

STIFEL FINANCIAL CORP
Form DEF 14A
April 30, 2015
Table of Contents

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))**
- x Definitive Proxy Statement
- .. Definitive Additional Materials
- .. Soliciting Material Pursuant to Rule 240.14a-12

Stifel Financial Corp.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

Table of Contents

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Table of Contents

STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

April 30, 2015

Fellow Shareholders:

We cordially invite you to attend the 2015 Annual Meeting of Shareholders of Stifel Financial Corp. The meeting will be held on **Wednesday, June 10, 2015 at 11:00 a.m., local time, at our corporate headquarters**. We hope that you will be able to attend.

Enclosed you will find a notice setting forth the business expected to come before the meeting. The Notice informs shareholders how to access this proxy statement and our Annual Report for the year ended December 31, 2014 on the Internet and how to submit their proxies online. The Notice also contains instructions on how to request a printed set of proxy materials.

Your vote is very important to us. Whether or not you plan to attend the meeting in person, we hope that your shares are represented and voted.

I am pleased to report that in 2014 we once again delivered significant shareholder value as we continued our growth trajectory by successfully integrating mergers and recruiting and retaining talented, entrepreneurial associates. As a result, 2014 represented our 19th consecutive year of record net revenues. In addition, we achieved record net income in 2014.

I expand on our Company's performance, strategy, and outlook in the 2014 Annual Report Shareholder Letter, which I hope you will read.

Thank you for your investment in Stifel. I look forward to welcoming our shareholders to the Annual Meeting.

Sincerely,

Ronald J. Kruszewski

*Chairman of the Board and Chief Executive
Officer*

Table of Contents

STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

- Date and Time:** Wednesday, June 10, 2015, at 11:00 a.m., Central Time
- Place:** Stifel Financial Corp. offices located at One Financial Plaza, 2nd Floor,
501 North Broadway, St. Louis, Missouri 63102
- Items of Business:**
- To elect six (6) Class II Directors, each as nominated by the Board of Directors;
 - To approve, on an advisory basis, the compensation of our named executive officers (say on pay);
 - To approve the Executive Incentive Performance Plan;
 - To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015; and
 - To consider and act upon other business as may properly come before the meeting and any adjournment or postponement thereof.
- Record Date:** You are entitled to vote only if you were a Company shareholder at the close of business on April 14, 2015.
- Voting by Proxy:** 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, June 9, 2015. 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.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting

to be held on June 10, 2015

Our proxy statement and 2014 annual report are available at:

www.investorvote.com/sf

By Order of the Board of Directors,

David M. Minnick, Corporate Secretary
April 30, 2015

YOUR VOTE IS VERY IMPORTANT

Even if you plan to attend this meeting in person, we urge you to promptly vote your shares on 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.

Table of Contents

TABLE OF CONTENTS

<u>GENERAL</u>	1
<u>EXECUTIVE SUMMARY</u>	2
<u>Matters to be Voted on at our 2015 Annual Meeting</u>	2
<u>Key Company Statistics</u>	2
<u>2014 Performance Highlights</u>	2
<u>Named Executive Officer Compensation</u>	3
<u>2014 Annual Compensation</u>	3
<u>CORPORATE GOVERNANCE</u>	4
<u>Corporate Governance Principles</u>	4
<u>Director Independence</u>	4
<u>Board of Directors Leadership, Risk Oversight, Meetings, and Committees</u>	5
<u>Corporate Governance and Code of Ethics</u>	7
<u>Compensation and Risk</u>	7
<u>ITEM I ELECTION OF DIRECTORS</u>	8
<u>Experience and Diversity</u>	8
<u>Class II Director Nominees</u>	9
<u>Continuing Directors</u>	15
<u>COMPENSATION MATTERS</u>	27
<u>ITEM II AN ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION (SAY ON PAY)</u>	27
<u>2014 Say on Pay Vote</u>	27
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	28
<u>2014 Company Performance Highlights</u>	28
<u>Summary of Compensation Decisions for 2014</u>	29
<u>Our Compensation Practices</u>	30
<u>Utilization of Non-GAAP Measures</u>	32
<u>Differences Between 2014 Summary Compensation Table & Annual Earned Compensation Table</u>	32
<u>2014 Compensation Decisions</u>	33
<u>Committee s View of Annual Compensation of Named Executive Officers</u>	34
<u>Link Between 2014 Company Performance and NEO Annual Incentive Compensation</u>	39
<u>Link Between Long-Term Company Performance and CEO Annual Earned Compensation</u>	40

<u>Additional Elements of our Compensation Program</u>	42
<u>Deductibility of Executive Compensation</u>	43
<u>COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION</u>	44
<u>RISK MANAGEMENT/CORPORATE GOVERNANCE COMMITTEE REPORT</u>	45

Table of Contents

<u>EXECUTIVE COMPENSATION</u>	46
<u>2014 Summary Compensation Table</u>	46
<u>2014 Grants of Plan-Based Awards</u>	48
<u>Additional Information About the Compensation Paid to Named Executive Officers in 2014</u>	50
<u>2014 Outstanding Equity Awards at Fiscal Year End</u>	51
<u>2014 Option Exercises and Stock Units Vested/Converted</u>	52
<u>2014 Post-Retirement Benefits</u>	53
<u>Discussion of Post-Employment Payments</u>	54
<u>NON-EMPLOYEE DIRECTOR COMPENSATION</u>	55
<u>Additional Information About Non-Employee Director Compensation</u>	56
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	56
<u>ITEM III APPROVAL OF THE EXECUTIVE INCENTIVE PERFORMANCE PLAN</u>	58
<u>AUDIT MATTERS</u>	60
<u>ITEM IV RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	60
<u>Audit Committee Report</u>	60
<u>Auditor Fees</u>	61
<u>Auditor Services Pre-Approval Policy</u>	61
<u>BENEFICIAL OWNERSHIP</u>	62
<u>Ownership of Directors, Nominees, and Executive Officers</u>	62
<u>Ownership of Certain Beneficial Owners</u>	64
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	64
<u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING</u>	65
<u>SHAREHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING</u>	68
<u>HOUSEHOLDING</u>	68
<u>OTHER MATTERS</u>	68
<u>MISCELLANEOUS</u>	69

Table of Contents

STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

PROXY STATEMENT

FOR ANNUAL MEETING OF SHAREHOLDERS TO BE

HELD ON WEDNESDAY, JUNE 10, 2015

GENERAL

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Stifel Financial Corp. (the Company) for use at the Annual Meeting of shareholders (Annual Meeting) to be held on Wednesday, June 10, 2015, 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 shareholders.

Beginning on April 30, 2015, the Notice of this proxy statement and the Annual Meeting was mailed to our shareholders of record as of the close of business on April 14, 2015. 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 Item I, in favor of the advisory resolution related to the compensation of our named executive officers in Item II, in favor of the approval of the Executive Incentive Performance Plan in Item III, and in favor of the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015 in Item IV, each as recommended by the Board of Directors. A shareholder 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 David Minnick, our Corporate Secretary, or by personally appearing at the Annual Meeting and casting a vote in person.

A majority of the outstanding shares of common stock present in person or by proxy will constitute a quorum at the Annual Meeting.

In an uncontested election of directors, as is the case in this election, each nominee for director shall be elected to the Board of Directors if the votes cast FOR such nominee's election exceed the WITHHOLD votes cast against such nominee's election. 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 shares of our common stock cast at the meeting in person or by proxy is required for the advisory approval of the compensation of our named executive officers, for the approval of the Executive Incentive Performance Plan, and for the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015.

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.

When tabulating the voting results for any particular proposal, shares that constitute broker non-votes and, pursuant to our By-Laws, abstentions are not considered votes cast on that proposal. Accordingly, broker non-votes and abstentions will not affect the outcome of Items I, II, or IV. Due to New York Stock Exchange (NYSE) rules with respect to the approval of benefit plans, abstentions are considered votes cast on Item III, despite the provision to the contrary in our By-Laws.

Table of Contents**EXECUTIVE SUMMARY**

This summary highlights certain information contained elsewhere in our Proxy Statement. You should read the entire Proxy Statement carefully before voting.

Matters to be Voted on at our 2015 Annual Meeting

Agenda Item	Board Recommendation	Page Reference (for more detail)
I. Election of six (6) Class II Directors The Board of Directors believes the six nominees as a group have the experience and skills that are necessary to effectively oversee our Company.	FOR each director	8
II. Advisory vote to approve executive compensation (say on pay) The Board of Directors is asking shareholders to provide advisory approval of the compensation of our named executive officers.	FOR	27
III. Approval of the Executive Incentive Performance Plan. The Board of Directors is asking shareholders to approve a plan, last approved in 2010, setting forth the terms of tax deductible performance-based compensation under Section 162 (m) of the Internal Revenue Code of 1986, as amended.	FOR	58
IV. Ratification of selection of Ernst & Young LLP as our independent registered public accounting firm for 2015	FOR	60

Key Company Statistics

Our market capitalization was approximately \$3.6 billion as of April 14, 2015, the record date.

67,873,541 shares of Stifel Financial Corp. common stock were outstanding as of the record date.

6,223 full-time associates (including independent contractors) as of December 31, 2014.

2014 Performance Highlights

Our Company performed extremely well during 2014. Our financial accomplishments during the year included the following:

- (1) Core results are non-GAAP and exclude merger-related revenues and expenses associated with our acquisitions. See [Utilization of Non-GAAP Measures](#) for a discussion of how the Company utilizes Non-GAAP measures in determining financial performance.

Table of Contents**Named Executive Officer Compensation (see Compensation Matters beginning on page 27)**

We provide highlights of our compensation program below. It is important that you review the Compensation Discussion and Analysis and the compensation-related tables for a complete understanding of our compensation program.

2014 Annual Compensation

Our 2014 named executive officers (NEOs) are Ronald J. Kruszewski (Chairman and CEO), James M. Zemlyak (President and CFO), Victor J. Nesi (President and Co-Director of the Institutional Group), Thomas P. Mulroy (President and Co-Director of the Institutional Group), and Thomas B. Michaud (President and CEO of Keefe, Bruyette & Woods).

The Committee focuses on total earned compensation, because the Committee believes that to be the best measure by which to reward performance. Total earned compensation consists of salary, bonus and the vesting or acceleration of long-term awards.

2014 total earned compensation for this year's NEOs increased by approximately 14% in the aggregate as compared to 2013, which is consistent with our pay for performance philosophy.

A significant portion of annual variable compensation to our NEOs is deferred in the form of equity-based awards and debentures. The remainder of our NEOs' annual variable compensation is awarded in cash.

In determining individual NEO's compensation, the Committee considered various measures of the NEO's performance, as well as the NEO's leadership in further developing and maintaining the Company's franchise.

The following table summarizes the 2014 annual earned compensation for our NEOs approved by the Committee:

Name	Total Annual Compensation (\$)	Vesting of Long-Term Incentive Awards (\$)	Total Earned Compensation (\$)	Increase in Total Earned Compensation from 2013	Percentage of 2014 Annual Incentive Compensation Deferred
Ronald J. Kruszewski	6,200,000	600,000	6,800,000	10%	30%
James M. Zemlyak	3,300,000	420,000	3,720,000	16%	33%
Victor J. Nesi	3,900,000	400,000	4,300,000	26%	30%
Thomas P. Mulroy	3,350,000	400,000	3,750,000	10%	31%
Thomas B. Michaud	3,233,000	150,000	3,383,000	9%	26%

This table depicts how the Committee viewed its compensation decisions for our NEOs, but the presentation herein differs substantially from the Summary Compensation Table (SCT) that is required by SEC rules. This table is not a substitute for the information presented in the SCT. Please see the section Differences Between 2014 Summary Compensation Table & Annual Earned Compensation Table for further important information regarding this presentation and the SCT.

Table of Contents

CORPORATE GOVERNANCE

Corporate Governance Principles

The Board of Directors has adopted Corporate Governance Principles (Principles), which are available in the corporate governance section of the Company s Web site at www.stifel.com (the Company s Web site). The Principles set forth the practices the Board of Directors follows with respect to, among other matters, the role and duties of the Board, size and composition of the Board, director responsibilities, Board committees, director access to officers, employees and independent advisors, director compensation and performance evaluation of the Board.

As described in the Principles, the role of the Board of Directors is to oversee management of the Company in its efforts to enhance shareholder value and conduct the Company s business in accordance with its mission statement. In that connection, the Board of Directors helps management assess long-range strategies for the Company, and evaluates management performance.

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 earned 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, shareholder, 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 of Directors 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, Grady, Hanser, Irby, Oates, Westbrook, and Zimmerman qualify as independent directors. In making this determination, the Board of Directors considered the rules of the NYSE and the U.S. Securities and Exchange Commission (the SEC), including NYSE rules regarding the independence of the Compensation Committee, 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, the Board of Directors considered the related party transaction described on page 57 of this proxy statement and concluded that Mr. Irby's independence was not compromised.

Table of Contents

Board of Directors Leadership, Risk Oversight, Meetings, and Committees

Leadership: Our Board of Directors is presently composed of ten independent directors and eight 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 and Chief Executive Officer. Thomas W. Weisel shares the role of Chairman of the Board with Mr. Kruszewski.

Although Mr. Kruszewski currently serves as Chairman of the Board 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 Risk Management/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.

As described further below under Risk Management/Corporate Governance Committee Report , we have an Enterprise Risk Management program under the direction of our Chief Risk Officer. Working closely together, the CRO and other managers have prepared during 2014 a series of reports and policies that describe and formalize our conservative risk culture. In addition, the Risk Management/Corporate Governance Committee has authorized three management committees: the Asset Liability Management Committee, the Products Committee and the Conflicts of Interest Committee.

Meetings: During 2014, our Board of Directors met eight 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 shareholders. At the last Annual Meeting, seven 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 Risk Management/Corporate Governance Committee. The Audit Committee, Compensation Committee, and Risk Management/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 web site located at www.stifel.com, or may be obtained by any shareholder, without charge, upon request by contacting David Minnick, our Corporate Secretary, at (314) 342-2000 or by e-mail at investorrelations@stifel.com.

Audit Committee. Messrs. Beda (Chairman), Dubinsky, Grady, Oates, and Westbrook are the current members of the Audit Committee, each of whom is an independent director 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 shareholder 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.

Table of Contents

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 seven times during 2014.

Compensation Committee. Messrs. Oates (Chairman), Beda, Dill, Hanser, and Irby are the current members of the Compensation Committee, each of whom are independent directors as defined by the NYSE and as determined by our Board of Directors. The Compensation Committee met six times during 2014. 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.

During 2014, there were no interlocks or insider participation on the part of the members of the Compensation Committee.

Risk Management/Corporate Governance Committee. Messrs. Grady (Chairman), Beda, Brown, Hanser, and Oates are the current members of the Risk Management/Corporate Governance Committee, each of whom is an independent director as defined by the NYSE and as determined by our Board of Directors. The Risk Management/Corporate Governance Committee met seven times during 2014. The duties of the Risk Management/Corporate Governance Committee include:

Overseeing the management of risks associated with Board organization, membership, and structure;

Regularly reviewing our aggregate risk exposures and risk management processes with management, including our Chief Executive Officer, Chief Financial Officer, and Chief Compliance Officer;

Overseeing the search for individuals qualified to become members of our Board of Directors and selecting director nominees to be presented for election at the Annual Meeting of our shareholders;

Considering nominees for directors recommended by our shareholders; and

Reviewing our corporate governance guidelines at least annually and recommending changes to our Board of Directors as necessary.

In accordance with the Risk Management/Corporate Governance Committee's charter and our corporate governance guidelines, the Risk Management/Corporate Governance Committee considers nominees recommended by shareholders and reviews the qualifications and contributions of the directors standing for election each year. In identifying and evaluating nominees for director, the Risk Management/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.

Shareholders may recommend individuals to the Risk Management/Corporate Governance Committee for consideration as potential director nominees by giving written notice to David Minnick, our Corporate Secretary, at least 90 days, but not more than 120 days, prior to the anniversary of our preceding year's annual meeting, along with the specific information required by our By-Laws, including, but not limited to, the name and address of the nominee; the number of shares of our common stock beneficially owned by the shareholder (including associated persons) nominating such nominee; and a consent by the nominee to serve as a director, if elected, that would be required for a nominee under the SEC rules. If you would like to receive a copy of the provisions of our By-Laws setting forth all of these requirements, please send a written request to Stifel Financial Corp., Attention: David M.

Table of Contents

Minnick, Corporate Secretary, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102. The Risk Management/Corporate Governance Committee has not adopted any specific procedures for considering the recommendation of director nominees by shareholders, but will consider shareholder nominees on the same basis as other nominees. Please also see the procedures described in the section entitled *Shareholder Proposals for the 2016 Annual Meeting* in this Proxy Statement.

Executive Committee. Messrs. Kruszewski (Co-Chairman), Weisel (Co-Chairman), Beda, Dubinsky, Grady, and Oates are the current members of the Executive Committee. Except to the extent limited by law, between meetings of the full Board, the Executive Committee performs the same functions and has the same authority as the full Board. The Executive Committee met four times during 2014.

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 Risk Management/Corporate Governance Committee. These guidelines and charters are available for review under the Corporate Governance section of our web site at 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 web site, located at www.stifel.com, or may be obtained by any shareholder, without charge, upon request by contacting David Minnick, our Corporate Secretary, at (314) 342-2000 or by e-mail at investorrelations@stifel.com.

We have established procedures for shareholders 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.

Compensation and Risk

The Board of Directors, with the assistance of management, has evaluated our compensation policies and practices for all employees and has concluded that such policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. In reaching this conclusion, we undertook the following process:

We conducted an analysis of our incentive compensation programs by an interdisciplinary team led by our CRO, consisting of employees in risk management, accounting/payroll, legal, internal audit and human resources.

This team conducted an initial evaluation of our compensation programs and policies across six elements: (i) performance measures, (ii) funding, (iii) performance period and pay mix, (iv) goal setting, (v) leverage, and (vi) controls and processes, focusing on significant risk areas.

The team found that formula-based funding of bonus pools is utilized consistently across the firm. Those formulas varied, with the majority being based on gross revenue, and the allocations of the pools were

aligned with the employee's span of control and level of potential contribution. The team also determined that most bonus pools are not distributed on a purely formula basis, but rather that distribution was instead based on subjective factors, including longer term performance and ongoing consideration by the employee of the risks involved in the business.

The team also noted the risk mitigation effect of our stock bonus plan allocation formula, which imposes the requirement that a portion of bonus amounts be delivered not in cash but in the form of restricted stock units that vest over time, and that the equity proportion increases as the size of the overall bonus rises. In light of the above, our Board continues to conclude that our compensation policies in general, and our incentive programs in particular, remain well aligned with the interests of our shareholders and do not create risks that are reasonably likely to result in a material adverse impact on the Company.

Table of Contents

ITEM I ELECTION OF DIRECTORS

After consideration of the factors described below, as well as the individual qualifications and experience of each of our director nominees and his contributions to our Board, our Board has concluded that each of our director nominees should be re-elected to our Board.

Our Board of Directors unanimously recommends a vote FOR all of our director nominees.

Our Company's Board of Directors currently consists of 18 persons, divided into three classes. The nominees for election at the Annual Meeting are: six (6) Class II 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.

The Board of Directors, upon the recommendation of the Risk Management/Corporate Governance Committee, has nominated Charles A. Dill, Richard J. Himelfarb, Alton F. Irby III, Victor J. Nesi, James M. Zemlyak, and Michael J. Zimmerman for election as Class II directors to hold office until the 2018 Annual Meeting of shareholders 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 Messrs. Dill, Himelfarb, and Irby due to the desire for continuity and the specialized skill sets and business experience they contribute to the Board.

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. In an uncontested election, as is the case in this election, each nominee for director shall be elected to the Board of Directors if the votes cast **FOR** such nominee's election exceed the **WITHHOLD** votes cast against such nominee's election. Shares represented by your proxy cannot be voted for more than six (6) Class II 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.

The Board of Directors has adopted a director resignation policy that requires each director nominee who is standing for re-election, prior to each election of directors at an annual meeting, to submit to the Board of Directors an irrevocable letter of resignation which will become effective if that director does not receive the necessary majority vote for election and the Board of Directors determines to accept such resignation. In such circumstances, the Risk Management/Corporate Governance Committee will evaluate and make a recommendation to the Board of Directors with respect to the submitted resignation. The Board of Directors will take action on such recommendation within 180 days following the Annual Meeting at which the election occurred and will publicly disclose its decision, including, if applicable, the reasons for rejecting a resignation.

Experience and Diversity

The Risk Management/Corporate Governance Committee of the 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 Risk Management/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 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 Risk Management/Corporate Governance Committee and the Board of Directors in coming to the conclusion that each such nominee or current director should serve as a director of the Company.

Table of Contents

Class II Director Nominees

Charles A. Dill, 75

Director Since: 1995, Class II nominee with term ending in 2018

Committees: Compensation Committee

Career Highlights

Managing partner, Two Rivers Associates, a private equity firm (2003 – present)

General partner, Gateway Partners, L.P., a venture capital fund (1995 – 2013)

President, Chief Executive Officer, and Director, Bridge Information Systems, Inc., a provider of online financial information and trading services to institutional investors (1991 – 1995)

Other Professional Experience and Community Involvement

Venture capital and private equity investor

Board Member, Walker School of Business, Webster University

Board Member, John Allan Love Charitable Foundation

M.B.A. Harvard Business School

B.S. Yale University

Experience and Qualifications

Mr. Dill has 20 years of experience in the venture capital and private equity investment markets, following prior operating experience as CEO of an information technology company serving the financial services industry. Earlier in his professional career, Mr. Dill, in senior executive officer capacities, led the development of the global businesses of two NYSE companies, Emerson Electric and AVX Corporation. Mr. Dill continues to serve as a director of several

private companies and previously served as a director of four public corporations.

Table of Contents

Richard J. Himelfarb, 73

Vice Chairman and Senior Vice President of Stifel Financial Corp.

Director Since: 2005, Class II nominee with term ending in 2018

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

Member, Executive Committee, Yale Law School Association

Experience and Qualifications

With more than 30 years of experience in the investment banking industry, Mr. Himelfarb provides critical insight with respect to the Company's operations and assists the Board in its oversight of the Company's investment banking businesses.

Table of Contents

Alton F. Irby III, 74

Director Since: 2010, Class II nominee with term ending in 2018

Committees: Compensation Committee

Other Current Public Company Directorships: McKesson Corporation (NYSE: MCK)

Other Public Company Directorships Within the Past 5 Years: Thomas Weisel Partners Group, Inc.
(NASDAQ: TWPG) and ContentFilm

(AIM: CFL)

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) (1997 – 2000)

Founding partner, Hambro Magan Irby Holdings (1988 – 1997)

Experience and Qualifications

Mr. Irby has extensive experience founding and leading multiple privately held investment firms as well as 25 years of experience in the international financial services industry in Europe and the United States.

Table of Contents

Victor J. Nesi, 55

Office of the President of Stifel Financial Corp.

Director Since: 2009, Class II nominee with term ending in 2018

Career Highlights

Stifel Financial Corp.

Office of the President (June 2014 – present)

Senior Vice President (July 2009 – June 2014)

Stifel, Nicolaus & Company, Incorporated – Executive Vice President and Co-Director of Institutional Group (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 (2001 – 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 25 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.

Table of Contents

James M. Zemlyak, 56

Office of the President and Chief Financial Officer of Stifel Financial Corp.

Director Since: 2004, Class II nominee with term ending in 2018

Career Highlights

Stifel Financial Corp.

Office of the President and Chief Financial Officer (June 2014 – present)

Senior Vice President and Chief Financial Officer (1999 – June 2014)

Treasurer (1999 – 2011)

Stifel, Nicolaus & Company, Incorporated

Executive Vice President (2005 – present)

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 25 years of experience in the financial services industry. The Board believes his knowledge of our Company and its business is instrumental in formulating and executing our business plans and growth strategies.

Table of Contents

Michael J. Zimmerman, 64

Director Since: 2013, Class II nominee with term ending in 2018

*Other Public Company Directorships Within the Past 5 Years: KBW, Inc. (NYSE: KBW),
Financial
Federal Corporation (NYSE: FIF), Overseas Shipholding Group, Inc. (FINRA OTC: OSGIQ),
and
Smithfield Foods, Inc. (NYSE: SFD)*

Career Highlights

Continental Grain Company, a diversified international agribusiness and investment firm

Vice Chairman (2012 - present)

Executive Vice President and Chief Financial Officer (1999 – 2012)

Senior Vice President, Investments and Strategy (1996 – 1999)

Managing Director, Salomon Brothers, Inc. (1976 – 1996)

Other Professional Experience and Community Involvement

Investment Committee Member, Arlon Group LLC, an investment subsidiary of Continental Grain Company

Board Member and Chairman, Audit Committee, of Castleton Commodities, Inc., a leading merchant energy company

Trustee, Mount Sinai Health System, a non-profit health care organization

Chairman, FOJP Service Corporation, a non-profit insurance company

Chairman, Investment Committee, U.S. Holocaust Museum

Experience and Qualifications

Mr. Zimmerman's experience within the financial services industry and his broad understanding of investment banking both as an industry and a culture provide valuable judgment and insights, including those relevant to the recent economic climate. This background, together with the perspectives applied from his past and present service on other boards, including as an independent director and audit committee member of a publicly held company, brings a knowledge and a skill set that are integral to our Board.

Table of Contents

Continuing Directors

Michael W. Brown, 69

Director Since: 2010, Class III director for term ending in 2016

Committees: Risk Management/Corporate Governance Committee

Other Current Public Company Directorships: EMC Corporation (NYSE: EMC), VMWare, Inc. (NYSE: VMW), and Insperity, Inc. (NYSE: NSP), formerly known as Administaff, Inc.

Other Public Company Directorships Within the Past 5 Years: Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG)

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.

Table of Contents

John P. Dubinsky, 71

Director Since: 2003, Class III director for term ending in 2016

Committees: Audit Committee and Executive Committee

Public Company Directorships, with the Past 5 Years: Aegion Corporation (NASDAQ: AEGN)

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)⁽¹⁾

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

Other Professional Experience and Community Involvement

Trustee, Barnes-Jewish Hospital

Trustee, Washington University

Trustee, St. Louis Public Library

Trustee, National Public Radio Foundation, Washington, D.C.

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.

⁽¹⁾ Until the merger with U.S. Bank National Association (formerly, Firststar Bank, N.A.)

Table of Contents

Robert E. Grady, 57

Director Since: 2010, Class III director for term ending in 2016

Committees: Audit Committee, Executive Committee, and Risk Management/Corporate Governance Committee (Chairman)

Other Current Public Company Directorships: Maxim Integrated Products, Inc. (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, Gryphon Investors, a private equity investment firm (2015 – present)

Partner and Managing Director, Cheyenne Capital Fund, a private equity investment firm (2009 – 2014)

Partner and Managing Director, Carlyle Group, a global alternative asset management firm (2000 – 2009)

Member, Management Committee

Chairman and Fund Head, Carlyle Venture Partners

Member, Investment Committee (Carlyle Venture Partners, Carlyle Asia Growth Partners, and Carlyle Europe Technology Partners)

Partner and Managing Director, Robertson Stephens & Company (1993 – 2000)

Member, Management Committee

Other Professional Experience and Community Involvement

Director, Jackson Hole Mountain Resort

Trustee, St. John's Hospital (Jackson, WY) Foundation

Steering Committee Member, Wyoming Business Alliance

Former Chairman, New Jersey State Investment Council, which oversees the state's \$78 billion pension system

Former Chairman, National Venture Capital Association (NVCA)

Former Deputy Assistant to President George H.W. Bush, The White House

Former Executive Associate Director, Office of Management and Budget (OMB), Executive Office of the President

Former Lecturer in Public Management, Stanford Graduate School of Business

M.B.A., Stanford Graduate School of Business

A.B., Harvard College

Experience and Qualifications

Mr. Grady has extensive leadership experience in the private equity investment and the broker-dealer segments 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 and privately held companies.

Table of Contents

Thomas B. Michaud, 51

Senior Vice President of Stifel Financial Corp.

Director Since: 2013, Class III director for term ending in 2016

Other Public Company Directorships Within the Past 5 Years: KBW, Inc. (NYSE: KBW)

Career Highlights

Stifel Financial Corp. Senior Vice President (February 2013 present)

Keefe, Bruyette & Woods, Inc., a wholly owned broker-dealer subsidiary of Stifel Financial Corp.

Chairman and Chief Executive Officer (2011 present)

President (2006 present)

Director (1999 present)

KBW, Inc.

Chief Executive Officer and President (2011 2013)

Chief Operating Officer (2005 2011)

Vice Chairman (2005 2013)

Other Professional Experience and Community Involvement

Chairman and Chief Executive Officer, Keefe, Bruyette & Woods, Ltd., London-based subsidiary

Board Member, Foreign Policy Association, a non-profit organization (2011 present)

Capital Campaign Committee, Middlebury College (2007 – present)

Former Board Member, Greenwich Chapter of the American Red Cross (2004 – 2007)

Former Member, Greenwich Town Meeting

M.B.A., Stern School of Business at New York University

Bachelor of Arts, Middlebury College

Experience and Qualifications

Mr. Michaud's expertise in the financial and trading markets, his extensive knowledge of the banking sector, and his reputation and relationships within the financial services industry all serve to provide the Board with valuable institutional insights regarding our customer relationships, strategic development and direction, execution of our business plan, and the opportunities and challenges faced by our industry.

Table of Contents

James M. Oates, 68

Director Since: 1996, Class III director for term ending in 2016

Committees: Audit Committee, Compensation Committee (Chairman), Executive Committee, and Risk Management/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 (1997–2011)

Chief Executive Officer, Newworld Bank Corp. (1985 – 1994)

Other Professional Experience and Community Involvement

Board Member, Virtus Funds

Chairman of the Board, John Hancock Funds

Chairman of the Board, Emerson Investment Management, Inc.

Trustee Emeritus of Middlesex School, Concord, Massachusetts

Board Member, Connecticut River Bancorp (2000 – 2014)

Chairman, Connecticut River Bank (2000 – 2014)

Board Member, New Hampshire Trust Company (2000 – 2014)

M.B.A., Harvard Business School

B.A , Harvard College

Experience and Qualifications

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

Table of Contents

Ben A. Plotkin, 59

Vice Chairman and Senior Vice President of Stifel Financial Corp.

Director Since: 2007, Class III director for term ending in 2016

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., a broker-dealer Chairman and Chief Executive Officer (1997 February 2007)

Ryan Beck, a broker-dealer firm

Executive Vice President and Director (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 a 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 financial services clients provides practical insight to the Board regarding key Company operations and strategic planning.

Table of Contents

Bruce A. Beda, 74

Director Since: 1997, Class I director with term ending in 2017

Committees: Audit Committee (Chairman), Compensation Committee, Executive Committee, and Risk Management/Corporate Governance Committee

Career Highlights

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

Held various management positions at two Fortune 200 companies for 15 years and was Chief Financial Officer of a public company

Other Professional Experience and Community Involvement

M.B.A., Finance, University of Michigan

B.B.A, Accounting, University of Michigan

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. Mr. Beda also has substantial experience as a director of other publicly held companies.

Table of Contents

Frederick O. Hanser, 73

Director Since: 2003, Class I director with term ending in 2017

Committees: Compensation Committee and Risk Management/Corporate Governance Committee

Career Highlights

Stifel Bank & Trust, a subsidiary of Stifel Financial Corp.

Chairman of the Audit Committee (2010 – present)

Director and Vice Chairman (2007 – present)

Director, SLC Holdings, LLC, the manager and holding company for the St. Louis Cardinals, LLC (1996 – 2013)

Chairman and 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., a bank holding company for Southwest Bank of St. Louis (NASDAQ: MVBI) ⁽¹⁾

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

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

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

Experience and Qualifications

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

(1) Purchased by Southwest Bank of St. Louis in 1984

Table of Contents

Ronald J. Kruszewski, 56

Chairman of the Board of Directors and Chief Executive Officer of Stifel Financial Corp.

Director Since: 1997, Class I director with term ending in 2017

Committees: Executive Committee (Co-Chairman)

Career Highlights

Stifel Financial Corp.

Chairman (2001 – present)

Chief Executive Officer (September 1997 – present)

President (September 1997 – June 2014)

Stifel, Nicolaus & Company, Incorporated

Chairman (2001 – present)

President (April 2011 – present)

Chief Executive Officer (September 1997 – present)

Other Professional Experience and Community Involvement

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

Member, Federal Advisory Council, St. Louis Federal Reserve Board of Directors

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

Chairman of Downtown Now!

Member, Board of Directors, St. Louis Regional Chamber

Member, Board of Directors, Barnes-Jewish Hospital

Member, Regional Business Council in St. Louis

Member, World 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 operations and strategy.

Table of Contents

Thomas P. Mulroy, 53

Office of the President of Stifel Financial Corp.

Director Since: 2005, Class I director with term ending in 2017

Career Highlights

Stifel Financial Corp.

Office of the President (June 2014 – present)

Senior Vice President (December 2005 – June 2014)

Stifel, Nicolaus & Company, Incorporated

Executive Vice President (December 2005 – present)

Co-Director of Institutional Group (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 Europe Limited

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.

Table of Contents

Thomas W. Weisel, 74

Chairman of the Board of Directors of Stifel Financial Corp.

Director Since: 2010, Class I director with term ending in 2017

Committees: Executive Committee (Co-Chairman)

Other Public Company Directorships Within the Past 5 Years: NASDAQ OMX Group, Inc. (NASDAQ: NDAQ) and Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG)

Career Highlights

Chairman and Chief Executive Officer, Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG) (1999 – 2010)

Founder, Chairman, and Chief Executive Officer, Montgomery Securities (1971 – 1997)

Other Professional Experience and Community Involvement

Member and former Chairman, U.S. Ski and Snowboarding Team Foundation Board (1977 – present)

Chairman, USA Cycling Foundation Board (2000 – present)

Member, Board of Trustees, San Francisco Museum of Modern Art (1982 – present)

Chairman and Board Member, Empower America (1994 – 2002)

Chairman, Capital Campaign for California School of Arts & Crafts (1996 – 1997)

Member, Board of Directors, Stanford Endowment Management Board (2001 – 2009)

Member, Advisory Board, Harvard Business School (2007 – 2009)

Board Member, NASDAQ (2002 – 2006)

Trustee, Museum of Modern Art in New York (1996 - 2011)

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 Thomas Weisel Partners Group, Inc. (TWPG) and Montgomery Securities prior to joining the Company.

Table of Contents

Kelvin R. Westbrook, 59

Director Since: 2007, Class I director with term ending in 2017

Committees: Audit Committee

Other Current Public Company Directorships: Archer-Daniels Midland Company (NYSE: ADM), Camden Property Trust (NYSE: CPT), and T-Mobile US, Inc. (NYSE: TMUS)

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), broadband services company ⁽¹⁾

Chairman and Chief Strategic Officer (September 2006 – October 2007)

President and Chief Executive Officer (May 1997 – September 2006)

Partner of a national law firm

Other Professional Experience and Community Involvement

Chairman, Board of Directors, BJC HealthCare

Chairman, Board of Directors, St. Louis Children's Hospital

Member, Board of Directors, National Cable Satellite Corporation, better known as C-SPAN (2002 – 2011)

J.D., Harvard Law School

B.A. University of Washington

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.

- ⁽¹⁾ 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 15 months after Mr. Westbrook resigned from the firm.

Table of Contents

COMPENSATION MATTERS

ITEM II AN ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION (SAY ON PAY)

In deciding how to vote on this proposal, you are encouraged to consider the description of the Committee's executive compensation philosophy and its decisions in the *Compensation Discussion and Analysis* section of this proxy statement, as well as the following items:

Paying for performance is a critical element of our compensation philosophy. The Compensation Committee believes our current executive compensation program directly links executive compensation to our performance, aligns the interests of our executive officers with those of our non-employee shareholders, and has helped contribute to the Company's consistently positive earnings performance. See *Link Between 2014 Company Performance and NEO Annual Earned Compensation* and *Link Between Long-Term Company Performance and CEO Annual Earned Compensation*.

Our Company performed extremely well during 2014:

Record annual core net revenues of \$2,212.8 billion, an increase of 12% from 2013 (our 19th consecutive annual increase in net revenues);

Record core pre-tax income of \$337.3 million, an increase of 14% from 2013; and

Core net income per diluted common share of \$2.76, an increase of 10% from 2013.

The increase in the Company's stock price relative to the peer companies and the S&P 500 for over the long term.

The Compensation Committee utilizes complete discretion in setting 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, the Compensation Committee reviews Company performance and the individual performance evaluations after the fact in order to determine incentive compensation.

After assessing the Company's financial and strategic performance for fiscal 2014, and after further evaluating the individual performance of our named executive officers, the Committee exercised its discretion to award total annual earned compensation for 2014 that represented an increase of 10% for our CEO and an average increase of 14% for our NEOs.

Our Board recognizes the fundamental interest our shareholders have in executive compensation. Our say on pay vote gives our shareholders the opportunity to cast an advisory vote to approve the compensation of all of our NEOs. We

will include this advisory vote on an annual basis, at least until the next advisory vote on the frequency of our say on pay votes (no later than our 2017 Annual Meeting of shareholders).

2014 Say on Pay Vote

As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are required by Section 14A of the Exchange Act to provide shareholders with an advisory vote on executive compensation on an annual basis. Although the vote is advisory and is not binding on the Board of Directors, the Compensation Committee, or the Company, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions. For these reasons, the Board unanimously recommends that shareholders vote in favor of the following resolution:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the proxy statement for the Company's Annual Meeting of shareholders to be held on June 10, 2015, pursuant to Item 402 of Regulation S-K (the compensation disclosure rules of the SEC), which disclosure includes the Compensation Discussion and Analysis, the compensation tables, and other related information.

Approval of the advisory (non-binding) resolution on the Company's executive compensation will require the affirmative vote of the shares cast, in person or by proxy on this resolution. As this is an advisory vote, the result will not be binding, although our Compensation Committee will consider the outcome of the vote when evaluating the effectiveness of our compensation principles and practices and in connection with its compensation determinations.

Our Board of Directors unanimously recommends a vote FOR the resolution approving the executive compensation of our NEOs.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

This section of our Proxy Statement presents a discussion and analysis of the philosophy and objectives of our Board's Compensation Committee (referred to in this section as the Committee) in designing and implementing compensation programs for our executive officers. This section describes the 2014 compensation determinations relating to our Chief Executive Officer, Chief Financial Officer, and our next three most highly compensated executive officers (referred to as our named executive officers or NEOs).

The Committee, which is comprised of five independent directors, determined the compensation of our 2014 named executive officers:

Ronald J. Kruszewski, who served as our Chairman and Chief Executive Officer;

James M. Zemlyak, who served as our President and Chief Financial Officer;