

STIFEL FINANCIAL CORP  
Form DEF 14A  
April 08, 2005

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

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SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities  
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Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 240.14a-12

STIFEL FINANCIAL CORP.

(Name of Registrant as Specified in Its Charter)

(Name of Person Filing Proxy Statement if other than the Registrant)

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No fee required.

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Stifel Financial Corp.

One Financial Plaza  
501 North Broadway  
St. Louis, Missouri 63102-2102

April 8, 2005

Dear Stockholder:

We cordially invite you to attend Stifel Financial Corp.'s annual stockholders' meeting. The meeting will be held on Wednesday, May 11<sup>th</sup>, 2005, at 11 a.m. on the 2<sup>nd</sup> Floor, One Financial Plaza, 501 North Broadway, St Louis, Missouri. One Financial Plaza is located on the southwest corner of Washington and Broadway in downtown St. Louis.

At the meeting, stockholders will vote on a number of important matters. Please take the time to carefully read each of the proposals described in the attached proxy statement.

Thank you for your support of Stifel.

Sincerely,

/s/ Ronald J. Kruszewski

Ronald J. Kruszewski

Chairman of the Board  
and Chief Executive Officer

This proxy statement and the accompanying proxy card are being mailed to Stifel stockholders beginning about April 8, 2005.



STIFEL FINANCIAL CORP.

ONE FINANCIAL PLAZA  
501 NORTH BROADWAY  
ST. LOUIS, MISSOURI 63102-2102  
(314) 342-2000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 11, 2005

Dear Stockholder:

The annual meeting of stockholders of Stifel Financial Corp. will be held on the 2nd Floor, One Financial Plaza, 501 North Broadway, St. Louis, Missouri, on Wednesday, May 11<sup>th</sup>, 2005, at 11:00 a.m., for the following purposes:

- I. To elect four Class I directors to hold office for a term of three years or until their successors shall have been duly elected and qualified;
- J. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2005; and
- K. To consider and act upon such other business as may properly come before the meeting and any adjournment thereof.

Our board of directors has fixed the close of business on March 16, 2005 as the record date for the determination of stockholders entitled to receive notice of and to vote at the annual meeting and any adjournment thereof. A stockholder list dated as of the record date will be available for inspection by any stockholder at our offices in St. Louis, Missouri for ten days prior to the annual meeting.

We cordially invite you to attend the annual meeting. Even if you plan to be present at the meeting in person, you are requested to date, sign and return the enclosed proxy card in the envelope provided so that your shares will be represented. The mailing of an executed proxy card will not affect your right to vote in person should you later decide to attend the annual meeting.

By Order of the Board of Directors.

/s/ Marcia J. Kellams, Secretary  
Marcia J. Kellams, Secretary  
April 8, 2005

St. Louis, Missouri

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ABOUT THE ANNUAL MEETING

WHO IS SOLICITING MY VOTE?

Our board of directors is soliciting your vote at the 2005 annual meeting of stockholders.

WHAT WILL I BE VOTING ON?

- Election of directors (see page 5).
- Ratification of Deloitte & Touche LLP as our independent registered public accounting firm for 2005 (see page 23).

HOW MANY VOTES DO I HAVE?

You will have one vote for every share of common stock you owned on the record date, March 16, 2005, for each of the directors to be elected and on each other proposal presented at the annual meeting. There is no cumulative voting in the election of directors.

HOW MANY VOTES CAN BE CAST BY ALL STOCKHOLDERS?

10,026,652, consisting of one vote for each of the shares of common stock that were outstanding on the record date.

HOW MANY VOTES MUST BE PRESENT TO HOLD THE MEETING?

5,013,327 votes, which represents a majority of the votes that can be cast at the annual meeting. We urge you to vote by proxy even if you plan to attend the annual meeting so that we will know as soon as possible that enough votes will be present for us to hold the meeting.

DOES ANY SINGLE STOCKHOLDER CONTROL AS MUCH AS 5 PERCENT OF ANY CLASS OF STIFEL'S COMMON STOCK?

There are five stockholders that beneficially own over 5 percent of our common stock (see page 5).

HOW DO I VOTE?

You can vote either by proxy with or without attending the annual meeting or in person at the annual meeting.

To vote by proxy, you must either:

- If your shares are registered in your name at UMB Bank, n.a. (our transfer agent), you must fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope.
- If you hold your stock through a securities broker (that is, in street name), you must either:
  - fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope,

- vote by telephone (instructions are on the proxy card), or
- vote by Internet (instructions are on the proxy card).

Our employees who participate in our employee benefit plans may vote on our Intranet or may have their proxy card mailed to them.

If you want to vote in person at the annual meeting, and you hold your stock through a securities broker (that is, in street name), you must obtain a proxy from your broker and bring that proxy to the meeting.



#### CAN I CHANGE MY VOTE?

Yes. Just send in a new proxy card with a later date, or cast a new vote by telephone, Internet or Intranet, or send a written notice of revocation to our corporate secretary at the address on the cover of this proxy statement. If you attend the annual meeting and want to vote in person, you can request that your previously submitted proxy not be used.

#### WHAT IS THE VOTE REQUIRED TO ELECT DIRECTORS OR TO APPROVE THE RATIFICATION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM?

- A plurality of votes cast is required to elect directors, therefore, the four nominees receiving the highest vote totals will be elected as directors.
- Ratification of Deloitte & Touche LLP as our independent registered public accounting firm for 2005 requires the affirmative vote of a majority of the votes cast on the proposal.

#### WHAT IF I DON'T VOTE FOR SOME OF THE MATTERS LISTED ON MY PROXY CARD?

If you return a proxy card without indicating your vote, your shares will be voted for all of the nominees listed on the card and in favor of the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2005.

#### ***WHAT IF I VOTE "WITHHOLD AUTHORITY" OR "ABSTAIN"?***

Shares voted to "withhold authority" in the election of directors will be deemed to be present at the meeting but not voted for a nominee. A vote to "abstain" on the proposal to ratify Deloitte & Touche LLP as our independent registered public accounting firm for 2005 will have no effect on the proposal.

#### CAN MY SHARES BE VOTED IF I DON'T RETURN MY PROXY CARD AND DON'T ATTEND THE ANNUAL MEETING?

If you don't vote your shares held in street name, your broker can, upon your authorization, vote your shares on any routine matter scheduled to come before the meeting.

The election of directors and the ratification of our independent registered public accounting firm are typically considered routine matters for voting purposes. If your broker does not have discretion to vote your shares held in street name on a particular proposal and you don't give your broker instructions on how to vote your shares, the votes will be broker "non-votes," and will not be voted. If you don't vote your shares held in your name, your shares will not be voted.

#### COULD OTHER MATTERS BE DECIDED AT THE ANNUAL MEETING?

We don't know of any other matters that will be considered at the annual meeting. If a stockholder proposal that was excluded from this proxy statement is brought before the meeting, we will vote the proxies against the proposal. If any other matters arise at the annual meeting, the proxies will be voted at the discretion of the proxy holders.

#### WHAT HAPPENS IF THE MEETING IS POSTPONED OR ADJOURNED?

Your proxy will still be good and may be voted at the postponed or adjourned meeting.

#### HOW CAN I ACCESS STIFEL'S PROXY MATERIALS AND ANNUAL REPORT ELECTRONICALLY?

This proxy statement and the 2004 annual report are available on our Internet site at [www.stifel.com](http://www.stifel.com). Most stockholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper

copies in the mail.

STIFEL FINANCIAL CORP.

ONE FINANCIAL PLAZA  
501 NORTH BROADWAY  
ST. LOUIS, MISSOURI 63102-2102  
(314) 342-2000

PROXY STATEMENT

For Annual Meeting of Stockholders to be  
Held on Wednesday, May 11, 2005

GENERAL

This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of Stifel Financial Corp. for use at the annual meeting of stockholders to be held on Wednesday, May 11, 2005, at 11:00 a.m., on the 2<sup>nd</sup> Floor, One Financial Plaza, 501 North Broadway, St. Louis, Missouri, and any adjournment thereof, for the purposes set forth in the accompanying notice of annual meeting of stockholders.

This proxy statement, the notice of annual meeting and the accompanying proxy card were first mailed to our stockholders on April 8, 2005.

All proxies will be voted in accordance with the instructions contained in the proxy. If no choice is specified, proxies will be voted in favor of the election of each of the nominees for director proposed by the board of directors in Proposal I, and in favor of the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2005 in Proposal II, each as recommended by the board of directors. A stockholder who executes a proxy may revoke it at any time before it is voted by delivering another proxy to us bearing a later date, by submitting written notice of such revocation to the corporate secretary or by personally appearing at the annual meeting and casting a vote in person. A majority of the outstanding shares of common stock present in person or by proxy will constitute a quorum at the annual meeting.

A plurality of the votes cast is required for the election of directors, which means that the four nominees for director receiving the highest vote totals will be elected as directors. As a result, a designation on the proxy that the stockholder is "withholding authority" to vote for any or all nominees does not have an effect on the results of the vote for the election of directors, although shares voted in this manner will be considered as present for quorum purposes. Each share will have one vote for the election of each director. There is no cumulative voting in the election of directors.

The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the votes cast on the proposal. Therefore, abstentions and broker "non-votes" will have no effect on the proposal. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Broker "non-votes" are counted for purposes of determining whether a quorum exists only if such shares are voted on a matter presented at the meeting.

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The close of business on March 16, 2005 has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting. On March 16, 2005, there were 10,026,652 shares of our common stock outstanding and entitled to vote.

## Ownership of Directors, Nominees and Executive Officers

The following table sets forth information regarding the amount of common stock beneficially owned, as of March 16, 2005, by each of our directors, each nominee for election as a director, the executive officers named in the Summary Compensation Table and all of our directors and executive officers as a group:

| <u>Name</u>   | <u>Number of<br/>Shares<br/>Beneficially<br/>Owned (1)(2)</u> | <u>Percent of<br/>Outstanding<br/>Common Stock (3)</u> | <u>Unvested<br/>Stock<br/>Units (4)</u> |
|---|---|--|---|
| Ronald J. Kruszewski  | 677,227   | 6.43   | 43,849                                  |
| Scott B. McCuaig  | 338,223   | 3.28   | 27,623                                  |
| James M. Zemlyak  | 326,660   | 3.18   | 26,022                                  |
| James M. Oates  | 77,987  | (5)  | --                                      |
| Walter F. Imhoff  | 58,832  | (5)  | --                                      |
| David D. Sliney   | 49,230  | (5)  | 14,179                                  |
| Charles A. Dill   | 40,269  | (5)  | --                                      |
| Bruce A. Beda   | 38,875  | (5)  | --                                      |
| Robert E. Lefton  | 31,394  | (5)  | --                                      |
| Richard F. Ford   | 14,989  | (5)  | --                                      |
| Robert J. Baer  | 13,379  | (5)  | --                                      |
| John P. Dubinsky  | 9,484   | (5)  | --                                      |
| Frederick O. Hanser   | 5,751   | (5)  | --                                      |
| Thomas Prince (6)   | 2,891   | (5)  | --                                      |
| David M. Minnick (7)  | --  | --   | 2,564                                   |
| Directors and Executive Officers<br>as a Group (15 persons) | 1,685,191   | 15.04%   | 114,237                                 |

(1) Except as otherwise indicated, each individual has sole voting and investment power over the shares listed beside his name.

(2) Includes the following shares that such persons and group have the right to acquire currently or within 60 days following March 16, 2005 upon the exercise of stock options: Mr. Kruszewski - 198,301; Mr. McCuaig - 128,536; Mr. Zemlyak - 114,669; Mr. Oates - 4,002; Mr. Imhoff - 10,667; Mr. Sliney - 29,268; Mr. Dill - 11,351; Mr. Beda - 13,223; Mr. Lefton - 8,342; Mr. Ford - 4,002; Mr. Baer - 1,867; Mr. Dubinsky - 1,601; Mr. Hanser - 1,601; and directors and executive officers as a group - 527,430. Also includes the following shares allocated to such persons and group under the Stifel Financial Corp. Stock Ownership Plan and Trust: Mr. Kruszewski - 397; Mr. McCuaig - 374; Mr. Zemlyak - 307; Mr. Imhoff - 181; Mr. Sliney - 540; and directors and executive officers as a group - 1,799. Also includes the following shares allocated to such persons and group underlying stock units vested currently or within 60 days following March 16, 2005: Mr. Kruszewski - 305,247; Mr. McCuaig - 141,674; Mr. Zemlyak - 130,670; Mr. Oates - 12,371; Mr. Sliney - 14,519; Mr. Dill - 11,997; Mr. Beda - 12,246; Mr. Lefton - 7,657; Mr. Ford - 1,883; Mr. Baer - 7,246; Mr. Dubinsky - 2,817; Mr. Hanser - 2,817; and directors and executive officers as a group - 651,144. Also includes the following shares allocated to such persons and group under the Stifel, Nicolaus & Company, Incorporated Profit Sharing 401(k) Plan: Mr. Zemlyak - 2,129; Mr. Imhoff - 10; and directors and officers as a group - 2,139.

(3) Based upon 10,026,652 shares of common stock issued and outstanding as of March 16, 2005 and, for each director or officer or the group, the number of shares subject to options or stock units which the director or officer or the group has the right to acquire currently or within 60 days following March 16, 2005.

(4) Includes shares underlying stock units that such persons or group hold but which are not convertible to our common stock within the 60-day period after March 16, 2005 and, therefore, under the rules of the Securities and Exchange Commission, are not deemed to be "beneficially owned" as of March 16, 2005. The stock units generally will be transferred into common stock at the end of a three- to five-year period after the date of grant contingent upon the holder's continued employment with us.

(5) Shares beneficially owned do not exceed 1 percent of the outstanding shares of our common stock.

(6) Mr. Prince's employment terminated and he ceased to be an executive officer on April 30, 2004.

(7) Mr. Minnick became an executive officer on October 24, 2004.

## Ownership of Certain Beneficial Owners

As of March 16, 2005, the following persons were the only persons known to us to be beneficial owners of more than 5 percent of our common stock:

| <u>Name and Address</u>  | <u>Number of Shares Beneficially Owned</u> | <u>Percent of Outstanding Common Stock</u> |
|--|--|--|
| The Western and Southern Life Insurance Co.<br>400 Broadway<br>Cincinnati, Ohio 45202                    | 1,359,749 (1)                              | 13.56%                                     |
| George H. Walker III<br>5270 Budapest Place<br>Dulles, Virginia 20189                                    | 720,544 (2)                                | 7.19                                       |
| Ronald J. Kruszewski<br>501 North Broadway<br>St. Louis, Missouri 63102                                  | 677,227 (3)                                | 6.43                                       |
| The Banc Funds Company, L.L.C.<br>208 South LaSalle Street<br>Chicago, Illinois 60604                    | 575,110 (4)                                | 5.74                                       |
| Stifel Financial Corp. Stock Ownership Plan and Trust<br>501 North Broadway<br>St. Louis, Missouri 63102 | 497,748 (5)                                | 4.96                                       |

(1) The information shown is based on a Schedule 13G, dated January 8, 1998, of Western and Southern Life Insurance Company. The number of shares beneficially owned has been adjusted to reflect the 5 percent stock dividends declared by us on each of January 20, 1998 and January 27, 1999, and a 4-for-3 stock split effective September 15, 2004. The information in the Schedule 13G indicates that Western and Southern has the sole power to vote and dispose of such shares.

(2) The information shown has been compiled from our internal records.

(3) See notes 1 and 2 to the Ownership of Directors, Nominees and Executive Officers table.

(4) The information shown is based on a Schedule 13G, dated February 14, 2005, of The Banc Funds Company, L.L.C. The information in the Schedule 13G indicates that Banc Fund V L.P. and Banc Fund VI L.P., investment entities related to The Banc Funds Company, L.L.C., have sole voting and dispositive power with respect to 274,644 and 300,466 shares, respectively.

(5) With respect to 313,377 allocated shares of our common stock of the Stifel Financial Corp. Stock Ownership Plan and Trust, each participant in the plan has the right to instruct the trustee of the plan with respect to the voting of the common stock in the participant's account. The trustee is authorized to vote any shares of common stock with respect to which the trustee has not received timely directions as to the voting thereof. As of March 16, 2005, we had 184,371 unallocated shares in the Stock Ownership Plan. These unallocated shares will be released for allocation to the participants based upon employer contributions to fund an internal loan between us and the Stock Ownership Plan. The trustee is authorized to vote these unallocated shares in the same proportion as the trustee votes those shares for which the trustee has received timely directions from the participants.

PROPOSAL I.

ELECTION OF DIRECTORS

In accordance with our by-laws, the board of directors has fixed the number of directors at twelve, divided into three classes, with the terms of office of each class ending in successive years. The board of directors has nominated Robert J. Baer, Bruce A. Beda, Frederick O. Hanser and Ronald J. Kruszewski for election as Class I directors to hold office until the 2008 annual meeting of stockholders or until their respective successors are elected and qualified or until their earlier death, resignation or removal.

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Shares represented by your proxy will be voted in accordance with your direction as to the election as directors of the persons listed below as nominees. In the absence of direction, the shares represented by your proxy will be voted FOR the election of each nominee. The four nominees receiving the highest number of votes cast at the meeting will be elected as our directors in Class I for the term of such class. In the event any person listed as a nominee becomes unavailable as a candidate for election, it is intended that the shares represented by your proxy will be voted for the remaining nominees and any substitute nominee recommended by the board of directors.

Certain information with respect to each of the nominees and each of the continuing directors is set forth below, including any positions they hold with us and our principal subsidiary, Stifel, Nicolaus & Company, Incorporated.

| <u>Name</u>  | <u>Age</u> | <u>Positions or Offices<br/>with us and Stifel Nicolaus</u>   | <u>Served as<br/>Director<br/>Continuously<br/>Since</u> |
|--|------------|---|--|
| <b>CLASS I-NOMINEES WITH TERMS ENDING IN 2008</b>    |            |   |  |
| Robert J. Baer                                       | 67         | Director of Stifel Financial Corp.  | 2002   |
| Bruce A. Beda  | 64         | Director of Stifel Financial Corp.  | 1997   |
| Frederick O. Hanser                                  | 62         | Director of Stifel Financial Corp.  | 2003   |
| Ronald J. Kruszewski                                 | 46         | Chairman, President and Chief Executive Officer of Stifel Financial Corp. and Chairman and Chief Executive Officer of Stifel Nicolaus   | 1997   |
| <b>CLASS II-DIRECTORS FOR TERMS ENDING IN 2006</b>   |            |   |  |
| Charles A. Dill                                      | 65         | Director of Stifel Financial Corp.  | 1995   |
| Richard F. Ford                                      | 68         | Director of Stifel Financial Corp.  | 1984   |
| Walter F. Imhoff                                     | 73         | Senior Vice President of Stifel Nicolaus  | 2000   |
| James M. Zemlyak                                     | 45         | Senior Vice President, Chief Financial Officer and Treasurer of Stifel Financial Corp. and Senior Vice President, Co-Chief Operating Officer and Chief Financial Officer of Stifel Nicolaus | 2004   |
| <b>CLASS III-DIRECTORS WITH TERMS ENDING IN 2007</b> |            |   |  |
| John P. Dubinsky                                     | 61         | Director of Stifel Financial Corp.  | 2003   |
| Robert E. Lefton                                     | 73         | Director of Stifel Financial Corp.  | 1992   |
| Scott B. McCuaig                                     | 55         | Senior Vice President of Stifel Financial Corp. and President and Co-Chief Operating Officer of Stifel Nicolaus   | 2001   |
| James M. Oates                                       | 58         | Director of Stifel Financial Corp.  | 1996   |

The following are brief summaries of the business experience during the past five years of each of the nominees for election as a director and our other directors whose terms of office as directors will continue after the annual meeting, including, where applicable, information as to the other directorships held by each of them.

Nominees

Robert J. Baer      Robert J. Baer

served as President and CEO of UniGroup, Inc., holding company of United Van Lines, LLC and Mayflower Transit, LLC, from 1987 to April 2002. Mr. Baer is currently a director of U.S. Bancorp, Kellwood Company, and Vanliner Insurance Company, Inc. Mr. Baer is currently the Chairman of the St. Louis Metropolitan Sewer District and previously served as Chairman of the St. Louis Police Board and the St. Louis Regional Complex Sports Authority.

Bruce A. Beda

Bruce A. Beda

has been Chief Executive Officer of Orion Partners, LLC, a private investment and consulting company, since 1996 and Chief Executive Officer of Kilbourn Capital Management, LLC, a financial asset manager, since 2001. Mr. Beda currently serves on the Board of Directors of Infonet Services Corporation.

Frederick O. Hanser

Frederick O. Hanser

has been the Vice Chairman and a director of the St. Louis Cardinals, LLC since 1996, and is President and a director of SLC Holdings, LLC, Manager and holding company for the St. Louis Cardinals, LLC. Prior to his role with the St. Louis Cardinals organization, Mr. Hanser practiced law for 30 years, first with the firm of Fordyce and Mayne and then with Armstrong, Teasdale LLP. Mr. Hanser concentrated his practice in banking, corporate and estate taxation, medical law, venture capital, and closely held businesses. Mr. Hanser is a 1963 graduate of Yale University, with a Bachelor of Arts degree. He received his juris doctor degree from Washington University in 1966. Mr. Hanser currently serves on the board for a number of St. Louis organizations, including Southwest Bank, the Backstoppers, St. Luke's Hospital, St. Louis Community Foundation, the Greater St. Louis Area Council Boy Scouts of America, St. Louis Cardinals Community Fund (Cardinals Care), the Regional Chamber and Growth Association of Greater St. Louis, the Regional Business Council and The Downtown St. Louis Partnership, Inc.

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Ronald J. Kruszewski

Ronald J. Kruszewski

has been Chairman of the board of directors of Stifel Financial Corp. and Stifel, Nicolaus & Company, Incorporated since April 2001 and has served as President and Chief Executive Officer of Stifel Financial Corp. and Stifel, Nicolaus & Company, Incorporated since September 1997. Prior thereto, Mr. Kruszewski served as Managing Director and Chief Financial Officer of Baird Financial Corporation and Managing Director of Robert W. Baird & Co. Incorporated from 1993 to September 1997. Mr. Kruszewski serves on the board of directors of Angelica Corporation and the advisory boards of SBI Incorporated and Southern Products Company. Mr. Kruszewski serves on the Securities Industry Association board of directors. Mr. Kruszewski serves on the Board of Trustees of Webster University and the St. Louis Science Center, the board of directors of the St. Louis Regional Chamber and Growth Association, and is Chairman of the Board of Downtown St. Louis Partnership, Inc. Mr. Kruszewski also is a member of the Saint Louis Chapter of the Young Presidents' Organization and The Regional Business Council in St. Louis.

We recommend a vote "**FOR**" the election of each of our nominees for director.

Continuing Directors

Charles A. Dill

Charles A. Dill

has been a venture capital and private equity investor since November 1995. In addition to several direct private equity investments, Mr. Dill has been a General Partner of Gateway Partners, L.P., a private venture capital fund, since 1995 and of Two Rivers Advisors, a private equity investment firm since January 2005. From 1991 to 1995, Mr. Dill was the President, Chief Executive Officer and a director of Bridge Information Systems, Inc., a company providing online information and trading services. Mr. Dill is also a director of two public companies: Zoltek Companies, Inc. and TransAct Technologies Incorporated.

Richard F. Ford

Richard F. Ford

is General Partner of Gateway Associates L.P. a venture capital management firm he formed in 1984. Mr. Ford is also a director of CompuCom Systems, Inc., Barry-Wehmiller Company, D&K Healthcare Resources, Inc., Spartan Light Metal Products, Inc. and TALX Corporation.

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Walter F. Imhoff

Walter F. Imhoff

has served as Senior Vice President of Stifel Nicolaus since January 12, 2000. Mr. Imhoff started his investment banking career in 1955. In 1960 Mr. Imhoff, with two partners, formed Hanifen Imhoff, Inc., a Colorado-based broker-dealer which operated continuously until 2000 when the firm was merged with Stifel, Nicolaus & Company, Incorporated. Mr. Imhoff served as Hanifen Imhoff, Inc.'s Chairman, President, and Chief Executive Officer from 1979 until its merger in 2000. Mr. Imhoff is a past member of the Board of Public Securities Association and the Securities Industry Association. Mr. Imhoff also served a term on the Regional Firms Advisory Board of the New York Stock Exchange and for years was the NYSE Board Member of the firm. Mr. Imhoff is a member of the board of directors of the Regis University Governing Board of Trustees and was elected a lifetime trustee. Mr. Imhoff is active in many charitable and civic organizations throughout Colorado.

James M. Zemlyak

James M. Zemlyak

joined Stifel Nicolaus in February 1999. Mr. Zemlyak has been Senior Vice President, Chief Financial Officer and Treasurer of Stifel Financial Corp. since February 1999 and a director of Stifel Financial Corp. since 2004. Mr. Zemlyak has been Senior Vice President, Chief Financial Officer, and a member of the board of directors of Stifel Nicolaus since February 1999 and Co-Chief Operating Officer of Stifel Nicolaus since August 2002. Prior thereto, Mr. Zemlyak served as Managing Director and Chief Financial Officer of Baird Financial Corporation from 1997 to 1999 and Senior Vice President and Chief Financial Officer of Robert W. Baird & Co., Incorporated from 1994 to 1999.

John P. Dubinsky

John P. Dubinsky

has been President and Chief Executive Officer of Westmoreland Associates, LLC, a financial consulting company, since 1999; President and Chief Executive Officer of CORTEX (Center of Research, Technology and Entrepreneurial Expertise) since 2003; President Emeritus of Firststar Bank from 1999 until 2001; Chairman, President and Chief Executive Officer of Mercantile Bank from 1997 until its merger with U.S. Bank National Association (formerly, Firststar Bank, N.A.) in 1999; previously President and CEO of Mark Twain Bancshares, Inc.; Vice-Chairman: BJC HealthCare; Trustee: Barnes-Jewish Hospital and Washington University. Mr. Dubinsky is currently on the board of directors of Insituform Technologies, Inc.



Robert E. Lefton, Ph.D.

Robert E. Lefton, Ph.D.

has been President and Chief Executive Officer of Psychological Associates, Inc., an international training and consulting firm, since 1958.

Scott B. McCuaig

Scott B. McCuaig

has been Senior Vice President of Stifel Financial Corp. and a director of Stifel Nicolaus since January 1998 and President and Co-Chief Operating Officer of Stifel Nicolaus since August 2002. Prior thereto, Mr. McCuaig served as Managing Director, head of marketing and regional sales manager of Robert W. Baird & Co. Incorporated from June 1988 to January 1998.

James M. Oates

James M. Oates

has been Chairman of Hudson Castle Group, Inc. (formerly IBEX Capital Markets, Inc.), a financial services company, since 1997 and Managing Director of The Wydown Group, a financial consulting firm, since 1994. Mr. Oates is a director of Investors Financial Service Corporation (1995 - present), Investors Bank & Trust Corporation (1995 - present), Phoenix Mutual Funds (1985 - present), Connecticut River Bancorp and Connecticut River Bank (1988 - present), and NH Trust Company (2002 - present). Mr. Oates is also a Trustee of the John Hancock Trust and has been Chairman of the Board of Emerson Investment Management, Inc., since 2000.

Director Independence

It is critical that our board of directors reflect a substantial degree of independence from management, both in fact and in appearance. Accordingly, while the board of directors will determine, from time to time, the number of employee directors that will be permitted, a majority of the board of directors will remain independent non-employee directors. For a director to be considered independent, the board must determine that the director does not have any direct or indirect material relationship with us. The board of directors has established corporate governance guidelines to assist it in determining director independence in accordance with the independence requirements in the New York Stock Exchange listing rules. The portion of the guidelines that relate to director independence is set forth below. The board of directors has determined that Messrs. Baer, Beda, Dill, Dubinsky, Ford, Hanser, Lefton and Oates satisfy the New York Stock Exchange's independence requirements and our independence guidelines. In making the independence determinations, the board of directors reviewed all of our directors' relationships with us based primarily on a review of the responses of the directors to questions regarding employment, business, familial, compensation and other relationships with us and our management.

In addition to applying our corporate governance guidelines, the board of directors will consider all relevant facts and circumstances in making an independence determination, and not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Independence depends not only on the personal, employment and business relationships of each director, but also upon the board of director's overall relationship with, and attitude toward, management. Providing objective, independent judgment is at the core of the board of director's oversight responsibilities. The board of directors and each outside director will reflect this independence.

Under the guidelines, an independent director is a member of the board of directors who:

- Does not, and has not for the five years prior to the date of determination, received more than \$100,000 per year in direct compensation from the company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- Is not, and has not been for the five years prior to the date of determination, an employee of the company;
- Is not, and has not been, affiliated with or employed by the present or former auditor of the company, or one of the auditors' affiliates, unless it has been more than five years since the affiliation, employment, or the auditing relationship ended;
- Is not, and has not been for the five years prior to the date of determination, part of an interlocking directorship in which an executive officer of the company serves on the compensation committee of a company that concurrently employs the director;
- Is not, and has not been for the five years prior to the date of determination, an executive officer or an employee of another company (1) that accounts for at least 2% or \$1 million, whichever is greater, of the company's consolidated gross revenues or (2) for which the company accounts for at least 2% or \$1 million, whichever is greater, of such other company's consolidated gross revenues;
- The Board has affirmatively determined has no other material commercial, industrial, banking, consulting, legal, accounting, charitable, or familial relationship with the company, either individually or as a partner, stockholder, or officer of an organization or entity having such a relationship with the company, which relationship would adversely impact the director's independence in connection with the company; and
- Has, and for the five years prior to the date of determination had, no immediate family members (i.e., spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone who shares the director's home) in any of the above categories; provided, however, that in the case of employment of one of the above-described immediate family members, the family member must have served as an officer or partner of the subject entity to impact the director's independence.

It is a responsibility of the board to regularly assess each director's independence and to take appropriate actions in any instance in which the requisite independence has been compromised.

#### Board of Directors and Committees

During 2004, our board of directors met four times, including both regularly scheduled and special meetings. During the year, all of the incumbent directors attended at least 75 percent of all meetings held by the board of directors and all committees on which they serve. It is our policy to strongly encourage the members of our board of directors to attend the annual meeting of stockholders. At the last annual meeting, all of the then current directors were in attendance.

The standing committees of our board of directors are the Executive Committee, Audit Committee/Finance Committee, Compensation Committee and Nominating/Corporate Governance Committee. The full text of each charter, other than the charter of the Executive Committee, and our corporate governance guidelines are available in the "Corporate Governance" section of our website located at [www.stifel.com](http://www.stifel.com), or may be obtained by any stockholder, without charge, upon request. In compliance with the New York Stock Exchange Corporate Governance Standards, our board of directors holds regularly scheduled executive sessions without management, and at least annually schedules an executive session with only independent directors at which a non-management director determined by a rotating schedule presides.

#### Executive Committee.

Messrs. Kruszewski (Chairman), Beda, Lefton and Oates are the current members of the Executive Committee. Except to the extent limited by law, the Executive Committee performs the same functions and has all the authority of our board of directors between meetings of the full board. The Executive Committee did not meet during 2004.

#### Audit Committee/Finance Committee.

Messrs. Beda (Chairman), Baer, Dubinsky, Ford and Oates are the current members of the Audit Committee/Finance Committee, all of whom are independent directors as defined by the New York Stock Exchange and determined by our board of directors. The duties of the Audit Committee/Finance Committee include:

- recommending to the board of directors an independent registered public accounting firm to be placed in nomination for stockholder ratification as our independent auditors and compensating and terminating the independent auditors as deemed necessary;
- meeting periodically with our independent auditors and financial management to review the scope of the proposed audit for the then-current year, the proposed audit fees, and the audit procedures to be utilized, reviewing the audit and eliciting the judgment of the independent auditors regarding the quality of the accounting principles applied to our financial statements; and
- evaluating on an annual basis the qualification, performance and independence of the independent auditors, based on the committee's review of the independent auditors' report and the performance of the independent auditors throughout the year.

Each member of the Audit Committee/Finance Committee is financially literate, knowledgeable and qualified to review financial statements. The "audit committee financial expert" designated by our board of directors is Mr. Beda. The Audit Committee/Finance Committee met five times during 2004. The Audit Committee/Finance Committee operates pursuant to a written charter approved by the Board of Directors which is available in the "Corporate

Governance" section of our website, located at [www.stifel.com](http://www.stifel.com).

Compensation Committee.

Messrs. Lefton (Chairman), Oates (Vice Chairman), Beda, Dill and Hanser are the current members of the Compensation Committee, all of whom are independent directors as defined by the New York Stock Exchange and determined by our board of directors. The Compensation Committee met four times during 2004. The duties of the Compensation Committee include:

- reviewing and recommending to our board of directors the salaries of all of our executive officers;
- reviewing market data to assess our competitive position for the components of our executive compensation; and
- making recommendations to our board of directors regarding the adoption, amendment and rescission of employee benefit plans.

Nominating/Corporate Governance Committee.

Messrs. Oates (Chairman), Beda, Ford and Lefton are the current members of the Nominating/Corporate Governance Committee, all of whom are independent directors as defined by the New York Stock Exchange and determined by our board of directors. The Nominating/Corporate Governance Committee met four times during 2004. The duties of the Nominating/Corporate Governance Committee include:

- overseeing the search for individuals qualified to become members of our board of directors and selecting director nominees to be presented for approval at the annual meeting of our stockholders;
- considering nominees for directors recommended by our stockholders; and
- reviewing our corporate governance guidelines at least annually and recommending changes to our board of directors as necessary.

In accordance with the committee's charter and our corporate governance guidelines, the Nominating/Corporate Governance Committee considers nominees recommended by stockholders and reviews the qualifications and contributions of the directors standing for election each year. Any stockholder wishing to nominate a candidate for director at a stockholders' meeting must provide advance notice as described under "Stockholder Proposals" in this proxy statement, and must furnish certain information about the proposed nominee, including name, contact information, background, experience and other pertinent information on the proposed candidate. In identifying and evaluating nominees for director, the committee considers, among other things, each candidate's strength of character, judgment, career specialization, relevant technical skills and the extent to which the candidate would fill a need on the board of directors.

We have adopted a Code of Ethics for Directors, Officers and Associates. The code of ethics is posted in the "Corporate Governance" section of our website, located at [www.stifel.com](http://www.stifel.com), or may be obtained by any stockholder, without charge, upon request.

We have established procedures for stockholders or other interested parties to communicate directly with our board of directors, including the presiding director at the executive sessions of the non-management directors or the non-management directors as a group. Such parties can contact our board of directors by mail at: Stifel Financial Corp., Attention: Ronald J. Kruszewski, Chairman of the Board, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102. All communications made by this means will be received by the Chairman of the Board and relayed promptly to the board of directors or the individual directors as appropriate.

#### Compensation of Directors

In recognition of the increasing time requirements pertaining to the preparation for and attendance at our board of directors meetings, our board of directors approved an increase in the fees paid to non-employee directors effective May 2004. Non-employee directors are paid an annual retainer of \$35,000 for attending board of director and committee meetings and are reimbursed for expenses incurred in attending these meetings. Additionally, the chair of each of the Audit Committee/Finance Committee, Compensation Committee and Nominating/Corporate Governance Committee receives \$6,000, \$3,000 and \$3,000, respectively, for services in such capacity. Non-employee directors are required to defer all director fees into stock units. These stock units are granted annually pursuant to the Equity Incentive Plan for Non-Employee Directors. Directors who are also our employees do not receive any compensation for their service as directors, but we pay their expenses for attendance at meetings of the board of directors.

Pursuant to the Equity Incentive Plan for Non-Employee Directors, each new non-employee director is granted options to purchase 5,000 shares of our common stock at the current market price on the date the individual first becomes a director. In addition, stock options to purchase 1,000 shares of our common stock are granted automatically to each non-employee director each January 1<sup>st</sup> through 2009.

#### Compensation Committee Interlocks and Insider Participation

During 2004, the Compensation Committee was composed of Messrs. Lefton, Oates, Beda, Dill and Hanser, each of whom is an independent director under the rules of the New York Stock Exchange and as determined by our board of directors. There are no interlocks or insider participation matters to report.

## EXECUTIVE COMPENSATION

The following table presents summary information concerning compensation earned in the three most recently completed years by our chief executive officer and each of our four most highly compensated other executive officers for services rendered to us and our subsidiaries.

Summary Compensation Table

| <u>Name and Principal<br/>Position</u>   | <u>Year</u> | <u>Annual Compensation</u> |                               | <u>Long-Term<br/>Compensation</u>  |                                    |                        | <u>All Other<br/>Compensation<br/>(\$)(3)</u> |
|--|-------------|----------------------------|-------------------------------|------------------------------------|------------------------------------|------------------------|---|
|  |             | <u>Salary (\$)</u>         | <u>Bonus(1)<br/>Cash (\$)</u> | <u>Stock<br/>Units<br/>(\$)(2)</u> | <u>Stock<br/>Units<br/>(\$)(2)</u> | <u>Options<br/>(#)</u> |   |
| Ronald J. Kruszewski<br><br>Chairman,<br>President and<br>Chief  | 2004        | \$200,000                  | \$1,387,000                   | \$228,000                          | \$413,250                          | --                     | \$1,349                                       |
|  | 2003        | 200,000                    | 937,500                       | 125,000                            | 265,625                            | 30,000                 | 14,419  |
|  | 2002        | 200,000                    | 510,000                       | 90,000                             | 82,500                             | 40,000                 | 13,858  |
| Executive<br>Officer of Stifel<br>Financial Corp.<br>and Chairman<br>and Chief<br>Executive<br>Officer of Stifel<br>Nicolaus   |             |                            |                               |                                    |                                    |                        |   |
| Scott B. McCuaig<br><br>Senior Vice<br>President of<br>Stifel<br><br>Financial Corp.<br>and President<br>and Co-Chief<br>Operating<br>Officer of Stifel,<br>Nicolaus | 2004        | 175,000                    | 843,750                       | 112,500                            | 238,053                            | --                     | 2,225   |
|  | 2003        | 175,000                    | 600,000                       | 80,000                             | 170,000                            | 20,000                 | 2,531   |
|  | 2002        | 175,000                    | 297,500                       | 127,500                            | 31,875                             | 20,000                 | 6,939   |
| James M. Zemlyak<br><br>Senior Vice<br>President, Chief<br><br>Financial Officer<br>and Treasurer of<br>Stifel Financial<br>Corp. and Senior                         | 2004        | 175,000                    | 752,500                       | 161,250                            | 241,875                            | --                     | 2,301   |
|  | 2003        | 175,000                    | 465,500                       | 99,750                             | 149,626                            | 20,000                 | 2,531   |
|  | 2002        | 175,000                    | 262,500                       | 112,500                            | 28,125                             | 20,000                 | 6,361   |



|  |      |         |         |        |         |        |        |
|--|------|---------|---------|--------|---------|--------|--------|
| Vice President,<br>Co-Chief<br>Operating<br>Officer and<br>Chief Financial<br>Officer of Stifel,<br>Nicolaus         |      |         |         |        |         |        |        |
| David D. Sliney  | 2004 | 143,750 | 315,000 | 67,500 | 101,250 | --     | 1,407  |
|  | 2003 | 125,000 | 260,000 | 16,250 | 115,001 | 7,000  | 971    |
| Senior Vice<br>President of<br><br>Stifel Financial<br>Corp. and<br>Stifel, Nicolaus                                 | 2002 | 125,000 | 152,000 | 9,500  | 48,000  | 10,000 | 984    |
| Thomas Prince  | 2004 | 169,546 | 15,000  | --     | --      | --     | 15,734 |
|  | 2003 | 150,000 | 135,000 | --     | 18,750  | --     | 22,391 |
| Former Senior<br>Vice President<br><br>and General<br>Counsel of Stifel<br>Financial Corp.<br>and Stifel<br>Nicolaus | 2002 | 150,000 | 128,932 | 18,750 | 4,688   | 4,000  | 22,653 |

(1) Represents bonuses paid under the executive compensation plans described in the section entitled "Compensation Committee Report on Executive Compensation" of this proxy statement.

(2) Pursuant to the Stifel, Nicolaus & Company, Incorporated Wealth Accumulation Plan, participants in the plan receive, on a mandatory basis, stock units as a portion of their incentive compensation earned. In addition, participants may elect to receive stock units with respect to any remaining portion of incentive compensation earned by such individuals. Each individual also receives stock units with a fair market value equal to 25 percent of that portion of the incentive compensation that the individual receives in stock units. All stock units are issued to participants based upon the fair market value of our common stock on the date of issuance. Units received on a mandatory basis vest ratably over a three-year period following the date of issuance. Units that the participant elects to receive are fully vested on the date of issuance. Units issued as the 25 percent match vest at the end of the three-year period following the date of issuance. The elective deferral units received as part of a participant's incentive compensation are reported under the "Bonus" column, while units issuable as the 25 percent match and the units that are subject to mandatory deferral are reported under the "Long-Term Compensation" column. The aggregate value of stock units held by Messrs. Kruszewski, McCuaig, Zemlyak, and Sliney at December 31, 2004 was \$7,313,561, \$3,546,772, \$3,282,697 and \$601,223, respectively, based upon a last transaction price of \$20.95 on December 31, 2004. The aggregate number of stock units held by Messrs. Kruszewski, McCuaig, Zemlyak, and Sliney at December 31, 2004 was 349,096, 169,297, 156,692 and 28,698, respectively.

(3) For 2004, we contributed \$500 to our profit sharing plan for each of Messrs. Kruszewski, McCuaig, Zemlyak, and Sliney, and \$437.53 to our Profit Sharing Plan for Mr. Prince; \$219.16 to the Stifel Financial Corp. 2003 Employee Stock Purchase Plan for Mr. Kruszewski, \$1,095.79 for Mr. McCuaig, \$1,171.95 for Mr. Zemlyak and \$277.34 for Mr. Sliney; and \$629.37 to the Stifel Financial Corp. Stock Ownership Plan and Trust for each of Messrs. Kruszewski, McCuaig, Zemlyak, and Sliney. In addition, with respect to Mr. Prince, the amount disclosed includes \$296 of interest forgiven by us and \$15,000 of principal forgiven by us with respect to a \$100,000 loan from us to Mr. Prince.

(4) Mr. Prince's salary includes finders fees related to certain investment banking work. Mr. Prince's employment terminated and he ceased to be an executive officer of Stifel Financial Corp., and Stifel Nicolaus, on April 30, 2004.

## Option Grants In Last Year

There were no stock option grants made during 2004 to the individuals named in the Summary Compensation Table.

## Fiscal Year-End Option Values

The following table sets forth information concerning the number of exercisable and unexercisable stock options at December 31, 2004 held by the individuals named in the Summary Compensation Table.

| <u>Name</u>          | <u>Shares acquired on Exercise</u> | <u>Value Realized</u> | <u>Shares Underlying Unexercised Options at December 31, 2004(#)</u> |                      | <u>Value of Unexercised, In-the-Money Options held at December 31, 2004(\$)(1)</u> |                      |
|----------------------|------------------------------------|-----------------------|--|----------------------|--|----------------------|
|                      |                                    |                       | <u>Exercisable</u>   | <u>Unexercisable</u> | <u>Exercisable</u>   | <u>Unexercisable</u> |
| Ronald J. Kruszewski | 110,249                            | \$1,381,894           | 174,301  | 69,332               | \$2,256,037  | \$883,006            |
| Scott B. McCuaig     | 0                                  | 0                     | 114,669  | 40,532               | 1,430,891  | 513,866              |
| James M. Zemlyak     | 0                                  | 0                     | 101,780  | 39,554               | 1,364,233  | 501,033              |
| David D. Sliney      | 0                                  | 0                     | 22,068   | 18,131               | 290,800  | 231,684              |
| Thomas Prince        | 5,866                              | 56,083                | 0  | 0                    | 0  | 0                    |

(1) Based on the last reported share price of our common of stock of \$20.95 on December 31, 2004.

## Employment Agreements and Other Compensation Arrangements

We entered into an employment letter with Ronald J. Kruszewski as of September 25, 1997. Under the employment letter, Mr. Kruszewski receives an annual salary of at least \$200,000 and he is eligible to participate in the executive bonus pool and in all other employee benefits we provide to senior executive officers.

Stifel Nicolaus and Scott B. McCuaig entered into an arrangement on January 26, 1998 which provides for the employment of Mr. McCuaig at a base salary of \$175,000 per annum. Mr. McCuaig is eligible to participate in our executive bonus pool and in all other employee benefits provided to our senior executive officers.

Stifel Nicolaus and James M. Zemlyak entered into an arrangement on February 1, 1999 which provides for the

employment of Mr. Zemlyak at a base salary of \$175,000 per annum. Mr. Zemlyak is eligible to participate in all other employee benefits provided to our senior executive officers.

Thomas A. Prince, a former Senior Vice President and General Counsel, delivered a promissory note to us in June 1999 in the principal amount of \$100,000. The promissory note was forgivable in equal annual installments commencing August 1, 2000 and ending August 1, 2004. Upon Mr. Prince's cessation of employment on April 30, 2004, Mr. Prince repaid \$5,000 of the outstanding balance and the remaining amount was forgiven by us. Additionally, on March 5, 2002, Mr. Prince executed a promissory note to us in the principal amount of \$110,000 to cover relocation expenses. The note had an interest rate of 3 percent per annum, and was payable without recourse in specified amounts ranging from \$15,000 to \$30,000 per year from annual bonuses paid by us to Mr. Prince during the years 2003 through 2007. Upon Mr. Prince's cessation of employment on April 30, 2004, Mr. Prince repaid the balance of \$81,637.50.

## Equity Compensation Plan Information

On August 23, 2004, we announced a four-for-three stock split in the form of a stock dividend. The additional shares were distributed on September 15, 2004, to shareholders of record as of September 1, 2004. All shares and price per share amounts have been adjusted to reflect the four-for-three stock split.

The following table provides information as of December 31, 2004 with respect to the shares of our common stock that may be issued under our existing equity compensation plans.

| <u>Plan Category</u>                                   | Number of Securities to be issued upon exercise of outstanding options and units | Weighted-average exercise price of outstanding options and units | Number of securities remaining available for future issuance under equity compensation plans |
|--|--|--|--|
| Equity compensation plans approved by stockholders     | 3,313,875  | \$ 9.68  | 1,085,292  |
| Equity compensation plans not approved by stockholders | <u>1,684,586</u>   | <u>\$ 7.89</u>   | <u>N/A</u>   |
| <b>Total</b>   | <b><u>4,998,461</u></b>  | <b><u>\$ 9.08</u></b>  | <b><u>1,085,292</u></b>  |

On December 31, 2004, the total number of securities to be issued upon exercise of options and units consisted of 1,869,121 options and 3,129,340 units for a total of 4,998,461 shares. The equity compensation plans approved by the stockholders contained 1,840,110 options and 1,473,765 units for a total of 3,313,875 shares. The equity compensation plan not approved by the stockholders contained 29,011 options and 1,655,575 units for a total of 1,684,586 shares.

Equity compensation plans approved by stockholders

The total options granted as of December 31, 2004 for equity compensation plans approved by the stockholders consists of 17,004 shares subject to options granted under the 1985 Incentive Stock Option Plan, 953,864 shares subject to options granted under the 1997 Stock Incentive Plan, 813,517 shares subject to options granted under the 2001 Incentive Stock Plan, and 55,725 shares subject to options granted under the Equity Incentive Plan For Non-Employee Directors.

The total units granted as of December 31, 2004 for equity compensation plans approved by the stockholders consists of 519,497 shares that are subject to stock units granted under the 1997 Stock Incentive Plan, 895,234 shares that are subject to stock units granted under the 2001 Incentive Stock Plan, and 59,034 shares that are subject to stock units granted under the Equity Incentive Plan For Non-Employee Directors.

As of December 31, 2004, the remaining shares available for future grants or awards under equity compensation plans approved by the stockholders consist of 185,621 shares under the 1997 Stock Incentive Plan, 828,719 shares under the 2001 Incentive Stock Plan and 70,952 shares under the Equity Incentive Plan For Non-Employee Directors for a total of 1,085,292 shares.

Equity compensation plans not approved by stockholders

The totals as of December 31, 2004 for equity compensation plans not approved by the stockholders include 1,655,575 shares that are subject to stock units granted to our investment executives and administrative employees who are not executive officers pursuant to a Wealth Accumulation Plan that was not approved by our stockholders nor funded by another stock-based compensation plan approved by our stockholders. There were no shares reserved for

future grants or awards under this plan as of December 31, 2004.

The December 31, 2004 totals for plans not approved by the stockholders also include 29,011 shares that are subject to stock options granted to non-employee directors. These options were granted prior to the adoption of the Equity Incentive Plan for Non-Employee Directors. There were no shares reserved for future grants or awards under this plan as of December 31, 2004.

## COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the board of directors furnishes the following report:

### Compensation Philosophy

The Compensation Committee approves the policies for and structure and amount of compensation of our senior executive officers, including our chief executive officer and the other executive officers named in the summary compensation table. The committee's goal is to establish compensation programs that will attract and retain highly qualified executives and provide an incentive to such executives to focus their efforts on our strategic goals by aligning their financial interests closely with stockholder interests. The committee is composed entirely of independent directors as defined by the New York Stock Exchange and determined by our board of directors.

### Base Salary

An executive's base salary, upon employment with us, is established with reference to the base salaries paid to officers in similar positions at companies that we believe are our competitor's for executive talent and the level of experience and performance profile of the particular executive officer. In considering the competitors in the market, we emphasize regional brokerage firms with similar revenue, earnings and market capitalization profiles to us. It is the Compensation Committee's philosophy to use Incentive Compensation as a primary means of to provide the total compensation for the executive's annual performance.

### Annual Incentive Compensation

A significant component of our executive officer compensation program is cash remuneration in the form of annual incentive bonuses. Bonuses are determined based upon the performance of the company, the individual executive and his operating unit during the year. In evaluating performance, financial, non-financial and strategic objectives are considered. Bonuses make up a significant portion of the executive officers' total compensation (as much as 90 percent for 2004). The committee believes that basing a substantial portion of an executive officer's compensation on performance motivates the executive to perform at the highest possible level.

For services rendered during the year ended December 31, 2004, certain of our executive officers received performance-based cash bonuses based upon the achievement of certain financial and non-financial objectives. The financial objectives that we used for the establishment of annual incentive compensation primarily consist of revenue growth and net income of the company. The non-financial objectives that we consider are based upon the duties and responsibilities of the executive officer, the achievement of which may be considered in the payment of a discretionary bonus to the executive officer, even in the case that the financial criteria are not achieved. For services performed in 2004, the committee approved the award of performance-based cash bonuses to each of Messrs. Kruszewski, McCuaig, Zemlyak, Sliney and Prince in the amounts set forth in the summary compensation table.





As another component of our executive officer compensation program, the committee may award executive officers stock options or stock units for shares of our common stock. The committee believes that stock options and stock units provide a highly efficient form of compensation from both a cost and an accounting perspective, and that such awards provide an incentive to achieve our longer-term strategic goals by aligning the long-term financial interests of the executive officers with those of our stockholders. Additionally, pursuant to our deferred compensation program, an executive officer may defer, on an elective basis, a portion of his annual bonus into stock units. The elective portion of the stock unit award is fully vested and reported under the "Bonus" column of the summary compensation table. For services performed in 2004, fully vested stock units as bonus compensation were issued to each of Messrs. Kruszewski, McCuaig, Zemlyak and Sliney.

#### Long-Term Incentive Compensation

The committee believes that long-term incentive compensation is the most direct way of tying executive compensation to increases in stockholder value. Pursuant to our deferred compensation program, a portion of each executive officer's annual bonus will be deferred, on a mandatory basis, into stock units. The mandatory deferrals, as well as the elective deferrals discussed above, are matched in our stock units equal to 25 percent of the amount of the combined deferral. The mandatory portion of the stock unit award vests ratably over a three-year period. The matching portion of the stock unit award vests at the end of a three-year period. The percentages of the mandatory deferrals are set annually by our committee. For services performed in 2004, stock units as long-term compensation were issued to each of Messrs. Kruszewski, McCuaig, Zemlyak and Sliney.

The committee believes that the stock option, restricted stock units and deferred compensation components of our executive officer compensation program over time will increase the levels of beneficial ownership of our executive officers. This aligns the interests of those persons who have the greatest ability to affect our financial results closely with the interests of our stockholders. The committee also believes that significant levels of beneficial ownership and ownership potential will assist us in retaining the services of the executive officers.

#### Chief Executive Officer Compensation

In keeping with the general compensation policy outlined above, Mr. Kruszewski's base salary for 2005 will be \$200,000 which is unchanged from his date of hire in October, 1997. Mr. Kruszewski participates in our incentive compensation programs under similar terms and conditions as the other named executive officers as previously discussed in this committee report. In determining Mr. Kruszewski's bonus for 2004, the committee considered many factors, including the following:

- ◆ 2004 represented the ninth consecutive year of record net revenues for us;
- ◆ 2004 net revenue increased 14% over 2003;
  
- ◆ 2004 net income increased 54% over 2003;
  
- ◆ Our record 2004 net income and earnings per share;
  
- ◆ Our record net revenues in 2004 for our Private Client Group and Equity Capital Markets;
  
- ◆ Our return on average equity for 2004 totaled 20% and pre-tax margins were 15%, both measures which are near the top of industry peer results;

- ◆ Our stock performance in comparison with the Standard & Poors 500 and our peer group over five, three and one year time frames; and
  
- ◆ The compensation of chief executive officers of other brokerage firms, including similar brokerage firms, as of their most recent proxy statements.

In accordance with the compensation philosophy described above, the committee believes that Mr. Kruszewski's compensation is competitive with the compensation paid by other companies in its industry to their chief executive officers.

### Compensation of Other Senior Executives

The committee approved individual salary levels and bonus amounts for each executive officer other than Mr. Kruszewski following a presentation by Mr. Kruszewski of his evaluation of each executive officer's individual and business unit performance and his bonus recommendation for such executive officer. Mr. Kruszewski also summarized for the committee the performance of each executive officer relative to the financial and non-financial objectives established for such executive officer at the beginning of the year. In his presentation to the committee, Mr. Kruszewski utilized historical compensation information prepared by a third-party organization for a group of regional brokerage firms for background on competitive salary levels within the industry.

The committee also reviewed and approved the terms of specific compensation arrangements entered into by us with certain executive officers. The committee believes that such arrangements were evaluated and approved on a basis consistent with our overall compensation philosophy.

### Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code provides that compensation in excess of \$1 million paid to the chief executive officer and the other most highly compensated executive officers of a public company will generally be non-deductible for federal income tax purposes, subject to certain exceptions. The committee intends to structure compensation arrangements in a manner that will avoid the deduction limitations imposed by Section 162(m) in appropriate circumstances. However, the committee believes that it is important and necessary that the committee retain the right and flexibility to provide and revise compensation arrangements, such as base salary and cash bonus incentive opportunities, that may not qualify under Section 162(m) if, in the committee's view, such arrangements are in the best interests of the company and its stockholders.

Conclusion

Through the program described above, a significant portion of our executive compensation is linked directly to individual and corporate performance and stock price appreciation. The committee intends to continue the policy of linking executive compensation to individual and corporate performance and returns to stockholders, recognizing that the business cycle from time to time may result in an imbalance for a particular period.

Although the forgoing describes our current compensation policies applicable to our executive officers, we reserve the right to reevaluate and change these policies at such time and in such manner as we deem necessary or appropriate from time to time.

2004 Compensation Committee

Robert E. Lefton, Chairman

James M. Oates, Vice-Chairman

Bruce A. Beda

Charles A. Dill

Frederick O. Hanser

April 4, 2005

\* \* \*

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## STOCKHOLDER RETURN PERFORMANCE GRAPH

The following graph compares the cumulative stockholder returns, including the reinvestment of dividends, of our common stock on an indexed basis with a Peer Group Index, and the Standard and Poor's 500 ("S&P 500") Index for the period beginning December 31, 1999 and ending December 31, 2004. The Peer Group Index consists of seven companies, including us, that serve the same markets as us and which compete with us in one or more markets.

Assumes \$100 invested on December 31, 1999 in  
Stifel Financial Corp. common stock,  
Peer Group and S&P 500 Index

|                        | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| S                      |             |             |             |             |             |             |
| Stifel Financial Corp. | \$100       | \$117       | \$109       | \$117       | \$204       | \$293       |
| Peer Group             | 100         | 117         | 128         | 107         | 162         | 175         |
| S&P 500 Index          | 100         | 91          | 80          | 62          | 80          | 89          |

Peer Group Companies

Oppenheimer Holdings, Inc.<sup>(1)</sup>  
Sanders Morris Harris Group Inc.  
First Albany Companies Inc.

SWS Group, Inc.  
Stifel Financial Corp.  
Piper Jaffray Companies

(1)

Peer Group Companies

Formerly Fahnestock Viner Holdings, Inc.

\* Compound Annual Growth Rate

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain of our officers, directors and nominees for director maintain margin accounts with Stifel Nicolaus pursuant to which Stifel Nicolaus may make loans for the purchase of securities. All margin loans are made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than normal risk of collectibility or present other unfavorable features.

Richard F. Ford, one of our directors, is a general partner of the management companies that act as the general partner of Gateway Mid-America Partners, L.P., Gateway Venture Partners II, L.P., Gateway Venture Partners III, L.P. and Gateway Partners, L.P. Additionally, Charles A. Dill, one of our directors, is a general partner of Gateway Partners, L.P. We, and Stifel Venture Corp., our subsidiary, own an interest in Gateway Venture Associates, L.P. and Gateway Associates III, L.P., the management companies that are the general partners of Gateway Partners, L.P. and Gateway Venture Partners III, L.P., respectively. We are also a limited partner of Gateway Partners, L.P. At December 31, 2004, our carrying value of these investments was approximately \$87,667.

As fully described under "Employment Agreements and Other Compensation Arrangements" in this proxy, Thomas A. Prince, a former Senior Vice President and General Counsel, delivered a promissory note to us in June 1999 in the principal amount of \$100,000 and delivered a promissory note to us in March 2002 in the principal amount of \$110,000.

## PROPOSAL II.

## RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee/Finance Committee has appointed Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2005. Although advisory only because the Audit Committee/Finance Committee is required under the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the Securities and Exchange Commission to have the responsibility for the appointment of our independent registered public accounting firm (independent auditors), this proposal is put before you in order to seek your views on this important corporate matter. If you do not ratify the appointment, the Audit Committee/Finance Committee will take the matter under advisement. A resolution will be presented at the meeting to ratify the appointment of Deloitte & Touche LLP.

The following table sets forth the aggregate fees for professional audit services rendered by Deloitte & Touche LLP for the audit of our annual financial statements, and fees for other services rendered by Deloitte & Touche LLP for the fiscal years shown:

|                                   | Fiscal Year Ended<br><u>December 31, 2004</u> | Fiscal Year Ended<br><u>December 31, 2003</u> |
|-----------------------------------|---|---|
| Audit Fees <sup>(1)</sup>         | \$K40,000                                     | \$I80,000                                     |
| Audit-Related Fees <sup>(2)</sup> | 135,000                                       | 29,000  |
| Tax Fees <sup>(3)</sup>           | 0   | 4,000   |
| All Other Fees <sup>(4)</sup>     | <u>0</u>                                      | <u>0</u>                                      |
| Total                             | <u>\$L75,000</u>                              | <u>\$J13,000</u>                              |





(1)

Audit Fees consist of fees rendered for professional services for the audit of our financial statements and internal controls included in our Form 10-K and the review of all financial statements included in our Form 10-Qs during the year ended December 31, 2004 and December 31, 2003 and services that are normally provided by Deloitte & Touche LLP in connection with statutory and regulatory filings or engagement, comfort letters, consents and other services related to Securities and Exchange Commission matters.

(2)

Audit Related Fees consist of fees rendered for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees." This category includes fees related primarily to (i) Sarbanes-Oxley Act, Section 404 advisory services; (ii) Stifel Financial Corp. Employee Stock Ownership Plan audits; and (iii) Stifel, Nicolaus Profit Sharing 401(K) Plan.

(3)

Tax Fees consist of fees rendered for professional services rendered for tax compliance, tax advice and tax planning. For 2003, such fees can all be categorized as fees for advisory services.

(4)

All Other Fees consist of fees for products and services other than the services reported above. For fiscal years 2004 and 2003 we did not have any fees categorized as "Other Fees."

Our Audit Committee/Finance Committee has established a policy requiring the approval of all audit engagement fees and terms and the pre-approval of all non-audit services provided to us by Deloitte & Touche LLP. The policy prohibits the Audit Committee/Finance Committee from delegating to management the committee's responsibility to pre-approve permitted services of our independent auditor.

During 2004, the Audit Committee/Finance Committee pre-approved non-audit services related to assistance with documenting controls under Sarbanes-Oxley Section 404. For the year 2004, the Audit Committee/Finance Committee pre-approved 100% of fees categorized as "Audit-Related Fees." During 2003, fees categorized as "Tax Fees" were not pre-approved.

The Audit Committee/Finance Committee has considered whether Deloitte & Touche LLP's provision of non-audit services was compatible with maintaining the independence of Deloitte & Touche LLP.

We have been advised that a representative of Deloitte & Touche LLP will be present at the meeting with an opportunity to make a statement if such representative desires and will be available to respond to questions of the stockholders.

The affirmative vote of a majority of the votes cast, present or represented by proxy at the meeting, is required to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2005. We recommend a vote "**FOR**" ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2005.

REPORT OF THE AUDIT COMMITTEE/FINANCE COMMITTEE

The Audit Committee/Finance Committee of the board of directors oversees our financial reporting process on behalf of the board of directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The committee operates pursuant to a written charter which was approved and adopted by the board of directors. Our board of directors has determined that each of the members of the committee is independent within the meaning of the listing standards of the Securities and Exchange Commission and the New York Stock Exchange. Our independent auditors, Deloitte & Touche LLP, are responsible for expressing an opinion on the conformity of our audited financial statements to generally accepted accounting principles in the United States of America. Our board of directors has determined that Bruce A. Beda meets the Securities and Exchange Commission's requirements for and has designated him as, the "Audit Committee Financial Expert."

In fulfilling its oversight responsibilities, the committee reviewed the audited financial statements in our Annual Report on Form 10-K with management. In connection with its review of our financial statements, the committee discussed with management the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The committee meets with the independent auditors, with and without management present, to discuss their evaluations of our internal controls and the overall quality of our financial reporting. The committee reviewed with the independent auditors the acceptability of our accounting principles and such other matters as are required to be discussed with the committee under the standards of the Public Company Accounting Oversight Board (United States), including, but not limited to, those matters under Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards). The committee has received from the independent auditors the written disclosure and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). In connection with this disclosure, the committee has discussed with the independent auditors the auditors' independence from management and us. The committee also reviews the internal audit department's organization, responsibilities, budget and staffing. The committee reviewed with both the independent auditors and the internal auditors their audit plans, audit scope, identification of audit risks and the results of the audit examinations.

Management is responsible for our financial reporting process, including the system of internal control, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States of America. Our independent auditors are responsible for auditing those financial statements. The committee's responsibility is to monitor and review these processes. It is not the committee's duty or responsibility to conduct auditing or accounting reviews or procedures. The members of the committee are not employees and may not be, and may not represent themselves to be or to serve as, accountants or auditors by profession or experts in the fields of accounting or auditing. Therefore, the committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and on the representations of the independent auditors included in their report on our financial statements. The committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the committee's considerations and discussions with management and the independent auditors do not assure that our financial statements are presented in accordance with generally accepted accounting principles in the United States of America, that the audit of our financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board (United States) or that our independent auditors are in fact "independent."

In reliance on the reviews and discussions referred to above, the committee recommended to the board of directors that the audited financial statements be included in the annual report on Form 10-K for the year ended December 31, 2004 for filing with the Securities and Exchange Commission.

2004 Audit Committee/Finance Committee

Bruce A. Beda, Chairman

Robert J. Baer

John P. Dubinsky

Richard F. Ford

James M. Oates

April 4, 2005

\* \* \*

### STOCKHOLDER PROPOSALS

Proposals of stockholders intended to be presented at the 2006 annual meeting of stockholders must be received by us by December 9, 2005 for inclusion in our proxy statement and proxy card relating to that meeting. Upon receipt of any such proposal, we will determine whether to include such proposal in the proxy statement and proxy card in accordance with regulations governing the solicitation of proxies.

Under our by-laws, stockholder proposals, including nominations of directors, which do not appear in the proxy statement may be considered at a meeting of stockholders only if they involve a matter proper for stockholder action and written notice of the proposal is received by our corporate secretary not less than 60 days nor more than 90 days prior to the meeting; provided that if less than 70 days' notice or prior public disclosure of the date of a stockholders' meeting is given by us, notice must be timely received not later than the close of business on the tenth day following the earlier of (a) the day on which notice of the meeting was mailed or (b) the day on which public disclosure was made. The notice must contain the name, address and beneficial ownership of the stockholder, a brief description of the proposal to be brought or the name, age, address, business history, beneficial ownership and written consent to being named by any proposed nominee, any material interest of the stockholder in the proposal or any arrangement or understanding between the stockholder and the proposed nominee required to be disclosed under the proxy regulations, and the number of shares known by such stockholder to be supporting the proposal on the date notice is given.

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that our officers and directors, and persons who own more than 10 percent of our outstanding stock, file reports of ownership and changes in ownership with the Securities and Exchange Commission. To our knowledge, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10 percent beneficial owners were complied with during the year ended December 31, 2004, except two Form 4's, each relating to a single transaction, were filed late by each of Messrs. Baer, Beda, Dubinsky, Dill, Ford, Hanser, Lefton and Oates.

ANNUAL REPORT

We simultaneously mailed the annual report for the year ended December 31, 2004 to our stockholders.

**A copy our annual report on Form 10-K for the year ended December 31, 2004, as filed with the Securities and Exchange Commission (excluding exhibits), may be obtained by any stockholder, without charge, upon written request to James M. Zemlyak, Stifel Financial Corp., 501 North Broadway, St. Louis, MO 63102, or by accessing our Internet site at [www.stifel.com](http://www.stifel.com) and clicking the "Investor Relations/SEC Filings" section.**

HOUSEHOLDING OF MATERIALS

In some instances, only one copy of this proxy is being delivered to multiple stockholders sharing an address, unless we have received instructions from one or more of the stockholders to continue to deliver multiple copies. We will deliver promptly upon oral or written request a separate copy of the proxy statement to any stockholder at your address. If you wish to receive a separate copy of the proxy statement, you may call us at 800-488-0970, or send a written request to James M. Zemlyak, Investor Relations, Stifel Financial Corp., One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102. If you have received only one copy of the proxy statement and wish to receive a separate copy for each stockholder in the future, you may call us at the telephone number or write us at the address listed above. Alternatively, stockholders sharing an address who now receive multiple copies of the proxy statement may request delivery of a single copy, also by calling us at the number or writing to us at the address listed above.

OTHER MATTERS

Management knows of no business to be brought before the annual meeting of stockholders other than that set forth herein. However, if any other matters properly come before the meeting, it is the intention of the persons named in the proxy to vote such proxy in accordance with their judgment on such matters. Even if you plan to attend the meeting in person, please execute, date and return the enclosed proxy card promptly. Should you attend the meeting, you may revoke the proxy by voting in person. A postage-paid, return-addressed envelope is enclosed for your convenience. Your cooperation in giving this your prompt attention is appreciated.

MISCELLANEOUS

We will bear the cost of solicitation of proxies. Proxies will be solicited by mail. They also may be solicited by officers and regular employees of us and our subsidiaries personally or by telephone, but such persons will not be specifically compensated for such services. Brokerage houses, custodians, nominees and fiduciaries will be requested to forward the soliciting material to the beneficial owners of stock held of record by such persons and will be reimbursed for their reasonable expenses incurred in connection therewith.

By Order of the Board of Directors,

/s/ Marcia J. Kellams

Marcia J. Kellams, Secretary

April 8, 2005  
St. Louis, Missouri

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby nominates, constitutes and appoints Ronald J. Kruszewski and Marcia J. Kellams (or such other person as is designated by the board of directors of Stifel Financial Corp. ("Stifel")) (the "Proxies"), or either of them (with full power to act alone), true and lawful attorney(s), with full power of substitution, for the undersigned and in the name, place and stead of the undersigned to vote as designated below all of the shares of common stock, \$0.15 par value, of Stifel entitled to be voted by the undersigned at the annual meeting of stockholders to be held on May 11, 2005 and at any adjournments or postponements thereof.

THE BOARD OF DIRECTORS HAS PROPOSED AND RECOMMENDS A VOTE "FOR" THE FOLLOWING:

1. ELECTION OF DIRECTORS:

FOR all nominees listed below (except as marked below)  WITHHOLD AUTHORITY to vote for all nominees listed below

INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE'S NAME IN THE LIST BELOW.

For term expiring in 2008:

Robert J. Baer  
Bruce A. Beda  
Frederick O. Hanser  
Ronald J. Kruszewski

2. PROPOSAL TO RATIFY THE APPOINTMENT OF DELOITTE & TOUCHE LLP as Stifel's independent registered public accounting firm:

For  Against  Abstain

3. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting and any adjournment thereof.

This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. **If no direction is made, this proxy will be voted "FOR" all the named nominees for director and "FOR" Proposal 2.**

The undersigned acknowledges receipt of the 2004 annual report to stockholders and the notice of the annual meeting and the proxy statement. Please mark, sign, date and return the proxy card promptly using the enclosed envelope.

PLEASE CHECK THIS BOX IF YOU PLAN TO ATTEND THE MEETING IN PERSON.

HERE \_\_\_\_\_  
S I G N

—  
  
(Please sign exactly as name appears at left)

SIGN HERE \_\_\_\_\_  
—

Executors, administrators, trustees, etc. should indicate when signing

DATED \_\_\_\_\_  
—

Please sign this proxy card exactly as your shares are registered. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If more than one person holds the power to vote the same, any one of them may sign this proxy card. If the shareholder is a corporation, this proxy card must be signed by a duly authorized officer of the shareholder. By signing this proxy card, you acknowledge receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, with all enclosures and attachments, dated April 8, 2005.