

HYPERFEED TECHNOLOGIES INC
Form 10-Q
August 12, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

ý **Quarterly Report Pursuant to Section 13 or 15(d) of the
 Securities Exchange Act of 1934**
 For the quarterly period ended June 30, 2002
 Or
o **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 0-13093

I.R.S. Employer Identification Number 36-3131704

HYPERFEED TECHNOLOGIES, INC.

(a Delaware Corporation)

300 S. Wacker, Suite 300

Chicago, Illinois 60606

Telephone (312) 913-2800

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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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 23,964,393 shares of the Company's common stock (\$.001 par value) were outstanding as of July 31, 2002.

HYPERFEED TECHNOLOGIES, INC.

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HYPERFEED TECHNOLOGIES, INC.

Consolidated Balance Sheets

June 30, 2002 and December 31, 2001

	June 30, 2002 (Unaudited)	December 31, 2001 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 689,000	\$ 607,263
Restricted cash equivalents	250,000	250,000
Accounts receivable, less allowance for doubtful accounts of: 2002: \$310,830; 2001: \$413,554	958,041	1,310,936
Note receivable	99,142	100,000
Prepaid license fees	490,000	1,330,000
Prepaid expenses and other current assets	424,694	312,106
TOTAL CURRENT ASSETS	2,910,877	3,910,305
Property and equipment		
Satellite receiving equipment	89,417	89,417
Computer equipment	3,088,592	3,214,129
Communication equipment	1,459,217	1,631,960
Furniture and fixtures	394,016	430,996
Leasehold improvements	972,481	962,288
	6,003,723	6,328,790
Less: Accumulated depreciation and amortization	3,474,161	3,306,865
	2,529,562	3,021,925
Goodwill and other intangible assets, net of accumulated amortization of: 2002: \$552,095; 2001: \$327,895	1,007,002	1,243,614
Software development costs, net of accumulated amortization of: 2002: \$2,515,051; 2001: \$7,199,318	2,081,749	2,069,975
Deposits and other assets	129,288	128,936
TOTAL ASSETS	\$ 8,658,478	\$ 10,374,755

See Notes to Unaudited Interim Consolidated Financial Statements.

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	June 30, 2002 (Unaudited)	December 31, 2001 (Audited)
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Notes payable	\$	\$ 250,000
Accrued satellite termination fees	75,000	225,000
Accounts payable	959,705	1,070,163
Accrued expenses	475,731	340,286
Accrued compensation	218,252	240,297
Income taxes payable		5,000
Unearned revenue	1,082,363	1,565,446
TOTAL CURRENT LIABILITIES	2,811,051	3,696,192
Accrued expenses, less current portion	73,368	35,435
Unearned revenue, less current portion	54,134	72,178
TOTAL NONCURRENT LIABILITIES	127,502	107,613
TOTAL LIABILITIES	2,938,553	3,803,805
Stockholders Equity		
Common stock, \$.001 par value; authorized 50,000,000 shares; issued and outstanding 23,964,393 shares at June 30, 2002 and 23,849,605 shares at December 31, 2001	23,964	23,850
Additional paid-in capital	44,225,195	44,179,600
Accumulated deficit	(38,529,234)	(37,632,500)
TOTAL STOCKHOLDERS EQUITY	5,719,925	6,570,950
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 8,658,478	\$ 10,374,755

See Notes to Unaudited Interim Consolidated Financial Statements.

HYPERFEED TECHNOLOGIES, INC.

Consolidated Statements of Operations

	For The Six Months Ended	
	June 30, 2002	June 30, 2001
	(Unaudited)	(Unaudited)
REVENUE		
HyperFeed Services	\$ 8,946,388	\$ 13,383,064
PCQuote Services	1,670,928	5,628,367
TOTAL REVENUE	10,617,316	19,011,431
DIRECT COST OF SERVICES		
HyperFeed Services	5,014,910	6,709,189
PCQuote Services	1,536,590	4,523,204
TOTAL DIRECT COST OF SERVICES	6,551,500	11,232,393
GROSS MARGIN	4,065,816	7,779,038
OPERATING EXPENSES		
Sales	1,026,880	1,972,601
General and administrative	1,769,675	2,360,040
Product and market development	1,231,207	3,065,378
Depreciation and amortization	944,205	761,069
TOTAL OPERATING EXPENSES	4,971,967	8,159,088
LOSS FROM OPERATIONS	(906,151)	(380,050)
OTHER INCOME (EXPENSE)		
Interest income	12,526	76,662
Interest expense	(2,772)	(49,937)
NET OTHER INCOME (EXPENSE)	9,754	26,725
LOSS BEFORE INCOME TAXES AND MINORITY INTEREST	(896,397)	(353,325)
INCOME TAXES	337	25,000
LOSS BEFORE MINORITY INTEREST	(896,734)	(378,325)
Minority interest in loss		1,829

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NET LOSS	\$	(896,734)	\$	(376,496)
Basic net loss per share	\$	(0.04)	\$	(0.02)
Diluted net loss per share	\$	(0.04)	\$	(0.02)
Basic weighted-average common shares outstanding		23,870,488		15,935,492
Diluted weighted-average common shares outstanding		23,870,488		15,935,492

See Notes to Unaudited Interim Consolidated Financial Statements.

HYPERFEED TECHNOLOGIES, INC.

Consolidated Statements of Operations

	For The Three Months Ended	
	June 30, 2002	June 30, 2001
	(Unaudited)	(Unaudited)
REVENUE		
HyperFeed Services	\$ 4,199,311	\$ 6,516,669
PCQuote Services	771,765	2,738,445
TOTAL REVENUE	4,971,076	9,255,114
DIRECT COST OF SERVICES		
HyperFeed Services	2,395,655	3,433,212
PCQuote Services	735,603	2,286,113
TOTAL DIRECT COST OF SERVICES	3,131,258	5,719,325
GROSS MARGIN	1,839,818	3,535,789
OPERATING EXPENSES		
Sales	457,596	1,054,576
General and administrative	952,859	1,128,994
Product and market development	635,518	1,961,592
Depreciation and amortization	455,768	433,242
TOTAL OPERATING EXPENSES	2,501,741	4,578,404
	(661,923)	(1,042,615)

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LOSS FROM
OPERATIONS

OTHER
INCOME
(EXPENSE)

Interest income	6,051	40,184
Interest expense		(19,926)

NET OTHER
INCOME
(EXPENSE)

6,051	20,258
-------	--------

LOSS BEFORE
INCOME
TAXES AND
MINORITY
INTEREST

(655,872)	(1,022,357)
-----------	-------------

CEO of Eagle,
Executive VP
of RJF,
Managing
Director, Asset
Management

Richard
K.
Riess

11/27/2007

15,000

\$ 30.44

\$ 124,049

12/7/2007

9,689

\$ 333,980

Chet Helck

11/27/2007

15,000

\$ 30.44

\$ 124,049

President and
COO

12/7/2007

8,993

\$ 309,989

Van C. Sayler

11/27/2007

15,000

\$ 30.44

\$ 124,049

Senior Vice
President, Fixed
Income
of RJJA

12/7/2007

725

\$ 24,991

Jeffrey P. Julien

11/27/2007

15,000

\$ 30.44

\$ 124,049

Senior VP,
Finance, Chief
Financial
Officer

12/7/2007

2,552

\$ 87,967

- (1) The Company grants restricted stock in lieu of a portion of the annual bonus awarded to highly compensated employees (see the Compensation Discussion and Analysis section for more information). Dividends are paid to the holders of the stock. The restricted stock vests approximately three years from the date of grant.
- (2) Options are granted every two years to key management employees (*i.e.*, fiscal year 2008 and fiscal year 2010). See the Compensation Discussion and Analysis section for more information. The stock options vest approximately five years from the date of grant.
- (3) Reflects the grant date fair value of each equity award computed in accordance with SFAS No. 123(R) over the life of the award. For a description of the assumptions used in calculating the fair value of equity awards under SFAS No. 123(R), see Note 16 of the Company's financial statements in its Form 10-K for the year ended September 30, 2008.

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The following table provides information on exercisable and unexercisable options and unvested stock awards held by the Named Executive Officers on September 30, 2008.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END SEPTEMBER 30, 2008

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (1)
Thomas A. James					15,994 (2)	\$ 527,482
Chairman and CEO					18,076 (3)	\$ 596,146
					18,566 (4)	\$ 612,307
Richard K. Riess	10,800	5,400	\$ 16.80	2/4/09 (5)	6,278 (2)	\$ 207,048
CEO of Eagle, Executive VP		15,000	\$ 24.97	2/1/12 (6)	8,457 (3)	\$ 278,912
of RJF, Managing Director, Asset Management		15,000	\$ 30.44	1/27/13 (7)	9,689 (4)	\$ 319,543
Chet Helck	12,600	5,400	\$ 16.80	2/4/09 (5)	5,997 (2)	\$ 197,781
President and COO		15,000	\$ 24.97	2/1/12 (6)	6,455 (3)	\$ 212,886
		15,000	\$ 30.44	1/27/14 (8)	8,993 (4)	\$ 296,589
Van C. Sayler	12,600	5,400	\$ 16.80	2/4/09 (5)	1,599 (2)	\$ 52,735
Senior Vice President, Fixed Income of RJF		15,000	\$ 24.97	2/1/12 (6)	658 (3)	\$ 21,701
		15,000	\$ 30.44	1/27/14 (8)	725 (4)	\$ 23,911
Jeffrey P. Julien	12,600	5,400	\$ 16.80	2/4/09 (5)	1,869 (2)	\$ 61,640
Senior VP, Finance		15,000	\$ 24.97	2/1/12 (6)	2,259 (3)	\$ 74,502
Chief Financial Officer		15,000	\$ 30.44	1/27/14 (8)	2,552 (4)	\$ 84,165

- (1) The market value of the stock awards is based on the closing market price of the Company's Common Stock as of September 30, 2008, which was \$32.98.
- (2) The stock award was granted on December 2, 2005 and cliff vests in approximately three years from that date.
- (3) The stock award was granted on December 1, 2006 and cliff vests in approximately three years from that date.
- (4) The stock award was granted on December 7, 2007 and cliff vests in approximately three years from that date.
- (5) The option was granted five years and two months prior to the option expiration date. The remaining unexercisable options vest in five years and one month from date of grant.
- (6) The option was granted six years and two months prior to the option expiration date. The unexercisable options vest 25% in three years, 25% in four years, 25% in five years, and 25% in five years and two months from date of grant.

- (7) The option was granted five years and two months prior to the option expiration date. The unexercisable options vest 60% in three years, 20% in four years, and 20% in five years from date of grant.

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- (8) The option was granted six years and two months prior to the option expiration date. The unexercisable options vest 60% in three years, 1% in four years, 19% in four years and two months, and 20% in five years and two months from date of grant.

The following table provides information, on an aggregate basis, about stock options that were exercised and stock awards that vested during the fiscal year ended September 30, 2008 for each of the Named Executive Officers.

**OPTION EXERCISES AND STOCK AWARDS VESTED FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (1)	Value Realized On Exercise (2)	Number of Shares Acquired on Vesting (3)	Value Realized On Vesting (4)
Thomas A. James Chairman and CEO			21,600	\$ 626,400
Richard K. Riess CEO of Eagle, Executive VP of RJF, Managing Director, Asset Management			9,256	\$ 268,424
Chet Helck President and COO	112,499	\$ 1,570,048	10,491	\$ 304,239
Van C. Saylor Senior Vice President, Fixed Income of RJA			2,467	\$ 71,543
Jeffrey P. Julien Senior VP, Finance Chief Financial Officer			2,097	\$ 60,813

- (1) Total number of shares underlying the options exercised during fiscal year 2008.
- (2) Amounts in this column reflect the difference between the market price on the date of exercise and the exercise price of the options exercised, multiplied by the number of options exercised.
- (3) Total number of restricted shares that vested during fiscal year 2008.
- (4) The value of the shares on November 26, 2007 (the date of vesting) using the closing market price for the Company's common stock, which was \$29.00.

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The table below reflects Company credits and deemed earnings thereon under two deferred compensation plans for the Company's Named Executive Officers.

NONQUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions In Last Fiscal Year	Registrant Contributions in Last Fiscal Year (1)	Aggregate Loss in Last Fiscal Year (1)	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year-End (2)
Thomas A. James Chairman and CEO		\$46,800	(\$9,698)	\$45,323	\$826,040
Richard K. Riess CEO of Eagle, Executive VP of RJF, Managing Director, Asset Management		\$46,800	(\$13,392)	\$45,323	\$679,012
Chet Helck President and COO		\$46,800	(\$21,825)	\$38,023	\$350,709
Van C. Sayler Senior Vice President, Fixed Income of RJA		\$45,566	(\$17,566)	\$45,323	\$512,883
Jeffrey P. Julien Senior VP, Finance Chief Financial Officer		\$46,800	(\$14,854)	\$29,267	\$465,296

- (1) The amounts presented in these columns are reported as other compensation in the Summary Compensation Table.
- (2) The amounts presented in this column include previously and currently reported compensation with regards to LTIP contributions made by the Company. The following amounts represent vested balances of the Named Executive Officers at September 30, 2008: Mr. James \$784,522, Mr. Riess \$637,494, Mr. Helck \$165,872, Mr. Sayler \$328,046 and Mr. Julien \$297,972.

The Company's Long Term Incentive Plan (**LTIP**), originally adopted effective October 1, 2000, is an unfunded deferred compensation plan benefiting key management and other highly compensated employees. Under the LTIP, the Company determines each year which employees will be participants for that plan year and then establishes an account on its books for that plan year for each participant. Although the Company can elect to use other allocation formulas, historically, the allocations under the LTIP have been made based upon the individual participant's level of compensation above a minimum, and not in excess of a maximum, amount (for fiscal 2008, these amounts were \$225,000 and \$825,000, respectively). The CGN&C Committee or its designee then decides the percentage, if any, by which that compensation is multiplied to determine the amount credited to each participant's account for the particular plan year. Each account is thereafter credited (or debited), based upon the account's allocable share of the return that would have been earned (including any negative return) had all accounts been invested in a group of unaffiliated mutual funds. The Chief Executive and Chief Financial Officers select those mutual funds each year, pursuant to authority delegated by the CGN&C Committee. Annual allocations and their deemed earnings vest after five years, subject to earlier vesting in the case of death, disability or separation of service after attaining age 65. In the case of early retirement, a participant can continue to accrue vesting credit after such retirement so long as certain non-competition covenants are not violated. The Company pays the vested account

balance in a cash lump sum after five years of credited service, subject to earlier payment in the case of death, disability or separation of service after normal retirement age and subject to certain deferral rights that must be exercised at least twelve months in advance. Because the account balances are unfunded, they represent only unsecured claims in the event of a Company bankruptcy.

The Company's Deferred Management Bonus Plan (**DMBP**), which was originally adopted effective as of October 1, 1989, preceded the LTIP. The DMBP remains in effect to administer certain amounts credited prior to the adoption of the LTIP. The last bonus allocation that was made to the DMBP was with respect to fiscal year 1999. Since that time, additional amounts credited to the DMBP accounts have been based on a deemed interest return on the amounts in the respective DMBP accounts. Like the LTIP, the DMBP is an unfunded plan that was established to benefit key management and other highly compensated employees. For fiscal years 1990 through 1999, each participant's account was credited with an amount, if any, determined by the Company in a manner similar to the LTIP. During such period and thereafter, participants' accounts have been credited with a deemed interest return, based upon the average annual interest rate payable by RJA on brokerage client account funds. Annual amounts credited to a participant's account and the deemed interest vest ratably over an eight year period, subject to earlier vesting in the case of death, disability, attaining age 65 or a qualified early retirement. The Company pays the vested account balance as soon as practical after the end of a plan year in which death or disability occurs and pays the vested account balance as soon as practical after the end of the plan year following the plan year in which retirement occurs after attaining age 65 or following certain other separations from service, subject to forfeiture upon violation of certain non-competition provisions prior to the date of distribution. Other provisions apply in the case of early retirement. Because the account balances are unfunded, they represent only unsecured claims in the event of a Company bankruptcy.

TRANSACTIONS WITH RELATED PERSONS

Review of Related Person Transactions

The Corporate Governance, Nominating and Compensation Committee adopted a Related Person Transaction Approval Policy which is in writing and administered by that Committee. This policy applies to any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds \$120,000 and a related person has a direct or indirect material interest. Under the policy, Company management will determine whether a transaction meets the requirements of a related person transaction requiring review by the Committee. Transactions that fall within this definition will be referred to the Committee for approval, ratification or other action. Based on its consideration of all of the relevant facts and circumstances, the Committee will decide whether or not to approve such transaction and will approve only those transactions that are in the best interests of the Company. If the Company becomes aware of an existing transaction with a related person which has not been approved under this policy, the matter will be referred to the Committee. The Committee will evaluate all options available, including ratification, revision or termination of such transaction. For purposes of the policy, the term "related person" has the meaning ascribed to it in SEC regulation S-K 404(a) "Transactions with related persons, promoters and certain control persons."

Transactions

The Company, in the ordinary course of its business, makes bank loans to, and holds bank deposits for certain of its officers and directors and also extends margin credit in connection with the purchase of securities to certain of its officers and directors who are affiliated with one of the Company's broker-dealers, as permitted under the Sarbanes-Oxley Act (the "**Act**"). These transactions have been made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with non-affiliated persons,

and do not involve more than normal risk of collectability or present other unfavorable features. The Company also, from time to time and in the ordinary course of its business, enters into transactions involving the purchase or sale of securities as principal from, or to, directors, officers and employees and accounts in which they have an interest. These purchases and sales of securities on a principal basis are effected on substantially the same terms as similar transactions with unaffiliated third parties.

The Company has from time to time established private investment funds to permit certain officers to participate in its merchant banking, venture capital and other similar activities by investing alongside the funds that it raises and manages for non-employee investors. Trusts benefiting family members of these officers have also invested in these funds. One employee alongside fund is not subject to a management carried interest. In addition, certain of our directors and executive officers from time to time may invest their personal moneys in funds managed by subsidiaries of the Company on substantially the same terms and conditions as other similarly situated investors in these funds who are neither directors nor officers.

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None of the directors, executive officers or affiliated entities received distributions of profits earned on investments made by, and other income from, any fund from which total distributions, including return of capital invested by such directors and officers, exceeded \$120,000 in fiscal 2008.

In 1998, as a retention vehicle, the Company extended non-recourse loan commitments to approximately 84 employees for investments in the Raymond James Employee Investment Fund I, L.P., including the following executive officers: Richard G. Averitt, Jeffrey P. Julien, Richard K. Riess, Van C. Sayler, Jeffrey E. Trocin and Dennis W. Zank. Committed loan amounts to these individuals have now been fully funded and ranged from \$38,400 to \$153,600 plus interest per person, with outstanding balances ranging from \$7,076 to \$28,304 at September 30, 2008.

Similarly in 2001, the Company extended non-recourse loan commitments to approximately 75 employees for investments in Raymond James Employee Investment Fund II, L.P.; including Richard G. Averitt, Tim Eitel, Chet B. Helck, Thomas A. James, Jeffrey P. Julien, Paul L. Matecki, Van C. Sayler, Jeffrey E. Trocin, and Dennis W. Zank. Committed loan amounts to these individuals have now been fully funded and ranged from \$66,667 to \$333,335 plus interest per person, with outstanding balances of \$19,671 to \$98,355 at September 30, 2008.

All of the foregoing loan commitments were entered into prior to the passage of the Act in 2002. Under the Act, the Company is permitted to complete the funding of those commitments.

Thomas A. James permits the Company to display over 1,500 pieces from his nationally known art collection throughout the Raymond James home office complex, without charge to the Company. The art collection is a marketing attraction for businesses and other organizations, and the Company provides regular tours for clients and local schools, business groups and nonprofit organizations. In return, the Company bears the cost of insurance and the salaries of two staff persons who serve as curators for the collection and conduct business tours. The total cost to the Company for these items during fiscal 2008 was approximately \$94,500.

In fiscal 2008, one subsidiary of the Company paid approximately \$4,200 in recruiting/placement fees to Korn Ferry International, of which Paul C. Reilly, a director of the Company, is Chairman. See Information Regarding Board and Committee Structure above with respect to considerations of Mr. Reilly's independence.

Courtland James, a son of Thomas A. James, is the Company's Director of Human Resources. He was paid compensation for fiscal 2008 of \$278,751. Huntington James, a son of Thomas A. James, is employed in a non-executive position by the Company. He was paid compensation for fiscal 2008 of \$224,908. Donald Blair, the son-in-law of Francis S. Godbold, is an investment banker with RJA. He was paid compensation for fiscal 2008 of \$798,265, a portion of which was paid in restricted stock.

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EQUITY COMPENSATION PLAN INFORMATION

The following table includes stock options and restricted stock that can be issued pursuant to the Company's stock-based compensation plans. The table below does not include equity compensation plans that meet the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended, namely the Profit Sharing Plan and Employee Stock Ownership Plan as of September 30, 2008.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights (1)	(c) Number of securities remaining available for future issuance under equity compensation plans. (Excludes securities reflected in column (a))
Equity compensation plans approved by shareholders (2)	3,866,619	\$ 24.77	12,074,825 (3)
Equity compensation plans not approved by shareholders (4)	1,853,018	\$ 22.72	1,194,115
Total	5,719,637	\$ 24.10	13,268,940

(1)

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The weighted-average exercise price does not take into account the shares issued under the Company's restricted stock and employee stock purchase plans, which have no exercise price.

- (2) The Company has six plans that were approved by shareholders: the 1992 and 2002 Incentive Stock Option Plans, the 2003 Employee Stock Purchase Plan, the 2005 Restricted Stock Plan, as amended, the 2007 Stock Bonus Plan and the 2007 Stock Option Plan for Independent Contractors.
- (3) Includes 2,596,289 shares remaining available for issuance under the 2007 Stock Bonus Plan, 931,504 shares remaining available for issuance under the 2005 Restricted Stock Plan, as amended, and 763,209 shares remaining available for issuance under the 2003 Employee Stock Purchase Plan as of September 30, 2008. Subsequent to September 30, 2008, the Board of Directors has approved amendments to the 2005 Restricted Stock Plan and the 2003 Employee Stock Purchase Plan to increase the number of shares available for future issuance under these plans (see Proposals 3 and 4 below for more information).
- (4) The Company has two non-qualified option plans that were not required to be approved by shareholders under which it will continue to grant awards.

The material features of the Company's equity compensation plans which have not been approved by shareholders are, as required by the SEC rules, described below. These descriptions do not purport to be complete and are qualified in their entirety by reference to the plan documents which are included as exhibits to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2008.

Under one of the Company's non-qualified stock option plans, the Company may grant options to the Company's outside directors. Options vest over a three-year period from grant date provided that the director is still serving on the Board of the Company. Under the Company's second non-qualified stock option plan, the Company may grant options to key management personnel. Option terms are specified in individual agreements and expire on a date no later than the tenth anniversary of the grant date. Under all plans, the exercise price of each option equals the market price of the Company's stock on the date of grant.

The Company's 1990 Stock Option Plan for Independent Contractors was not approved by shareholders. Options remain outstanding under the 1990 plan. Options are exercisable five years after grant date provided that the Independent Contractor Financial Advisor is still associated with the Company. The 1990 plan was succeeded

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by the 2007 Stock Option Plan for Independent Contractors which was approved by the shareholders in February 2007.

Two of the Company's restricted stock plans were not approved by shareholders. Shares have not been issued under the 1999 Restricted Stock Plan since it was succeeded by the 2005 Restricted Stock Plan upon the shareholders' approval of that plan in February 2005.

No additional shares will be issued under the Company's 1999 Stock Bonus Plan. That plan was succeeded by the 2007 Stock Bonus Plan which was approved by the shareholders in February 2007. Like the 1999 Stock Bonus Plan, restricted shares are issued under the 2007 Stock Bonus Plan to most officers and certain other employees at a 10% discount in lieu of cash for 10% to 20% of annual bonus amounts in excess of \$250,000. Operating Committee members do not receive that 10% discount.

The shares are generally restricted for a three year period, during which time the shares are forfeitable in the event of voluntary termination. The compensation cost is recognized over the three year vesting period based on the market value of the shares on the date of grant.

PROPOSAL 2: TO RATIFY THE APPOINTMENT BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2009, and the Board of Directors has directed that management submit the appointment of the independent registered public accounting firm for ratification by the shareholders at the Annual Meeting. KPMG LLP has served as the Company's independent registered public accounting firm since 2001. Representatives of KPMG LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement at the Annual Meeting and will be available to respond to appropriate questions.

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Neither the Company's By-Laws nor other governing documents or law require shareholder ratification of appointment of KPMG LLP as the Company's independent registered public accounting firm. However, the Audit Committee of the Board of Directors recommended, and the Board of Directors is, submitting the appointment of KPMG LLP to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain that firm. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time if it determines that such a change would be in the best interests of the Company and its shareholders.

Ratification of the appointment of KPMG LLP will require that the votes cast favoring the appointment exceed the votes cast opposing it.

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FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The following table shows information about fees paid by Raymond James Financial, Inc. to KPMG LLP related to the fiscal years indicated. All fees were approved by the Audit Committee (see discussion in the Report of the Audit Committee of the Board of Directors).

	2008	2007
Audit fees	\$1,937,992	\$1,973,916
Audit-related fees		
Tax fees ^(a)	137,457	109,050
All other fees	8,500	

- (a) Tax fees include fees related to the preparation of Canadian tax returns, consultation on various tax matters and support during income tax audit or inquiries.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

PROPOSAL 3: TO APPROVE AN AMENDMENT TO THE 2005 RESTRICTED STOCK PLAN

Background

Under the 2005 Raymond James Financial, Inc. Restricted Stock Plan, as amended (the **2005 Restricted Stock Plan**), the Company is authorized to issue up to (i) 4,250,000 restricted shares of common stock and restricted stock units (**RSUs**) in total and (ii) 1,350,000 restricted shares and RSUs in any fiscal year (subject to adjustments for stock splits and the like) to employees and independent contractor registered representatives. That 4,250,000 share/unit number represents the 1,500,000 shares initially authorized when the plan was adopted in February 2005, adjusted to reflect the impact of the Company's March 2006 three-for-two stock split, and increased by 2,000,000 shares by an amendment to the plan adopted in February 2007. The common stock to be delivered under the 2005 Restricted Stock Plan will be authorized and unissued shares or previously issued shares reacquired by the Company, or both.

At December 24, 2008, approximately 4,176,655 restricted shares and RSUs had been awarded under the 2005 Restricted Stock Plan. Awards are made in connection with the initial employment or association of individuals and, pursuant to retention strategies, to individuals who are determined by management to be responsible for a significant contribution to the growth and/or profitability of the Company.

The Board of Directors has determined that the growth of the Company and the need to continue to attract and retain valuable employees and independent contractor registered representatives warrants the increase in the number of shares available in total by 6,175,000 and in any fiscal year by 650,000. During the last two fiscal years, the opportunity to recruit new financial advisors and other professionals exceeded the estimates made by the Company in determining the size of the share increase requested in the 2007 proxy statement and the associated annual limit. That situation was further exacerbated by the decline in the Company's stock price which resulted in more shares being issued with respect to dollar denominated inducements offered to recruits. As a result, the CGN&C Committee increased the annual limit to 1,200,000 in August

2007 and to 1,350,000 in May 2008. The Company reached the later annual limit by the end of the 2008 fiscal year. Accordingly, the Board of Directors has proposed that shareholders approve an amendment to the 2005 Restricted Stock Plan, which will increase the number of shares available under the plan in total by 6,175,000 to 10,425,000 and in any fiscal year by 650,000 to 2,000,000 (before adjustments for stock splits, stock dividends, etc.).

Summary of the 2005 Restricted Stock Plan

The 2005 Restricted Stock Plan was approved by the shareholders at the February 2005 annual meeting. It was amended by the CGN&C Committee in February 2006 to provide for the issuance of RSUs. The 2005 Restricted Stock Plan was amended again by the CGN&C Committee in May 2006 to clarify that certain adjustments to the number of shares covered by the 2005 Restricted Stock Plan would occur automatically in the future upon certain triggering events and as described in the prior paragraph.

Awards of restricted stock and RSUs under the 2005 Restricted Stock Plan are determined by the CGN&C Committee based upon recommendations from management, except that awards in connection with initial employment or association may be granted by senior officers if within specified limits. Because it is generally within the discretion of the CGN&C Committee to determine which participants receive awards and the number of shares of restricted stock received, it is not possible at the present time to determine the amount of awards or the number of individuals to whom awards will be made under the 2005 Restricted Stock Plan. However, the executive officers of the Company named in the table under the caption of Summary Compensation Table herein are among the employees who would be eligible to receive awards under the 2005 Restricted Stock Plan.

The shares of restricted stock are valued at the market price of the Company's common stock on the date of the award. RSUs are valued at the average price of the shares of common stock purchased in the open market with respect to the future settlement of RSUs awarded on a given date. The restrictions regarding disposition of shares and RSUs are governed by the terms of the award and may vary for each participant; generally, however, shares and RSUs awarded under the 2005 Restricted Stock Plan will not vest until three years after the date of the award, except in the event of death or disability whereupon the restrictions would lapse. Upon retirement of a participant, a portion of the award may vest based upon the years of service of the participant and satisfying the applicable restrictions on post retirement competition. For purposes of the 2005 Restricted Stock Plan, unless otherwise defined in the grant of the specific award to the participant, retirement is defined as a participant's separation of service from the Company or any subsidiary after attainment of age 65. Voluntary termination of employment (other than by way of retirement) or termination of employment for cause by the Company or any subsidiary results in forfeiture of shares for which the restricted period has not expired. Restricted shares so forfeited become available for future awards under the 2005 Restricted Stock Plan.

The 2005 Restricted Stock Plan is designed to comply with Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, and, to the extent applicable, with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended.

Awards under the 2005 Restricted Stock Plan are generally subject to no special provisions upon the occurrence of a change in control transaction with respect to the Company and it is not anticipated that there would be any automatic acceleration of vesting upon the occurrence of a change in control transaction.

The CGN&C Committee may, at any time and from time to time, amend or terminate some or all of the provisions of the 2005 Restricted Stock Plan. However, any such termination or amendment shall be subject to the approval of the Board of Directors and/or shareholders of the Company where required by federal or state law or by applicable NYSE rules. In any event, neither an amendment to nor termination of the 2005 Restricted Stock Plan shall adversely affect any right of any recipient with respect to any restricted stock previously granted, without the written consent of the recipient.

A copy of the 2005 Restricted Stock Plan as proposed to be amended is annexed as Appendix A to this proxy statement.

The benefits that will be awarded under the 2005 Restricted Stock Plan in the future are not determinable at this time, a total of 893,316 shares and 261,518 RSUs were granted under the 2005 Restricted Stock Plan during

fiscal 2008, of which 15,000 restricted shares and 16,186 RSUs were granted to certain executive officers of the Company who were not one of the Named Executive Officers. The dollar value of the restricted shares and RSUs granted to those executive officers was \$452,250 and \$479,430, respectively, on the grant date.

Required Vote

Approval of the amendment to the 2005 Restricted Stock Plan will require that the votes cast favoring approval of the amendment to the 2005 Restricted Stock Plan exceed the votes cast opposing it.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

PROPOSAL 4: TO APPROVE AN AMENDMENT TO THE 2003 EMPLOYEE STOCK PURCHASE PLAN

Background

In fiscal year 2003, the Board of Directors and the shareholders of the Company approved and adopted the Raymond James Financial, Inc. 2003 Employee Stock Purchase Plan (the **2003 ESPP**). The 2003 ESPP originally authorized the issuance of up to 1,500,000 shares of the Company's common stock. The original authorized share number has subsequently been adjusted to reflect the Company's March 2004 and March 2006 three-for-two stock splits, such that as of November 24, 2008, 763,209 shares of common stock remained available for issuance pursuant to the 2003 ESPP. The Board of Directors does not believe that such number is sufficient to allow for contemplated share issuances in the coming year and certainly not for years thereafter. The common stock delivered under the 2003 ESPP consists of authorized and unissued shares or previously issued shares reacquired by the Company, or both.

The Board of Directors continues to believe that the 2003 ESPP is important to the Company's success, that it will continue to provide an incentive to employees to remain in their capacities with the Company and/or its subsidiaries, and that it will encourage them to promote the best interests of the Company by continuing to afford them the opportunity to acquire or enlarge their respective stock ownership in the Company. The Board of Directors has determined that these factors warrant the increase in the number of shares available under the 2003 ESPP by an additional 4,000,000 shares.

Accordingly, the Board of Directors, on November 25, 2008, approved an amendment to the 2003 ESPP increasing the number of shares available under the plan by an additional 4,000,000 shares, such that the aggregate number of shares available for grant as of that date pursuant to the 2003 ESPP was increased to 4,763,209 shares. Additionally, the Board of Directors has proposed and recommended that such amendment be approved by the shareholders of the Company. The Company's shareholders are being asked to approve the proposed amendment to the 2003 ESPP so that participating employees may receive the special tax treatment provided by the Internal Revenue Code of 1986, as amended.

The following description of the 2003 ESPP, as proposed to be amended by this proposal, is a summary, does not purport to be complete, and is qualified in its entirety by the full text of the 2003 ESPP, as proposed to be amended. A copy of the 2003 ESPP, as proposed to be amended, is attached hereto as Appendix B and has been filed with the SEC with this Proxy Statement.

Summary of the 2003 Employee Stock Purchase Plan

The 2003 ESPP was approved by the shareholders at the February 2003 annual meeting and has a term of ten years, ending February 12, 2013. The purpose of the plan is to incentivize employee participants to purchase shares of common stock of the Company by allowing them to purchase such shares at a significant discount. It

is believed that such ownership will provide mutual benefit to the employees and the Company. The plan is administered by the CGN&C Committee of the Board of Directors, which acts as the Employee Stock Purchase Plan Committee contemplated by the plan. The Employee Stock Purchase Plan Committee has full power to interpret the plan, and its decisions are final and binding upon all participants.

All full time employees of the Company and its subsidiaries are eligible to participate in the plan, provided that they are employed on the first date of a given quarterly period under the plan. However, no employee will be eligible to participate in the plan if, immediately after the grant of

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an option to purchase stock under the plan, that employee would own 5% or more of the voting power or the value of all classes of stock of the Company. As of December 2, 2008, there were approximately 6,000 employees of the Company and its participating subsidiaries who were eligible to participate in the plan. Participants may contribute amounts to the plan to be used to purchase shares of common stock pursuant to the plan through regular, after-tax payroll deductions or through timely lump sum payments to the Company.

In the event of any stock dividend, stock splits, stock constrictions or any other material change in the capital structure of the Company by way of reclassification, reorganization or recapitalization, the aggregate number of shares of common stock which may be issued under the plan and the number of shares of common stock that may be purchased under any option then or thereafter in effect and the purchase price to be paid therefor shall be appropriately and equitably adjusted.

The Board of Directors may at any time terminate or amend the plan, provided that no such amendment or termination shall affect options previously granted in a way that will adversely affect participants. In the event that an amendment by the Board of Directors allows for the sale of more shares than previously allowed to be sold under the plan or changes the employees eligible to participate in the plan, then shareholder approval of such amendment will be required within twelve months of such amendment.

On the first day of each December, March, June, and September (each an **option grant date**), pursuant to the plan, participants are granted an option to purchase shares of the Company's common stock at a purchase price per share equal to 85% of the fair market value of a share measured on the option grant date (or if such date is not a trading day, the fair market value measured on the next preceding trading day). During the three months ending on each option grant date, participants are able through payroll deductions or lump sum contributions to contribute after-tax amounts to the plan, which amounts are to be used to purchase shares. On the next business day following each option grant date, the options are exercised using all of the amounts previously contributed by each participant (subject to purchase limitations described below). To the extent not exercised, all such options expire on the exercise date. The number of shares that can be purchased in any calendar year by any individual is limited to the lesser of: (1) 1,000 shares; (2) shares with an aggregate fair market value of \$25,000; or (3) shares with an aggregate fair market value of 20% of the individual's annual compensation. Shares purchased through the plan must, by agreement and the terms of the plan, be held by the employee for one year, after which time the employee is free to dispose of the stock.

On December 24, 2008, the last reported sale price of the common stock of the Company in NYSE composite trading was \$17.34 per share.

New Plan Benefits

Since benefits and amounts to be received under the plan, as amended, depend on employees' elections to participate and the fair market value of the common stock of the Company at various future dates, it is not possible to determine future benefits or amounts that will be received by executive officers and other employees, either individually or collectively, if the amendment to the plan is approved by the shareholders. Non-employee directors are not eligible to participate in the plan.

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Federal Income Tax Consequences

The plan is intended to qualify under Section 423 of the Internal Revenue Code of 1986, as amended. Accordingly, with such qualification, no income will be recognized by the employee at the time shares are purchased under the plan. However, upon disposition of purchased shares prior to expiration of the two year period beginning on the option grant date, the excess (if any) of the fair market value of the shares measured on the date of share purchase over the employee's purchase price will be taxable to the employee as compensation. Any increase or decrease in fair market value from the date of purchase to the date of disposition will generate a capital gain or loss to the employee.

The Company will derive no tax deduction from the sale of shares under the plan as long as such shares are held by the employee for a period of two years from the option grant date. If shares are disposed of by the employee prior to the expiration of such period, the Company will ordinarily be entitled to a tax deduction, as compensation expense, equal to the excess (if any) of the fair market value of the shares at the date of their purchase over the employee's purchase price. Such deduction would be available to the Company in the period of disposition by the employee.

The foregoing discussion of tax consequences is intended to be only a summary and is based solely on federal income tax laws in effect as of the date hereof applicable to plans qualified under Section 423 of the Internal Revenue Code of 1986, as amended. The summary is not intended to be exhaustive and does not describe foreign, state or local tax consequences.

Required Vote

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Approval of the amendment to the 2003 ESPP will require that the votes cast favoring approval of the amendment to the 2003 ESPP exceed the votes cast opposing it.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

SHAREHOLDER PROPOSALS AND OTHER MATTERS

Proposals which shareholders intend to present at the 2010 Annual Meeting of Shareholders must be received by the Company's Secretary no later than September 7, 2009 to be eligible for inclusion in the proxy material for that meeting or otherwise submitted at the meeting.

Management knows of no matter to be brought before the meeting which is not referred to in the Notice of Meeting. If any other matters properly come before the meeting, it is intended that the shares represented by proxy will be voted with respect thereto in accordance with the judgment of the persons voting them.

By Order of the Board of Directors,

/s/ Paul L. Matecki, Secretary
January 5, 2009

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APPENDIX A

COMPOSITE VERSION OF 2005 RAYMOND JAMES FINANCIAL, INC. RESTRICTED STOCK PLAN

(Initially effective February 17, 2005 and amended on February 16, 2006, May 24, 2006, November 27, 2006 (the November 27, 2006 amendments were approved by shareholders on February 15, 2007), August 22, 2007 and May 21, 2008 and including proposed amendments indicated by **bold typeface**)

SECTION 1 PURPOSE OF THE PLAN

The name of this plan is THE 2005 RAYMOND JAMES FINANCIAL, INC. RESTRICTED STOCK PLAN (the Plan). The purpose of the Plan is to enable RAYMOND JAMES FINANCIAL, INC. (the Company) and its Subsidiaries to attract, retain and motivate employees and independent contractors associated with the Company, to compensate them for their contributions or anticipated contributions to the growth and profits of the Company and to encourage ownership of stock in the Company on the part of such personnel. The Plan provides incentives to employees and independent contractors associated with the Company or to be associated with the Company, which are linked directly to increases in stockholder value and will therefore inure to the benefit of all stockholders of the Company.

SECTION 2 DEFINITIONS

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) Board means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, Board shall refer to such Committee, except where the context otherwise requires or the terms hereof provide for authority to be exercised or decisions made by the Board in direct relation to the Committee.

(b) Cause means termination by the Company or a Subsidiary of a Participant's employment or association with the Company upon (i) the willful and continued failure by such Participant to substantially perform his duties with the Company or a Subsidiary (other than any such failure resulting from incapacity due to physical or mental illness), or (ii) the willful engaging by a Participant in conduct which is demonstrably and materially injurious to the Company or a Subsidiary, monetarily or otherwise. For purposes of this Subsection, no act, or failure to act, on a Participant's part shall be deemed willful unless done, or omitted to be done, by such Participant not in good faith and without reasonable belief

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that his action or omission was in the best interest of the Company or a Subsidiary.

(c) Code means the Internal Revenue Code of 1986, as amended from time to time.

(d) Committee means the Corporate Governance, Nominating and Compensation Committee of the Board, appointed by the Board from among its members and shall consist of not less than three members thereof who are and shall remain Committee members only so long as they remain disinterested persons as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the 1934 Act).

(e) Disability means permanent and total disability as determined under the Company's long-term disability plan.

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(f) Eligible Person means an employee or a potential employee of the Company or any Subsidiary as well as independent contractors associated with or to be associated with the Company or its Subsidiaries as described in Section 3.

(g) Participant means an Eligible Person selected or ratified for selection by the Committee or a senior executive officer of the Company, pursuant to the Committee's authority or the officer's authority, as the case may be, in Section 6, to receive an Award of Restricted Stock or of an Award of a Restricted Stock Unit.

(h) Restricted Period means the period during which the restrictions on the Restricted Stock or the Restricted Stock Unit are in effect.

(i) Restricted Stock means an award of shares of Stock that is subject to the restrictions set forth in Section 5.

(j) Restricted Stock Unit means an award of the right to receive Stock or cash or a combination thereof upon settlement that is subject to the restrictions set forth in Section 5A.

(k) Retirement means, unless otherwise defined in the documented grant of the specific award to the Participant, a Participant's separation of service from the Company or any Subsidiary after attainment of age 65.

(l) Section 16(a) Person means any officer or director of the Company or any Subsidiary who is subject to the reporting requirements of Section 16(a) of the 1934 Act.

(m) Stock means the common stock of the Company, \$.01 par value.

(n) Subsidiary means any corporation (other than the Company) 50% or more of the total combined voting power of all classes of stock of which is owned, directly or indirectly, by the Company.

SECTION 3 ELIGIBILITY AND PARTICIPATION

Employees of the Company and its Subsidiaries and/or persons being recruited for employment, as well as independent contractors associated with and/or being recruited for association with the Company or its Subsidiaries, who are or will be responsible for or contribute to the management, growth and/or profitability of the Company or its Subsidiaries shall be eligible to participate in the Plan. The Participants under the Plan shall be selected from time to time by the Committee, in its sole discretion, from among Eligible Persons.

SECTION 4 AMOUNT AND FORM OF AWARDS

(a) The Committee, in its sole discretion, shall determine and grant the awards of Restricted Stock and Restricted Stock Units to be granted under the Plan, provided, however, that awards under this Plan may be determined and granted by senior executive officers of the Company, based on recommendations of various departments or Subsidiaries of the Company, in connection with the initial association of an individual who upon association will qualify as an Eligible Person. A Participant will receive such awards in Restricted Stock or Restricted Stock Units, as designated in the grant.

(b) The maximum number of shares of Stock which may be issued under the Plan as Restricted Stock or which may be covered by Restricted Stock Units, when aggregated, shall be (1) **10,425,000** in total and (2) **2,000,000** in any fiscal year, subject to adjustment as provided in Section 7, and, with respect to any Restricted Stock, such shares may be authorized but unissued shares, or previously issued shares reacquired by the Company, or both. In the event Restricted Stock or a Restricted Stock Unit is forfeited prior to the end of the Restricted Period, the

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shares of Stock so forfeited or the number of shares to which the forfeited Restricted Stock Unit relates, shall immediately become available for future awards.

SECTION 5 RESTRICTED STOCK

(a) The number of shares of Restricted Stock awarded to a Participant under the Plan will be determined in accordance with Section 4(a). For purposes of this Plan, the fair market value of Stock for an award will be the Stock's closing price on the New York Stock Exchange or the last sale price on any other national securities exchange registered under the Securities and Exchange Act of 1934, as amended, upon which the Stock is then listed on such date, or if the Stock was not traded on such date, on the next preceding day on which sales of shares of the Stock were reported, all as determined by the Committee.

(b) A book entry (i.e., a computerized or manual entry) shall be made in the records of the Company to evidence an award of shares of Restricted Stock to a Participant. All shares of Restricted Stock shall be held in an individual account for each Participant until the Restricted Period (as defined in Section 5(c)) has expired. Such Company records shall, absent manifest error, be binding on the Participants.

(c) The shares of Restricted Stock awarded pursuant to this Section 5 shall be subject to the restrictions and conditions set forth in the underlying contracts with the Participants and/or as set forth in the documented grant of any award pursuant to this Plan to the Participants.

(d) Unless the Committee in its sole discretion shall determine otherwise at or prior to the time of the grant of any award, the Participant shall have the right to direct the vote of his shares of Restricted Stock during the Restricted Period. The Participant shall have the right to receive any regular dividends on such shares of Restricted Stock. The Committee shall in its sole discretion determine the Participant's rights with respect to extraordinary dividends on the shares of Restricted Stock.

(e) Shares of Restricted Stock shall be delivered to the Participant in accordance with Section 9(a) promptly after, and only after, the Restricted Period shall expire (or such earlier time as the restrictions may lapse in accordance with Section 5(c)) without forfeiture in respect of such shares of Restricted Stock.

(f) Subject to the provisions of Section 5(c), the following provisions shall apply to a Participant's shares of Restricted Stock prior to the end of the Restricted Period (including extensions):

(i) Upon the death or Disability of a Participant, the restrictions on his or her Restricted Stock shall immediately lapse. Upon the death of a Participant, such Participant's Restricted Stock shall transfer to the Participant's beneficiary as such beneficiary is designated on a form provided by the Company, or if no beneficiary is so designated, by will or the laws of descent and distribution.

(ii) Upon the Retirement of a Participant, and after satisfaction of a non-compete provision as set forth below, any unvested Restricted Stock shall vest on a pro-rated basis (with the pro-ratio being determined by comparing completed years of service since the date of initial award to the vesting schedule or by such other pro-ratio method as may otherwise be set forth in the underlying contract with the Participant or in the documented grant of the specific award to the Participant). For purposes of this subparagraph (f)(ii), a Participant shall be deemed to have not satisfied the non-compete provision if the Participant, within one year after the date of retirement:

(1) discloses the list of the Company's or a Subsidiary's customers or any part thereof to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever; or

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- (2) discloses to any person, firm, corporation, association, or other entity any information regarding the Company's or a Subsidiary's general business practices or procedures, methods of sale, list of products, personnel information and any other valuable confidential business or professional information unique to the Company's or a Subsidiary's business; or
- (3) owns more than five percent (5%) of, manages, operates, controls, is employed by, acts as an agent for, participates in or is connected in any manner with the ownership, management, operation or control of any business which is engaged in businesses which are competitive to the business of the Company or a Subsidiary; and are located within a radius of 100 miles of any location where participant was employed or which was under the supervision, management or control of the participant; or
- (4) solicits or calls either for himself/herself or any other person or firm, any of the customers of the Company or a Subsidiary on whom the Participant called, with whom the Participant became acquainted, or of whom the Participant learned of during his employment; or
- (5) solicits any of the employees or agents of the Company or a Subsidiary to terminate their employment or relationship with the Company or a Subsidiary.

(iii) It is the intention of the Company and its Subsidiaries that this paragraph (f) be given the broadest protection allowed by law with regard to the restrictions herein contained. Each restriction set forth in this paragraph (f) shall be construed as a condition separate and apart from any other restriction or condition. To the extent that any restriction contained in this paragraph (f) is determined by any court of competent jurisdiction to be unenforceable by reason of it being extended for too great a period of time, or as encompassing too large a geographic area, or over too great a range of activity, or any combination of these elements, then such restriction shall be interpreted to extend only over the maximum period of time, geographic area, and range of activities which said court deems reasonable and enforceable.

(iv) If a Participant voluntarily terminates employment, or if a Participant is involuntarily terminated for Cause, such Participant shall forfeit his or her Restricted Stock for which the Restricted Period has not expired on the date that the Participant voluntarily terminates employment or is involuntarily terminated for Cause.

SECTION 5A RESTRICTED STOCK UNITS

(a) The number of Restricted Stock Units awarded to a Participant under the Plan will be determined in accordance with Section 4(a). For purposes of this Plan, the fair market value of Stock for an award will be the Stock's closing price on the New York Stock Exchange or the last sale price on any other national securities exchange registered under the Securities and Exchange Act of 1934, as amended, upon which the Stock is then listed on such date, or if the Stock was not traded on such date, on the next preceding day on which sales of shares of the Stock were reported, all as determined by the Committee. In the event the Committee provides for alternative methods for grants of awards, the Committee, in its sole discretion, may provide for alternative methods of determining the fair market value of Stock for such awards, and may also provide for alternative forfeiture provisions, so long as the alternative methods or provisions do not (i) materially increase the benefits, (ii) materially increase the number of Restricted Stock Units issued or (iii) materially modify the eligibility requirements applicable to Section 16(a) Persons.

(b) A book entry (i.e., a computerized or manual entry) shall be made in the records of the Company to evidence an award of Restricted Stock Units to a Participant, but no book entry shall be made in the stock records

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of the Company at the time of an award of a Restricted Stock Unit. All Restricted Stock Units shall be recorded in an individual account for each Participant until the Restricted Period (as defined in Section 5A(c)) has expired. Such Company records shall, absent manifest error, be binding on the Participants.

(c) The Restricted Stock Units awarded pursuant to this Section 5A shall be subject to the restrictions and conditions set forth in the underlying contracts with the Participants and/or as set forth in the documented grant of any award pursuant to this Plan to the Participants.

(d) With respect to a Restricted Stock Unit, no certificate for shares of stock shall be issued at the time the grant is made (nor shall any book entry be made in the stock records of the Company) and the Participant shall have no right to or interest in shares of stock of the Company as a

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result of the grant of Restricted Stock Units.

(e) Dividend equivalents may be credited in respect of Restricted Stock Units, as the Committee deems appropriate. Such dividend equivalents may be paid in cash or converted into additional Restricted Stock Units by dividing (1) the aggregate amount or value of the dividends paid with respect to that number of shares of Stock equal to the number of Restricted Stock Units then credited by (2) the fair market value per share of Stock on the payment date for such dividend. The additional Restricted Stock Units credited by reason of such dividend equivalents will be subject to all of the terms and conditions of the underlying Restricted Stock Award to which they relate.

(f) Any shares of Stock that may be issued in satisfaction of a Restricted Stock Unit delivered under the Plan shall be delivered to the Participant in accordance with Section 9(a) promptly after, and only after, the Restricted Period shall expire (or such earlier time as the restrictions may lapse in accordance with Section 5A(g)) without forfeiture in respect of such Restricted Stock Unit.

(g) Subject to the provisions of Section 5A(c), the following provisions shall apply to a Participant's Restricted Stock Unit prior to the end of the Restricted Period (including extensions):

(i) Upon the death or Disability of a Participant, the restrictions on his or her Restricted Stock Unit shall immediately lapse. Upon the death of a Participant, such Participant's Restricted Stock Unit shall transfer to the Participant's beneficiary as such beneficiary is designated on a form provided by the Company, or if no beneficiary is so designated, by will or the laws of descent and distribution.

(ii) Upon the Retirement of a Participant, and after satisfaction of a non-compete provision as set forth below, any unvested Restricted Stock Unit shall vest on a pro-rated basis (with the pro-ration being determined by comparing completed years of service since the date of initial award to the vesting schedule or by such other pro-ration method as may otherwise be set forth in the underlying contract with the Participant or in the documented grant of the specific award to the Participant). For purposes of this subparagraph (g)(ii), a Participant shall be deemed to have not satisfied the non-compete provision if the Participant, within one year after the date of retirement:

- (1) discloses the list of the Company's or a Subsidiary's customers or any part thereof to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever; or
- (2) discloses to any person, firm, corporation, association, or other entity any information regarding the Company's or a Subsidiary's general business practices or procedures, methods of sale, list of products, personnel information and any other valuable confidential business or professional information unique to the Company's or a Subsidiary's business; or
- (3) owns more than five percent (5%) of, manages, operates, controls, is employed by, acts as an agent for, participates in or is connected in any manner with the ownership, management,

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operation or control of any business which is engaged in businesses which are competitive to the business of the Company or a Subsidiary; and are located within a radius of 100 miles of any location where participant was employed or which was under the supervision, management or control of the participant; or

- (4) solicits or calls either for himself/herself or any other person or firm, any of the customers of the Company or a Subsidiary on whom the Participant called, with whom the Participant became acquainted, or of whom the Participant learned of during his employment; or
- (5) solicits any of the employees or agents of the Company or a Subsidiary to terminate their employment or relationship with the Company or a Subsidiary.

(iii) It is the intention of the Company and its Subsidiaries that this paragraph (g) be given the broadest protection allowed by law with regard to the restrictions herein contained. Each restriction set forth in this paragraph (g) shall be construed as a condition separate and apart from any other restriction or condition. To the extent that any restriction contained in this paragraph (g) is determined by any court of competent jurisdiction to be unenforceable by reason of it being extended for too great a period of time, or as encompassing too large a geographic area, or over too great a range of activity, or any combination of these elements, then such restriction shall be interpreted to extend only over the maximum period of time, geographic area, and range of activities which said court deems reasonable and enforceable.

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(iv) If a Participant voluntarily terminates employment, or if a Participant is involuntarily terminated for Cause, such Participant shall forfeit his or her Restricted Stock Unit for which the Restricted Period has not expired on the date that the Participant voluntarily terminates employment or is involuntarily terminated for Cause.

(h) The Committee shall have the power and authority, directly or indirectly, to establish or to cause to be established a trust for purpose of purchasing Stock on the open market, holding such Stock and using such Stock to satisfy the Company's obligations under grants of Restricted Stock Units. If the trust is established to satisfy the Company's obligations with respect to grants of Restricted Stock Units to Participants resident in Canada, such trust may be structured to qualify as an employee benefit plan within the meaning assigned by the *Income Tax Act* (Canada).

SECTION 6 ADMINISTRATION

The Plan shall be administered by the Committee.

The Committee (and senior executive officers in the case of initial association grants) shall have the power and authority to grant Restricted Stock and Restricted Stock Units to Participants, pursuant to the terms of the Plan.

In particular, the Committee (and senior executive officers in the case of initial association grants) shall have the authority:

- (i) to select or ratify the selection of Eligible Persons;
- (ii) to determine whether and to what extent Restricted Stock or a Restricted Stock Unit is to be granted to Participants hereunder or ratify the grant thereof;
- (iii) to determine the number of shares of Stock to be covered by such award granted hereunder or ratify the grant thereof;

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(iv) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, the Restricted Period and the other conditions of full vesting of the Restricted Stock or the Restricted Stock Units) or to ratify the grant thereof; and

(v) to determine or ratify the determination of the terms and conditions, not inconsistent with the terms of the Plan, which shall govern all documentation evidencing the Restricted Stock or the Restricted Stock Unit.

In the event of an initial association grant of Restricted Stock or Restricted Stock Units effectuated by action of a senior executive officer, the terms and conditions of such grant shall be reported to the Committee at the Committee's next meeting for informational purposes only, it being understood that such report shall not in any way be a condition to the effectiveness of the grant.

The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any award issued under the Plan; and to otherwise supervise the administration of the Plan. All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company, its Subsidiaries and the Participants.

The Committee may delegate the administrative details and management of the Plan to members of the Company's management and staff. No such delegation shall affect the Committee's right to make final decisions with respect to any matter arising under the Plan.

SECTION 7 ADJUSTMENTS UPON A CHANGE IN COMMON STOCK

In the event of any change in the outstanding Stock of the Company by reason of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination or exchange of shares or other similar event that may equitably require an adjustment in the number or kind of shares that may be issued under the Plan pursuant to Section 4(b) or covered by an award under the Plan, then in such event (i) appropriate adjustment shall automatically be made in the maximum number and kind of shares remaining available for issuance under the Plan, and (ii) appropriate adjustment shall automatically be made in the number or kind of shares covered by an award under the Plan. The Committee

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may take any additional action it deems necessary, in accordance with its sole discretion, to further confirm such adjustments and any automatic adjustments and any such additional action shall be conclusive and binding for all purposes of the Plan.

SECTION 8 AMENDMENT AND TERMINATION

The Plan may be amended from time to time or terminated at any time and from time to time by the Committee, subject to shareholder approval where required by federal or state law. Neither an amendment to the Plan nor the termination of the Plan shall adversely affect any right of any Participant with respect to any Restricted Stock or Restricted Stock Unit theretofore granted without such Participant's written consent.

SECTION 9 GENERAL PROVISIONS

(a) All shares of Restricted Stock and any shares of Stock that may be issued in satisfaction of a Restricted Stock Unit delivered under the Plan after the Restricted Period has expired shall be distributed in accordance with the instructions of each Participant. Such shares of Stock shall be subject to such stop transfer orders and other

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restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law.

(b) Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of the Plan shall not confer upon any employee of the Company or any Subsidiary nor any independent contractors associated with the Company or its Subsidiaries any right to continued employment or association with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or a Subsidiary to terminate the employment of any of its employees or terminate the association of any independent contractors associated with the Company or its Subsidiaries at any time.

(c) No member of the Board or the Committee, nor any officer or employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

(d) During the Restricted Period, a Participant's rights and interest under the Plan may not be sold, assigned or transferred in whole or in part either directly or by operation of law or otherwise (except in the event of a Participant's death) including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner and no such right or interest of any Participant in the Plan shall be subject to any obligation or liability of such Participant.

(e) The Company and its Subsidiaries shall have the right to deduct from any payment made under the Plan any federal, state, provincial or local income or other taxes required by law to be withheld with respect to such payment. It shall be a condition to the obligation of the Company to issue shares of Stock upon the lapse of restrictions on Restricted Stock and a condition to the issuance of any shares of Stock to satisfy a Restricted Stock Unit upon the lapse of restrictions on the Restricted Stock Unit that the Participant (i) pay to the Company, upon its demand, such amount as may be requested by the Company for the purpose of satisfying any liability to withhold federal, state, provincial or local income or other taxes and (ii) provide the Company with a copy of the election, if required, under Section 83 of the Code, or any amendment thereto (the Section 83 Election) as filed with the Internal Revenue Service. If the amount requested is not paid and the copy of the Section 83 Election, if required, is not provided, the Company may refuse to issue shares of Stock until such time as the Participant so complies. Unless the Committee shall in its sole discretion determine otherwise, payment for taxes required to be withheld may be made in whole or in part by an election by a Participant, in accordance with rules adopted by the Committee from time to time, to have the Company withhold shares of Stock otherwise issuable pursuant to the Plan having a fair market value equal to such tax liability, to be determined in such reasonable manner as may be provided for from time to time by the Committee or as may be required in order to comply with or to conform to the requirements of any applicable or relevant laws or regulations.

(f) The Plan is intended to comply with all applicable conditions of Rule 16b-3 of the 1934 Act or any successor statute, rule or regulation. All transactions involving any Section 16(a) Person shall be subject to the conditions set forth in Rule 16b-3, regardless of whether such conditions are expressly set forth in the Plan. Any provision of the Plan that is contrary to Rule 16b-3 shall not apply to Section 16(a) Persons.

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(g) This Plan is intended in all respects to comply with the provisions of Section 409A of the Code and the Company shall interpret and administer the Plan in a manner consistent with Section 409A. In accordance with Prop. Reg. § 1.409A-3(h)(2)(vi) (or any subsequent corresponding provision of law), should there be a final

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determination that this Plan fails to meet the requirements of Section 409A and the regulations thereunder with respect to any Participant, the Company may distribute to the Participant an amount not to exceed the amount required to be included in income as a result of the failure to comply with the requirements of Section 409A and the regulations.

SECTION 10 EFFECTIVE DATE OF PLAN

The Plan, as amended to increase the number of shares, shall be effective as of the date of approval of the Plan by the shareholders of the Company or such other date as the shareholders of the Company so determine.

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APPENDIX B

COMPOSITE VERSION OF RAYMOND JAMES FINANCIAL, INC. 2003 EMPLOYEE STOCK PURCHASE PLAN

(Initially effective February 12, 2003 and including proposed amendments, as approved by the Board on November 25, 2008, indicated by **bold typeface**)

I Purpose

The purpose of this Plan is to enable the employees of Raymond James Financial, Inc. and its consolidated subsidiaries to acquire its Common Stock at an advantageous price with either their own funds or savings accumulated through payroll deductions. The Board of Directors of the Company believes the employee participation in the ownership of the Company will be to the mutual benefit of the employees and the Company. The Board of Directors of the Company, recognizing the benefits derived to its employees pursuant to the Company's 1998 Employee Stock Purchase Plan (the "1998 Plan"), believes it will be beneficial and in the best interests of the Company and its employees to establish a new and similar plan to supplement the 1998 Plan. It is the intention of the Company to have the Plan qualify as an Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code of 1986 (hereinafter called the "Code"). The provisions of the Plan shall, accordingly, be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

II Definitions

- a. Account Balance means the total of funds accumulated through payroll deductions (including amounts carried over from a prior Accumulation Period), funds remitted to the Plan by personal check (including amounts carried over from a prior Accumulation Period), and amounts specified as a charge to an existing brokerage account.
- b. Accumulation Period means the period beginning with each Exercise Date and ending upon the immediately succeeding Option Date.
- c. Board of Directors means the Board of Directors of the Company.

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- d. Business Day means any day that the exchange upon which the stock is then traded is open for business.
- e. Committee means the Employee Stock Purchase Plan Committee as appointed by the Board of Directors of the Company.
- f. Company means Raymond James Financial, Inc., a Florida corporation, and any successor which adopts the Plan.
- g. Compensation means, except as provided in Article IV, the total amounts paid to an Employee during an Accumulation Period by the Employer that may be considered remuneration for employment for purposes of the Federal Insurance Contributions Act (Social Security) within the meaning of Section 3121(a) of the Code without regard to the exclusion of remuneration in excess of the Social Security contribution and benefit base pursuant to Section 3121(a)(1) of the Code.
- h. Effective Date means the date on which this Plan is approved by the shareholders of the Company.

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- i. Employee means any person who is regularly and actively employed by the employer on the first Business Day of any Accumulation Period, provided, however, that the term Employee does not include any person whose customary employment is 20 hours or less per week or whose customary employment is for not more than five months in any calendar year or who, immediately after an option is granted under the Plan, owns stock of the Company possessing 5% or more of the total combined voting power of all classes of stock of the Company as determined in accordance with Section 423(b)(3) of the Code. Any period during which a person is or was on leave of absence from the Employer for the purpose of serving an active duty with the Armed Forces of the United States shall be considered a period during which such person is or was regularly and actively employed by the Employer for the purpose of applying the foregoing definition of an Employee.
- j. Employer means the Company and those subsidiaries of the Company set forth on Schedule A annexed hereto.
- k. Exercise Date means the first Business Day immediately following an Option Date.
- l. Fair Market Value means the mean between the highest and lowest selling prices at which shares of the Common Stock were traded or, if the Common Stock was not traded on a specified date, upon the basis of the mean of such prices on the date nearest preceding that date.
- m. Option Date means the first Business Day of March, June, September or December of any year as of which the Board of Directors grants options under the Plan.
- n. Option Price means an amount equal to 85% of the Fair Market Value per share of the Stock on the Option Date.
- o. Plan means this 2003 Employee Stock Purchase Plan of Raymond James Financial, Inc. as set forth herein.
- p. Stock or Common Stock means the \$0.01 par value Common Stock of the Company.

III Nature of the Option

Each option granted shall be exercisable only on its Exercise Date and only if the person to whom granted is then employed by the Employer. No Employee shall be granted an option which permits his rights to purchase Stock under the plan to accrue at a rate which exceeds \$25,000.00 of fair market value of Stock (determined at the time such option is granted) for any calendar year. No option shall be transferable and no option shall be exercisable by anyone other than the Employee to whom granted. Subject to the overall limitations contained herein with respect to the total number of shares to be made subject to option under the Plan, the Board of Directors shall determine the maximum number of shares of Stock, if any, to be made subject to option on each Option Date.

The Board of Directors shall fix said maximum number at the lesser of (1) the maximum number of shares of Stock purchasable at the Option Price with all Employees' Account Balances or (2) a specified number of shares of Stock. Each Employee shall then be granted on the Option Date an option to purchase at the Option Price that percentage of the total number of shares of Stock with respect to which options are granted

on the Option Date which is equal to the percentage which his Account Balance represents of the total Account Balances of all Employees to whom options are granted on the Option Date.

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IV Payroll Deductions

The Board of Directors shall specify the maximum percentage (which shall never exceed 20%) of his compensation which an Employee may accumulate during the Accumulation Period for the purpose of applying such accumulated funds for the purchase of Stock under the Plan. For purposes of applying the 20% limitation, the Employee's compensation shall include the amount by which the Employee has electively reduced his compensation to purchase benefits on a pretax basis pursuant to a Company-sponsored plan under Section 235 of the Code or any other similar plan established by the Company or pursuant to a Company-sponsored plan under Section 401(k) of the Code. The Employer will deduct from the compensation otherwise payable to the Employee during the Option Period the percentage or fixed dollar amount which the Employee shall have specified in writing to the Employer prior to the commencement of the Accumulation Period, and the Employer will accumulate such amounts and credit them to the Employee's account. Except as provided in Article V, only amounts accumulated through such payroll deductions may be used for the purchase of Stock under the option granted. Amounts accumulated through payroll deductions shall be deposited into the employee's Raymond James brokerage account. An employee may not increase or reduce the rate of payroll deductions, if any, specified by him for a given Accumulation Period once such Accumulation Period has begun, but may, upon 10 days notice in writing, discontinue his payroll deductions for the Accumulation Period then in effect. Any such discontinuance shall be permanent for such Accumulation Period.

The authorization which the Employee must complete, sign and deliver to the Employer in order to enter the Plan shall include the following:

1. A specification of the percentage rate or fixed dollar amount to be deducted from his compensation during the Accumulation Period.
2. A direction that the maximum possible number of shares of Stock be purchased on the Exercise Date except to the extent the Employee shall have notified the Employer in writing to the contrary prior to the Exercise Date.
3. A specification of the exact name or names (which must include the Employee's name and may include the name of another person as joint owner) in which Stock purchased is to be registered.
4. An agreement that the Employee will not dispose of any Stock acquired under the Plan within one year after the Exercise Date. This agreement may be waived by the Committee if a sale of said Stock within one year from the Exercise Date is necessary to enable the Employee to meet immediate and heavy financial needs if such financial hardship cannot be met by other reasonably available resources of the Employee. Such a waiver shall be valid only if and when the Employee makes written application to the Committee and if the Employee receives written approval from the Committee. If an Employee who has acquired stock under the Plan dies within one year after the Exercise Date and his estate or beneficiary(ies) applies for a waiver of this agreement for any reason, such a waiver shall be approved by the Committee.
5. An agreement that the Employee will inform the Company of any disposition of any Stock acquired under the Plan within two years from the Option Date pertaining to such shares so that the Company will be able to monitor compliance with the provisions of the Plan and federal securities laws governing disposition of Stock.
6. An acknowledgement from the Employee that the Company will follow its normal margin policies in connection with any Stock acquired under the Plan and that any such Stock may be coded as a margin position.

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V Lump Sum Purchase Opportunity

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As an alternative to the payroll deduction method of accumulating funds for the purchase of Stock as described in Article IV, Employees may elect to purchase Stock by presenting a personal check to the individual designated by the Committee as the Stock Purchase Plan Coordinator (the Coordinator) no later than the twenty-fifth (25th) day of the final month of an Accumulation Period. Alternatively, Employees may elect to purchase such shares of stock by informing the Coordinator, no later than the twenty-fifth (25th) day of the final month of an Accumulation Period of the account number of the Employee's brokerage account to be charged. In order to be eligible to utilize a lump sum purchase opportunity, the Employee must have been employed by the Company as of the first Business Day of the applicable Accumulation Period. The Option Price for Stock purchased through the lump sum purchase opportunity shall be the same as Stock purchased under the payroll deduction method described in Article IV, and shall be subject to all of the requirements and limitations set forth in Article IV including a limitation of 20% of compensation during the Accumulation Period. Options shall be exercised under the terms of Article VI on behalf of all participating employees who elect the lump sum purchase opportunity in a timely manner.

VI

Exercise of Options

Unless prior to the Exercise Date the Employee shall have notified the Coordinator in writing that he does not intend to exercise some or all of the options which may be or have been granted to him under the Plan, on the Exercise Date the Employer shall automatically exercise on the Employee's behalf an option to purchase the maximum amount of shares of Stock purchasable at the Option Price with the Employee's Account Balance (or if the Employee shall have specified some lesser amount as aforesaid not in excess of such lesser amount); provided, that if the total number of shares of Stock purchasable on behalf of all Employees with the total aggregate Account Balances available to purchase shares of Stock exceeds the aggregate maximum number of shares of Stock which the Board of Directors shall have specified to be purchasable on the Exercise Date, the option of each Employee will be exercised to purchase only that percentage of the total aggregate number of Shares of Stock available for purchase which is equal to the percentage that the Employee's Account Balance available to purchase shares of Stock represents of the total aggregate Account Balances of all Employees available to purchase shares of Stock.

Anything (except the second paragraph of Article VIII to the contrary) otherwise contained in the Plan notwithstanding, no Employee shall be permitted to purchase in excess of 1,000 shares of Stock in any calendar year. Only full shares of Stock may be purchased, and no fractional shares will be issued. All shares of Stock purchased pursuant to this Plan must be paid for in full on or before the Exercise Date. As soon as practicable after the Exercise Date, the Employer will report to each Employee the number of shares of Stock purchased by him and the cost of such shares, and the cash balance, if any, to be carried over into the next Accumulation Period. Alternatively, if the Employee informs the Coordinator by no later than the Exercise Date that he would like refunded to him any amount which would be subject to carryover, then such instruction shall be followed and a refund will be made. If the Employee informs the Coordinator by no later than the Exercise Date that he does not intend to exercise any options granted to him on the Option Date immediately preceding such Exercise Date:

1. Funds accumulated through payroll deductions shall remain in the Employee's RJA brokerage account. Such funds shall not be carried forward for the purpose of purchasing shares of Stock under the Plan in a subsequent Accumulation Period unless specifically requested in writing by the Employee.
2. Any funds remitted by personal check shall be refunded, without interest, unless the Employee elects in writing to carry the balance forward to the subsequent Accumulation Period.
3. Any brokerage account instructions submitted by the Employee shall be disregarded.

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VII

Termination of Rights

At any time prior to the Exercise Date, an Employee may upon written notice to the Coordinator withdraw all, but not less than all, of the balance accumulated in his account through payroll deductions. Such withdrawal shall terminate the Employee's right to participate in the Plan during the Accumulation Period during which notice of the withdrawal is made.

VIII

Stock to be Issued

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The shares of Stock purchased by Employees under the Plan may, at the election of the Company, be either treasury stock or originally issued stock. **As of November 25, 2008, the maximum number of shares of Stock that shall be available for purchase by Employees under the Plan shall be 4,000,000 shares plus 763,209 shares, which is the number of shares previously authorized but not purchased under the Plan, resulting in an aggregate amount of 4,763,209 shares remaining available for purchase, subject to adjustment for changes in capitalization of the Company as described in the following paragraph.**

In the event that prior to the transfer of all of the shares of Stock which may be issued in accordance with this Plan, there shall be any increases or reductions in the number of shares of Stock of the Company outstanding by reason of any one or more stock dividends, stock splits, stock constrictions or any other material change in the capital structure of the Company by way of reclassification, reorganization or recapitalization, the aggregate number of shares of Stock which may be issued under this Plan and the number of shares of Stock which may be purchased under each option then or thereafter in effect and the purchase price to be paid therefore shall be proportionately and equitably adjusted. No such adjustment shall, however, entitle any Employee to purchase a fractional share of Stock hereunder, and rights to purchase shares of Stock shall always be limited after each such adjustment to the lower full share.

No one shall, by any reason of this Plan or of any option granted or of the exercise of rights under any such option, have any interest in shares of Stock of the Company nor any rights of, or status as, a stockholder of the Company unless and until appropriate book entries representing such shares are issued. The Company shall be under no obligation to issue shares of Stock unless and until such shares of Stock shall have been paid for in full and all of the applicable provisions of this plan and of the option granted shall have been complied with.

If, for any reason, the Company does not have available on any Exercise Date sufficient shares of Stock to satisfy the options then otherwise exercisable, the Company shall make a pro rata allocation of the shares of Stock available based upon the respective balances available to purchase shares of Stock in each Employee's account and the excess balance in each Employee's account shall be returned to him in cash with his pro rata shares of the available stock.

IX

Employee Stock Purchase Plan Administration

The Board of Directors shall appoint an Employee Stock Purchase Plan Committee, composed of such persons as the Board of Directors shall from time to time determine to administer the Plan subject to the control and direction of the Board of Directors. Subject to the action and control of the Board of Directors: (1) the Committee shall have the power from time to time to establish suitable rules and procedures for administering the Plan and (2) all decisions of the Committee pertaining to the interpretation, construction or application of the Plan or any option granted or the rules promulgated by the Committee shall be final and conclusive. Neither any member of the Committee nor of the Board of Directors shall be liable for any decision made or action taken in good faith. The Committee shall

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from time to time designate an individual who shall serve as the Employee Stock Purchase Plan Coordinator to assist in the ongoing administration of the Plan.

Notwithstanding any provision of the Plan to the contrary, the Committee and the Stock Purchase Plan Coordinator may use telephonic media, electronic media or other technology, including the Company's website and the internet, in administering the Plan to the extent not prohibited by applicable law, regulation or other pronouncement.

X

Amendment or Termination of the Plan

The Board of Directors may, at any time, terminate or amend the Plan. No termination shall, however, affect options previously granted, and no amendment may make any change in any option theretofore granted which would adversely affect the rights of any employee. Approval of the stockholders of the Company within 12 months before or after the date on which the Directors amend the Plan shall be necessary if the amendment would:

1. Require sale of more shares of Stock than are authorized under Article VIII of the Plan; or
2. Affect the Employees eligible to participate under the Plan.

XI
Approvals

The Plan will terminate ten (10) years from the Effective Date, unless extended by action of the stockholders of the Company. The Plan will be construed under Florida law.

XII
Non-Guarantee of Employment

Nothing in this Plan shall be construed as giving an Employee, whether or not a participant in this Plan, the right to be retained in the service of the Company or any subsidiary; and each Employee shall remain subject to discharge, with or without cause, to the same extent as if this Plan had not been executed. This Plan is hereby adopted by the Company to be effective on the date specified herein.

XIII
Canadian Addendum

The Plan shall be available to employees of the Company's Canadian subsidiary, Raymond James Ltd. (the Canadian Company), with the following modifications applicable to the interpretation and administration of the Plan with regard to the Canadian Company:

- a. Article II Definitions. The definitions of Compensation, Employee, and Employer in Article II of the Plan are deleted and replaced, respectively, as follows:

Compensation means, except as provided in Article IV, the gross base salary, gross compensation and gross annual cash bonus awards paid to an Employee during an Accumulation Period by the Employer.

Employee means any regular, full-time, active employee of the Canadian Company, any regular, part-time active employee of the Canadian Company or any employee who has contracted for employment with the Canadian Company over a finite term of six months of service or more. Notwithstanding the foregoing, however, the term Employee shall not include any person whose customary employment is 30 hours or less per week, any person who has contracted for employment with the Canadian Company over a finite term but who has less than six months

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of service with the Canadian Company or any person who, immediately after an option is granted under the Plan, owns stock of the Company possessing 5% or more of the combined total voting power of all classes of stock of the Company as determined in accordance with Section 423(b)(3) of the Code. Any period during which a person is or was on a parental leave of absence from the Employer shall be considered a period during which such person is or was regularly and actively employed by the Employer for the purpose of applying the foregoing definition of an employee.

Employer means the Canadian Company and its consolidated subsidiaries.

- b. IV Payroll Deductions. In the fifth sentence of Article IV of the Plan, the phrase Raymond James brokerage account is deleted and replaced with the words Canadian Company brokerage account. In paragraphs 5 and 6 of Article IV the word Company is deleted and replaced with the words Canadian Company. The following additional paragraph is added to Article IV:

7. An acknowledgement that the Employee has not been induced to purchase Stock under the Plan by expectation of employment or continued employment.

- c. VI Exercise of Options. In paragraph 1 of Article VI the phrase RJA brokerage account is deleted and replaced with the phrase Canadian Company brokerage account.

Schedule A
Company Subsidiaries Subject to Plan

Raymond James & Associates, Inc.
 Raymond James Financial Services, Inc.
 Eagle Asset Management, Inc.
 Planning Corporation of America
 Heritage Asset Management, Inc. (n/k/a Eagle Fund Services, Inc.)
 Raymond James Trust, National Association
 Raymond James Bank, FSB
 Raymond James International Holdings, Inc.
 Raymond James Capital, Inc.
 Raymond James Limited
 Awad Asset Management, Inc. (n/k/a Eagle Boston Investment Management, Inc.)
 Ballast Point Ventures, LLC
 Raymond James Capital Services, Inc.
 Raymond James Tax Credit Funds, Inc.

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	FOR ALL	WITHHOLD FOR ALL	*EXCEPTIONS
1. TO ELECT 10 DIRECTORS: To hold office until the next annual meeting. (Shareholders may vote for or withhold their vote from all nominees as a group, or vote for or withhold their vote from the individual nominees.)	O	O	O

Nominees:

01 Shelley Broader	05 Thomas A. James	09 Hardwick Simmons
02 Francis S. Godbold	06 Paul C. Reilly	10 Susan N. Story
03 H. William Habermeyer, Jr.	07 Robert P. Saltzman	
04 Chet Helck	08 Kenneth A. Shields	

(INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the Exceptions box above and write that nominee's name in the space provided below.)

*Exceptions

Please mark
your votes as
indicated in
this example

X

FOR AGAINST ABSTAIN

2. To ratify the appointment by the Audit Committee of the Board of Directors of KPMG LLP as the Company's independent registered public accounting firm.

☐ ☐ ☐

FOR AGAINST ABSTAIN

3. To approve an amendment to the 2005 Restricted Stock Plan.

☐ ☐ ☐

FOR AGAINST ABSTAIN

4. To approve an amendment to the 2003 Employee Stock Purchase Plan.

☐ ☐ ☐

This Proxy is authorized to vote in accordance with his judgment upon such other business as may properly come before the meeting.

Mark Here for Address
Change or Comments
SEE REVERSE

☐

Signature _____ Signature _____ Date _____

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

FOLD AND DETACH HERE

**WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING,
BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.**

Internet and telephone voting is available through 11:59 PM Eastern Time
the day prior to the annual meeting date.

Raymond James Financial, Inc.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of shareholders

The Proxy Statement and the 2008 Annual Report to Shareholders are available at:

http://www.raymondjames.com/about/shareholders_meeting.htm

INTERNET

<http://www.proxyvoting.com/rjf>

Use the Internet to vote your proxy. Have your proxy card in hand when you access the web site.

OR

TELEPHONE

1-866-540-5760

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.

To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

PROXY
RAYMOND JAMES FINANCIAL, INC.
880 CARILLON PARKWAY, ST. PETERSBURG, FL 33716
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby revokes any proxy previously granted and appoints Thomas A. James and Chet Helck, or either of them as Proxy, each with the power to appoint his substitute, and hereby authorizes either to represent and to vote as designated herein, all the shares of Common Stock of Raymond James Financial, Inc. held of record by the undersigned on December 24, 2008 at the annual meeting of shareholders to be held on February 19, 2009, or any adjournment thereof. This proxy when executed, will be voted in the manner directed herein by the undersigned shareholder. **Any executed but unmarked proxies will be voted in favor of proposals 1, 2, 3 and 4.**

Address Change/Comments
(Mark the corresponding box on the
reverse side)

BNY MELLON SHAREOWNER SERVICES
P.O. BOX 3550
SOUTH HACKENSACK, NJ 07606-9250

(Continued and to be marked, dated and signed, on the other side)

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