

STIFEL FINANCIAL CORP

Form 424B3

March 04, 2008

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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Filed Pursuant to Rule 424(b)(3)  
File No. 333-147515**

**Subject to Completion**

**Preliminary Prospectus Supplement dated March 4, 2008**

**PROSPECTUS SUPPLEMENT**

(To prospectus dated November 19, 2007)

**2,200,000 Shares**

**STIFEL FINANCIAL CORP.**

**Common Stock**

We are offering 300,000 shares of our common stock and the selling stockholders named in this prospectus supplement are offering a total of 1,900,000 shares of our common stock. We will not receive any of the proceeds from the sale of common stock by the selling stockholders.

Our common stock is listed on the New York Stock Exchange ( NYSE ) under the symbol SF. On March 4, 2008, the last reported sale price of our common stock as reported on the NYSE was \$46.07 per share.

**Investing in our common stock involves risks that are described in the Risk Factors section beginning on page S-11 of this prospectus supplement.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$
Proceeds, before expenses, to selling stockholders	\$	\$

The underwriters may also purchase up to an additional 330,000 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement, to cover over-allotments.

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.*

The shares will be ready for delivery on or about \_\_\_\_\_, 2008.

**Stifel Nicolaus**

**Merrill Lynch & Co.**

**Keefe, Bruyette & Woods**

**Fox-Pitt Kelton Cochran Caronia Waller**

The date of this prospectus supplement is \_\_\_\_\_, 2008.

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, the selling stockholders have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, the selling stockholders are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus or any document incorporated by reference

therein filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus supplement. Because this is a summary, it may not contain all of the information that is important to you. Therefore, you should also read the more detailed information set forth in this prospectus supplement, our financial statements and the other information that is included in or incorporated by reference into this prospectus supplement before making a decision to invest in our common stock. Unless we indicate otherwise, the words we, our, us and Company refer to Stifel Financial Corp. ( Stifel ) and its wholly-owned subsidiaries, including Stifel, Nicolaus & Company, Incorporated, which we refer to as Stifel Nicolaus. Unless otherwise indicated, information presented herein is as of December 31, 2007.*

**OUR BUSINESS**

**Overview**

We are a financial services holding company headquartered in St. Louis. Our principal subsidiary is Stifel Nicolaus, a full service retail and institutional brokerage and investment banking firm. Our other subsidiaries include Century Securities Associates, Inc. ( Century Securities ), an independent contractor broker-dealer firm; and Stifel Bank & Trust, a retail and commercial bank. With our century-old operating history, we have built a diversified business serving private clients, investment banking clients and institutional investors. Our principal activities are:

Private client services, including securities transaction and financial planning services;

Institutional equity and fixed income sales, trading and research, and municipal finance;

Investment banking services, including mergers and acquisitions, public offerings and private placements; and

Retail and commercial banking, including personal and commercial lending programs.

Our core philosophy is based upon a tradition of trust, understanding and studied advice. We attract and retain experienced professionals by fostering a culture of entrepreneurial, long-term thinking. We provide our private, institutional and corporate clients quality, personalized service, with the theory that if we place clients' needs first, both our clients and our firm will prosper. Our unwavering client and employee focus have earned us a reputation as one of the leading brokerage and investment banking firms off Wall Street.

We have grown our business both organically and through opportunistic acquisitions. Over the past two years, we have grown substantially, primarily by completing and successfully integrating a number of acquisitions, including:

Our acquisition of the capital markets business of Legg Mason from Citigroup in December 2005;

Our acquisition of Ryan Beck, a full-service brokerage and investment banking firm with a strong private client focus, in February 2007; and

Our acquisition of First Service Financial Company, now Stifel Bank & Trust, a St. Louis-based bank, in April 2007.

We do not generally engage in proprietary trading. Our inventory, which we believe is of modest size and intended to turn-over quickly, exists to facilitate order flow and to support the investment strategies of our clients. Furthermore, our balance sheet is highly liquid, without material holdings of securities that are difficult to value or remarket. We believe that our broad platform, fee-based revenues and strong distribution network position us well to take advantage of current trends within the financial services sector.

We believe that our operating results validate our business and growth strategy. Our net revenues have grown from \$187.8 million in 2002 to \$763.1 million in 2007, representing a compound annual growth rate of approximately 32.4%. Assets we hold in customer accounts have grown from approximately \$16.2 billion on

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December 31, 2002, to \$59.3 billion on December 31, 2007, representing a compound annual growth rate of approximately 29.6%. During the same period, our stockholders' equity has grown from \$80.0 million to \$424.6 million, representing a compound annual growth rate of approximately 39.6%. Moreover, our balance sheet is conservatively leveraged at 28.3% equity to assets as of December 31, 2007.

We believe we have in place the people, infrastructure and brand recognition in our principal geographic locations to enable us to continue leveraging our operating platform to increase our profitability and market share.

## **Our Principal Business Lines**

We operate in the following principal segments: private client, equity capital markets, fixed income capital markets and Stifel Bank. We added the Stifel Bank segment in connection with our April 2007 acquisition of First Service Financial Company, through which we conduct retail and commercial banking operations under the brand Stifel Bank & Trust.

### ***Private Client***

We provide securities transaction, brokerage and investment services to our clients through the consolidated Stifel Nicolaus branch system and through Century Securities, our wholly owned independent contractor subsidiary. We have made significant investments in people and technology to grow the private client group over the past ten years. Our private client group, with a concentration in the Midwest and Mid-Atlantic regions and a growing presence in the Northeast, Southeast and Western United States, has a network of 1,163 financial advisors, consisting of 966 employees located in 148 branch offices in 27 states and 197 independent contractors.

Our financial advisors provide a broad range of investments and services, including financial planning services to our clients. We offer equity securities, taxable and tax-exempt fixed income securities, including municipal, corporate and government agency securities, preferred stock and unit investment trusts. Stifel Nicolaus also offers a broad range of externally managed fee-based products. In addition, we offer insurance and annuity products and investment company shares through agreements with numerous third party distributors. We encourage our financial advisors to pursue the products and services they feel most comfortable recommending, rather than emphasizing proprietary products. Our private clients may choose from a traditional, commission-based structure or fee-based money management programs. In most cases, commissions are charged for sales of investment products to clients based on an established commission schedule. In certain cases, varying discounts may be given based on relevant client or trade factors determined by the financial advisor. In order to meet the growing demand of our clients, we also offer an asset-based fee alternative to the traditional commission schedule.

### ***Equity Capital Markets***

Our equity capital markets group includes research, institutional sales and trading, investment banking and syndicate, and consists of 444 individuals.

### ***Research***

Our research department consists of 141 analysts and support associates who publish research across multiple industry groups and provide our clients with timely, insightful and actionable research, aimed at improving investment performance. The 700 companies we cover, including 373 companies with market capitalizations of less than \$2 billion, rank us among the top small and mid-cap research firms in the U.S. The quality of our work is regularly cited by independent research firms and financial publications as among the industry's best. Four of our research analysts were ranked number one in their respective industries in the *Wall Street Journal's* 2007 Best on the Street



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*Institutional Sales and Trading*

Our institutional sales and trading team distributes our proprietary equity research products and communicates our investment recommendations to our client base of institutional investors, executes equity trades, sells the securities of companies for which we act as an underwriter and makes a market in over 1,100 domestic securities. In our various sales and trading activities, we take a focused approach on servicing our clients as opposed to proprietary trading for our own account. Located in 10 cities in the U.S. as well as Geneva, London and Madrid, our equity sales and trading team, consisting of 149 professionals and support professionals and associates, services approximately 1,200 clients globally.

*Investment Banking*

Our investment banking activities include the provision of financial advisory services principally with respect to mergers and acquisitions, and the execution of public offerings and private placements of debt and equity securities. The investment banking group, consisting of 146 professionals and support associates, focuses on middle market companies as well as on larger companies in targeted industries where we have particular expertise, which include real estate, financial services, healthcare, aerospace/defense and government services, telecommunications, transportation, energy, business services, consumer services and education. We believe that covering this broad set of industry groups allows us to take advantage of growth opportunities in multiple sectors. Including transactions of Ryan Beck and the capital markets business of Legg Mason, we served as lead or co-manager on 866 public offerings totaling \$232.0 billion in value and 394 private placements totaling \$14.5 billion in value, and provided financial advisory services on 470 M&A transactions totaling \$39.8 billion in value from 2000 through 2007. We believe we can continue to grow our revenues and market share in investment banking, by leveraging our research franchise, servicing middle market clients, and focusing on a diverse group of industry sectors.

*Syndicate*

Our syndicate department, which consists of 8 origination and execution professionals and support associates, coordinates marketing, distribution, pricing and stabilization of our managed equity and debt offerings. In addition, the department coordinates our underwriting participations and selling group opportunities managed by other investment banking firms.

***Fixed Income Capital Markets***

Our fixed income capital markets group includes 193 professionals and support associates in institutional sales and trading and public finance, providing service to approximately 1,100 institutional clients.

*Institutional Sales and Trading*

The institutional sales and trading group consists of approximately 148 professionals and support associates and is comprised of taxable and tax-exempt sales departments. Our institutional sales and trading group executes trades in both tax-exempt and taxable products, with diversification across municipal, corporate, government agency and mortgage-backed securities. Our fixed income inventory is maintained primarily to facilitate order flow and support the investment strategies of our institutional fixed income clients, as opposed to seeking trading profits through proprietary trading.

*Public Finance*

Our public finance group acts as an underwriter and dealer in bonds issued by states, cities, and other political subdivisions and acts as manager or participant in offerings managed by other firms. The public finance group consists of 45 professionals and support associates. We view our municipal bond practice as a manufacturing business driven by public finance origination and supported by strong banking franchises in Denver and St. Louis as well as our committed sales and fixed income strategies team.

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### ***Stifel Bank***

In April 2007, we completed the acquisition of First Service Financial Company, a St. Louis-based full service bank, which now operates as Stifel Bank & Trust. Since the closing of the bank acquisition, we have grown retail and commercial banking assets by 84% to \$268.0 million. Through Stifel Bank & Trust, we offer retail and commercial banking services to private and corporate clients, including personal loan programs such as fixed and variable mortgage loans, home equity lines of credit, personal loans, loans secured by CDs or savings, automobile loans and securities-based loans as well as commercial lending programs such as small business loans, commercial real estate loans, lines of credit, credit cards, term loans, and inventory and receivables financing, in addition to other banking products. We believe this acquisition will not only help us serve our private clients more effectively by offering them a broader range of services, but will also enable us to better utilize our private client cash balances.

### **Our Competitive Strengths**

Since the mid-1990s, there has been a large number of acquisitions involving U.S. brokerage and investment banking firms that would have been considered our direct peers or competitors. Many of the resulting consolidated financial institutions have undergone restructuring and downsizing. There are only a few independent full-service firms today with significant private client operations, and as a result, there is a substantial opportunity for firms such as ours to recruit and retain financial professionals, both in our private client and institutional business, who want to work in the entrepreneurial environment of an independent firm. Moreover, as many independent investment banks have been acquired, many of the resulting consolidated firms have chosen to focus on larger-cap investment banking clients and institutional investors. This has led to a reduction in the number of independent full-service firms offering investment banking services to middle market companies. Our private client network not only helps to stabilize our revenues but also provides growth across segments in private client, capital markets and retail and commercial banking. Our sustained independence and reputation for quality continue to define us in a shifting industry landscape, and our increasing scale provides an efficient platform for operating leverage and targeted add-on acquisitions.

We believe that the following factors define our business model, establish our competitive position and distinguish us from other companies that participate in our businesses and markets:

*Distinguished brand as firm of choice for our clients, employees and investors.* We actively pursue our strategy to be the advisor of choice to our individual, corporate, municipal and institutional investor clients. We tailor products and services to fit the particular needs of these clients. For our employees, we aim to be the firm of choice by attracting and retaining experienced professionals who want to work in an entrepreneurial environment. We ask that our employees focus on client needs, and we conscientiously reward them for their successes. This environment has attracted retail brokers to join our team from other firms, bringing with them existing client relationships and associated revenues. For our stockholders, we aim to be the investment of choice as we seek to create value and maximize return on investment.

*Diversified business model with multiple growth channels.* Our balance between private client and capital markets business, between equity and fixed income, and between commission- and fee-based revenue, and our focus on multiple industries and regions, have created a diversified business model. This supports our ability to capture growth in different markets and provides diversification to our revenues. Our range of products and services allows us to better meet our client needs, by offering wider distribution for capital markets offerings and a broader service offering than many of our competitors.

*Strong financial performance with consistent growth.* For the last five years, our net revenues have grown at a compound annual growth rate of approximately 32.4% from \$187.8 million in 2002 to \$763.1 million in 2007. Assets we hold in customer accounts have grown at a compound annual growth rate of approximately 29.6%

from approximately \$16.2 billion on December 31, 2002, to \$59.3 billion on December 31, 2007. During the same period, our stockholders' equity has grown at a compound annual growth rate of approximately 39.6%, from \$80.0 million to \$424.6 million.

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*Highly regarded private client group.* We have one of the leading private client groups among the U.S. firms with approximately 966 investment executives and 197 independent contractors. We service 308,535 accounts with approximately \$55 billion in assets throughout our 148 branches with a concentration in the Midwest and Mid-Atlantic regions. Our private client segment had an operating contribution of \$95.4 million and revenues of \$435.7 million for the year ended December 31, 2007, representing 57% of our total revenues and 61% of our income before income taxes excluding Other/Unallocated Overhead.

*Award winning research franchise.* Proprietary equity research is at the core of our business. We publish equity research on 700 companies, which are primarily domestic and 373 of which have market capitalizations of less than \$2 billion, positioning us as one of the top small and mid-cap research providers. While many larger firms have substantially reduced coverage of companies below certain market capitalization thresholds, we continue to devote significant resources to middle market companies. Investors are now presented with fewer sources of independent investment research on middle market companies. We believe that our institutional investor clients rely on us for informed, fundamental research.

*Strong capital markets platform.* Our growing equity capital markets presence leverages our research franchise while focusing on the middle market firms. For the last five years, net revenues in our equity capital markets business grew at a compound annual growth rate of approximately 49.4%, reaching \$258.1 million in 2007. During the same period, net revenues in our fixed income business grew at a compound annual growth rate of approximately 30.7%, reaching \$64.9 million in 2007. We have 149 equity sales and trading professionals, covering approximately 1,200 institutional accounts.

*Robust proprietary private client account management system.* Our firm-wide, internally developed, private client account management system gives our financial advisors real-time access to client information, including individual positions, related accounts, asset allocation and performance. Unique software that has been developed in-house running in conjunction with our primary back-office system gives us proprietary tools to monitor client activity and provides insight for our financial advisors in serving their clients.

*Successful acquisition and integration track record.* We have demonstrated an ability to expand our business and increase our earnings by making selective acquisitions and integrating them efficiently. We make acquisitions to advance our strategic development by extending our presence into markets we have not previously served or deeply penetrated. We seek to enhance earnings growth by creating economies of scale, adding clients and business in markets we already serve and building additional product expertise for the benefit of our existing clients. We are also able to achieve cost and revenue synergies through our acquisitions. We have succeeded in recruiting, integrating and retaining teams of professionals both from the operations we have acquired and from other firms in our industry.

*Independence.* We are an independent firm, owned by our current and retired employees and by public stockholders. As an independent firm, we are able to recruit and retain private client professionals who want to work in an entrepreneurial environment. We are not part of a larger, diversified financial institution with multiple business objectives. As a result, we are not subject to the same degree of conflicts of interest that may challenge major financial services firms with goals that are sometimes contrary to those of their clients. We believe there is substantial opportunity for an independent firm targeting middle market and larger investment banking clients and we believe we have achieved strong brand recognition and a sound reputation for serving these clients.

*Entrepreneurial culture with strong emphasis on our employees.* We attribute our success and distinctiveness largely to our highly skilled professionals. To this end, we consider our financial advisors as clients. Unlike our

larger competitors, our philosophy is that our individual associates, not the firm itself, are our brand. Across our operating history, we have created a culture where people are given the opportunity to grow and develop, and thus we have become an employer of choice for financial services professionals. Our strong sense of ownership drives our entrepreneurial culture, with approximately 50% of our company owned by our current and retired employees.

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### **Our Growth Strategy**

We believe our plans for growth will allow us to increase our revenues and to expand our role with clients as a valued partner. In executing our growth strategy, we take advantage of the consolidation among middle market firms, which we believe provides us opportunities in our private client and capital markets businesses. We intend to pursue the following strategies:

*Further expand our private client footprint in the U.S.* We have expanded the number of our private client branches from 39 as of December 31, 1997 to 148 as of December 31, 2007 and our branch-based financial advisors from 262 to 966 over the same period. Through organic growth and acquisitions, we currently have a strong footprint nationally, concentrated in the Midwest and the Mid-Atlantic regions, with a growing presence in the Northeast, Southeast and Western United States. Over time, we plan to further expand our U.S. private client footprint. We plan on achieving this through recruiting experienced financial advisors with established client relationships and continuing to selectively consider acquisition opportunities as they may arise.

*Further expand our institutional equity business both domestically and internationally.* Our institutional equity business is built upon the premise that high quality fundamental research is not a commodity. The tremendous growth of our business over the last 10 years has been fueled by the effective partnership of our highly rated research and institutional sales and trading teams. Several years ago, we identified an opportunity to expand our research capabilities by taking advantage of market disruptions and the long term impact of the global settlement on Wall Street research. As a result, we have grown from 43 analysts covering 513 companies in 2005 to 60 analysts covering 700 companies today. Our plan in 2008 and beyond is to further monetize our research platform by adding additional institutional sales and trading teams and by placing a greater emphasis on client management.

*Grow our investment banking business.* By leveraging our industry expertise, our product knowledge, our research platform, our capital markets strength, our middle market focus and our private client network, we intend to grow our investment banking business. Our unique position as a middle market focused investment bank with broad-based and respected research will allow us to take advantage of opportunities in the middle market and continue to align our investment banking coverage with our research footprint.

*Focus on asset generation within our Stifel Bank operations and offer retail and commercial banking services to our clients.* We believe the addition of Stifel Bank & Trust banking services will strengthen our existing client relationships and help us recruit financial advisors seeking to provide a full range of services to their private clients. We intend to increase the sale of banking products and services to our private and corporate clients.

*Approach acquisition opportunities with discipline.* Over the course of our operating history, we have demonstrated our ability to identify, effect and integrate attractive acquisition opportunities. We believe that the current environment and market dislocation will provide us with the ability to thoughtfully consider acquisitions on an opportunistic basis.

### **BankAtlantic Bancorp Relationship**

On February 28, 2007, we closed on the acquisition of Ryan Beck from BankAtlantic Bancorp Inc. ( BankAtlantic Bancorp ), for which we paid approximately \$2.7 million in cash and issued an aggregate of 2,467,600 shares of our common stock valued at \$41.55 per share for a total initial consideration of approximately \$105.2 million. In addition we issued five-year immediately exercisable warrants to purchase up to 500,000 shares of our common stock at an



exercise price of \$36.00 per share. There are also several contingent payments payable on the achievement of certain revenue targets, which we may pay in stock, in cash or a combination thereof, in our discretion.

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On January 14, 2008, we repurchased 250,000 shares of our common stock from BankAtlantic Bancorp in a privately negotiated transaction for \$42.35 per share, the closing price on Friday, January 11, 2008.

On February 22, 2008, BankAtlantic Bancorp held 2,127,354 shares of our common stock and warrants to purchase an additional 481,724 shares of common stock, representing approximately 18.9% of our outstanding common stock. BankAtlantic Bancorp has decided to sell 1,600,000 shares in this offering. Following this offering, BankAtlantic Bancorp will hold 527,354 shares of our common stock, in addition to the warrants to purchase an additional 481,724 shares of our common stock, representing approximately 6.14% of our outstanding common stock.

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**THE OFFERING**

Common stock offered by Stifel	300,000 shares
Common stock offered by the selling stockholders	1,900,000 shares
Total	2,200,000 shares
Common stock to be outstanding after this offering	15,965,146 shares
Use of proceeds	We intend to use the net proceeds of this offering for general corporate purposes, which may include our working capital needs and investments in our subsidiaries to support our continued growth or selective opportunistic acquisition opportunities. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. For additional information, see the section of this prospectus captioned Use of Proceeds.
Listing	Our common stock currently trades on the NYSE under the ticker symbol SF.
Risk factors	Investing in our securities involves risks. You should carefully consider the information under Risk Factors beginning on page S-11 and the other information included in this prospectus before investing in our securities.

The number of shares of common stock to be outstanding after the offering is based on actual shares outstanding as of February 22, 2008 and assumes no exercise of the underwriters' over-allotment option. In addition, the number of shares of common stock to be outstanding after this offering excludes the following, in each case as of February 22, 2008:

1,100,038 shares of common stock issuable upon exercise of options outstanding under our various equity incentive plans, having a weighted average exercise price of \$11.46 per share;

4,119,777 restricted stock units issued under our various equity incentive plans;

499,136 shares of common stock issuable upon exercise of warrants issued in connection with our acquisition of Ryan Beck, with an exercise price of \$36.00 per share; and

943,134 additional shares of common stock reserved for issuance pursuant to our equity incentive and stock option plans.

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The following table sets forth selected consolidated historical financial and other data for the periods ended and as of the dates indicated. The selected consolidated financial data presented below as of and for the years ended December 31, 2005, 2006 and 2007 is derived from our audited consolidated financial statements incorporated by reference into this prospectus. The selected consolidated financial data as of and for the years ended December 31, 2003 and 2004 is derived from our audited consolidated financial statements, which are not included in this prospectus. Results from past periods are not necessarily indicative of results that may be expected for any future period. All share and per share information for all periods presented has been adjusted for a four-for-three split of our common stock that was effected as a dividend to stockholders of record as of September 1, 2004. This selected historical financial data should be read in conjunction with the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2007, and with our consolidated financial statements and related notes incorporated by reference in this prospectus.

	<b>Years Ended December 31,</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>(In thousands, except per share amounts)</b>				
<b>Statement of Operations Data:</b>					
Commissions	\$ 82,232	\$ 95,894	\$ 107,976	\$ 199,056	\$ 315,514
Principal transactions	47,417	46,163	44,110	86,365	139,248
Investment banking	49,663	57,768	55,893	82,856	169,413
Asset management and service fees	28,021	35,504	43,476	57,713	101,610
Interest	12,285	13,101	18,022	35,804	59,071
Other	2,002	2,759	533	9,594	8,234
Total revenues	221,620	251,189	270,010	471,388	793,090
Less: Interest expense	5,108	4,366	6,275	19,581	30,025
Net revenues	216,512	246,823	263,735	451,807	763,065
Employee compensation and benefits	140,973	157,314	174,765	329,703	543,021
Noncompensation expenses	50,479	52,892	56,248	95,735	166,198
Total non-interest expenses	191,452	210,206	231,013	425,438	709,219
Income before income taxes	25,060	36,617	32,722	26,369	53,846
Provision for income taxes	10,053	13,469	13,078	10,938	21,676
Net income	\$ 15,007	\$ 23,148	\$ 19,644	\$ 15,431	\$ 32,170
Basic earnings	\$ 1.63	\$ 2.39	\$ 2.00	\$ 1.34	\$ 2.22
Diluted earnings	\$ 1.37	\$ 1.88	\$ 1.56	\$ 1.11	\$ 1.88
Weighted average common equivalent shares outstanding:					

Basic	9,233	9,702	9,828	11,513	14,503
Diluted	10,971	12,281	12,586	13,909	17,136

**Statement of Financial Condition**

**Data:**

Total assets	\$ 412,239	\$ 382,314	\$ 842,001	\$ 1,084,774	\$ 1,499,440
Long-term obligations	\$ 61,541	\$ 61,767	\$ 97,182	\$ 98,379	\$ 124,242
Stockholders equity	\$ 100,045	\$ 131,312	\$ 155,093	\$ 220,265	\$ 424,637

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	<b>Years Ended December 31,</b>				
<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	

(In thousands, except per share amounts)

**Other Data:*****Net revenues:***

Private Client Group	\$ 163,822	\$ 187,477	\$ 197,356	\$ 231,364	\$ 435,711
Equity Capital Markets	35,533	38,855	43,415	150,038	238,064
Fixed Income Capital Markets	15,384	16,630	18,155	53,570	64,867