

2005

ANNUAL REPORT

A PARTNERSHIP OF STRENGTHS



STIFEL
FINANCIAL

COMPANY DESCRIPTION

Stifel Financial Corp. is the holding company for Stifel, Nicolaus & Company, Incorporated, a full-service regional brokerage and investment banking firm established in 1890 and headquartered in St. Louis, Missouri. The Company provides securities brokerage, investment banking, trading, investment advisory, and related financial services through its wholly owned subsidiaries, primarily Stifel Nicolaus, to individual investors, professional money managers, businesses, and municipalities.

STATEMENT OF COMMITMENT

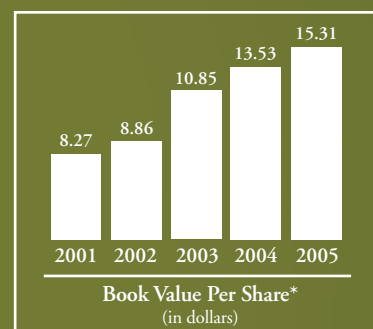
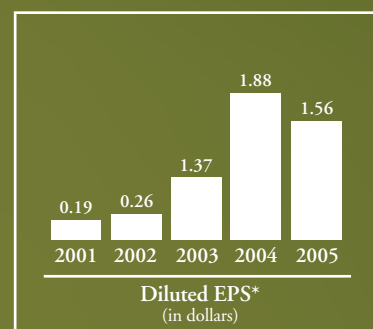
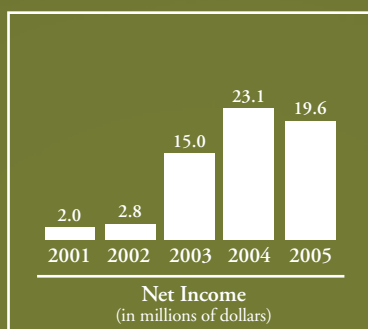
To Our Associates — current and future, our commitment is to provide an entrepreneurial environment that encourages unconfined, long-term thinking. We seek to reward hard-working team players that devote their energy and attention to client needs. At work, at home, and in their communities, we seek to be their Firm of Choice.

To Our Clients — individual, institutional, corporate, and municipal, our commitment is to listen and consistently deliver innovative financial solutions. Putting the welfare of clients and community first, we strive to be the Advisor of Choice in the industry. Pursuit of excellence and a desire to exceed clients' expectations are the values that empower our Company to achieve this status.

To Our Shareholders — small and large, our commitment is to create value and maximize your return on investment through all market cycles. By achieving the status of Firm of Choice for our professionals and Advisor of Choice for our clients, we are able to deliver value to our shareholders as their Investment of Choice.

As indicated herein by the term "combined firm," some information presented with respect to the experience of Stifel also includes transactions effected and matters conducted by the Capital Markets Division of Legg Mason Wood Walker, Inc. and its affiliates prior to December 1, 2005.

FINANCIAL HIGHLIGHTS



(in thousands except per share amounts)

OPERATING RESULTS

	2001	2002	2003	2004	2005
Total Revenues	\$188,990	\$194,113	\$221,620	\$251,189	\$270,010
Net Income	\$2,010	\$2,780	\$15,007	\$23,148	\$19,644
Diluted Earnings Per Share*	\$0.19	\$0.26	\$1.37	\$1.88	\$1.56

FINANCIAL POSITION

	2001	2002	2003	2004	2005
Total Assets	\$440,559	\$422,976	\$412,239	\$382,314	\$842,001
Stockholders' Equity	\$78,622	\$79,990	\$100,045	\$131,312	\$155,093
Book Value Per Share*	\$8.27	\$8.86	\$10.85	\$13.53	\$15.31

*All stock price amounts reflect the four-for-three stock split distribution in September 2004.

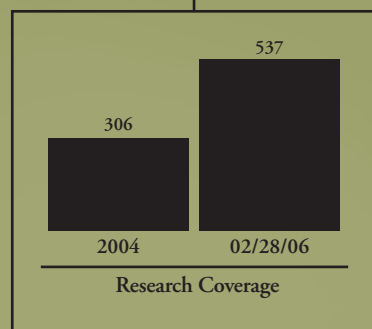
A PARTNERSHIP OF STRENGTHS

On December 1, 2005, Stifel Financial Corp. announced the acquisition of substantially all of the Legg Mason Capital Markets business (“LM Capital Markets”) from Citigroup Inc.

The combination of Stifel Nicolaus and LM Capital Markets allows the firm to nearly double in size and increase its footprint while greatly enhancing its capabilities. The LM Capital Markets business acquired by Stifel includes investment banking, equity and fixed income research, equity sales and trading, and taxable fixed income sales and trading. Combined with the Company’s existing resources, these assets give Stifel substantial research and capital market capabilities tailor-made to serve middle market clients — a segment that has been de-emphasized by many firms in the wake of recent industry consolidation.

This combination has created an enterprise with powerful attributes, including:

- An expanded domestic equity research group, now one of the largest off Wall Street, comprised of 43 senior analysts providing coverage on over 530 stocks
- A well-established track record of success — since 2000, on a combined basis, the firms have:
 - Managed 655 public offerings as lead or co-manager, raising \$154.6 billion
 - Advised in 283 M&A transactions, totaling \$16.0 billion
 - Served as placement agent in 277 private placements, raising \$11.7 billion
- A private client group consisting of approximately 650 talented and knowledgeable Investment Executives, with over \$26 billion in client assets under management
- Market making in over 600 NASDAQ stocks
- A taxable fixed income group with over 1,500 active institutional clients driving in excess of \$66 billion in annual trade volumes to complement Stifel’s strong municipal practice
- The #3 ranked research group by awards from *The Wall Street Journal’s* 2005 “Best on the Street” analyst survey and the #1 batting average from firms with more than 35 analysts



2005 Wall Street Journal Poll Rankings

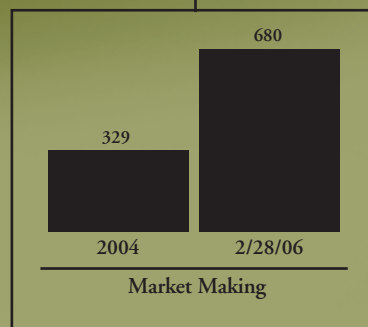
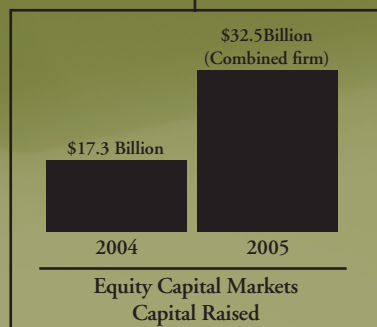
Firm	Awards	# of Analysts
Merrill Lynch	10	59
Jefferies	8	19
Stifel Nicolaus	8	37
JPMorgan Chase	8	51
Piper Jaffray	7	22
Friedman Billings Ramsey	7	27
Wachovia Securities	7	32
Raymond James	7	33
A.G. Edwards	7	38

Source: *The Wall Street Journal* Best on the Street 2005 Analyst Survey

Rankings as of May 17, 2005, the most recent survey, by number of awards for Stifel Nicolaus and LM Capital Markets combined

In an acquisition of this magnitude, retaining key talent is of the utmost importance, and as a testament to Stifel's exceptional corporate culture, over 95% of the Managing Directors from LM Capital Markets signed on to join the combined firm and now have substantial equity interests in the Company.

Commented Ronald J. Kruszewski, chairman and chief executive officer of Stifel Financial, "We believe this transaction continues our resolve to be a premier investment banking and brokerage firm which is well positioned to generate significant value to our clients, shareholders, communities, and associates."



CHAIRMAN'S LETTER



Dear Fellow Shareholders, Clients, and Associates:

In 2005, Stifel Financial Corp. continued to execute its “*Of Choice*” strategy. Our ongoing investment in our business platform and client-first culture put us in a unique position to compete for the capital markets business of Legg Mason. Late in the year, approximately 420 associates from this business chose Stifel Financial as their *Firm of Choice*. The market approved, with our stock price closing at \$37.59, up nearly 80% from the end of 2004. According to Securities Industry Analytics’ universe of publicly traded brokerage firms and as reflected on the accompanying chart, Stifel Financial is number one in terms of stock price appreciation over each of the past one- through five-year time frames, delivering as the *Investment of Choice*.

2005 financial highlights include:

- Net revenues increased 7% to a record \$264 million. 2005 marked the tenth consecutive year of record net revenues.
- Stockholders’ equity totaled \$155 million, resulting in book value per share of \$15.31.
- Net income of \$19.6 million or \$1.56 per diluted share, compared to \$23.1 million or \$1.88 per diluted share in 2004.
- The 2005 results include acquisition costs of approximately \$0.16 per diluted share. The prior year results include a tax benefit of \$0.08 per diluted share resulting from a settlement of a state tax matter covering a number of years.
- Excluding both the acquisition-related charges and the prior year tax benefit, net income was \$21.6 million or \$1.72 per diluted share, compared to \$22.1 million or \$1.80 per diluted share in 2004.

Going forward, we will focus on a non-GAAP financial measure, which we define as Core Earnings. Core Earnings will exclude acquisition-related expenses, including the amortization of stock-based compensation related to the merger. We believe that Core Earnings will more accurately measure the progress of the Company and its earnings power over the next three years.

While shareholder letters typically reflect back on the past year, we cannot think of a better time to look forward to the future of our Company. Near the end of 2005, we completed the most significant transaction in the 115-year history of the Company: the acquisition of substantially all of the Legg Mason Capital Markets business from Citigroup Inc. This merger was transformational, nearly doubling the revenue of the Company, significantly increasing our capabilities, and resulting in a Company better equipped to service our individual, institutional, and municipal clients as follows:

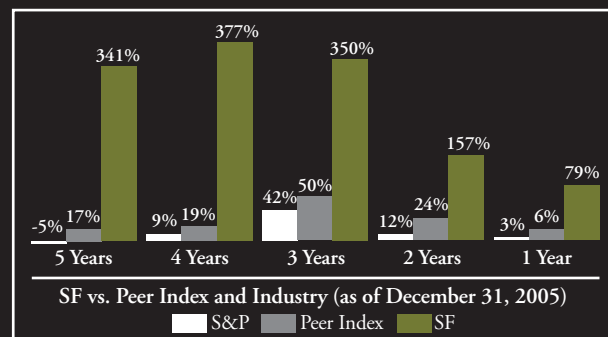
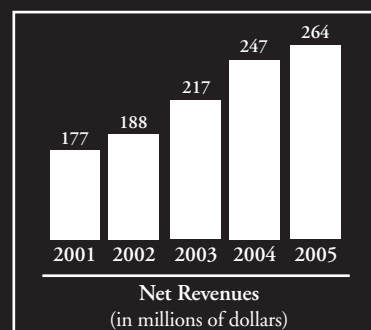
- Approximately 1,800 associates in 113 offices in the U.S. and Europe.
- A highly regarded Private Client Group, with 650 investment professionals managing over \$26 billion in client assets in 94 offices in 18 states.
- One of the largest domestic equity research franchises off Wall Street, with 43 senior analysts covering over 530 companies.
- Over 80 investment banking professionals in both vertical industry and focused product groups.
- A market maker in over 600 U.S. domestic equities.
- A strong municipal origination and advisory business. Since 2000, the Company was involved as sole manager, senior manager, or co-manager on over 820 negotiated offerings totaling \$30.5 billion.
- A market-recognized taxable fixed income group, with over 1,500 active institutional clients.
- A technology platform which provides a competitive advantage.

While we are excited about our new business, we are even more optimistic about our future. We are poised for significant growth, particularly in our Private Client Group. Never in our long history has the future been brighter.

In closing, I would like to thank Walt Imhoff for his dedicated service as both my partner and as a director of Stifel Financial. While Walt has reached mandatory retirement as a director, it is my hope that he will continue to provide his leadership and guidance to the firm. As always, we offer our sincere thanks to our shareholders and to our clients for their support and to our associates for their continued commitment to excellence.



Ronald J. Kruszewski
Chairman, President, and Chief Executive Officer
March 23, 2006



Stifel Financial performance versus the S&P 500 and a peer index consisting of six companies, including us, that serve the same markets as us and which compete with us in one or more markets



Stifel Financial stock price as of the last trading day of each calendar year

PRIVATE CLIENT GROUP

The Private Client Group consists of approximately 470 Investment Executives in 94 offices located in 18 states, along with approximately 180 independent contractors affiliated with Century Securities Associates. The Private Client Group has been, and is expected to continue to be, the largest contributor to the Company's net revenues and profits. In 2005, the Private Client Group continued to build on its track record of growth and success by adding 80 new Investment Executives and expanding its reach to include two new offices on the East Coast.

Highlights for the Private Client Group in 2005 include:

- Net revenue of \$197.4 million, up 5% from 2004
- Record operating contribution of \$48.2 million, a slight increase from \$48.0 million in 2004
- The opening of nine new offices: Ann Arbor, Michigan; Avon, Connecticut; Canton, Ohio; Indianapolis, Indiana; Madison, Wisconsin; Moline, Illinois; New London, Connecticut; Portage, Michigan; and Schererville, Indiana
- Client assets under administration totaled \$26.7 billion, up 32% from 2004
- Net new client assets for 2005 totaled \$5.8 billion

Over the past five years, Stifel has welcomed 365 new Investment Executives to the firm. Why has Stifel become such a popular choice for the most talented professionals in the industry? To put it simply, Stifel's desirability stems from its commitment to its Investment Executives.

As firms in the financial services industry continue to consolidate, many investment professionals have found themselves lacking the autonomy they once enjoyed and feeling as if they can no longer provide their clients with the level of service they deserve. Stifel, however, offers its Investment Executives the resources of a large firm combined with the personal attention and accessibility of a smaller firm.

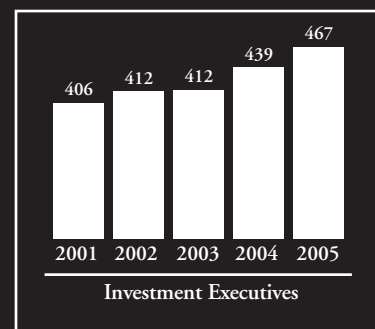


James M. Zemlyak, Chief Financial Officer and Co-Chief Operating Officer, and Scott B. McCuaig, President and Co-Chief Operating Officer of Stifel Nicolaus

Stifel's Investment Executives are provided with the tools and resources they need to be successful, including state-of-the-art technology, a wide range of product offerings, and top-notch research, as well as the freedom to grow their practice as they see fit, without the pressure of having to sell specific products. At Stifel, the Investment Executives are the cornerstone of the Company's success. An entrepreneurial environment in which they can thrive and enjoy a rewarding career will continue to make Stifel the *Firm of Choice* for investment professionals for years to come.



Stifel Nicolaus' Raleigh,
North Carolina office



"Stifel has done something that is rare in any business these days — they literally under-promised and over-delivered. The move has been a very good thing for our team. Stifel has a culture that understands what we are trying to do every day with families and foundations and endowments, and this seems to permeate all levels. In addition, a real bonus has been the Legg Mason Capital Markets acquisition. We find ourselves interacting with our new associates several times a week. The firm we left was very heavy at the top; this is not the case with Stifel."

David Knall
Senior Vice President/Investments
Indianapolis, Indiana

EQUITY CAPITAL MARKETS

INVESTMENT BANKING

The Equity Capital Markets Group consists of investment banking, research, syndicate, equity sales and trading, and institutional equity sales and trading.

To illustrate the strength of the newly formed partnership with Legg Mason Capital Markets, on a combined basis in 2005, the firm:

- Advised on 43 M&A transactions for total consideration of \$5.8 billion
- Completed 44 private placements, raising \$1.3 billion
- Completed 112 public offerings, raising \$31.2 billion



*Richard J. Himelfarb, Director of Investment Banking
Rick E. Maples, Co-Head of Investment Banking
Keith E. Getter*

The firm now has over 80 investment banking professionals in both vertical industry and focused product groups.

Strategic Advisory Group

The Strategic Advisory Group provides merger & acquisition and related services to financial sponsors and middle market clients across a variety of industries. Services include exclusive sale advisory services, spin-offs and other divestiture transactions, acquisition advisory services, recapitalizations, fairness and valuation opinions, and special situations.

Private Finance & Sponsors Group

The Private Finance Group advises both public and private companies on accessing the private capital markets to raise growth capital, finance acquisitions, refinance debt, and execute recapitalizations. Services include private placement execution and coordination of sponsor coverage.

Notable 2005 investment banking transactions included:

Real Estate

- Sole placement agent on a \$125 million private placement of senior convertible debentures for Denholtz Associates
- Financial advisor for CNL Restaurant Properties, Inc. on its \$710.7 million merger with U.S. Restaurant Properties, Inc. as well as for Kramont Realty Trust on its \$1.25 billion merger with Centro Watt America REIT III, an affiliate of Centro Properties Ltd.

Financial Institutions


- Lead manager for Southwest Bancorp, Inc.'s secondary stock offering, a repeat client which Stifel took public in 1993

\$125,000,000



Senior Convertible
Debentures

\$1,250,000,000



Financial Advisor

\$42,504,000



Common Stock

\$183,200,000



is being acquired by



Marshall & Ilsley
Corporation



has sold nine long-term care facilities to

**Tandem
Health Care**

- Sell-side advisor for Trustcorp Financial, Inc. in its sale to Marshall & Ilsley for \$183.2 million

Health Care

- Financial advisor to Diakon Lutheran Social Ministries for the \$82 million sale of nine long-term care facilities to Tandem Health Care
- Co-manager of LHC Group, Inc.'s \$77.3 million IPO

Government & IT Services

- Sole book running manager on NCI's \$62.2 million IPO, the first IPO in the federal IT services industry in two years
- Representing RCI in its \$215 million sale to Serco Group plc, a UK-based commercial IT services company seeking a U.S. platform in the federal services market

Transportation

- Financial advisor to Welsh, Carson, Anderson & Stowe on its acquisition of Ozburn-Hessey Logistics, as well as to Dawes Transport on its sale to Thayer Capital Partners
- Co-manager of Universal Truckload Services, Inc.'s \$121.9 million IPO

Telecommunications & Media

- Exclusive financial advisor to Gulf Coast Wireless and Enterprise Communications in their respective \$287.5 million and \$98.0 million sales to Sprint Nextel
- Co-manager in the \$506.7 million IPO of Valor Communications Group and the \$417.6 million IPO of Iowa Telecom

Education

- Financial advisory assignments with American Public Education, Inc. and Concorde Career Colleges, Inc.

Energy & Power

- Lead manager for Tortoise Energy Capital Corporation's \$397.2 million IPO, a repeat client for whom Stifel lead managed the first closed-end fund structured to invest in MLPs

Business Services

- Financial advisory assignments with Aegis Communications Group, Inc., Eastern Research Services, and The Resource Group

Retail and Internet Consumer Services

- Exclusive financial advisor to Superior Products, Inc. in its merger with Hoboken Wood Flooring LLC, a portfolio company of Code Hennessy & Simmons LLC
- Co-manager in the \$61.2 million IPO of TRX, Inc.



*Thomas K. Peltier and Francis X. Gallagher, Jr.
Managing Directors of Investment Banking*

\$77,280,000



Common Stock

\$62,200,000



Common Stock

WELSH, CARSON, ANDERSON & STOWE

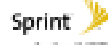
has acquired



\$287,500,000



has been acquired by



\$397,175,000



Tortoise North
American Energy
Corporation
Common Stock

EQUITY CAPITAL MARKETS

RESEARCH



Hugo J. Warns III, CFA, Director of Equity Research

Stifel's newly added resources allow the firm to identify new ways to help clients reach their financial goals.

In particular:

- The addition of Legg Mason's research analysts gives Stifel one of the largest domestic equity research franchises off Wall Street, with 43 senior analysts and more than 530 firms under coverage. The Company's enhanced research capabilities allow Investment Executives to deliver more investment ideas to clients.
- The Research team is an award-winning, stock-picking, idea shop that focuses on all market caps, but is a leader in small- and mid-cap research. In fact, more than half of the companies Stifel covers are \$2 billion or less in market capitalization.

- The Research team is staffed predominately by industry professionals from outside Wall Street, with 60% of Stifel analysts having hands-on work experience in the industry that they research.

The Company believes that industry experience, an opportunistic approach, and broad market-cap coverage drive excess returns and its award-winning franchise.

Stifel Research focuses on 38 specialties in 8 sectors:

- Business & Consumer Services
- Financial Services
- Health Care
- Industrial
- Real Estate
- Technology
- Telecom & Media
- Transportation



EQUITY SALES AND TRADING

Stifel's research-based business model continues to rise to the challenge of the competitive pressures in the securities industry, primarily regulatory concerns and client expectations. Ever cognizant of developments in today's constantly changing regulatory environment, the Company continues to conduct its business in a manner consistent with governmental requirements. At the same time, the demands placed upon Stifel by clients have become more intense. The need for quality, unbiased research is as great as it has ever been.

The Equity Sales and Trading Group's most important objective is to continue to differentiate its research and communicate it in a timely and efficient manner that separates Stifel from its competitors. The financial services industry is going through a sea of change, becoming more and more fragmented. There is a growing split among Wall Street firms between full-service investment banking/trading-driven firms and those that are primarily focused on providing specialized research. The pressure on commission rates is enormous. Technology and program trading have driven trading costs to levels that are forcing many large firms to evaluate whether or not it is feasible for them to remain in the research business. This creates continued opportunities for firms like Stifel, which have successfully developed a business model that is sustainable by providing high-quality, differentiated research.

The measure of a firm is the quality and integrity of its people, and Stifel is fortunate to have some of the best people in the business. By staying focused on its business model, the Equity Sales and Trading Group believes it will continue to be successful.



*Angel Mata, Jr., Managing Director, Listed Trading
Thomas P. Mulroy, Director, Equity Capital Markets
Christopher E. Wasson, Managing Director, NASDAQ Trading*

FIXED INCOME CAPITAL MARKETS

FIXED INCOME SALES AND TRADING



Joseph A. Sullivan
Director of Fixed Income Capital Markets

The Taxable Fixed Income Capital Markets Group leverages the talents of an *Institutional Investor* All-Star-nominated team of fixed income strategists across an active account base of over 1,500 institutions, providing custom-tailored advice focused on individual client needs and investment parameters. This client-driven approach results in annual fixed income trade flows in excess of \$66 billion across taxable product sectors. The Company's expansive distribution network includes money managers, depository institutions, insurance companies, state and local government entities, corporations, and other broker-dealers.



Michael Imhoff
Director of Denver Municipal Trading

The Company's 66 taxable fixed income sales and trading professionals have market-recognized expertise in residential mortgages (MBS), commercial mortgages (CMBS), government agencies, and investment-grade corporate credit. Stifel's sales process, which is driven by tailored advice and strategies, focuses on relative value through security selection, with a particular emphasis on the structured products segments of the taxable fixed income arena.

The value proposition to Stifel's clients is clear, and the ability of the Fixed Income Capital Markets Group to provide custom-tailored advice sets it apart from the competition. The Group works hard to understand client needs and work together with clients to create and execute strategies that fulfill their needs while driving investment performance.

"We continue to be impressed at the level of expertise within Stifel Nicolaus and their attention to market conditions and the regulatory environment our bankers live in. They clearly look at the entire picture and tailor their advice to the individual bank."

Stifel Joins Forces with America's Community Bankers

In December, Stifel entered into an exclusive agreement with ACB Business Partners, Inc., a subsidiary of America's Community Bankers (ACB), to offer fixed income capital markets services to ACB members. Stifel now offers all ACB members the ACB Premier Service, which includes strategic investment and regulatory reports, economic and trading commentary, and customized portfolio analysis. The customized portfolio analysis assesses the strengths and weaknesses of a bank's portfolio from both a business and a regulatory perspective and contains specific strategy recommendations to assist banks in meeting their particular goals.

Stifel's market experience and distinguished approach in working with depository institutions make the ACB Premier Service a powerful resource and help the Company differentiate itself in the marketplace.

William J. Kroll
President and CEO
ACB Business Partners

\$230,000,000

University of
Colorado

Senior Manager

\$192,485,000

State of
Colorado
Certificates of
Participation

Co-Senior Manager

\$136,000,000

Adams 12
School District,
Colorado

Sole Manager

\$130,650,000

Denver Public
Schools,
Colorado

Senior Manager

\$68,300,000

Westminster,
Colorado

Sole Manager

PUBLIC FINANCE

The Fixed Income Capital Markets Group, which includes public finance, institutional fixed income sales, and competitive underwriting and trading, posted net revenues of \$18.2 million, a 9% increase from the prior year. During the past year, the Fixed Income Capital Markets Group was involved as sole manager, senior manager, or co-manager on 139 offerings, compared to 143 offerings in the same period one year earlier.

Stifel prides itself in assisting its clients with the full spectrum of debt financing vehicles, from traditional fixed rate bond issuances to the most complex derivatives products. The Fixed Income Capital Markets group features nine dedicated industry groups:

- General obligation/revenue bonds
- TIF/TDD development financing
- Public transportation
- Not-for-profit, 503C(3) organizations
- Health care
- Higher and secondary education
- School districts
- Special project financing (stadiums, convention centers, hotels, etc.)
- Affordable and senior housing

Since January 2000, the combined firm has served as sole manager, senior manager, or co-manager on over 820 negotiated public finance transactions totaling \$30.5 billion. With the acquisition of the Legg Mason Capital Markets business, Stifel now ranks #1 in competitive, bank-qualified municipal underwriting for 2005.*

**Based on analysis of Thomson Financial data for Legg Mason Wood Walker's Competitive BQ Municipal Underwriting for the period of January 2005 to November 2005 plus the corresponding data from Stifel, Nicolaus & Company, Incorporated for January 2005 to December 2005.*



Steven H. Bell
Director of Denver Public Finance



J. Joseph Schlafly III
Director of St. Louis Public Finance

\$44,997,891	\$31,030,000	\$19,000,000	\$14,320,000	\$9,260,000
St. Louis Municipal Finance Corporation	Sheboygan School District, Wisconsin	City of Richmond Heights, Missouri Francis Place Redevelopment Project	City of St. Louis, Missouri St. Louis Science Center	State of Connecticut (Westminster School)
Placement Agent	Senior Manager	Senior Manager	Senior Manager	Senior Manager

TECHNOLOGY AND CLIENT SERVICE UPDATE



*David D. Sliney, Director of Strategic Planning, Technology, and Operations
Douglas W. Noll, Director of Operations
Vicki I. Brinker, Assistant Director of Operations*

2005 marked another exciting and demanding year for Stifel's Operations and Technology areas. Tight deadlines to support growth across all areas of the Company provided ample challenge to the dedicated professionals who operate the firm's backbone systems. Likewise, in seeking to leverage its platform, throughout the year the Company made important investments in technology and initiated projects related to regulatory compliance, the Sarbanes-Oxley Act, and more.

Over the course of the year, the firm also made significant enhancements to its popular business reporting platform, *DigitalDashboard*. As predicted three years ago, this system, which was born from ideas provided by our associates, continues to be an integral part of the success of Stifel's Private Client Group.

Continuous improvements were rolled out during the year, including the release of a fully integrated contact management system. Useful client information is now part of our Investment Executives' e-mail, contact, and calendar systems. *DigitalDashboard* sets the standard for new systems that can extend to the firm's capital markets areas, risk management practice, and beyond.

Finally, in the latter half of the year, Operations and Technology successfully integrated Legg Mason's back office systems into Stifel's platform. In less than one hundred days, through constant collaboration and focus, the conversion team moved numerous systems into Stifel's possession and control. These systems support the firm's capital markets business and the flow of hundreds of millions of dollars each day. By mid-December, a mere three months after announcing the intended merger, the conversion was complete, successfully launching the firm's new capabilities. In a time of significant change and growth for the Company, Stifel's Operations and Technology areas continue to deliver results.

BOARD MEMBERS

STIEEL FINANCIAL CORP. BOARD OF DIRECTORS AND OFFICERS

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

Robert J. Baer*
*President Emeritus
UniGroup, Inc.*

Bruce A. Beda*
*Chief Executive Officer
Kilbourn Capital Management, LLC*

Charles A. Dill*
*Principal
Two Rivers Associates*

John P. Dubinsky*
*President and Chief Executive Officer
Westmoreland Associates, LLC
President and Chief Executive Officer
CORTEX*

**Director*

Richard F. Ford*
*Retired Managing General Partner
Gateway Associates, LP*

Frederick O. Hanser*
*Vice Chairman
St. Louis Cardinals, LLC*

Richard J. Himelfarb*
Senior Vice President

Walter F. Imhoff*
Managing Director

Robert E. Lefton*
*President and Chief Executive Officer
Psychological Associates, Inc.*

Scott B. McCuaig*
*Senior Vice President
President, Stifel Nicolaus*

Thomas P. Mulroy*
Senior Vice President

James M. Oates*
*Chairman
Hudson Castle Group, Inc.*

Joseph A. Sullivan*
Senior Vice President

James M. Zemlyak*
*Senior Vice President, Treasurer,
and Chief Financial Officer*

David M. Minnick
*Senior Vice President
and General Counsel*

David D. Sliney
Senior Vice President

Marcia J. Kellams
Corporate Secretary

STIEEL NICOLAUS & COMPANY, INCORPORATED BOARD OF DIRECTORS

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

Scott B. McCuaig
*President
Co-Chief Operating Officer*

James M. Zemlyak
*Executive Vice President
Chief Financial Officer and
Co-Chief Operating Officer*

Steven H. Bell
*Senior Vice President
Director, Denver Public Finance*

Keith E. Getter
*Senior Vice President
Co-Head, Investment Banking*

Richard J. Himelfarb
*Executive Vice President
Director, Investment Banking*

Michael F. Imhoff
*Senior Vice President
Director, Denver Municipal Trading*

Thomas R. Kendrick IV
*Senior Vice President
Director, Syndicate*

Thomas P. Mulroy
*Executive Vice President
Director, Equity Capital Markets*

J. Joseph Schlafly III
*Senior Vice President
Director, St. Louis Public Finance*

David D. Sliney
*Senior Vice President
Director, Strategic Planning, Technology,
and Operations*

Joseph A. Sullivan
*Executive Vice President
Director, Fixed Income Capital Markets*

Hugo J. Warns III, CFA
*Senior Vice President
Director, Equity Research*

SHAREHOLDER INFORMATION

Annual Meeting

The 2006 annual meeting of stockholders will be held at Stifel's headquarters, One Financial Plaza, 501 North Broadway, 2nd Floor, St. Louis, Missouri, on Tuesday, May 9, 2006, at 11:00 a.m.

Stock Listings

The common stock of Stifel Financial Corp. is traded on the New York Stock Exchange and Chicago Stock Exchange under the symbol "SF." The high/low sales prices for Stifel Financial Corp. common stock for each full quarterly period for the calendar years are as follows:

	<i>Stock Price*</i> <i>High - Low</i>
<i>Year 2005 By Quarter</i>	
First	\$22.33 - 19.40
Second	25.74 - 19.65
Third	36.51 - 23.25
Fourth	39.44 - 34.80
<i>Year 2004 By Quarter</i>	
First	\$22.31 - 13.74
Second	21.15 - 16.20
Third	21.30 - 17.48
Fourth	24.68 - 19.04

* All stock price amounts reflect the four-for-three stock split distributed in September 2004.

Transfer Agent

The transfer agent and registrar for Stifel Financial Corp. is UMB Bank, n.a., Kansas City, Missouri.

Number of Stockholders

The approximate number of stockholders of record on March 1, 2006, was 4,600.

Dividends

On August 23, 2004, the Company announced a four-for-three stock split in the form of a stock dividend. The additional shares were distributed on September 15, 2004, to shareholders on record as of September 1, 2004.

Memberships

Stifel, Nicolaus & Company, Incorporated, one of Stifel Financial Corp.'s subsidiaries, is a member of:

New York Stock Exchange, Inc.
American Stock Exchange, Inc.
Chicago Stock Exchange, Inc.
Philadelphia Stock Exchange, Inc.
Chicago Board Options Exchange, Inc.
National Association of Securities Dealers, Inc.
Securities Investor Protection Corporation

Principal Subsidiaries

Stifel, Nicolaus & Company, Incorporated
Stifel Venture Corp.
Century Securities Associates, Inc.
Stifel CAPCO, LLC
Stifel CAPCO II, LLC
Stifel Financial Capital Trust I
Stifel Financial Capital Trust II
Stifel Nicolaus Limited

STIFEL NICOLAUS BRANCH LOCATIONS

California

San Francisco •
(415) 398-2929

Colorado

Colorado Springs *
(719) 442-2646

Denver •
(303) 534-1180

Fort Collins *
(970) 267-9666

Glenwood Springs *
(970) 945-5275

Greenwood Village *
(303) 290-1040

Connecticut

Avon *
(860) 677-2132

New London *
(860) 440-3373

District of Columbia

Washington •
(202) 778-4341

Florida

Sarasota *
(941) 366-5443

Winter Park •
(407) 622-0296

Georgia

Atlanta •
(404) 869-3576

Illinois

Belleville *
(618) 233-5685

Champaign *
(217) 359-4686

Chicago *
(312) 454-3800

Chicago •
(312) 759-1771

Decatur *
(217) 429-4290

Edwardsville *
(618) 659-3780

Geneva *
(630) 845-7900

Lake Forest *
(847) 615-0677

Mattoon *
(217) 235-0353

Moline *
(309) 709-1690

Olympia Fields *
(708) 748-4500

Quincy *
(217) 228-9488

Rockford *
(815) 229-2699

Waterloo *
(618) 939-9400

Wilmette *
(847) 920-2000

Indiana

Crown Point *
(219) 756-0100

Fort Wayne *
(260) 459-3989

Indianapolis *
(317) 706-1420

Indianapolis *
(317) 571-4600

New Albany *
(812) 945-8598

South Bend *
(574) 288-3040

Kansas

Manhattan *
(785) 776-1066

Overland Park *
(913) 345-4200

Wichita •
(316) 264-6321

Kentucky

Louisville •
(502) 425-1230

Pikeville *
(606) 432-5520

Shelbyville *
(502) 633-7170

Louisiana

Mandeville •
(504) 582-2800

New Orleans *
(504) 525-7711

Maryland

Baltimore •
(410) 454-4015

Massachusetts

Boston •
(617) 737-5438

Michigan

Ann Arbor *
(734) 213-5103

Fremont *
(231) 924-0250

Grand Haven *
(616) 846-3620

Grand Rapids *
(616) 942-1717

Portage *
(269) 384-5024

Traverse City *
(231) 946-4975

Minnesota

Edina *
(952) 831-0160

Minneapolis •
(612) 332-5413

Minnetonka *
(763) 732-1300

Rochester *
(507) 292-9760

St. Paul *
(651) 291-8552

Wayzata *
(952) 473-6010

Woodbury *
(651) 735-0900

Mississippi

Jackson *
(601) 366-7890

Missouri

Camdenton *
(573) 346-4242

Cape Girardeau *
(573) 335-8454

Chesterfield *
(636) 530-6600

Clayton *
(314) 862-8800

Columbia *
(573) 874-2199

Jefferson City *
(573) 635-7997

Joplin *
(417) 781-6161

Kansas City *
(816) 531-7777

Kirkwood *
(314) 909-0238

Rolla *
(573) 364-8930

Springfield *
(417) 886-2855

St. Louis •
(314) 342-2000

St. Peters *
(636) 939-2676

Nebraska

Omaha *
(402) 955-1033

New York

New York •
(212) 247-3983

North Carolina

Chapel Hill •
(919) 932-3220

Greenville *
(252) 353-2052

Raleigh *
(919) 645-5900

Ohio

Canton *
(330) 454-5390

Cincinnati *
(513) 794-0030

Cleveland •
(216) 623-1170

Columbus *
(614) 463-9360

Dayton *
(937) 312-0610

Dublin *
(614) 789-9354

Lancaster *
(740) 654-5996

Mansfield *
(419) 524-4009

Sandusky *
(419) 625-5432

Westlake *
(440) 835-4170

Youngstown *
(330) 965-6929

Pennsylvania

Chadds Ford •
(610) 388-0290

Philadelphia •
(215) 446-8150

Pittsburgh •
(412) 261-9533

Tennessee

Nashville *
(615) 277-7000

Texas

Dallas *
(214) 706-9450

Dallas •
(214) 647-3503

Houston •
(282) 864-4460

Southlake *
(817) 912-3310

Texarkana *
(903) 792-3305

Virginia

Manassas •
(703) 392-4033

Richmond •
(804) 698-5979

Wisconsin

Beloit *
(608) 363-8402

Brookfield •
(262) 794-1000

Eau Claire *
(715) 552-8003

Green Bay *
(920) 437-2555

Kimberly *
(920) 991-1415

Madison *
(608) 664-5890

Madison *
(608) 241-9516

Merrill *
(715) 536-0073

Milwaukee *
(414) 276-5014

Milwaukee •
(414) 270-0190

Oshkosh *
(920) 303-1686

Racine *
(262) 554-4660

Stevens Point *
(715) 343-5688

West Bend *
(262) 338-0880

Stifel Nicolaus Limited

England

London •
011-44-20-7557-6030

Switzerland

Geneva •
011-41-21-994-0606

* Private Client
Group Office

• Capital Markets
Group Office

STIFEL FINANCIAL CORP.

ONE FINANCIAL PLAZA | 501 NORTH BROADWAY | ST. LOUIS, MISSOURI 63102
(314) 342-2000 | (800) 488-0970