

STIFEL FINANCIAL CORP  
Form DEF 14A  
April 18, 2011

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Filed by the Registrant   
Filed by a Party other than the Registrant

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 Section 240.14a-12

**STIFEL FINANCIAL CORP.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
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- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**STIFEL FINANCIAL CORP.  
One Financial Plaza  
501 North Broadway  
St. Louis, Missouri 63102-2102**

**(314) 342-2000**

April 18, 2011

To the Stockholders of Stifel Financial Corp.:

Dear Stockholder:

We cordially invite you to attend Stifel Financial Corp.'s annual stockholders' meeting. The meeting will be held on **Wednesday, June 1, 2011, at 11 a.m. on the 2nd Floor, One Financial Plaza, 501 North Broadway, St. Louis, Missouri, 63102.**

**On or about April 18, 2011, we mailed a Notice of Internet Availability of Proxy Materials to our stockholders as of the close of business on April 6, 2011.** The Notice contains instructions on how to access an electronic copy of our proxy materials, including this proxy statement and our annual report. The Notice also contains instructions on how to request a paper copy of the proxy statement as well as a proxy card.

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. **Please vote, your vote is important.**

Thank you for your support of Stifel.

Sincerely,  
Ronald J. Kruszewski  
*Chairman of the Board, President and Chief Executive  
Officer*

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**STIFEL FINANCIAL CORP.**  
**One Financial Plaza**  
**501 North Broadway**  
**St. Louis, Missouri 63102-2102**  
**(314) 342-2000**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

<b>Date and Time:</b>	Wednesday, June 1, 2011 at 11:00 a.m., Central Time
<b>Place:</b>	One Financial Plaza, 2nd Floor 501 North Broadway St. Louis, Missouri 63102
<b>Items of Business:</b>	1. To elect six (6) Class I directors, one (1) Class II director and two (2) Class III directors, each as nominated by the Board of Directors; 2. To approve the 2001 Incentive Stock Plan (2011 Restatement); 3. To approve an advisory resolution relating to our executive compensation; 4. To recommend, by an advisory vote, the frequency of future advisory votes on executive compensation; 5. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011; and 6. To consider and act upon such other business as may properly come before the meeting and any adjournment or postponement thereof.
<b>Record Date:</b>	You are entitled to vote only if you were a Company stockholder or holder of exchangeable shares of TWP Acquisition Company (Canada), Inc., a wholly-owned subsidiary of the Company, at the close of business on April 6, 2011.
<b>Voting by Proxy:</b>	Your vote is very important. Whether or not you plan to attend the annual meeting, please vote your shares by proxy to ensure they are represented at the meeting. You may submit your proxy vote by telephone or Internet, as described in the Notice of Internet Availability of Proxy Materials and the following proxy statement, by no later than Tuesday May 31, 2011. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy in the envelope provided. The envelope is addressed to our vote tabulator, Broadridge Financial Solutions, Inc., and no postage is required if mailed in the United States.

Holders of exchangeable shares should refer to the Notice to Exchangeable Stockholders informing such holders of their rights with respect to directing the voting of the votes attached to our common stock.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on June 1, 2011**

**Our proxy statement and 2010 annual report are available at: [www.investorvote.com/sf](http://www.investorvote.com/sf)**

*By Order of the Board of Directors.*

David M. Minnick, Corporate Secretary  
April 18, 2011

This Notice is being mailed to Stifel stockholders as of the close of business on April 6, 2011, beginning on or about April 18, 2011.

**YOUR VOTE IS IMPORTANT**

**Even if you plan to attend the meeting in person, we urge you to promptly vote your shares over the Internet, by telephone or, if you requested printed copies of the proxy materials, you can vote by dating, signing and returning the proxy card in a postage-paid return envelope.**

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## **ABOUT THE ANNUAL MEETING**

### ***WHO IS SOLICITING MY VOTE?***

Our Board of Directors is soliciting your vote at the 2011 annual meeting of stockholders.

### ***WHAT WILL I BE VOTING ON?***

- Election of nine directors nominated by our Board of Directors (see page 15).
- Approval of the 2001 Incentive Stock Plan (2011 Restatement) (see page 59).
- Approval of an advisory resolution relating to executive compensation (see page 63).
- Recommendation for the frequency of future advisory votes on executive compensation (see page 65).
- Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011 (see page 66).
- Any other business that properly comes before the meeting or any adjournment(s) or postponement(s) of such meeting.

### ***HOW MANY VOTES DO I HAVE?***

You will have one vote for every share of Company common stock you owned on the record date, April 6, 2011, for each of the directors to be elected and on each other proposal presented at the annual meeting. Common stock is our only class of outstanding stock. There is no cumulative voting in the election of directors.

Holders of exchangeable shares of TWP Acquisition Company (Canada), Inc., a wholly-owned subsidiary of the Company, have 0.1364 votes for each exchangeable share owned on the record date.

### ***HOW MANY VOTES CAN BE CAST BY ALL STOCKHOLDERS?***

52,958,329, consisting of one vote for each of the shares of common stock that were outstanding on the record date and which includes the common stock attached to the exchangeable shares of TWP Acquisition Company (Canada), Inc., a wholly-owned subsidiary of the Company.

The exchangeable shares are exchangeable at any time into an aggregate of 154,786 shares of the Company's common stock and entitle the holders thereof to a maximum of 154,786 votes at the annual meeting if all such exchangeable shares are voted.

### ***HOW MANY VOTES MUST BE PRESENT TO HOLD THE MEETING?***

26,479,165 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.

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

There are three (3) stockholders that beneficially own over 5% of our common stock (see pages 10 and 11).

***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 electronically via the Internet, please follow the instructions provided at [www.investorvote.com/sf](http://www.investorvote.com/sf).

Alternatively, to vote via telephone, please call (800) 652-VOTE (8683).

If you requested that a proxy card be mailed to you, then you may fill out your proxy card, date and sign it, and return it in the provided postage-paid envelope. We must receive your proxy card no later than May 31, 2011 for your proxy to be valid and for your vote to count.

For holders of exchangeable shares in TWP Acquisition Company (Canada), Inc., a wholly-owned subsidiary of the Company, instructions for voting and revocation of voting instructions, as well as instructions for attending the annual meeting if you hold exchangeable shares, are included in the Notice to Exchangeable Stockholders that is being provided to holders of exchangeable shares along with the Notice of Internet Availability of Proxy Materials.

Our employees who participate in our employee benefit plans may vote those shares 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 or other nominee (that is, in street name), you must obtain a proxy from your broker or nominee and bring that proxy to the meeting.

**Holders of Exchangeable Shares**

If you hold exchangeable shares in TWP Acquisition Company (Canada), Inc., a wholly-owned subsidiary of the Company, and you wish to direct the trustee to cast the votes represented by your exchangeable shares attached to our common stock, you should follow carefully the voting instructions that are included in the Notice to Exchangeable Stockholders that accompanied the Notice of Internet Availability of Proxy Materials. The procedure for instructing the trustee differs in certain respects from the procedure for delivering a proxy, including the place for depositing the instruction and the manner of revoking the instruction.

**Shares Held in our 401(k) Plan or in our Employee Stock Ownership Plan and Trust**

On April 6, 2011, the Stifel, Nicolaus & Company, Incorporated Profit Sharing 401(k) Plan (the "401(k) Plan") held 895,545 shares of our common stock in the name of Prudential, as trustee of the 401(k) Plan. If you are a participant in the 401(k) Plan, you may instruct Prudential how to vote shares of common stock credited to your 401(k) Plan account by indicating your instructions by voting on our Intranet or by

requesting a proxy card and returning it to us by May 31, 2011. A properly executed proxy card or Intranet instructions will be voted as directed. If no proper voting direction is received, Prudential, in its capacity as the 401(k) Plan trustee, will vote your shares held in the 401(k) Plan in the same proportion as votes received from other participants in the 401(k) Plan.

On April 6, 2011, our Employee Stock Ownership Plan and Trust held 709,791 shares of our common stock in the name of Prudential, as trustee of the Stock Ownership Plan and Trust. If you are a participant in the Stock Ownership Plan and Trust, you may instruct Prudential how to vote shares of common stock credited to your Stock Ownership Plan and Trust account by indicating your instructions by voting on our Intranet or by requesting a proxy card and returning it to us by May 31, 2011. A properly executed proxy card or Intranet instructions will be voted as directed.

If no proper voting direction is received, Prudential, in its capacity as the trustee of the Stock Ownership Plan and Trust, will vote your shares held in the Stock Ownership Plan and Trust in the same proportion as votes received from other participants in the Stock Ownership Plan and Trust.

### **Broker Non-Votes**

Under the rules of the New York Stock Exchange, your shares cannot be voted without your specific voting instructions on Proposals I, II, III and IV. See the section entitled "*Can My Shares Be Voted If I Don't Vote Electronically, Don't Vote By Telephone, Don't Return My Proxy Card And Don't Attend The Annual Meeting?*" below for additional information. Accordingly, in order for your shares to be voted on all matters, please give your instructions through any of the above-noted means and return it promptly. **Please vote, your vote is important.** Voting on matters presented at stockholders meetings, particularly the election of directors, is the primary method for stockholders to influence the direction taken by a publicly-traded company. We urge you to participate in the election through any of the above-noted means. Please understand that if you vote electronically, vote by telephone or return a proxy card without specifying your vote on a particular proposal, then this will be construed as an instruction to vote the shares as recommended by the Board on all matters to be considered at the meeting.

### ***CAN I CHANGE MY VOTE?***

Yes. Prior to the meeting date, you may cast a new vote by telephone, Internet or Intranet, or request and return a proxy card with a later date, or send a written notice of revocation to our Corporate Secretary at One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102 or email us at [investorrelations@stifel.com](mailto:investorrelations@stifel.com). If you attend the annual meeting and want to vote in person, you can request that your previously submitted proxy not be used.

Holders of exchangeable shares should refer to the Notice to Exchangeable Stockholders informing such holders of their rights with respect to directing the voting of the votes attached to our common stock.

***WHAT ARE THE VOTES REQUIRED TO ELECT DIRECTORS, APPROVE THE 2001 INCENTIVE STOCK PLAN (2011 RESTATEMENT), APPROVE the ADVISORY RESOLUTION RELATING TO EXECUTIVE COMPENSATION, RECOMMEND THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION, AND APPROVE THE RATIFICATION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM?***

- A plurality of votes cast for each class of directors at the meeting in person or by proxy is required to elect the directors in each class. Therefore, the six nominees receiving the highest number of votes in Class I, the nominee receiving the highest number of votes in Class II and the two nominees receiving the highest number of votes in Class III will be elected as directors.
- The affirmative vote of a majority of the votes present at the meeting in person or by proxy is required to approve the 2001 Incentive Stock Plan (2011 Restatement); provided that the number of votes cast on the proposal constitutes more than 50% of the shares entitled to vote on the proposal.
- The affirmative vote of a majority of the votes present at the meeting in person or by proxy is required for approval of the advisory resolution relating to executive compensation.
- The alternative on the frequency of future advisory votes on executive compensation that receives the greatest number of votes (every one, two or three years) will be considered our stockholders' recommendation on the frequency issue.
- The affirmative vote of a majority of the votes present at the meeting in person or by proxy is required to ratify Ernst & Young LLP as our independent registered public accounting firm.

***WHAT IF I DON'T VOTE FOR SOME OF THE MATTERS LISTED IN THESE PROXY MATERIALS OR ON MY PROXY CARD?***

If you vote for some, but not all, matters electronically or by telephone, or return a proxy card without indicating your vote with regard to a particular matter, your shares will be voted FOR all of the nominees listed on the card, FOR approval of the 2001 Incentive Stock Plan (2011 Restatement), FOR the advisory resolution relating to executive compensation, EVERY THREE YEARS for the advisory vote on the frequency of future advisory votes on executive compensation, FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011, and in the discretion of the proxy holders as to any other matters that may properly come before the annual meeting or any postponement or adjournment of the annual meeting.

***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 Proposals II, III, and V will be counted as a vote cast and will have the effect of a vote cast against that proposal. Because the alternative on the frequency of future advisory votes on executive compensation that receives the greatest number of votes (every one, two or three years) will be considered our stockholders' recommendation on the frequency issue, a vote to "abstain" will be deemed to be present at the meeting but will not have an effect on the outcome of Proposal IV.

***CAN MY SHARES BE VOTED IF I DON'T VOTE ELECTRONICALLY, DON'T VOTE BY TELEPHONE, DON'T RETURN MY PROXY CARD AND DON'T ATTEND THE ANNUAL MEETING?***

Proposal V, the ratification of our independent registered public accounting firm, is considered a routine matter under the New York Stock Exchange (the "NYSE") rules for voting purposes. Accordingly, brokerage firms and nominees that are members of the NYSE have the authority under those rules to vote your shares they hold for you in nominee name if you have not furnished voting instructions within a specified period of time prior to the annual meeting.

Proposals I, II, III and IV are not considered routine matters under the NYSE's rules and therefore, brokerage firms and nominees that are members of the NYSE will not be able to vote your shares they hold for you in nominee name if they have not received voting instructions with regard to these proposals. Due to the plurality vote standard used for Proposals I and IV, broker non-votes will not have an effect on the vote for the election of directors or on the recommendation for the frequency of future advisory votes on executive compensation. For Proposals II and III, broker non-votes represented by submitted proxies will be taken into account in determining the outcome and will have the effect of a vote cast against approval of the 2001 Incentive Stock Plan (2011 Restatement) and against the approval of the advisory resolution relating to executive compensation.

Holders of exchangeable shares should refer to the Notice to Exchangeable Stockholders informing such holders of their rights with respect to directing the voting of the votes attached to our common stock.

***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 any other matters arise at the annual meeting, the proxies will be voted at the discretion of the proxy holders (see "Future Stockholder Proposals" on page 70).

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

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

***WHY DID I RECEIVE A ONE-PAGE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS INSTEAD OF A FULL SET OF PROXY MATERIALS?***

As permitted by the Securities and Exchange Commission (the "SEC") rules, we have elected to provide access to our proxy materials over the Internet, which reduces our costs and the environmental impact of our annual meeting. Accordingly, we mailed a Notice of Internet Availability of Proxy Materials to our stockholders of record and beneficial owners who have not previously requested a printed set of proxy materials. The Notice of Availability contains instructions on how to access our proxy statement and annual report and vote online, as well as instructions on how to request a printed set of proxy materials.

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

To vote electronically via the Internet, you will need your control number, which was provided to you in the Notice of Internet Availability of Proxy Materials or the proxy card included in your printed set of proxy materials. Once you have your control number, you may go to [www.investorvote.com/sf](http://www.investorvote.com/sf) and enter your control number when prompted to vote. To request the proxy materials electronically, you may either call (800) 652-VOTE (8683) or send an e-mail requesting electronic delivery of the materials to [investorrelations@stifel.com](mailto:investorrelations@stifel.com). Additionally, the proxy materials are available at [www.investorvote.com/sf](http://www.investorvote.com/sf) and at [www.stifel.com/investorrelations](http://www.stifel.com/investorrelations).

**STIFEL FINANCIAL CORPORATION**  
**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, JUNE 1, 2011**

**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, June 1, 2011, at 11 a.m., on the 2nd Floor, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102, and any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of annual meeting of stockholders.

Notice of this proxy statement and the annual meeting were first mailed to our stockholders as of the close of business on April 6, 2011, beginning on April 18, 2011. The Notice also contains instructions on how to obtain paper copies of these proxy materials and a proxy card.

All proxies, whether voted electronically online, by telephone, or by proxy card, 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, in favor of the approval of the 2001 Incentive Stock Plan (2011 Restatement) in Proposal II, in favor of the advisory resolution relating to executive compensation in Proposal III, every three years for the frequency of future advisory votes on executive compensation in Proposal IV, and in favor of the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011 in Proposal V; 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 casting a new vote by telephone, Internet or Intranet, 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. Instructions for voting and revocation of voting instructions, as well as instructions for attending the annual meeting if you hold exchangeable shares, are included in the Notice to Exchangeable Stockholders that is being provided to holders of exchangeable shares along with this proxy statement.

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 votes cast for each class of director at the meeting in person or by proxy is required to elect the directors in each class. Therefore, the six nominees receiving the highest number of votes in Class I, the nominee receiving the highest number of votes in Class II and the two nominees receiving the highest number of votes in Class III 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 any effect on the results of the vote for the election of directors, although these shares 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 affirmative vote of a majority of the votes present at the meeting in person or by proxy is required to approve the 2001 Incentive Stock Plan (2011 Restatement); provided that the number of votes cast on the proposal constitutes more 50% of the shares entitled to vote on the proposal. A vote to "abstain" on this proposal will be counted as a vote present and cast at the meeting and will have the effect of a vote cast against such proposal. Similarly, broker "non-votes" represented by submitted proxies will also have the effect of a vote present at the meeting and cast against this proposal.

The affirmative vote of a majority of the votes present at the meeting in person or by proxy is required for approval of the advisory resolution relating to executive compensation. A vote to "abstain" on this proposal will be counted as a vote present at the meeting and will have the effect of a vote cast against such proposal. Similarly, broker "non-votes" represented by submitted proxies will also have the effect of a vote present at the meeting and cast against this proposal.

The alternative on the frequency of future advisory votes on executive compensation that receives the greatest number of votes (every one, two or three years) will be considered our stockholders' recommendation on the frequency issue. As a result, votes to "abstain" and broker "non-votes" represented by submitted proxies will not affect the outcome of this proposal.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the votes present at the meeting in person or by proxy. A vote to "abstain" on this proposal will be counted as a vote present at the meeting and will have the effect of a vote cast against this 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 as votes present at the meeting for purposes of determining whether a quorum exists.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The close of business on April 6, 2011 has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting. On April 6, 2011 there were 52,958,329 shares of our common stock outstanding and entitled to vote, which includes the common stock attached to the exchangeable shares of TWP Acquisition Company (Canada), Inc., a wholly-owned subsidiary of the Company.

### **Ownership of Directors, Nominees and Executive Officers**

The following table sets forth information regarding the amount of common stock beneficially owned, as of April 6, 2011, 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. The information set forth in the table and the corresponding footnotes has been adjusted as a result of the



Company's fifty percent (50%) stock dividend in the form of a three-for-two stock split, distributed on April 5, 2011 to stockholders of record on March 22, 2011.

Name	Number of Shares Beneficially Owned <sup>(1) (2)</sup>	Percent of Outstanding Common Stock <sup>(3)</sup>	Unvested Stock Units <sup>(4)</sup>
Ronald J. Kruszewski	1,155,532	2.17 %	209,271
James M. Zemlyak	756,110	1.42 %	75,044
Thomas W. Weisel <sup>(5)</sup>	545,957	1.03%	174,645
Richard J. Himelfarb	321,473	*	21,915
Thomas P. Mulroy	280,089	*	87,432
Ben A. Plotkin	197,809	*	48,693
Robert E. Lefton	100,691	*	-
James M. Oates	95,297	*	-
Victor J. Nesi	85,479	*	194,372
Charles A. Dill <sup>(6)</sup>	82,452	*	-
Bruce A. Beda	69,014	*	-
Richard F. Ford	60,035	*	-
Frederick O. Hanser	53,418	*	-
John P. Dubinsky	39,767	*	-
Alton F. Irby III	19,691	*	-
Michael W. Brown	13,942	*	-
Kelvin R. Westbrook	13,010	*	-
Robert E. Grady	3,334	*	-
Directors and Executive Officers as a Group (18 persons)	4,009,993	7.57 %	869,044

<sup>(1)</sup> Except as otherwise indicated, each individual has sole voting and investment power over the shares listed beside his name. These shares were listed on regulatory filings by each of the individual directors or executive officers.

<sup>(2)</sup> Includes the following shares that such persons and group have the right to acquire currently or within 60 days following April 6, 2011 upon the exercise of stock options: Mr. Kruszewski - 209,999; Mr. Zemlyak - 120,000; Mr. Lefton - 13,496; Mr. Beda - 2,250; Mr. Dill - 7,499; Mr. Ford - 13,496; Mr. Hanser - 22,499; Mr. Dubinsky - 450; Mr. Irby III - 6,819; Mr. Brown - 7,496 and directors and executive officers as a group - 425,003. Also includes the following shares underlying stock units held by such persons and which are currently vested or which vest within 60 days following April 6, 2011: Mr. Kruszewski - 174,143;

Mr. Zemlyak - 44,492; Mr. Mulroy - 40,701; Mr. Himelfarb - 26,745; Mr. Plotkin - 15,959; Mr. Oates - 19,271; Mr. Lefton - 17,457; Mr. Beda - 20,822; Mr. Dill - 17,192; Mr. Nesi - 8,741; Mr. Ford - 19,005; Mr. Hanser - 17,192; Mr. Dubinsky - 17,192; Mr. Westbrook - 13,010; Mr. Brown - 1,688; Mr. Grady - 1,688; and Mr. Irby III - 1,688; and directors and executive officers as a group - 471,892. Also includes 23,550 shares underlying warrants held by Mr. Plotkin and which are currently vested or which vest within 60 days following April 6, 2011. Also includes the following shares which have been allocated to such persons under the Stifel Financial Corp. Stock Ownership Plan and Trust and the 401(k) Plan, respectively: Mr. Kruszewski -1,224 and 0; Mr. Zemlyak - 1,022 and 11,411; Mr. Mulroy - 219 and 0; Mr. Himelfarb - 219 and - 5,436; Mr. Weisel - 9 and 0; Mr. Plotkin - 98 and 0; Mr. Nesi - 59 and 0; and directors and executive officers as a group - 4,659 and 16,847.

(3) Based upon 52,958,329 shares of common stock issued and outstanding as of April 6, 2011, and, for each director or officer or the group, the number of shares subject to options or stock units and underlying warrants which the director, officer or the group has the right to acquire currently or within 60 days following April 6, 2011.

(4) Includes shares underlying stock units held by such persons but which are not convertible into our common stock within the 60-day period after April 6, 2011, and, therefore, under the rules of the SEC, are not deemed to be "beneficially owned" as of April 6, 2011. The stock units generally will be transferred into common stock at the end of a three- to six-year period after the date of grant contingent upon the holder's continued employment with us.

(5) Mr. Weisel has pledged 125,946 shares as collateral as security for certain obligations. Additionally, Thomas Weisel Investment Management, Inc., a company owned by Mr. Weisel, has pledged 78,342 shares as collateral as security for certain obligations, as to which shares Mr. Weisel has sole voting and investment power.

(6) Mr. Dill has pledged 38,505 shares as collateral for a brokerage margin account.

(\*) Shares beneficially owned do not exceed 1% of the outstanding shares of our common stock.

### **Ownership of Certain Beneficial Owners**

Based on filings made under Section 13(d) and Section 13(g) of the Securities Exchange Act of 1934, as of April 6, 2011, the persons identified below were the only persons known to us to be a beneficial owner of more than 5% of our common stock. The information set forth in the table and the corresponding footnotes has been adjusted as a result of the Company's fifty percent (50%) stock dividend in the form of a three-for-two stock split, distributed on April 5, 2011 to stockholders of record on March 22, 2011.

Name and Address	Number of Shares Beneficially Owned	Percent of Outstanding Common Stock <sup>(1)</sup>
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	4,483,018 <sup>(2)</sup>	8.47%
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	3,995,431 <sup>(3)</sup>	7.54%
Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151	2,741,143 <sup>(4)</sup>	5.18%

(1) Based upon 52,958,329 shares of common stock issued and outstanding as of April 6, 2011.

(2) The information shown is based on a Schedule 13G, filed February 14, 2011, of Wellington Management Company, LLP. The Schedule 13G indicates that Wellington Management Company, LLP, in its capacity as an investment adviser, has shared voting power with respect to 2,310,532 shares and shared dispositive power with respect to all 2,988,679 of the shares. As adjusted for the April 5, 2011 three-for-two stock split, Wellington has shared voting power with respect to 3,465,798 shares and shared dispositive power with respect to all 4,483,018 shares.

(3) The information shown is based on a Schedule 13G/A, filed February 8, 2011, of Blackrock, Inc. The amended Schedule 13G indicates that Blackrock, Inc. has sole voting power and sole dispositive power with respect to all 2,663,621 shares, and as adjusted for the April 5, 2011 three-for-two stock split, all 3,995,431 shares.

(4) The information shown is based on a Schedule 13G, filed February 3, 2011, of Royce & Associates, LLC. The Schedule 13G indicates that Royce & Associates, LLC has sole voting power and sole dispositive power with respect to all 1,827,429 shares, and as adjusted for the April 5, 2011 three-for-two stock split, all 2,741,143 shares.

## INFORMATION CONCERNING THE BOARD OF DIRECTORS

### Director Independence

Under NYSE Corporate Governance Standards, an independent director is a member of the Board of Directors who:

- Does not, and has not for the three years prior to the date of determination, received more than \$120,000 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 three 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 three years since the affiliation, employment, or the auditing relationship ended;
- Is not, and has not been for the three 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 three 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;
- 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 three 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 executive 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.

The Board of Directors has determined that Messrs. Beda, Brown, Dill, Dubinsky, Ford, Grady, Hanser, Irby, Lefton, Oates, and Westbrook qualify as independent directors. In making this determination, the Board of Directors considered the rules of the NYSE and the SEC, and reviewed information provided by the directors in questionnaires concerning the relationships that we may have with each director. In particular, with respect to Mr. Irby III, the Board considered the related party transaction described on page 38 of this proxy statement and concluded that Mr. Irby III's independence was not compromised.

### **Board of Directors - Leadership, Risk Oversight, Meetings and Committees**

**Leadership:** Our Board of Directors is presently composed of eleven independent directors and seven employee directors. The Board strategically considers the combination or separation of the Chairman and Chief Executive Officer roles as an integral part of its planning process and corporate governance philosophy. Ronald J. Kruszewski concurrently serves as both a Chairman of the Board as well as the

Company's President and Chief Executive Officer. Thomas W. Weisel shares the role of Chairman of the Board with Mr. Kruszewski.

In connection with the Company's acquisition of Thomas Weisel Partners Group, Inc. ("TWPG") in July 2010, the Board determined that Mr. Weisel's service along with Mr. Kruszewski as Chairman of the Board would assist the integration of the two companies and would otherwise be in the best interests of the Company. Although Mr. Kruszewski currently serves as Chairman of the Board as well as the Company's President and Chief Executive Officer, the Board believes that this structure serves the Company well because it provides consistent leadership and accountability for managing Company operations. In addition, our Board of Directors also holds regularly scheduled executive sessions without management, at which a non-management director presides in compliance with the NYSE Corporate Governance Standards.

**Risk Oversight:** Our Board of Directors has responsibility for the oversight of risk management. Our Board of Directors, either as a whole or through its Committees, regularly discusses with Company management our major risk exposures, their potential impact and the steps we take to monitor and control such exposures.

While our Board is ultimately responsible for risk oversight, each of our Committees assists the full Board in fulfilling its oversight responsibilities in certain areas of risk. In particular, the Audit Committee focuses on the management of financial and accounting risk exposures. The Compensation Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. Finally, the Nominating/Corporate Governance Committee focuses on the management of risks associated with Board organization, membership and structure, and the organizational and governance structure of our Company.

**Meetings:** During 2010, our Board of Directors met 10 times, including both regularly scheduled and special meetings. During the year, all of the incumbent directors attended at least 75% of all meetings held by the Board of Directors and all Committees on which they serve. It is our policy to encourage the members of our Board of Directors to attend the annual meeting of stockholders. At the last annual meeting, eight of the then current directors were in attendance.

**Committees:** The standing committees of our Board of Directors are the Audit Committee, Compensation Committee, Executive Committee and Nominating/Corporate Governance Committee. The Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee each operates pursuant to a written charter approved by the Board of Directors. The full text of each such charter 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 by contacting our Corporate Secretary at (314) 342-2000 or by email at [investorrelations@stifel.com](mailto:investorrelations@stifel.com).

**Audit Committee.** Messrs. Beda (Chairman), Dubinsky, Ford, Oates and Westbrook are the current members of the Audit Committee, all of whom are independent directors as defined by the NYSE, the SEC and as determined by our Board of Directors. The duties of the Audit Committee include:

- recommending to the Board of Directors a 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 Audit Committee's review of the independent auditors' report and the performance of the independent auditors throughout the year.

Each member of the Audit 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 met four times during 2010.

**Compensation Committee.** Messrs. Oates (Chairman), Lefton (Vice Chairman), Beda, Dill and Hanser are the current members of the Compensation Committee, all of whom are independent directors as defined by the NYSE and as determined by our Board of Directors. The Compensation Committee met four times during 2010. 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;
- making recommendations to our Board of Directors regarding the adoption, amendment and rescission of employee benefit plans; and
- reviewing the Company's compensation policies and practices with respect to the Company's employees to ensure that they are not reasonably likely to have a material adverse effect on the Company.

**Compensation Committee Interlocks and Insider Participation.** During 2010, the Compensation Committee was composed of Messrs. Oates, Lefton, Beda, Dill and Hanser, each of whom qualifies as an independent director under the rules of the NYSE and as determined by our Board of Directors. There are no interlocks or insider participation matters to report.

**Executive Committee.** Messrs. Kruszewski (Chairman), Beda, Ford 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 met five times during 2010.

**Nominating/Corporate Governance Committee.** Messrs. Ford (Chairman), Beda, Lefton and Oates are the current members of the Nominating/Corporate Governance Committee, all of whom are independent directors as defined by the NYSE and as determined by our Board of Directors. The Nominating/Corporate

Governance Committee met four times during 2010. 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 Nominating/Corporate Governance 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. In identifying and evaluating nominees for director, the Nominating/Corporate Governance Committee considers, among other things, each candidate's strength of character, judgment, career specialization, relevant technical skills, experience, diversity and the extent to which the candidate would fill a need on the Board of Directors.

Any stockholder wishing to nominate a candidate for director at a stockholders' meeting must follow the procedures described under "*Future Stockholder Proposals*" in this proxy statement, and must furnish certain information about the proposed nominee, including name, contact information, background, experience, diversity and other pertinent information on the proposed candidate.

### **PROPOSAL I - ELECTION OF DIRECTORS**

Our Company's Board of Directors currently consists of 18 persons, divided into three classes of six members each. The nominees for election at the 2011 annual meeting are as follows: six (6) Class I members, one (1) Class II member and two (2) Class III members. Typically, each class is elected for a term of three years, and the classes together are staggered so that one class term expires each year. In connection with the acquisition of TWPG and effective August 3, 2010, the Company's Board of Directors expanded the size of the Board from 15 persons to 19 persons and elected Messrs. Brown, Grady, Irby III and Weisel to serve as directors for a term ending at the Company's 2011 annual meeting of stockholders. Scott B. McCuaig, who served as a Class III director for all of 2010 and as the Company's Senior Vice President and President of the Company's broker-dealer subsidiary, Stifel, Nicolaus & Company, Incorporated, retired from the Board and the Company effective April 1, 2011, bringing the current number of directors to 18.

The Board of Directors, upon the recommendation of the Nominating/Corporate Governance Committee, has nominated (i) Bruce A. Beda, Frederick O. Hanser, Ronald J. Kruszewski, Thomas P. Mulroy, Thomas W. Weisel and Kelvin R. Westbrook for election as Class I directors to hold office until the 2014 annual meeting of stockholders or until their respective successors are elected and qualified or until their earlier death, resignation or removal, (ii) Alton F. Irby III to serve as a Class II director to hold office until the 2012 annual meeting of stockholders or until his successor is elected and qualified or until his earlier death, resignation or removal, and (iii) Michael W. Brown and Robert E. Grady to serve as Class III directors until the 2013 annual meeting of stockholders or until their respective successors are elected and qualified or until their

earlier death, resignation or removal. Each of the nominees is currently serving as a director of our Company.

The Board has granted a waiver from the age 70 restriction on standing for re-election to Mr. Beda due to the desire for continuity and the specialized skill sets and business experience he contributes to the Board, and to Messrs. Irby III and Weisel considering the importance to the Board of their service in connection with the recent acquisition of TWPG.

Shares represented by your proxy will be voted in accordance with your direction as to the election of directors from 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 six nominees receiving the highest number of votes in Class I, the nominee receiving the highest number of votes in Class II and the two nominees receiving the highest number of votes in Class III will be elected as our directors for each such class to hold office as follows: the Class I nominees until the 2014 annual meeting of stockholders, the Class II nominees until the 2012 annual meeting of stockholders, and the Class III nominees until the 2013 annual meeting of stockholders. Shares represented by your proxy cannot be voted for more than six (6) Class I directors, one (1) Class II director, and two (2) Class III directors. 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.

### **Experience and Diversity**

The Nominating/Corporate Governance Committee of Stifel Financial Corp.'s Board of Directors actively seeks directors who provide the Board with a diversity of perspectives and backgrounds.

The composition of our current Board of Directors reflects diversity in business and professional experience, skills, and ethnic background. When considering whether directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the Nominating/Corporate Governance Committee and the Board of Directors focused primarily on the information discussed in each of the individual biographies set forth below. These biographies briefly describe the business experience during the past five years or longer, if material, 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, positions held with us or our principal subsidiary, Stifel, Nicolaus & Company, Incorporated and information as to the other directorships held by each of them during such five year period. These biographies also include the specific individual attributes considered by the Nominating/Corporate Governance Committee and the Board in coming to the conclusion that each such nominee or current director should serve as a director of the Company.



**Class I - Nominees**

<p><b>Bruce A. Beda, 70</b></p> <p><i>Director Since:</i> 1997, Class I Nominee with term ending in 2014</p> <p><i>Committees:</i> Audit Committee (Chairman), Compensation Committee, Executive Committee, Nominating/Corporate Governance Committee</p>
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**Career Highlights**

Chief Executive Officer, Kilbourn Capital Management, LLC, a financial asset manager (2001 - present)

**Experience and Qualifications**

Mr. Beda has financial expertise and decade-long leadership as a financial asset manager and provides an important historical perspective with respect to Company operations.

	<p><b>Frederick O. Hanser, 69</b></p> <p><i>Director Since:</i> 2003, Class I Nominee with term ending in 2014</p> <p><i>Committees:</i> Compensation Committee</p>
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**Career Highlights**

Vice Chairman, Stifel Bank & Trust (2007 - present)

Director, SLC Holdings, LLC, the manager and holding company for the St. Louis Cardinals, LLC. (1996 - present)

Vice Chairman, St. Louis Cardinals, LLC, a professional baseball team (1996 - 2010)

Attorney, Fordyce and Mayne, a law firm

Attorney, Armstrong, Teasdale LLP, a law firm

**Other Professional Experience and Community Involvement**

One of three principal organizers and Member, Board of Directors, of Mississippi Valley Bancshares, Inc.<sup>(1)</sup>, a bank holding company (NASDAQ: MVBI)

Practiced law for 29 years, focused in banking, corporate and estate taxation, medical law, venture capital, and closely held businesses

B.A., Yale University

J.D., Washington University

Member, Board of Directors, and President BackStoppers, Inc.

Member, Board of Directors, CrimeStoppers - St. Louis Region

**Experience and Qualifications**

Mr. Hanser has extensive legal and managerial background, as well as experience as a director of other financial services companies.

<p><sup>(1)</sup> Purchased by Southwest Bank of St. Louis in 1984</p>	
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	<p><b>Ronald J. Kruszewski, 52</b></p> <p><i>Chairman of the Board of Directors, President and Chief Executive Officer of Stifel Financial Corp.</i></p> <p><i>Director Since:</i> 1997, Class I Nominee with term ending in 2014</p> <p><i>Committees:</i> Executive Committee (Chairman)</p> <p><i>Other Public Company Directorships within the past 5 years:</i> Angelica Corporation, non-executive Chairman</p>
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**Career Highlights**

Stifel Financial Corp.

- Chairman (2001 - present)
- President and Chief Executive Officer (September 1997 - present)

Stifel, Nicolaus & Company, Incorporated

- Chairman (2001 - present)
- President and Chief Executive Officer (September 1997 - present)

**Other Professional Experience and Community Involvement**

Member, Board of Directors, Securities Industry and Financial Markets Association (SIFMA)

Member, U.S. Ski and Snowboard Team Foundation Board

Chairman of Downtown Now!

Member, Board of Directors, St. Louis Regional Chamber and Growth Association

Member, Board of Directors, Barnes-Jewish Hospital

Member, Board of Trustees, Webster University

Member, Regional Business Council in St. Louis

Member, Young Presidents' Organization - St. Louis Chapter

Former Chairman, Downtown St. Louis Partnership, Inc.

**Experience and Qualifications**

Mr. Kruszewski has extensive managerial and leadership experience in the financial services industry in addition to a comprehensive understanding and knowledge of the Company's day-to-day operation and strategy.



**Thomas P. Mulroy, 49**

*Senior Vice President of Stifel Financial Corp.*

*Director Since: 2005, Class I Nominee with term ending in 2014*

**Career Highlights**

Stifel Financial Corp.

- Senior Vice President (December 2005 - present)

Stifel, Nicolaus & Company, Incorporated

- Executive Vice President (December 2005 - present)
- Co-Director, Institutional Group (formerly Capital Markets) (July 2009 - present)
- Director, Equity Capital Markets (December 2005 - July 2009)

Legg Mason, Inc.

- Executive Vice President (1986 - November 2005)

**Other Professional Experience and Community Involvement**

Chairman of the Board of Stifel Nicolaus Ltd.

B.S. in finance, Ithaca College

M.B.A. in finance, American University

**Experience and Qualifications**

With over 25 years of experience in capital markets, Mr. Mulroy has developed extensive knowledge of the industry. His substantial experience and perspective assists the Board in its review of the Company's capital markets business.

<p><b>Thomas W. Weisel, 70</b></p> <p><i>Chairman of the Board of Directors of Stifel Financial Corp.</i></p> <p><i>Director Since: 2010, Class I Nominee with term ending in 2014</i></p> <p><i>Other Public Company Directorships within the past 5 years: NASDAQ OMX Group, Inc. (NASDAQ: NDAQ) and Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG)</i></p>
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### **Career Highlights**

Chairman and Chief Executive Officer, Thomas Weisel Partners Group, Inc., an investment firm he founded in 1998 (NASDAQ: TWPG)

Chief Executive Officer, Montgomery Securities, a firm he founded in 1971, which was bought by NationsBank in 1997

### **Other Professional Experience and Community Involvement**

Current member and former Chairman, U.S. Ski and Snowboarding Team Foundation Board

Founder and Chairman, USA Cycling Foundation Board

Founded Tailwind Sports

Largest investor in the Discovery Channel (previously U.S. Postal) pro-cycling team, formerly led by Lance Armstrong, seven-time winner of the Tour de France

Member, Board of Directors, Museum of Modern Art in New York

Member, Board of Directors, San Francisco Museum of Modern Art

Former member, Board of Directors, Stanford Endowment Management Board

Former member, Advisory Board, Harvard Business School

### **Experience and Qualifications**

Mr. Weisel has extensive entrepreneurial and operational experience in the financial services industry, as evidenced by his founding and development of the investment firms of TWPG and Montgomery Securities prior to joining the Company.

<p><b>Kelvin R. Westbrook, 55</b></p> <p><i>Director Since: 2007, Class I nominee with term ending in 2014</i></p> <p><i>Committees: Audit Committee</i></p> <p><i>Other Current Public Company Directorships: Archer-Daniels Midland Company (NYSE: ADM) and Camden Property Trust (NYSE: CPT)</i></p> <p><i>Other Public Company Directorships within the past 5 years: Angelica Corporation</i></p>
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### **Career Highlights**

President and Chief Executive Officer, KRW Advisors, LLC, a privately-held telecommunications and media consulting and advisory services firm (October 2007 - present)

Broadstripe, LLC (formerly known as Millennium Digital Media Systems, LLC<sup>(1)</sup>), broadband services company

- Chairman and Chief Strategic Officer (September 2006 - October 2007)
- President and Chief Executive Officer (May 1997 - September 2006)

### **Other Professional Experience and Community Involvement**

Member, Board of Directors, National Cable Satellite Corporation, better known as C-SPAN

Member, Board of Directors, BJC HealthCare, a multi-billion dollar, not-for-profit healthcare services company

Former partner of a national law firm

### **Experience and Qualifications**

Mr. Westbrook brings legal, media and marketing expertise to the board of directors. In addition, through his service on the boards of directors and board committees of other public companies and not-for-profit entities, Mr. Westbrook has gained an in-depth knowledge and expertise in corporate governance.

<sup>(1)</sup> Broadstripe, LLC and certain of its affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in January, 2009, approximately fifteen months after Mr. Westbrook resigned from the firm.



**Class II - Nominees**

<p><b>Alton F. Irby III, 70</b></p> <p><i>Director Since:</i> 2010, Class II nominee with term ending in 2012</p> <p><i>Other Current Public Company Directorships:</i> ContentFilm (AIM: CFL), and McKesson Corporation (NYSE: MCK)</p> <p><i>Other Public Company Directorships within the past 5 years:</i> Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG)</p>
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**Career Highlights**

Founding partner, London Bay Capital LLC, a privately-held investment firm (May 2006 - present)

Founding partner, Tricorn Partners LLP, a privately-held investment bank (May 2003 - May 2006)

Chairman and Chief Executive Officer of HawkPoint Partners (formerly known as National Westminster Global Corporate Advisory)

Founding partner, Hambro Magan Irby Holdings

**Experience and Qualifications**

Mr. Irby has extensive experience founding and leading multiple privately-held investment firms as well as twenty-five years of experience in the international financial services industry in Europe and the United States.

**Class III - Nominees**

<p><b>Michael W. Brown, 65</b></p> <p><i>Director Since:</i> 2010, Class III nominee with term ending in 2013</p> <p><i>Other Current Public Company Directorships:</i> EMC Corporation (NYSE: EMC), VMWare, Inc. (NYSE: VMW), and Insperity (NYSE: NSP), formerly known as Administaff</p> <p><i>Other Public Company Directorships within the past 5 years:</i> Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG)</p>
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**Career Highlights**

Microsoft Corporation, a global software company (NASDAQ: MSFT)

- Vice President and Chief Financial Officer (August 1994 - July 1997)
- Vice President - Finance and Treasurer (1989 - August 1994)

Deloitte & Touche LLP, a provider of assurance, tax, and business consulting services (1971 - 1989)

**Other Professional Experience and Community Involvement**

Former Chairman, NASDAQ Stock Market Board of Directors

Former Governor, National Association of Securities Dealers

**Experience and Qualifications**

Mr. Brown has considerable financial and accounting expertise including eight years of financial leadership with a leading technology company and directorships at other publicly held companies. Mr. Brown also has considerable experience as a director and governor of self-regulatory organizations within the financial services industry.

**Robert E. Grady, 53**

*Director Since:* 2010, Class III nominee with term ending in 2013

*Other Current Public Company Directorships:* Maxim Integrated Products (NASDAQ: MXIM)

*Other Public Company Directorships within the past 5 years:* Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG), AuthenTec, Inc. (NASDAQ: AUTH), and Blackboard, Inc. (NASDAQ: BBBB)

**Career Highlights**

Partner and Managing Director, Cheyenne Capital Fund, a private equity investment firm (2009 - present)

Carlyle Group, a large private equity firm

Partner, Global head of Venture Capital (2000 - 2009)

Chairman and Managing Partner, Carlyle Venture Partners, (2000 - 2009)

Managing Director, Robertson Stephens & Company, an emerging growth investment bank

**Other Professional Experience and Community Involvement**

Chairman, New Jersey Council of Economic Advisors

Chairman, New Jersey State Investment Council, which oversees the state's \$72 billion pension system

Former Chairman, National Venture Capital Association

Former Deputy Assistant to President George H.W. Bush

Former Executive Associate Director, Office of Management and Budget

Former professor, Stanford Graduate School of Business

**Experience and Qualifications**

Mr. Grady has extensive leadership experience in the private equity investment sector of the financial services industry. Mr. Grady also has substantial federal and state governmental experience as well as strong academic experience. Finally, Mr. Grady has considerable experience as a director of other publicly held companies.

## Continuing Directors

<p><b>Charles A. Dill, 71</b></p> <p><i>Director Since:</i> 1995, Class II director with term ending in 2012</p> <p><i>Committees:</i> Compensation Committee</p> <p><i>Other Current Public Company Directorships:</i> Zoltek Companies, Inc. (NASDAQ: ZOLT) and TransAct Technologies Incorporated (NASDAQ: TACT)</p>
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## Career Highlights

General partner, Two Rivers Associates, a private equity firm (2003 - present)

General partner, Gateway Partners, L.P., a venture capital fund (1995 - present)

President, Chief Executive Officer and director, Bridge Information Systems, Inc., a company providing online information and trading services (1991 - 1995)

## Other Professional Experience and Community Involvement

Venture capital and private equity investor

Director, John Allan Love Foundation

## Experience and Qualifications

Mr. Dill has long-standing experience in the venture capital and private equity investment markets and substantial experience as a manager of an information technology company serving the financial services industry. Mr. Dill also has substantial experience as a director of other publicly held companies.

<b>Richard F. Ford, 74</b>
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<i>Director Since:</i> 1984, Class II director with term ending in 2012
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<i>Committees:</i> Audit Committee, Executive Committee, Nominating/Corporate Governance Committee (Chairman)
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**Career Highlights**

Founder and General Partner, Gateway Associates L.P., a venture capital management firm

**Other Professional Experience and Community Involvement**

Member, Board of Directors, Barry-Wehmiller Company

Member, Board of Directors, Spartan Metal Products

Management development consultant, Centene Corporation

**Experience and Qualifications**

Mr. Ford has substantial experience in the venture capital market and the financial services industry. He also has considerable board and committee leadership experience at other publicly held and large private companies.

**Richard J. Himelfarb, 69**

*Vice Chairman and Senior Vice President of Stifel Financial Corp.*

*Director Since: 2005, Class II director with term ending in 2012*

### **Career Highlights**

Stifel Financial Corp.

- Senior Vice President (December 2005 - present)

Stifel, Nicolaus & Company, Incorporated

- Executive Vice President and Director (December 2005 - present)
- Chairman of Investment Banking (July 2009 - present)
- Director of Investment Banking (December 2005 - July 2009)

Legg Mason, Inc.

- Director (November 1983 - July 2005)
- Executive Vice President (July 1995 - November 2005)
- Senior Vice President (November 1983 - July 1995)

Legg Mason Wood Walker, Inc.

- Executive Vice President (July 1995 - November 2005)
- Senior Vice President (November 1983 - July 1995)

### **Other Professional Experience and Community Involvement**

Practiced corporate, tax and securities law for 16 years prior to joining Legg Mason

Member, Board of Directors, Greater Baltimore Committee

Member, Board of Directors, Kennedy Krieger Institute

Member, Board of Directors, University of Maryland Baltimore Foundation

### **Experience and Qualifications**

With nearly thirty years of experience in the investment banking industry, Mr. Himelfarb provides critical insight and assists the Board in its oversight of the Company's investment banking businesses.

**Victor J. Nesi, 51**

*Senior Vice President of Stifel Financial Corp.*

*Director Since: 2009, Class II director with term ending in 2012*

### **Career Highlights**

Stifel Financial Corp.

- Senior Vice President (July 2009 - present)

Stifel, Nicolaus & Company, Incorporated

- Executive Vice President and Co-Director, Institutional Group (formerly Capital Markets) (July 2009 - present)

Merrill Lynch, a global investment firm

- Global Head of the Technology, Telecommunications and Media Industries Group within Merrill Lynch Global Private Equity (2007 - 2008)
- Head, Americas Investment Banking (2005 - 2007)
- Head, Telecom & Media Investment Banking Group (1996 - 2005)

### **Other Professional Experience and Community Involvement**

Investment banker with two global investment banking firms for 7 years prior to joining Merrill Lynch

Practiced corporate and securities law for 4 years

### **Experience and Qualifications**

With over 15 years of experience in capital markets, including international operations, Mr. Nesi has developed extensive knowledge of the industry. His substantial experience and perspective assists the Board in its review of the Company's capital markets business.

**James M. Zemlyak, 52**

*Senior Vice President, Chief Financial Officer and Treasurer of Stifel Financial Corp.*

*Director Since: 2004, Class II director with term ending in 2012*

**Career Highlights**

Stifel Financial Corp.

- Senior Vice President, Chief Financial Officer and Treasurer (1999 - present)

Stifel, Nicolaus & Company, Incorporated

- Executive Vice President (2005 - present)
- Chief Operating Officer (or Co-Chief Operating Officer) (2002 - present)
- Chief Financial Officer (1999 - 2006)

Managing Director and Chief Financial Officer , Baird Financial Corporation (1997 - 1999)

Senior Vice President and Chief Financial Officer, Robert W. Baird & Co. Incorporated (1994 - 1999)

**Experience and Qualifications**

Mr. Zemlyak has been our Chief Financial Officer since 1999, is a key leader of the Company, and has over 15 years of experience in the financial services industry. The Board believes he has the knowledge of our company and its business necessary to help formulate and execute our business plans and growth strategies.



	<p><b>John P. Dubinsky, 67</b></p> <p><i>Director Since:</i> 2003, Class III director with term ending in 2013</p> <p><i>Committees:</i> Audit Committee</p> <p><i>Other Current Public Company Directorships:</i> Insituform Technologies, Inc. (NASDAQ: INSU)</p> <p><i>Other Public Company Directorships within the past 5 years:</i> Accentia Biopharmaceuticals, Inc. (OTCQB: ABPI)</p>
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**Career Highlights**

Chairman, Stifel Bank & Trust (April 2007 - present)

President and Chief Executive Officer, Westmoreland Associates, LLC, a financial consulting company (1995 - present)

CORTEX (Center of Research, Technology and Entrepreneurial Expertise)

- Chairman (2008 - present)
- President and Chief Executive Officer (2003 - 2008)

President Emeritus, Firststar Bank (1999 - 2001)

Chairman, President and Chief Executive Officer, Mercantile Bank (1997 - 1999)<sup>(1)</sup>

President and Chief Executive Officer, Mark Twain Bancshares, Inc.

**Other Professional Experience and Community Involvement**

Trustee, BJC HealthCare, Barnes-Jewish Hospital

Trustee, Washington University

Trustee, St. Louis Public Library

Chairman, St. Louis Public Library Foundation

**Experience and Qualifications**

Mr. Dubinsky is a leader in the financial consulting industry and has extensive experience in managing financial institutions. Mr. Dubinsky also has strong experience as a director of other publicly held and large private companies as well as not-for-profit entities.

**Robert E. Lefton, Ph.D., 79**

*Director Since:* 1992, Class III director with term ending in 2013

*Committees:* Compensation Committee (Vice Chairman), Nominating/Corporate Governance Committee

**Career Highlights**

Chairman and Chief Executive Officer, Psychological Associates, Inc., an international training and consulting firm (1958 - present)

**Experience and Qualifications**

Dr. Lefton has 52 years of leadership in international training and consulting and a long standing history and experience serving on our Board.

**James M. Oates, 64**

*Director Since:* 1996, Class III director with term ending in 2013

*Committees:* Audit Committee, Compensation Committee (Chairman), Executive Committee, Nominating/Corporate Governance Committee

*Other Current Public Company Directorships:* Connecticut River Bancorp (PK: CORB.PK)

**Career Highlights**

Managing Director, The Wydown Group, a financial consulting firm (1994 - present)

Chairman, Hudson Castle Group, Inc. (formerly IBEX Capital Markets, Inc.), a financial services company (1997 - 2006)

**Other Professional Experience and Community Involvement**

Board member, Investors Bank & Trust Corporation

Board member, Phoenix Mutual Funds

Board member, Connecticut River Bank

Board member, New Hampshire Trust Company

Chairman of the Board, John Hancock Trust and the John Hancock Funds II

Chairman of the Board, Emerson Investment Management, Inc.

Member, investment committee of the Endowment for Health

Trustee Emeritus of Middlesex School, Concord, Massachusetts

**Experience and Qualifications**

Mr. Oates has lead several financial services and consulting firms and has substantial investment experience on public company, mutual fund and private investment boards and committees.

**Ben A. Plotkin, 55**

*Vice-Chairman and Senior Vice President of Stifel Financial Corp.*

*Director Since: 2007, Class III director with term ending in 2013*

**Career Highlights**

Stifel Financial Corp.

- Vice Chairman and Senior Vice President (August 2007 - present)

Stifel, Nicolaus & Company, Incorporated

- Executive Vice President (February 2007 - present)

Ryan Beck & Company, Inc., an investment firm

- Chairman and Chief Executive Officer (1997 - February 2007)

Ryan Beck, a broker-dealer firm

- Executive Vice President (1990 - 1997)

- Director and Vice President - Investment Banking Division (1987 - 1990)

**Other Professional Experience and Community Involvement**

Advised numerous financial services organizations throughout his career as a lawyer and investment banker

Previously served on the boards of other financial institutions and the trade association for the securities industry

Presently active with several not for profit organizations

**Experience and Qualifications**

Mr. Plotkin's expertise with respect to corporate strategy and advising investment clients provides practical insight to the Board regarding key Company operations and strategic planning.

**Compensation of Directors in Last Fiscal Year**

The following table sets forth information concerning compensation earned by our non-employee directors in fiscal year 2010. Directors who also serve as our employees, inside directors, do not receive additional compensation for their service as directors of either the Company or Stifel, Nicolaus & Company, Incorporated, our broker-dealer, although we do reimburse them for their expenses for attendance at Board meetings. This policy applies to Messrs. Kruszewski, Zemlyak, Himelfarb, Mulroy, Nesi, Plotkin and Weisel, who serve as both directors and executive officers of the Company. Scott B. McCuaig, who served as a Class III director for all of 2010 and as the Company's Senior Vice President, was also subject to this policy prior to his retirement from the Board and the Company effective April 1, 2011. Information about the 2010 compensation earned or paid to Messrs. Kruszewski, Zemlyak, Mulroy, Nesi and Plotkin as executive officers is disclosed in the Summary Compensation Table because they are named executive officers for purposes of this proxy statement. The information set forth in the table below and the corresponding footnotes has been adjusted as a result of the Company's fifty percent (50%) stock dividend in the form of a three-for-two stock split, distributed on April 5, 2011 to stockholders of record on March 22, 2011.

Name	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Stock Unit Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(3)</sup>	Total (\$)
Bruce A. Beda	---	150,424	---	150,424
Michael W. Brown	---	53,460	---	53,460
Charles A. Dill	---	125,415	---	125,415
John P. Dubinsky	40,000	125,415	---	165,415
Richard F. Ford	---	140,409	---	140,409
Robert E. Grady	---	53,460	---	53,460
Frederick O. Hanser	24,000	125,415	---	149,415
Alton F. Irby III	---	53,460	---	53,460
Robert E. Lefton	---	125,415	---	125,415
James M. Oates	---	140,409	---	140,409
Kelvin R. Westbrook	---	125,415	---	125,415

<sup>(1)</sup> Stated amounts include cash compensation paid to Messrs. Dubinsky and Hanser for 2010 for their service as the non-executive Chairman and the non-executive Vice Chairman, respectively, of the Board of Directors of Stifel Bank & Trust.

<sup>(2)</sup> In lieu of an annual cash retainer, each non-employee director was issued 3,375 stock units. Additionally, the Committee chairs were issued additional stock units valued at the closing price of our common stock on the date of grant as follows: Audit Committee, \$25,000; Compensation Committee, \$15,000; and Nominating/Corporate Governance Committee, \$15,000. The units vest on a quarterly basis over a one year period. Amounts stated reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for the fiscal year ended December 31, 2010. Stock units awarded to Messrs. Brown, Grady and Irby III were prorated based on their August

3, 2010 appointment to the Board of Directors. As of December 31, 2010, each director held the following number of stock units outstanding: Mr. Beda, 26,088; Mr. Brown, 1,688; Mr. Dill, 21,581; Mr. Dubinsky, 21,581;

Mr. Ford, 23,394; Mr. Grady, 1,688; Mr. Hanser, 21,581; Mr. Irby III, 1,688; Mr. Lefton, 22,178; Mr. Oates, 23,991; and Mr. Westbrook, 13,010.

(3) Amounts stated reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for the fiscal year ended December 31, 2010. As of December 31, 2010, each director held the following number of options outstanding: Mr. Beda, 2,250; Mr. Brown, 7,496; Mr. Dill, 7,499; Mr. Dubinsky, 450; Mr. Ford, 13,496; Mr. Hanser, 22,499; Mr. Irby III, 6,819; Mr. Lefton, 13,496; and Mr. Oates, 450.

In 2006, the Company discontinued its practice of granting option awards as compensation for service on the Board of Directors.

### **Additional Information About Director Compensation**

Non-employee directors of the Company are required to defer all director fees into stock units pursuant to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement), which was approved by our stockholders in 2008. These stock units are generally granted annually in May and vest on a quarterly basis over a one year period.

As approved by the Board of Directors, the annual stock retainer payable to each non-employee director includes an award of 2,250 stock units. As a result of the Company's fifty percent (50%) stock dividend in the form of a three-for-two stock split distributed on April 5, 2011, beginning in 2011, the annual stock retainer payable to each non-employee director will include an award of 3,375 stock units. Additionally, the chair of each of the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee will continue to receive additional common stock units valued in the approximate amounts of \$25,000, \$15,000 and \$15,000, respectively, for services in such capacity based upon the fair market value of our common stock on the date of approval.

Thus, for 2010, the stock units awarded to the non-employee directors on April 23, 2010 were as follows (adjusted for the three-for-two stock split referenced above): Mr. Beda, 4,047; Mr. Dill, 3,375; Mr. Dubinsky, 3,375; Mr. Ford, 3,778; Mr. Hanser, 3,375; Mr. Lefton, 3,375; Mr. Oates, 3,778; and Mr. Westbrook, 3,375. The adjusted closing price of our common stock on the date of award was \$37.16.

Each of Messrs. Brown, Grady and Irby III, who joined the Board of Directors of the Company in connection with the Company's acquisition of TWPG, and each of whom is also a non-employee director, received 1,687 stock units on August 3, 2010 (adjusted for the three-for-two stock split referenced above) with an aggregate value of \$53,444. The adjusted per-share closing price of our common stock on the date of award was \$31.68.

Additionally, non-employee directors who also serve on the Board of Directors of Stifel Bank & Trust receive cash compensation as approved by the Stifel Bank & Trust Board of Directors. See footnote (1) to the director compensation chart above.

Directors who are also our employees do not receive any compensation for their service as directors of the Company or its subsidiaries, but we pay their expenses for attendance at meetings of the Board of Directors.

## **CORPORATE GOVERNANCE AND CODE OF ETHICS**

In accordance with the requirements of the NYSE and the Sarbanes-Oxley Act of 2002, we have adopted Corporate Governance Guidelines as well as charters for the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. These guidelines and charters are available for review under the "Corporate Governance" section of our website at [www.stifel.com](http://www.stifel.com). We have also adopted a Code of Ethics for Directors, Officers and Associates. The Code of Ethics is also 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 by contacting our Corporate Secretary at (314) 342-2000 or by email at [investorrelations@stifel.com](mailto:investorrelations@stifel.com).

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/Thomas W. Weisel, Chairmen 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 Chairmen of the Board and relayed promptly to the Board of Directors or the individual directors, as appropriate.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Sarbanes-Oxley Act of 2002 generally prohibits loans by an issuer and its subsidiaries to its executive officers and directors. However, the Sarbanes-Oxley Act contains a specific exemption from such prohibition for loans to its executive officers and directors in compliance with federal banking regulations. Federal regulations require that all loans or extensions of credit to executive officers and directors of insured financial institutions must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and must not involve more than the normal risk of repayment or present other unfavorable features.

From time to time, Stifel Bank & Trust makes loans and extensions of credit to our directors and executive officers. Outstanding loans made to our directors and executive officers, and members of their immediate families, were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company and its subsidiaries, and did not involve more than the normal risk of collectibility or present other unfavorable features. As of December 31, 2010, all such loans were performing to their original terms.

Certain of our officers, directors and nominees for director maintain margin accounts with Stifel, Nicolaus & Company, Incorporated pursuant to which Stifel, Nicolaus & Company, Incorporated 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.

Related party transactions are approved or disapproved on a case-by-case basis. As such, no formal policies or procedures have been adopted for the approval of related party transactions.



We maintain various policies and procedures relating to the review, approval or ratification of transactions in which our Company is a participant and in which any of our directors and executive officers, or their family members have a direct or indirect material interest. Our Company Code of Ethics, which is available on our website at [www.stifel.com](http://www.stifel.com), prohibits our directors and employees, including our executive officers, and in some cases, their family members, from engaging in certain activities without prior written consent. These activities typically relate to situations where a director, executive officer or other employee, and in some cases, an immediate family member, may have significant financial or business interests in another company competing with or doing business with our Company, or who stands to benefit in some way from such a relationship or activity. Specifically, our Code of Ethics includes prohibitions against: engaging in any outside business or other activity that might create a conflict of interest with or compete against the Company's interests, including ownership of privately-held stock or partnership interests without prior written approval, using Company property, information or positions for improper personal gain or benefit, and receiving bonuses, fees, gifts, frequent or excessive entertainment or any similar form of consideration above a nominal value from any person or entity with which the Company does, or seeks to do, business. It is also against Company policy to give gifts or gratuities without receiving specific approval by the Company's Office of General Counsel.

***Airplane Usage and Allowance.*** In November 2010, the Executive Committee approved the use by Mr. Weisel, Chairman, and certain of our other employees from time to time, of an airplane owned by Thomas Weisel Investment Management, Inc., an entity wholly owned by Mr. Weisel, for business and other travel. In connection with the airplane usage, the Company approved an airplane allowance payable to Ross Investments in the fixed amount of \$150,000 covering the period from the Company's acquisition of TWPG on July 1, 2010 through December 31, 2010. Based on historical and anticipated usage of the airplane by Mr. Weisel and such other employees, the Executive Committee approved the payment of the airplane allowance on the condition that any personal flight activity attributable to a Company employee would be included in such employee's annual compensation.

Mr. Irby III, a director of the Company, is a founding partner and the chairman of London Bay Capital LLC, an investment firm that, in 2007, indirectly acquired a controlling interest in Selling Source, LLC. TWPG provided advisory and placement agent services in connection with this acquisition. A portion of the compensation payable to TWPG for its services included an ownership interest in Selling Source LLC. Further, in connection with the acquisition, TWPG purchased additional shares of Selling Source LLC. The Company, as a result of its acquisition of TWPG in July 2010, now has an ownership interest in Selling Source LLC. The Company's ownership interest in Selling Source LLC is valued, as of December 31, 2010, at \$8.2 million.

Each year, we require our directors and executive officers to complete a questionnaire which identifies, among other things, any transactions or potential transactions with the Company in which a director or an executive officer or one of their family members or associated entities has an interest. We also require that directors and executive officers notify our Company of any changes during the course of the year to the information provided in the annual questionnaire as soon as possible.

We believe that the foregoing policies and procedures collectively ensure that all related party transactions requiring disclosure under applicable SEC rules are appropriately reviewed.

## COMPENSATION DISCUSSION AND ANALYSIS

### Named Executive Officers

Throughout this proxy statement, the individuals who served as our chief executive officer and our chief financial officer during the year ended December 31, 2010, and the other individuals included in the summary compensation table, are referred to as the "named executive officers." These individuals are:

- Ronald J. Kruszewski, who served as our Chairman, President and Chief Executive Officer and Chief Executive Officer of our subsidiary, Stifel, Nicolaus & Company, Incorporated;
- James M. Zemlyak, who served as our Senior Vice President, Chief Financial Officer and Treasurer and as Executive Vice President and Chief Operating Officer of our subsidiary, Stifel, Nicolaus & Company, Incorporated;
- Thomas P. Mulroy, who served as our Senior Vice President as well as the Executive Vice President and Co-Director of the Institutional Group of our subsidiary, Stifel, Nicolaus & Company, Incorporated;
- Victor J. Nesi, who served as our Senior Vice President as well as the Executive Vice President and Co-Director of the Institutional Group of our subsidiary, Stifel, Nicolaus & Company, Incorporated; and
- Ben A. Plotkin, who served as our Vice Chairman and Senior Vice President and Executive Vice President of our subsidiary, Stifel, Nicolaus & Company, Incorporated.

### Compensation Philosophy and Objectives

Our executive compensation program is designed to reward superior corporate performance annually and over the long term, as measured by increasing stockholder value. Total compensation must also be internally equitable and externally competitive. We periodically review our executive compensation program to ensure that it reflects good governance practices as well as the best interests of our stockholders, while meeting the following core objectives:

- *Pay for Performance.* A substantial portion of the total compensation for each of the named executive officers is variable from year-to-year and is based upon our Company's gross revenue and the performance of the individual named executive officer during that year, without weighting. Illustrative of this fact, is that the named executive officers' base salaries are low relative to peer executives in competitive companies and are not increased from year-to-year. The amount of compensation paid to each named executive officer is based in part upon the financial performance of our Company for the year and in part upon the named executive officer's performance during the year as analyzed and recommended by the chief executive officer (in the case of all of the named executive officers except Mr. Kruszewski) to the Compensation Committee. In the case of Mr. Kruszewski, the analysis of his individual performance for the year is done entirely by the members of the Compensation Committee. In its assessments, the Compensation Committee utilizes complete discretion in setting annual incentive compensation for the named executive officers. No

Company or individual performance targets or other quantitative formulas are utilized by the Compensation Committee in the setting of awards. Instead, at the end of each fiscal year, the Compensation Committee reviews Company performance and the individual performance evaluations, including any Company achievements to which the individual named executive officer contributed.

- *Stock Ownership.* We have designed our compensation program to assure that our executive officers establish and maintain a significant amount of stock ownership in the Company over time. We believe that stock ownership by the executive officers directly aligns the interests of our management with those of our stockholders and incentivizes our executive officers to focus on the creation of stockholder value. We, therefore, mandate that 25% of the named executive officers' annual incentive compensation is paid in the form of equity awards, which vest over five years and encourage the named executive officers to elect to take greater amounts of their compensation in equity awards through Company matching programs. In April 2010, the Compensation Committee increased the percentage of annual incentive compensation that would be paid to the Company's executive officers in the form of equity awards from 15% to 25% in order to further align the interests of the executive officers with those of our stockholders. Additionally, the Committee increased the vesting schedule for stock units granted as part of the Company's match from 3 years to 5 years in order to further align executives' interest with our stockholders and to create a more effective retention tool. The Company grants a 25% match to the mandatory and voluntary bonus paid in equity, which vests on the fifth anniversary of the award.
- *Recruiting and Retention.* Due to the competitive nature of the securities industry related to executive talent, we are committed to provide total compensation opportunities that are competitive with the compensation opportunities of other companies in our business. Our compensation package must be sufficiently aligned with industry practices so that we can continue to attract and retain executives who can effectively guide our Company in the future. With this in mind, the Compensation Committee uses comparisons of the compensation practices of competitive companies as a check at the end of the annual compensation process to determine if our compensation practices are yielding relatively comparable pay for comparable performance.
- *Tax Deductibility and Compliance.* Our executive compensation program is designed to maximize the tax deductibility of compensation paid to our named executive officers and to avoid the payment of punitive excise taxes by our executive officers. Thus, annual incentive compensation programs are operated in compliance with Section 162(m) of the Internal Revenue Code, and deferred compensation is structured so as to comply with the deferred compensation rules under Section 409A of the Internal Revenue Code.

## Setting Compensation

Our Compensation Committee has the responsibility for approving the compensation paid to our named executive officers and ensuring that our compensation program is consistent with our compensation philosophy and is meeting our goals and objectives. Throughout this Compensation Discussion and Analysis, we refer to the Compensation Committee as the "Committee." Early each year, the Committee approves the amount of incentive compensation to be paid to our named executive officers for Company and individual performance during the prior year. Subject to the limits set forth in Section 162(m) of the Internal

Revenue Code, the Committee has full discretion as to the level of annual incentive compensation it pays to each of the named executive officers.

### **Involvement of Executive Officers**

The analysis of the Committee with respect to the compensation of the named executive officers, other than Mr. Kruszewski, begins with the recommendation of the chief executive officer and is supported by internal and external compensation data that is supplied by the chief executive officer and compiled by our accounting department. The information provided to the Committee may include financial information with respect to our Company and its business segments as well as a summary of the chief executive officer's evaluation of the individual performance of each of the other named executive officers for the most recently completed year.

The chief executive officer may also provide information gathered from external surveys and other sources with respect to the compensation amounts and packages for companies that are considered competitors of our Company for executive talent. These are typically used as a check to determine if the amount of annual compensation that is set under the process outlined above has yielded an appropriate amount of overall compensation for the executive officer as compared with the general market.

The Committee itself does its own evaluation of the performance of the chief executive officer for the year in setting the chief executive officer's annual and long-term incentive compensation. The Committee typically includes a compensation peer group survey in its analysis of the chief executive officer's annual bonus.

### **Compensation Peer Group**

We annually identify for the Committee a group of companies that we consider to be peer companies. Typically, these companies are other investment banking and financial services firms of similar size and scope of services offered. We gather this information primarily from external market surveys on compensation that are available in the market as well as publicly available data on the specific competitive companies that are available from that companies public filings, such as proxy statements. This compensation information is used as a final review of the appropriateness of the compensation levels set by our Committee's analysis of the financial and qualitative data presented for each of these officers.

For 2010, the following companies were included in the compensation survey:

D.A. Davidson & Co.

Hilliard Lyons

Janney Montgomery Scott, LLC

Morgan Keegan & Company, Inc.

Raymond, James & Associates

RBC Wealth Management

Robert W. Baird & Co. Inc.

Scott & Stringfellow Investment Corp.

Southwest Securities

Wells Fargo Bank

William Blair & Company

## **Compensation Consultants**

While we use publicly available external market surveys with respect to compensation data that we believe to be relevant to the Committee's analysis, the Committee has not engaged an independent outside compensation consultant for 2010 and has not engaged such a consultant to date in 2011.

## **Risk Oversight of the Company's Compensation Program**

Comprised entirely of independent directors, the Committee carefully monitors compensation levels to ensure they reflect an appropriate balance of pay-for-performance within acceptable risk parameters. Based on current and evolving best practices, our Committee conducted a compensation risk assessment of the various elements of our Company's overall compensation policies and practices (including incentive compensation programs). In its analysis, the Committee reviewed, with input from management, our Company's compensation programs including appropriate internal controls to mitigate or reduce risk. Based on its review, the Committee determined that our Company's compensation policies and practices do not create excessive and unnecessary risk taking. In addition to review by the Committee, the full Board of Directors will continue to maintain procedures to ensure ongoing management and assessment of compensation policies and practices as they relate to risk.

## **Compensation Program and Payments**

The key components of our executive compensation program are base salary, annual incentive compensation, long-term incentive compensation and perquisites. Executive officers are also entitled to participate in health and welfare plans and retirement savings plans generally available to all of our employees.

### **Base Salary**

We pay relatively low levels of base salary compared to the market due to our variable pay-for-performance philosophy. Mr. Kruszewski is paid a \$200,000 annual base salary and his salary has not been increased since he joined our Company in 1997. Mr. Zemlyak is paid a \$175,000 annual base salary and his salary has not been increased since he joined our Company in 1999. Mr. Mulroy continues to receive an annual base salary of \$250,000, which was the base salary that he was earning at Legg Mason Capital Markets Group at the time of its acquisition by our Company in December 2005. Messrs. Nesi and Plotkin each receive a base salary of \$250,000, which has been their base salaries since joining the Company in 2009 and 2007, respectively.

A reflection of our performance-based compensation structure is that the base salary for each of the named executive officers is a relatively small portion of the executive's total compensation. In 2010, base salaries paid to our named executive officers ranged from approximately 5% of total compensation paid to the executive to approximately 12% of the executive's total compensation.

### **Annual Incentive Compensation**

The Committee has established an annual incentive compensation program for the named executive officers that provides a significant portion of the total compensation paid to each of the named executive officers.

The objective of the annual incentive compensation portion of the executive compensation program is to provide cash and equity compensation that is variable based upon the achievement of financial goals for our Company and the business units in which the executive officer serves and a qualitative evaluation of the individual executive officer's performance for the year.

**Compensation Determinations and Relevant Factors.** For purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code, the Committee establishes at the beginning of each year a total bonus pool and an individual bonus limitation for any one executive officer. For 2010, these Section 162(m) limitations were based upon the gross revenues of our Company. After the computation of the possible bonus pool, the Committee utilizes the negative discretion allowable under Section 162(m) to evaluate a variety of subjective factors in reviewing each executive officer's performance, and resulting incentive compensation award, for the year. In the case of all named executive officers other than the chief executive officer, the performance evaluation of each executive officer by the chief executive officer, and the chief executive officer's recommendation as to the annual incentive compensation payment level for each executive officer, is factored into the decision of the Committee as to the annual incentive compensation amount to be paid. The Committee, however, has full discretion to determine the annual incentive compensation actually paid to each of the named executive officers. With respect to the chief executive officer, the Committee completes its own evaluation of the chief executive officer's performance for the year and sets the annual incentive compensation amount to be paid to the chief executive officer without outside recommendation. In its assessments, the Committee utilizes complete discretion in setting annual incentive compensation for the named executive officers primarily on the basis of Company performance, with the factors considered by the Committee given no particular weighting. No Company or individual performance targets or other quantitative formulas are utilized by the Committee in the setting of awards. Instead, at the end of each fiscal year, the Committee reviews Company performance and the individual performance evaluations, including any Company achievements to which the individual named executive officer contributed.

Some of the factors considered by the Committee with respect to 2010 annual incentive compensation, without any particular weighting, were as follows:

Review of our overall corporate financial results for the last completed year;

Review of strategic decisions, including acquisitions, which may impact overall stockholder value, both over short- and long-term horizons;

Stock price performance over the course of the year and prior five years;

Review of the financial results of the business unit, if any, at which the named executive officer primarily works;

Review of the named executive officer's historical compensation;

Review of the named executive officer's stock ownership levels against our stock ownership guidelines discussed below;

Summary sheets for current compensation;

The recommendations of our chief executive officer; and

Review of the annual incentive compensation determined from the above analysis against market data regarding executive compensation at companies regarded as competitive to us for executive talent.





In setting annual incentive compensation for the named executive officers for 2010, the Committee considered the Company's relative performance in light of the continuing global financial and credit crisis, economic recession, and sweeping legislative overhaul of the financial industry by virtue of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Committee considered the following Company performance benchmarks in particular (some of which factors are considerations that decreased the annual incentive compensation actually paid):

A. Overall Company financial performance, including the following:

For 2010, net revenues increased 27% compared to 2009 to \$1.4 billion, which represented our 15th consecutive annual increase in net revenues.

Core net income, which excludes expenses associated with the modification of the Company's deferred compensation plan and merger-related expenses, increased 65% to a record \$124.8 million, or \$3.24 per diluted share.

Stockholder equity was \$1.3 billion at year end 2010, resulting in a book value per share of \$24.42 (as adjusted for the three for two stock split distributed on April 5, 2011 in the form of a fifty percent stock dividend).

Our Global Wealth Management segment, which consists of our Private Client Group and Stifel Bank & Trust, had record net revenues in 2010 of \$843.3 million, a 42% increase from 2009.

Our Institutional Group segment had record net revenues in 2010 of \$541.8 million, an increase of 10% from 2009.

For the year ended December 31, 2010, our stock price increased 5%. Over five years, our stock price has achieved a compound annual growth rate of 20% as compared to compound annual increases of 2% for the S&P 500 Index and a decline of 9% for the AMEX Securities Broker-Dealer Index.

Our market capitalization increased 29% to \$2.5 billion at December 31, 2010.

B. The Company's ability to remain well capitalized, as evidenced by the following indicators:

Tier-one capital ratio was 29% at year end 2010, which is 6 times the required level.

Stifel, Nicolaus & Company, Incorporated, our broker-dealer, currently has a net capital ratio of 31%, which is 14 times the required level.

Total capital ratio was 3.2 to 1 at year end 2010, which means we had \$1 of capital for every \$3.20 of assets.

C. Other factors, including the following:

We successfully completed the acquisition of Thomas Weisel Partners Group, Inc., which closed on July 1, 2010.

Stifel Bank's assets increased 55% to \$1.8 billion at December 31, 2010.

We repurchased 2.0 million shares throughout the year at an average price of \$46.53.

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Based on the foregoing, the annual incentive compensation for 2010 performance payable in 2011 in cash, mandatory stock units, elective stock units and matched stock units for each of the named executive officers is set forth in the table below:

<b>Name</b>	<b>Cash Bonus (\$)</b>	<b>Mandatory Stock Units (\$)</b>	<b>Elective Stock Units (\$)</b>	<b>Annual Incentive Compensation (\$)</b>	<b>Company Match Stock Units (\$)</b>	<b>Total Incentive Compensation (\$)</b>
Ronald J. Kruszewski	3,000,000	1,000,000	-	4,000,000	250,000	4,250,000
James M. Zemlyak	1,190,000	425,000	85,000	1,700,000	127,500	1,827,500
Thomas P. Mulroy	1,875,000	625,000	-	2,500,000	156,250	