan**

The Company contributes to a defined contribution profit sharing plan (the PSP Plan) covering substantially all employees. Contributions to the PSP Plan are at the discretion of Holdings and are primarily invested in the Funds. For the year ended December 31, 2010, the Company recorded expense for the contributions to the PSP Plan in the amount of \$857,994. This expense is included in employee compensation and benefits on the statement of operations.

**(7) Stock Based Compensation**

Certain employees of the Company receive stock based compensation comprised of RSUs and stock options under CAM's incentive compensation plan, which is designed to retain key employees. A total of 10,000,000 shares of CAM's common stock may be granted under the plan. CAM may use treasury shares, issue new shares or purchase shares of its Class A common stock upon the exercise of stock options and upon the conversion of RSUs.

RSUs entitle each recipient to receive a share of CAM's Class A common stock and a dividend equivalent to the actual dividends declared on CAM's Class A common stock. RSUs are granted with no strike price, and therefore, the Company receives no proceeds when the RSUs vest. These awards, including accrued dividends, vest at the end of the restriction period, generally not to exceed six years after the grant date, and are expensed on a straight line basis over this period. During 2010, there were 45,388 RSUs with an estimated fair value of \$575,066 awarded to employees of the Company. A summary of the RSU activity for the year ended December 31, 2010 is as follows:

**CALAMOS FINANCIAL SERVICES LLC**  
**Notes to Financial Statements – (Continued)**

	<b>Shares</b>	<b>Weighted Average Fair Value of RSUs Granted</b>
Outstanding at December 31, 2009	82,449	\$10.64
Granted	45,388	12.67
Forfeited	(28,670)	13.82
Exercised upon vesting	(16,772)	6.11
Outstanding at December 31, 2010	82,395	11.57

At December 31, 2010, the Company had 82,395 RSUs outstanding with a weighted average remaining service period of 3.8 years and an aggregate intrinsic value of \$1,153,530. The aggregate intrinsic value and the fair value of RSUs vested and exercised during 2010 was \$234,808.

Stock options entitle each recipient to purchase a share of CAM's Class A common stock in exchange for the stated exercise price upon vesting of each award. Under the plan, the exercise price of each option, which has a 10-year life, equals the market price of CAM's stock on the date of grant. These awards vest at the end of the restriction period, generally between four and six years after the grant date. The fair value of the award is expensed on a straight line basis over the vesting period. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. No awards were granted during 2010.

A summary of the stock option activity for the year ended December 31, 2010 is as follows:

	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>
Outstanding at December 31, 2009	58,948	\$19.38
Granted	—	—
Forfeited	(22,172)	19.16
Exercised	—	—
Outstanding at December 31, 2010	36,776	19.51

At December 31, 2010, the Company had 36,776 stock options outstanding with a weighted average remaining contractual life of 6.9 years and no aggregate intrinsic value. There were 1,425 stock options granted under this plan that were exercisable as of December 31, 2010.

In connection with the RSUs and stock options, the Company recorded compensation expense of \$114,763 during 2010. At December 31, 2010, approximately \$499,833 of total unrecognized compensation expense related to non-vested stock option and RSU awards are expected to be recognized over a weighted-average service period of 3.6 years.

**CALAMOS FINANCIAL SERVICES LLC**  
**Notes to Financial Statements – (Continued)**

**(8) Concentration Risk**

Approximately 44% and 25% of the Company's distribution and service fees for the year ended December 31, 2010 was derived from services provided to the Calamos Growth Fund and the Calamos Growth and Income Fund, respectively. Due to the nature of the Company's agreement to compensate financial intermediaries, a reduction in revenues related to these products would be immediately offset with a commensurate reduction in distribution expenses. This revenue and related expense is largely dependent on the level of assets under management in numerous individual shareholder accounts.

**(9) Contingencies**

The Company is from time to time involved in litigation relating to claims arising in the normal course of business. Management believes that all current claims made are without merit and the Company intends to defend against them vigorously. Management believes that the ultimate resolution of such claims will not materially affect the Company's business, financial position or results of operations and that the likelihood of a material adverse impact is remote.

**(10) Regulatory and Net Capital Requirements**

As a broker-dealer, the Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. Rule 15c3-1 requires that the Company maintain minimum net capital, as defined, of \$1,171,942 at December 31, 2010, and requires that the ratio of "aggregate indebtedness" to "net capital," as those terms are defined by the rule, may not exceed 15-to-1. At December 31, 2010, the Company's net capital was \$9,698,498, which was \$8,526,556 in excess of its required net capital, and its ratio of aggregate indebtedness to net capital was 1.8-to-1.

**CALAMOS FINANCIAL SERVICES LLC**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2010**

Computation of net capital:	
Total member's capital	\$ 12,412,186
Deduct:	
Nonallowable assets:	
Receivables from affiliated funds	390,905
Receivables from affiliates	728,610
Prepaid expenses and other assets	106,216
Haircuts on securities positions	1,081,515
Undue concentration	406,442
Total deductions	<u>2,713,688</u>
Net capital	9,698,498
Minimum net capital requirement (6 2/3% of aggregate indebtedness)	<u>1,171,942</u>
Net capital in excess of requirement	<u>\$ 8,526,556</u>
Aggregate indebtedness – accounts payable, accrued expenses and other liabilities	\$17,579,116
Ratio of aggregate indebtedness to net capital	1.8:1

Statement pursuant to Paragraph (d)(4) of Rule 17a-5:

There are no material differences between the amounts presented in the computations of net capital set forth above and the amounts as reported in Calamos Financial Services LLC unaudited Part II-A Quarterly FOCUS report as of December 31, 2010.

Statement pursuant to subparagraph (k)(2)(i) of Rule 15c3-3:

Schedule II, Computation for Determination of Reserve Requirements Under Rule 15c3-3, and Schedule III, Information Relating to Possession or Control Requirements Under Rule 15c3-3, have not been included because the Company is exempt from Rule 15c3-3 pursuant to the provisions of subparagraph (k)(2)(i).



## Independent Auditor's Report on Internal Control

To the Member of  
Calamos Financial Services LLC:

In planning and performing our audit of the financial statements of Calamos Financial Services LLC (the Company), as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

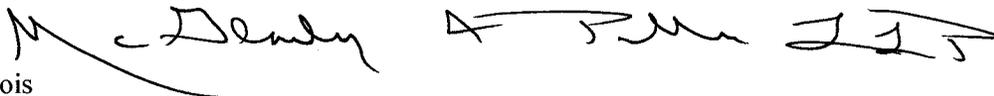
A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore, there can be no assurance that all material weaknesses have been identified. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of the Member, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Chicago, Illinois  
February 22, 2011

The image shows two handwritten signatures in black ink. The signature on the left is written in a cursive style and appears to read 'M. Deady'. The signature on the right is also in cursive and appears to read 'A. R. [unclear]'. Both signatures are positioned above the date and location text.

**CALAMOS FINANCIAL SERVICES LLC**

Financial Statements and Schedule

December 31, 2010

(With Independent Auditor's Report Thereon)