

2006 Annual Report



[seizing opportunity]

STIFEL
FINANCIAL

[company description]

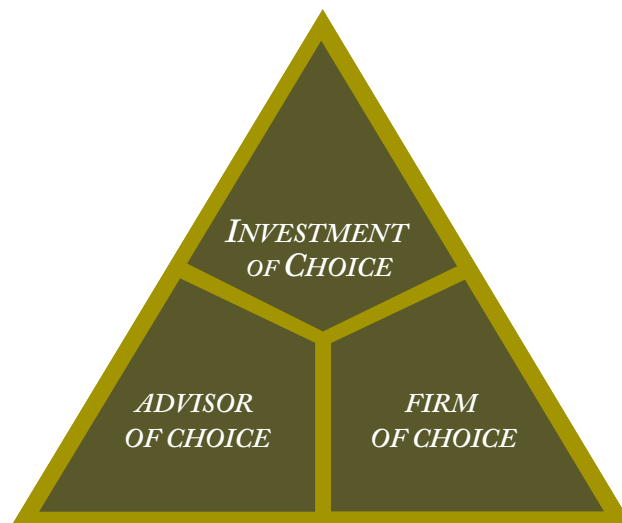
Stifel Financial Corp. is the holding company for Stifel, Nicolaus & Company, Incorporated, a full-service brokerage and investment banking firm established in 1890 and headquartered in St. Louis, Missouri. The Company provides securities brokerage, investment banking, trading, investment advisory, and 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.

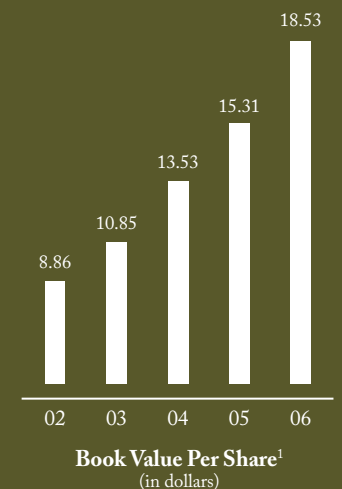
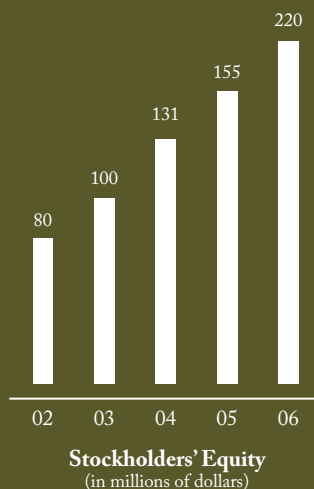
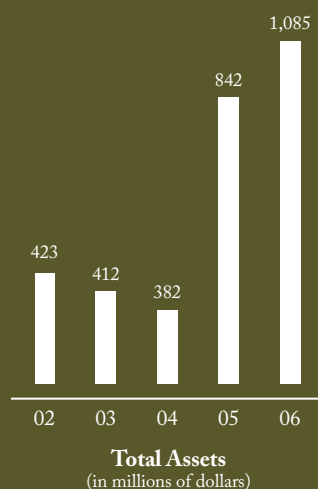
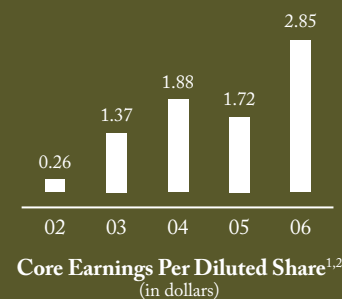
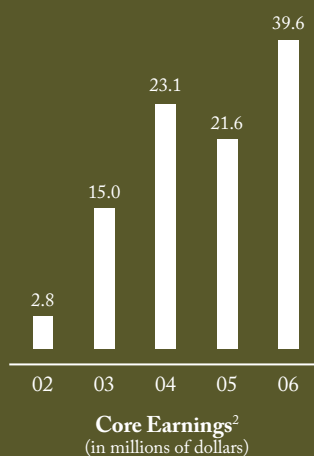
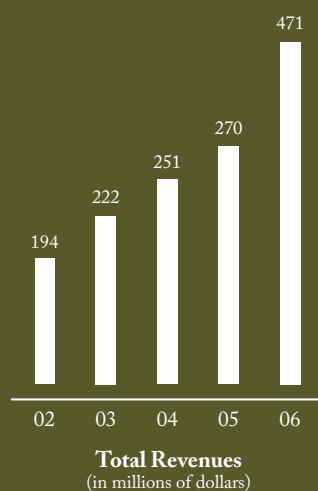


[financial highlights]

	(in thousands except per share amounts)				
operating results	2002	2003	2004	2005	2006
Total Revenues	\$194,113	\$221,620	\$251,189	\$270,010	\$471,388
Net Income	\$2,780	\$15,007	\$23,148	\$19,644	\$15,431
Earnings Per Diluted Share ¹	\$0.26	\$1.37	\$1.88	\$1.56	\$1.11
Core Earnings ²	\$2,780	\$15,007	\$23,148	\$21,616	\$39,590
Core Earnings Per Diluted Share ^{1,2}	\$0.26	\$1.37	\$1.88	\$1.72	\$2.85
financial position	2002	2003	2004	2005	2006
Total Assets	\$422,976	\$412,239	\$382,314	\$842,001	\$1,084,774
Stockholders' Equity	\$79,990	\$100,045	\$131,312	\$155,093	\$220,265
Book Value Per Share ¹	\$8.86	\$10.85	\$13.53	\$15.31	\$18.53

¹ All stock price amounts reflect the four-for-three stock split distribution in September 2004.

² Core Earning, a non-GAAP measure, represents GAAP net income and GAAP diluted earnings per share adjusted for acquisition-related charges, principally compensation related to the acquisition of Legg Mason Capital Markets. See reconciliation of Core Earnings to Net Income and Core Earnings Per Diluted Share to Net Income Per Diluted Share in "Core Earnings" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Form 10-K for the year ended December 31, 2006.





[shareholder letter]

Dear Fellow Shareholders, Clients, and Associates

In 2002, the theme of our annual report was “We See Opportunity.” This vision was formulated against a backdrop of a very challenging market environment and a securities industry in the midst of what many deemed a depression. While others in the industry chose to merge into larger financial services conglomerates, we embarked on a path to build the premier regional investment banking and brokerage firm, with our *of choice* strategy as its cornerstone.

We are pleased to report that, in the ensuing years, we seized the opportunity we envisioned in 2002.

Over the past five years, our company has:

- Grown in revenues from \$189 million to \$471 million, an increase of 149%
- Increased shareholders’ equity from \$79 million to over \$220 million
- Increased annual core earnings from \$2 million to \$40 million
- More than doubled our number of associates, from under 1,300 to almost 3,000

We continue to demonstrate that if we execute our strategy of being the advisor of choice and the firm of choice for our clients and associates, our stock price will reflect that standard of excellence. Since 2001, as illustrated on the accompanying graph, Stifel Financial’s stock price has increased at a 38% compound annual growth rate as compared to 6% for the S&P 500, a performance that speaks to our status as an investment of choice over this period.

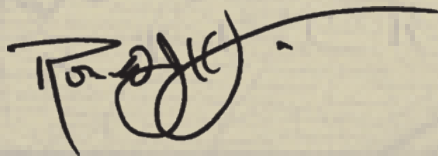
Looking back, 2006 will be remembered as a year of remarkable transformation for our company. When opportunity presented, we seized it accordingly, with outstanding results by any measure:

- We completed the integration of our merger with Legg Mason Capital Markets, which was as seamless a consolidation of that nature as I have experienced in over 25 years in business. This merger significantly contributed to our 75% increase in revenue and 83% increase in core earnings in 2006 as compared to 2005.
- We recognized the opportunity to increase our presence in the upper Midwest, principally in Minneapolis, Minnesota, through the acquisition of the Private Client Group of Miller Johnson Steichen Kinnard, Inc., which added 51 investment executives to our ranks.
- We took advantage of the opportunity to provide our clients a full range of banking services by acquiring FirstService Bank, which we renamed Stifel Bank & Trust when that transaction closed on April 2, 2007. We are excited about the prospects for this business and particularly pleased that John P. Dubinsky, a current Stifel Financial Director and former Chairman and CEO of Mark Twain Bancshares, Inc., has agreed to serve as non-executive Chairman of our new bank.
- The acquisition of Ryan Beck & Co. from BankAtlantic Bancorp, Inc. provided the opportunity to significantly increase our Private Client Group and complemented our Capital Markets business. This purchase, which closed on February 28, 2007, results in a Private Client Group with approximately 1,145 investment executives in 147 offices located in 28 states, managing approximately \$55 billion in client assets. This merger also further strengthens our existing Capital Markets businesses. Of particular note, we are now one of the largest providers of research off Wall Street, with almost 700 companies under coverage. In connection with this transaction, we are pleased that Ben A. Plotkin, Chairman and CEO of Ryan Beck, has agreed to join our Board of Directors at our next annual shareholder meeting.

Overall, 2006 was one of the most exciting years in Stifel's 116-year history, as our company continued its transformation from a small regional brokerage to a major player in the financial services industry. Most importantly, we have accomplished this without abandoning the qualities that have always made us the *of choice* company for our many constituents. Doing so has sometimes been challenging, and we sincerely thank our shareholders, clients, and associates for their support and dedication in making the past year such an extraordinary success.

As we move forward, we are poised to continue this historic growth — both in revenue and capabilities — now, however, from a higher plateau. In 2002, we had the prescience to lay the foundation that would allow our company to build on opportunity. And so we did, most notably over the past 18 months. As we integrate our recent acquisitions, we also recognize that Stifel Financial is well positioned to capitalize on the prospects of the future.

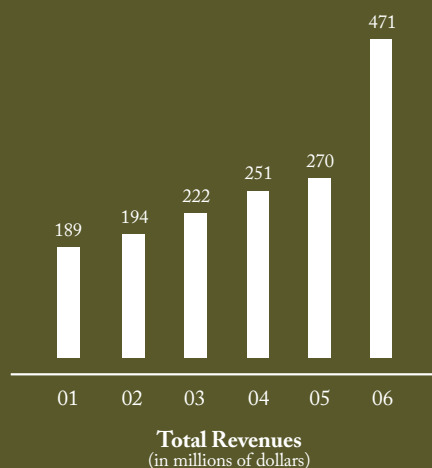
Today, as in 2002, we see opportunity.



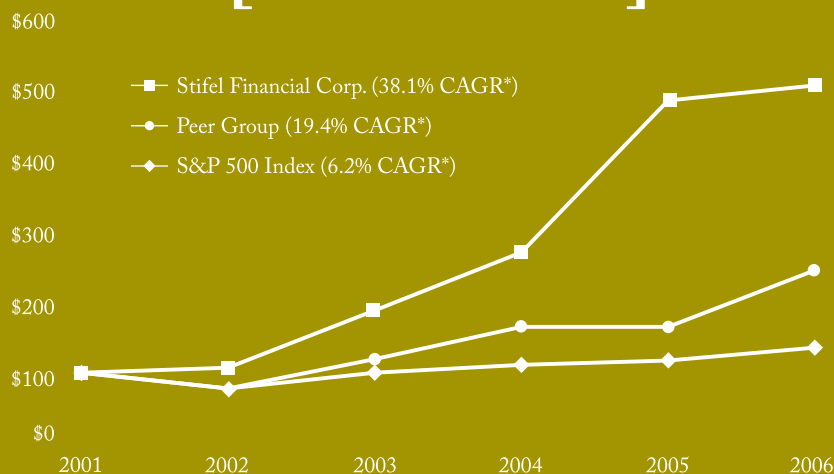
Ronald J. Kruszewski
Chairman, President, and Chief Executive Officer
April 17, 2007

We continue to demonstrate that if we execute our strategy of being the advisor of choice and the firm of choice for our clients and associates, our stock price will reflect that standard of excellence. Since 2001, as illustrated on the accompanying graph, Stifel Financial's stock price has increased at a 38% compound annual growth rate as compared to 6% for the S&P 500, a performance that speaks to our status as an investment of choice over this period.

[advisor of choice]



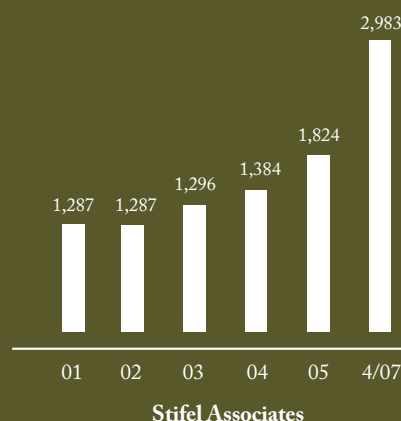
[investment of choice]



* Compound Annual Growth Rate

The above graph assumes \$100 invested on an indexed basis, with dividends reinvested, in Stifel Financial Corp. common stock, a Peer Group Index (consisting of six companies, including Stifel, that serve the same markets as us and which compete with us in one or more markets), and the S&P 500 Index for the period December 31, 2001 to December 31, 2006.

[firm of choice]



[private client group]

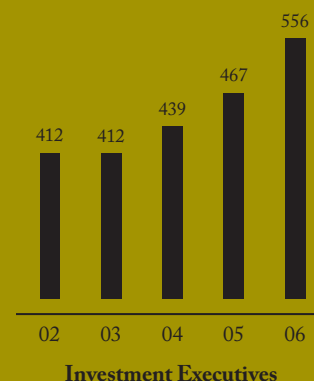
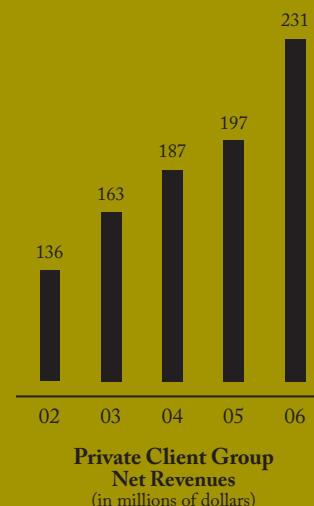
The Private Client Group, as of March 1, 2007, consists of approximately 1,145 investment executives in 147 offices located in 28 states and the District of Columbia, which includes 564 Stifel Nicolaus investment executives, 395 Ryan Beck investment executives, and 186 independent contractors affiliated with Century Securities Associates. The Private Client Group has been, and continues to be, the largest contributor to the Company's net revenues and profits.

Financial highlights for the Private Client Group in 2006 include:

- Net revenue of \$231.4 million, an increase of 17% from 2005
- Record operating contribution of \$50.2 million, a 4% increase from 2005
- Client assets under administration totaling \$34.0 billion, up 27% from 2005

2006 saw the opening of 24 new Private Client Group offices. The Company added 15 offices through continued organic growth: Akron, Ohio; Binghamton, New York; Columbus, Georgia; Goshen, New York; Granville, Ohio; Greenville, North Carolina; Houston, Texas; Ladue, Missouri; LaGrange, Georgia; Lancaster, Ohio; Mequon, Wisconsin; Pittsburgh, Pennsylvania; Princeton, New Jersey; Warner Robins, Georgia; and Waterloo, Iowa. In addition, the Private Client Group added nine offices in Minnesota, North Dakota, and North Carolina through the acquisition of the private client business of Miller Johnson Steichen Kinnard, Inc. This acquisition added 51 investment executives in Coon Rapids, Minnesota; Dickinson, North Dakota; Jamestown, North Dakota; Golden Valley, Minnesota; Minneapolis, Minnesota; New Ulm, Minnesota; St. Cloud, Minnesota; Williston, North Dakota; and Winston-Salem, North Carolina.

The Private Client Group continued its growth strategy with the February 28, 2007, acquisition of Ryan Beck & Co. from BankAtlantic Bancorp, adding approximately 40 offices with minimal overlap in office locations. Ryan Beck will operate as a separate subsidiary of Stifel Financial Corp. until branch locations are transitioned into the Company's primary subsidiary, Stifel, Nicolaus & Company, Incorporated. This transition will take place over the course of 2007.



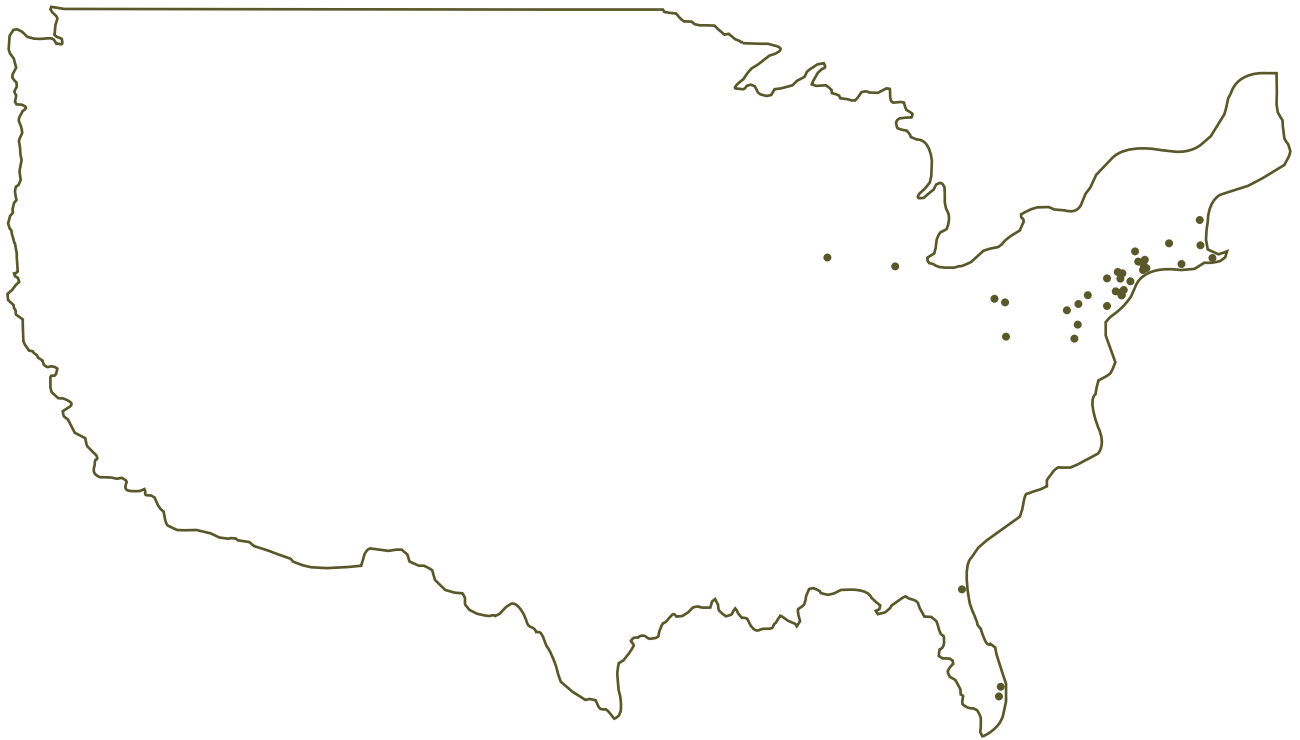
"After spending the last 20 years with the brokerage operation of a bank, many of my colleagues have asked me why I decided to leave to join Stifel Nicolaus. My answer is simple: In Stifel Nicolaus, I get the support of a firm that is 100% focused on my success. I've found everyone I've worked with so far to be incredibly cooperative, and I would recommend Stifel Nicolaus to any broker looking for a new firm."

- John Shinkle, Columbus, Georgia

"I couldn't be more pleased with my new home. I truly feel we are the best brokerage firm in the business — with an unmatched combination of support and autonomy."

- Bruce Barnhart, Ladue, Missouri

the addition of Ryan Beck — a perfect fit



Connecticut

Hamden
(203) 772-7200

Florida

Boca Raton
(561) 982-2600
Palm Beach
(561) 615-5300
Ponte Vedra Beach
(904) 543-7120

Illinois

Chicago
(312) 726-5900
Henderson
(702) 617-1924

Maryland

Baltimore
(410) 659-2300
Bel Air
(410) 809-6700

Massachusetts

Boston
(617) 235-7800
Longmeadow
(413) 565-8100
Osterville
(508) 420-7000
Wellesley
(781) 239-2800

New Jersey

Florham Park
(973) 549-4000
Fort Lee
(201) 585-6150
Marlton
(856) 810-4800
Roseland
(973) 533-4000
Roxbury
(973) 598-8300
Shrewsbury
(732) 450-9000

New York

Hewlett
(516) 792-2200
New York
(212) 351-4300
(212) 407-0500
Poughkeepsie
(845) 471-8080
Uniondale
(516) 719-7740
White Plains
(914) 694-8600

Ohio

Cleveland
(216) 593-7301

Pennsylvania

Allentown
(610) 782-5400
Bethel Park
(412) 854-7500
Bethlehem
(610) 782-5460
Camp Hill
(717) 730-1100
Conshohocken
(610) 567-1900
Lebanon
(717) 279-3510
Philadelphia
(267) 256-0777
Pittsburgh
(412) 456-0200
Yardley
(215) 504-1600
York
(717) 741-8900

[private client group offices]



[equity capital markets]

2006 was a banner year for the Equity Capital Markets Group, which encompasses investment banking, institutional equity sales and trading, syndicate, and research. With considerable resources gained from the acquisition of Legg Mason Capital Markets in late 2005, the Group achieved remarkable success, earning record net revenues of \$150.0 million — a 246% increase over the \$43.4 million in 2005. This significant increase was generated primarily by increased commissions and principal transactions along with increased investment banking revenue. As a result, the Equity Capital Market Group's operating contribution increased 135% to \$32.0 million. The Equity Capital Markets Group has 21 offices, including 3 in Europe. In 2007, the Capital Markets Group will move its Baltimore operations to One South Street in that city's central business district.

In 2006, the Investment Banking Group:

- Served as financial advisor in 51 merger and acquisition transactions representing total consideration of \$11.8 billion
- Completed 24 private placements, raising \$946 million
- Served as manager or co-manager in 61 public offerings, raising \$10.4 billion

Notable transactions included:

Aerospace, Defense & Government Services

- Co-lead managed the \$64 million initial public offering of ICF International, Inc.
- Co-managed the \$1.3 billion initial public offering of SAIC, Inc. — the largest to date in the federal IT services industry
- Co-managed the \$94 million initial public offering of Stanley, Inc.
- Represented the seller in six M&A transactions, including the sale of Management Systems Designers, Inc. to Lockheed Martin, the sale of Bradson Corporation to Kforce, and the sale of RGS Consulting to CM Equity

Business & Consumer Services

- Advised Cable Express Holding Company, a portfolio company of H.I.G. Capital, in its sale to Dycom Industries, Inc.
- Represented Excell Services, a portfolio company of Platinum Equity, in its sale to INFONXX, Inc.
- Provided financial advisory services to World Focus, an affiliate of Essar Investments Limited, in connection with the going private transaction of Aegis Communications Group, Inc.
- Co-managed a follow-on equity offering of \$118 million for Aaron Rents, Inc.
- Co-managed a \$73 million common stock offering for Interface, Inc.

Education

- Represented New England Institute of Technology at Palm Beach, Inc. in its sale to Lincoln Educational Services Corporation
- Advised Concorde Career Colleges, Inc. in its sale to Liberty Partners
- Co-managed the \$80 million initial public offering of Capella Education Company

Energy & Power

- Lead or co-managed 12 public offerings, aggregating over \$1.6 billion in proceeds
- Served repeat clients Tortoise Capital Advisors, L.L.C., California Water Service Group, Permian Basin Royalty Trust, The Empire District Electric Company, MarkWest Energy Partners, L.P., and Sunoco Logistics Partners L.P.
- Completed initial public offerings for Alliance Holdings GP, L.P., Atlas Energy Resources, L.L.C., and Penn Virginia GP Holdings, L.P.

Rendering of Stifel's new space at One South Street in Baltimore



Financial Institutions

- Served as sell-side financial advisor to Trustcorp Financial, Inc. in its sale to Marshall & Ilsley for \$183 million
- Acted as co-lead and co-book manager for a \$100 million public offering of preferred stock for Thornburg Mortgage Inc.
- Served as lead agent for a \$30 million private placement of common stock for IBERIABANK Corporation
- Co-managed the \$217 million initial public offering for Kohlberg Capital Corporation

Healthcare

- Co-managed two offerings aggregating \$246 million for Five Star Quality Care, Inc.
- Co-managed a common stock PIPE transaction of \$151 million for Inverness Medical Innovations, Inc.
- Co-managed a follow-on equity offering of \$88 million for LHC Group, Inc.

Real Estate

- Managed or co-managed over \$4.5 billion in equity and debt offerings
- Acted as financial advisor for the \$736 million sale of Corporate Property Associates 12 Inc. to W.P. Carey and the merger of the remaining entity into Corporate Property Associates 14 Inc.
- Provided a fairness opinion in the \$5.6 million privatization of CarrAmerica Realty Corporation
- Lead managed preferred equity transactions for Monmouth Real Estate Corp. and National Retail Properties, Inc.

Strategic Advisory Group

- Represented AIO Holding, Inc. (d/b/a Personnel Concepts), a portfolio company of Parallel Investment Partners, in its sale to Brady Corporation
- Represented CODi, Inc., a portfolio company of Milestone Partners, in a debt recapitalization
- Represented Dura-Line Holdings, Inc., an affiliate of Sun Capital Partners, Inc., in a debt recapitalization
- Represented The Reading Group in its sale to LLR Partners

Telecommunications & Media

- Acted as sell-side advisor to Hector Communications Corporation, a Minnesota-based RLEC
- Represented Georgia-based Sprint affiliate Enterprise Communications Partnership in a negotiated sale to Sprint Nextel Corp.
- Advised Ohio-based Germantown Telephone in its sale to FairPoint Communications, Inc.

Transportation

- Advised RoadLink USA, Inc. in its sale to Fenway Partners
- Recapitalized New Century Transportation, Inc. with an investment from Jefferies Capital Partners
- Represented R.C. Tway Company in its sale to a private investor group

It's Pronounced
(Stē-fuhl)
Advisor of Choice Since 1890.

Selected 2006 Transactions



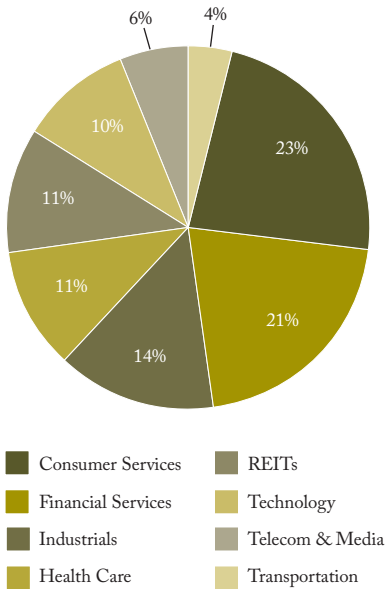
All transactions appear as a matter of record only.

INVESTMENT BANKING OFFICES
BALTIMORE | CHICAGO | DENVILLE | NEW YORK | PHILADELPHIA | ST. LOUIS | WASHINGTON, DC
STIFEL, NICOLAUS & COMPANY, INCORPORATED
MEMBER SIPC AND NYSE | WWW.STIFEL.COM

**STIFEL
NICOLAUS**

[equity capital markets]

Stifel Research Universe



Research

Stifel Research is an award-winning, stock-picking shop that attempts to identify investment opportunities to the firm's clients across the entire market cap spectrum. Staffed by experienced professionals predominantly from outside Wall Street — approximately 50% of Stifel's 55 research analysts have worked in the industry they now cover — the Research team actively covers 38 specialties in 8 sectors:

- Business & Consumer Services
- Financial Services
- Health Care
- Industrials & Basic Materials
- Real Estate
- Technology
- Telecom & Media
- Transportation

Through adept hiring, internal development, and acquisitions, Stifel's research coverage has expanded rapidly, growing from 400 companies under coverage in 2004 to more than 670 today. Stifel today is one of the largest "off Wall Street" research department as measured by companies under coverage. The research team focuses on all market caps, but is a leader in small and mid cap companies, covering more than 370 companies with market caps below \$2 billion.

Stifel Research Receives Accolades From The Wall Street Journal

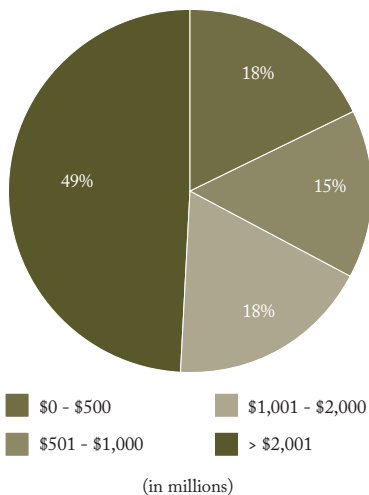
Stifel Research received six awards in *The Wall Street Journal's* Best on the Street 2006 Analyst Survey¹ published May 22, 2006. Stifel had two analysts ranked #1: Jerry Doctrow, a five-year winner, finished first in Health Care Providers, and Paul Forward finished first in Mining & Metals. Of note, Stifel had the third-highest "Batting Average" among firms with more than 35 qualifying analysts.

High Marks for Stifel Research From Forbes

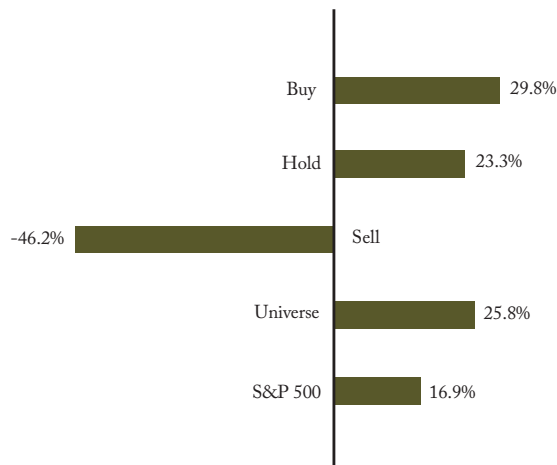
Stifel Research placed 7th among all qualifying firms in *Forbes* magazine's rankings of "The Best Brokerages on Big U.S. Stocks."² Two Stifel analysts, David Fick and Steve Wiczynski, were singled out for strong individual performances.

"It is great to see our industry experience, broad market cap coverage, and breadth of our coverage, paying off in terms of above-average returns for our clients," said Hugh Warns, Director of Research.

Market-Cap Breadth



Stifel Research Performance



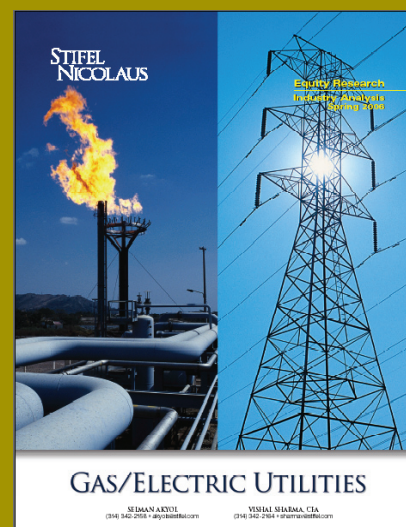
Source: StarMine for trailing 24 months through 3/6/07

Equity Sales and Trading

The Equity Sales and Trading Group's most important objective is to further differentiate Stifel research and communicate it in a timely and efficient manner to clients. The financial services industry is going through a sea of change, and 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. This is where the opportunity for Stifel resides, rooted in the belief that clients recognize and will pay for unbiased, high-quality research.

¹ The Best on the Street Analyst Survey seeks to identify the top five analysts in each industry based on recommendation-performance scores for 2005. Performance scores were calculated based on the estimated total return, including price changes and dividends, of each eligible stock an analyst covered in an industry, as well as the number of stocks the analyst covered within that industry.

² *Forbes'* rankings used data and methodology from research analytics firm StarMine to assess the 12-month stock-picking performance of all brokerage firms covering a minimum of 100 S&P 500 stocks. The study considered buy and sell recommendations as well as earnings forecasts for the 12-month period ending October 31, 2006.



fixed income capital markets

The Fixed Income Capital Markets Group, which includes public finance, institutional fixed income sales, and competitive underwriting and trading, posted record net revenues of \$53.6 million, an increase of 195% from the prior year. Fixed income financing revenue was \$10.6 million, up 32% from 2005.

Stifel buys both tax-exempt and taxable products, primarily municipal, corporate, government agency, and mortgage-backed securities for its own account, maintains an inventory of these products, and resells from that inventory to its individual and institutional clients. With 23 traders and analysts averaging over 14 years of industry experience, Stifel is able to provide excellent consistency of execution and, more importantly, identify relative value through security selection.

Stifel's Fixed Income Strategy Group offers investment advice to financial institutions, total return money managers, pension and endowment fund managers, insurance companies, and municipalities. The Group applies its vast experience in portfolio management, bank regulation, and commercial banking to find the optimal solutions for its clients' challenges. Its unique regulatory and capital markets expertise, combined with a philosophy of customized analytics, enables Stifel to provide its clients with research, insight, and strategy based on their individual needs.

In the public finance arena, Stifel Nicolaus acts as an underwriter and dealer in bonds issued by states, cities, and other political subdivisions and may act as manager or participant in offerings managed by other firms. The Fixed Income Capital Markets Group features nine dedicated industry groups:

- Affordable and Senior Housing
- General Obligation/Revenue Bonds
- Health Care
- Higher and Secondary Education
- Not-For-Profit, 503C(3) Organizations
- Public Transportation
- School Districts
- Special Project Financing (Stadiums, Convention Centers, Hotels, Etc.)
- TIF/TDD Development Financing

When you
need answers to
your school
district financing
needs, call on
Stifel Nicolaus.

A leading underwriter of Wisconsin's
public school district bond issues,
Stifel Nicolaus possesses the
expertise and experience

NEW ISSUE
BOOK-ENTRY-ONLY

INSURED RATINGS: Moody's "Aaa"
Standard & Poor's "AAA"
STATE INTERCEPT RATINGS: Moody's "Aaa"
Standard & Poor's "AAA"
UNDERLYING RATINGS: Moody's "Aaa"
Standard & Poor's "AAA"
INSURANCE: MBIA Insurance Corporation
(See "MICROELIMINATION COVERAGE")

In the opinion of Ernst & Young LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of the representations and underlying conditions with certain exceptions, reliance on the Bonds is restricted from gross income for federal income tax purposes, a net 30% preference item for purposes of the federal alternative minimum tax, and under certain state income, interest or debt tax except for Colorado income, corporate income, estate and transfer taxes. See the "TAX MATTERS."

\$59,510,000
ADAMS COUNTY AND CITY OF BROOMFIELD, COLORADO
General Obligation Refunding Bonds, Series 2006

Date of Delivery

The Bonds are being issued to fully registered obligors in the denomination of \$1,000 or any integral multiple thereof. Interest on the Bonds will be paid semi-annually on the 15th day of December 15 commencing June 15, 2006. Capitalized amounts on the cover page of this Official Statement are defined in the Indenture. Taxes, American National Bank, Denver, Colorado, will act as Paying Agent for the Bonds and the Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be listed in book-entry-only form and purchasers of the Bonds will not receive certificates evidencing their ownership interest in the Bonds.

Date December 15, as above before

the Bonds will be listed in book-entry-only form and purchasers of the Bonds will not receive certificates evidencing their ownership interest in the Bonds.

Maturity Date (December 15)	Principal Amount	Interest Rate	MATURITY SCHEDULE				Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate	Maturity Date
			15%	15%	15%	15%						
2009	\$ 275,000	5.75%	2,275	887	2011	2,275	2,275	2,275	2,275	2,275	2,275	2013
2009	250,000	5.75	2,125	875	2011	2,125	2,125	2,125	2,125	2,125	2,125	2013
2010	250,000	5.75	2,125	875	2011	2,125	2,125	2,125	2,125	2,125	2,125	2013
2011	250,000	5.75	2,125	875	2011	2,125	2,125	2,125	2,125	2,125	2,125	2013
2012	250,000	5.75	2,125	875	2011	2,125	2,125	2,125	2,125	2,125	2,125	2013
2013	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2014	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2015	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2016	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2017	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2018	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2019	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2020	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2021	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2022	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2023	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2024	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2025	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2026	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2027	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2028	4,000,000	5.75	3,200	800	2011	3,200	3,200	3,200	3,200	3,200	3,200	2013
2029	4,000,000	5.75	3,200									

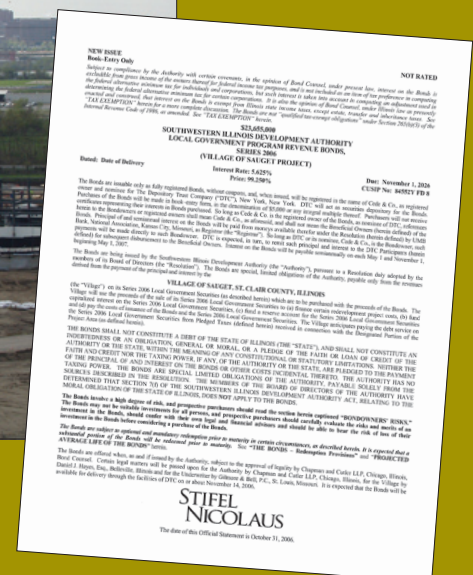
Public finance highlights for the Fixed Income Capital Markets Group in 2006 include:

- COHFA – Christian Living Communities
\$81,895,000 – Co-Senior Manager
- Brighton School District
\$74,000,000 – Senior Manager
- Jefferson County School District
\$66,800,000 – Senior Manager
\$42,645,000 – Senior Manager
- Garfield School District
\$58,035,000 – Senior Manager
- Adams 12 School District
\$56,000,000 – Senior Manager
- Falcon School District
\$53,400,000 – Senior Manager
- Southwestern Illinois Development Authority (Triad Community Unit School District No. 2 Project)
\$44,134,291 – Senior Manager
- Prairie Center Metropolitan District
\$36,360,000 – Senior Manager
- Health and Educational Facilities Authority of the State of Missouri (Maryville University of St. Louis Project)
\$24,600,000 – Senior Manager
- Southwestern Illinois Development Authority (Village of Sauget Ethanol Project)
\$23,655,000 – Senior Manager

During the past year, the Fixed Income Capital Markets Public Finance Group was involved as senior or co-manager on 156 negotiated offerings, up from 146 negotiated offerings in the same period one year earlier.



Southwestern Illinois Development Authority
(Village of Sauget Ethanol Project)



[operations and technology]

Each year, leadership from the firm's Operations, Technology, and other key areas implement solutions to support Stifel's growth and address changes within the investment industry. 2006 was no exception in this regard. Growth in virtually every business unit forced the company to refine business processing methods. Opportunities to improve service and meet industry challenges caused Stifel to invest in new technologies and processes improvements and add talented associates to a growing team. The following highlights just a few ways in which Stifel's support areas met the challenge in 2006 and prepared the firm for future growth.

Over the year, Stifel's Operations and Technology Groups continued the integration of Legg Mason Capital Markets into the firm's systems and platforms, developing new and better ways to trade securities, monitor risk, and communicate across the firm. Basic ideas led the firm to begin implementation of a collaboration and monitoring tool that allows the Capital Markets divisions to better understand trends in their respective businesses in near real time. This exciting development will continue throughout the coming year and extend deeper into the full Stifel Capital Markets Group.

In the fourth quarter, Operations and Technology swiftly executed the smooth transition of Miller Johnson Steichen Kinnard, Inc. (MJSK) offices and investment executives to Stifel. Stifel's transitions teams, which include associates from Operations and Technology, are some of the best in this business. They have passion for their work and embody the Stifel culture of teamwork, camaraderie, and "can do" attitude. The success of the MJSK integration is the perfect example of a large group working together to accomplish a complicated task.

In addition to successfully integrating the MJSK merger, Operations and Technology also helped welcome 89 new investment executives to the firm and opened 15 additional offices.

And finally, at the end of the year, Stifel's Operations and Technology Groups immediately began preparing for the integration and conversion of Ryan Beck & Co. to Stifel. 2007 will be another huge opportunity to excel and show how energetic, focused, and empowered individuals can accomplish great things for Stifel. There is no team better suited for this challenge.



Stifel 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

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

Stifel, 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
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 2007 annual meeting of stockholders will be held at Stifel's headquarters, One Financial Plaza, 501 North Broadway, 2nd Floor, St. Louis, Missouri, on Wednesday, June 20, 2007, 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>Year 2006 By Quarter</i>	<i>Stock Price High - Low</i>
First	44.15 - 37.09
Second	43.60 - 32.45
Third	35.83 - 29.67
Fourth	42.00 - 31.26
<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

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, 2007, was 5,300.

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
Ryan Beck & Co., Inc. (acquired 2/28/07)
Stifel Bank & Trust (acquired 4/2/07)

Stifel Nicolaus branch offices

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

Melbourne *

(321) 757-7209

Sarasota *

(941) 366-5443

Winter Park •

(407) 622-0296

Georgia

Atlanta •

(404) 869-3576

Columbus *

(706) 660-3940

LaGrange *

(706) 298-0892

Warner Robins *

(478) 953-1313

Illinois

Belleville *

(618) 233-5685

Champaign *

(217) 359-4686

Chicago

(312) 454-3800 *

(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) 797-1690

Orland Park *

(708) 364-0034

Rockford *

(815) 654-5500

Waterloo *

(618) 939-9400

Wilmette *

(847) 920-2000

Indiana

Crown Point *

(219) 756-0100

Fort Wayne *

(260) 459-3989

Indianapolis *

(317) 706-1420

(317) 571-4600

New Albany *

(812) 945-8598

South Bend *

(574) 288-3040

Iowa

Waterloo *

(319) 234-4800

Kansas

Manhattan *

(785) 776-1066

Overland Park *

(913) 345-4200

Topeka *

(785) 438-5400

Wichita ••

(316) 264-6321

Kentucky

Danville *

(859) 236-1588

Louisville

(502) 425-1230 *

(502) 897-3081 •

Pikeville *

(606) 432-5520

Shelbyville *

(502) 633-7170

Louisiana

Mandeville •

(504) 582-2800

New Orleans *

(504) 525-7711

Maryland

Baltimore •

(410) 454-5160

Massachusetts

Boston •

(617) 737-5438

Michigan

Ann Arbor *

(734) 213-5103

Birmingham •

(248) 594-3879

Fremont *

(231) 924-0250

Grand Haven *

(616) 846-3620

Grand Rapids *

(616) 942-1717

Grosse Pointe Farms *

(313) 886-4493

Portage *

(269) 384-5024

Traverse City *

(231) 946-4975

Minnesota

Coon Rapids *

(612) 455-5521

Edina *

(952) 831-0160

Golden Valley *

(763) 542-3700

Minneapolis

(612) 455-5555 *

(612) 332-5413 •

Minnetonka *

(763) 732-1300

New Ulm *

(507) 354-8589

Rochester *

(507) 292-9760

St. Cloud *

(320) 253-1300

St. Paul *

(651) 291-8552

Wayzata *

(952) 473-6010

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

Ladue *

(314) 872-8900

Rolla *

(573) 364-8930

Springfield *

(417) 886-2855

St. Louis ••

(314) 342-2000

St. Peters *

(636) 939-2676

Nebraska

Omaha *

(402) 955-1033

New Jersey

Princeton *

(609) 375-2292

New York

Binghamton *

(607) 651-9540

Goshen *

(845) 291-1131

New York •

(212) 247-3983

North Carolina

Chapel Hill •

(919) 932-3220

Fayetteville *

(910) 438-0715

Greenville *

(252) 353-2052

Raleigh *

(919) 645-5900

Winston-Salem *

(336) 725-5524

North Dakota

Dickinson *

(701) 225-9101

Jamestown *

(701) 251-1152

Williston *

(701) 572-4527

Ohio

Akron *

(330) 665-2916

Canton *

(330) 454-5390

Cincinnati *

(513) 794-0030

Cleveland •

(216) 623-1170

Columbus *

(614) 463-9360

Dayton *

(937) 312-0610

Dublin *

(614) 789-9354

Granville *

(740) 344-2600

Lancaster *

(740) 654-5996

Mansfield *

(419) 524-4009

Sandusky *

(419) 625-5432

Westlake *

(440) 835-4170

Youngstown *

(330) 965-6929

Pennsylvania

Philadelphia •

(215) 446-8150

Pittsburgh *

(412) 281-8444

Tennessee

Nashville *

(615) 277-7000

Texas

Dallas

(214) 706-9450 *

(214) 647-3503 •

Houston •

(713) 655-1161

Texarkana *

(903) 792-3305

Virginia

Manassas •

(703) 392-4033

Richmond •

(804) 698-5979

Sterling •

(703) 444-6911

Wisconsin

Beloit *

(608) 363-8402

Brookfield ••

STIFEL FINANCIAL CORP.

One Financial Plaza | 501 North Broadway | St. Louis, Missouri 63102
(314) 342-2000 | (800) 488-0970