



VISION
PLANNING

FOCUS

STIFEL
FINANCIAL
Annual Report 2007

Company Description

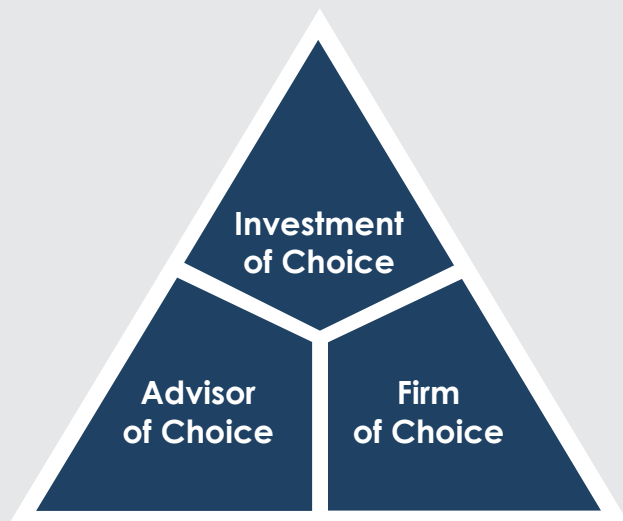
Stifel Financial Corp. is the holding company for Stifel, Nicolaus & Company, Incorporated, a full-service brokerage and investment banking firm established in 1890 and headquartered in St. Louis, Missouri. The Company provides securities brokerage, investment banking, trading, investment advisory, and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

	2003	2004	2005	2006	2007
Total Revenues	\$221,620	\$251,189	\$270,010	\$471,388	\$793,090
Net Income	\$15,007	\$23,148	\$19,644	\$15,431	\$32,170
Earnings Per Diluted Share ¹	\$1.37	\$1.88	\$1.56	\$1.11	\$1.88
Core Earnings ²	\$15,007	\$23,148	\$21,616	\$39,590	\$66,788
Core Earnings Per Diluted Share ^{1,2}	\$1.37	\$1.88	\$1.72	\$2.85	\$3.90

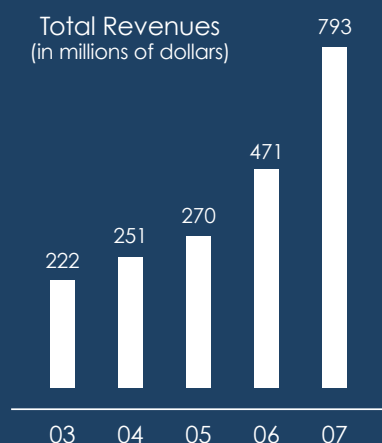
FINANCIAL POSITION

	2003	2004	2005	2006	2007
Total Assets	\$412,239	\$382,314	\$842,001	\$1,084,774	\$1,499,440
Stockholders' Equity	\$100,045	\$131,312	\$155,093	\$220,265	\$424,637
Book Value Per Share ¹	\$10.85	\$13.53	\$15.31	\$18.53	\$27.54

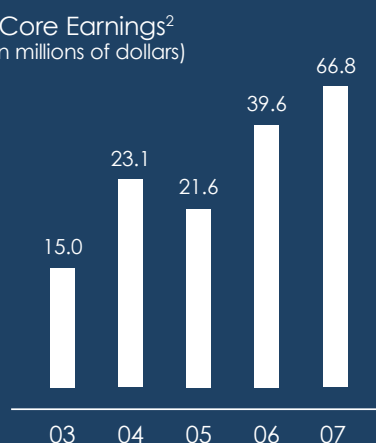
¹ All stock price amounts reflect the four-for-three stock split distribution in September 2004.

² Core Earnings and Core Earnings Per Diluted Share, non-GAAP measures, represent 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 for 2006 and 2007 and compensation charges related to the acceleration of vesting for the Ryan Beck deferred compensation plans for 2007. See Reconciliation of GAAP Net Income to Core Earnings on page 16.

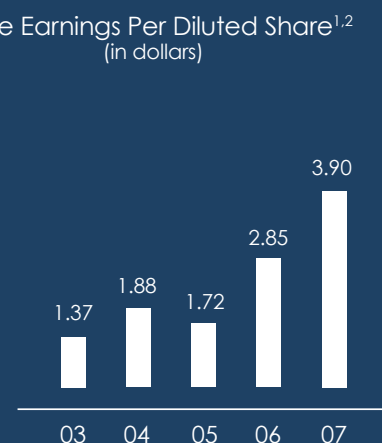
Total Revenues
(in millions of dollars)



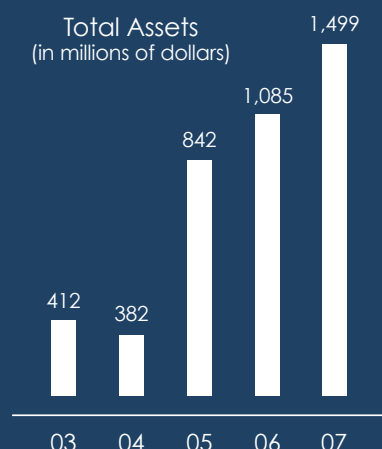
Core Earnings²
(in millions of dollars)



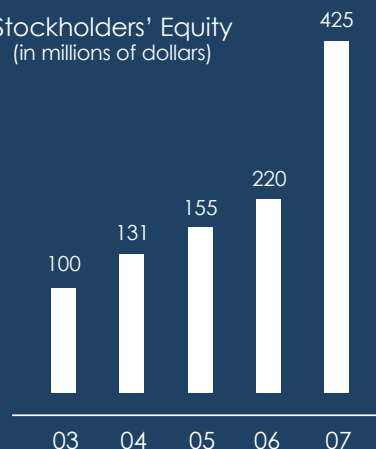
Core Earnings Per Diluted Share^{1,2}
(in dollars)



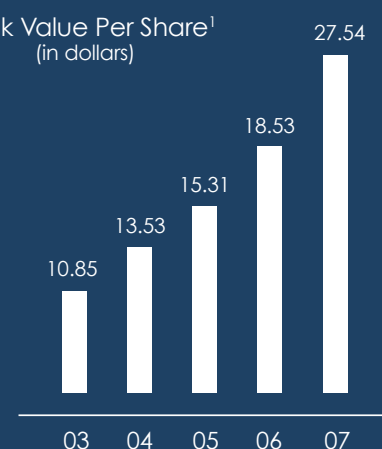
Total Assets
(in millions of dollars)



Stockholders' Equity
(in millions of dollars)



Book Value Per Share¹
(in dollars)



Shareholder Letter

Dear Fellow Shareholders, Clients, and Associates:

Warren Buffett aptly observed, "It's easy to put on leverage but not as easy to take it off." This quote sums up the financial landscape for 2007, especially the second half of the year. The ease of leverage was fueled by historically low interest rates, which followed the technology market implosion earlier in this decade. Seeking higher yields, investors spurred demand that was met by the issuance of aggressive asset securitizations and, in particular, sub-prime mortgages. Assumptions of ever-increasing real estate values provided the illusion of safety and led to speculative buying, further increasing housing prices. Finally, the rating agencies validated these assumptions. While seemingly benign at the time, these factors together created the climate for what has been described as a "perfect storm" to add leverage. It was, in Buffett's parlance, the easy part. Now, as the housing bubble deflates, we are witnessing the great unwinding of leverage. As evidenced by \$250 billion of write-offs to date, a number estimated to reach over \$500 billion, leverage is indeed proving more difficult to take off than to put on.

The presence of leverage has impacted the securities industry as well. After recording a record year in 2006, our industry experienced a very difficult 2007. Industry net revenues are expected to have declined approximately 8%, while pre-tax profits are expected to have declined over 95%, due primarily to massive write-downs.

Against this backdrop, Stifel Financial Corp. posted another record year. Net revenues increased 69% to a record \$763 million, marking our 12th consecutive year of record net revenue. Core net income was a record \$67 million, up 69% from the record established in 2006. We remain very well capitalized, with shareholder equity of \$425 million, or \$27.54 per share, at the end of 2007. Our core return on equity, achieved without employing the excessive leverage of many of our industry brethren,



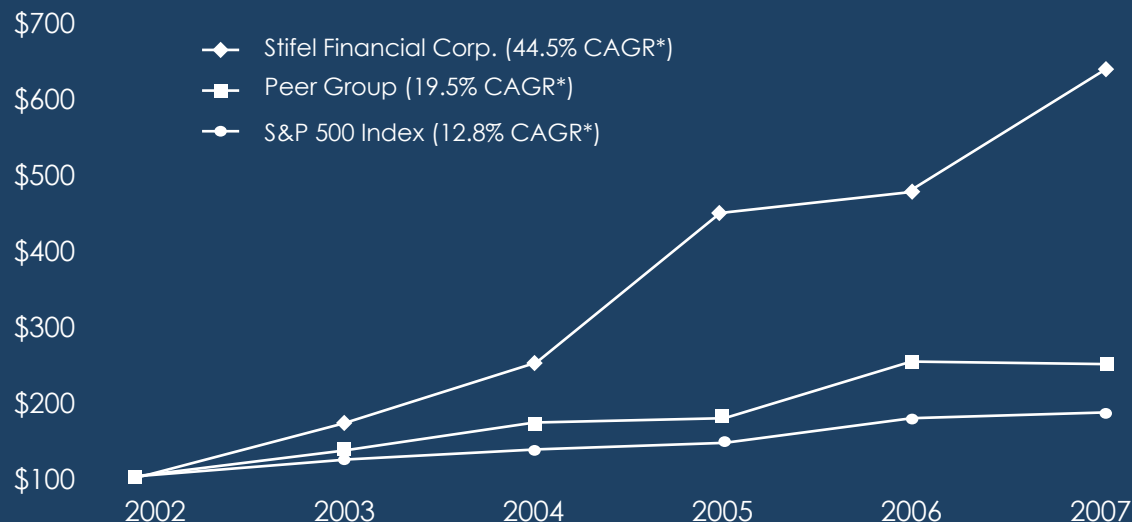
Ronald J. Kruszewski

Chairman, President, and Chief Executive Officer

totaled 18%. For the year, our stock price increased 34% vs. 3.5% for the S&P 500. Over five years, our stock price has achieved a compound annual growth rate of 44.5% as compared to 12.8% for the S&P 500.

What explains our Company's extraordinary performance, especially in the difficult market environment of 2007? Instead of employing financial leverage, we simply strive to leverage our infrastructure and capabilities through the addition of talented, entrepreneurial people. Since 2001, we have leveraged our

INVESTMENT OF CHOICE



* Compound Annual Growth Rate

The 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, 2002 to December 31, 2007.

capabilities through the addition of approximately 1,800 associates, bringing the total to more than 3,000 today. This growth, in turn, has resulted in a 420% increase in net revenue over this same time frame. In short, the intellectual capital and energy of our people represents the franchise value of our Company.

Other notable accomplishments in 2007 include:

- Our Private Client Group posted record net revenue of \$436 million, up 88% from a record 2006. These record results were driven in large part by our successful acquisition and integration of Ryan Beck & Co.
- Equity Capital Markets posted record net revenue of \$238 million, an increase of 59% from the record established in 2006.
- We served as lead or co-manager on 80 public offerings with aggregate proceeds of over \$17 billion. In addition, we served as financial advisor and manager on six mutual conversions, including a second stage demutualization transaction that produced the largest fee in our Company's history.
- We completed 64 merger and acquisition assignments with total proceeds exceeding \$4.6 billion.
- We continued our award-winning equity research efforts, ranking #6 in *The Wall Street Journal's* Best on the Street Analysts Survey and #9 out of 240 firms in the Forbes.com/StarMine Best Brokerage Analysts Survey.
- Fixed Income Capital Markets posted record net revenue of \$65 million, up 21% from the record posted in 2006.
- Our Public Finance Group acted as sole, senior, or co-manager on 115 transactions totaling \$4.9 billion.
- We completed the acquisition of St. Louis-based First Service Bank, which we renamed Stifel Bank & Trust. Our bank has grown to approximately \$290 million in assets with more than 70 experienced banking professionals.
- Our client service team completed the conversion of 36 Ryan Beck offices, adding more than 150,000 accounts to our technology platform.

Regarding corporate governance, I am pleased to welcome Kelvin Westbrook and Ben Plotkin to our Board of Directors. Kelvin brings a wealth of entrepreneurial experience in addition to legal training. Ben, as former Chairman and CEO of Ryan Beck & Co., was instrumental in our merger and successful integration of Ryan Beck and joins our Board as Vice Chairman.



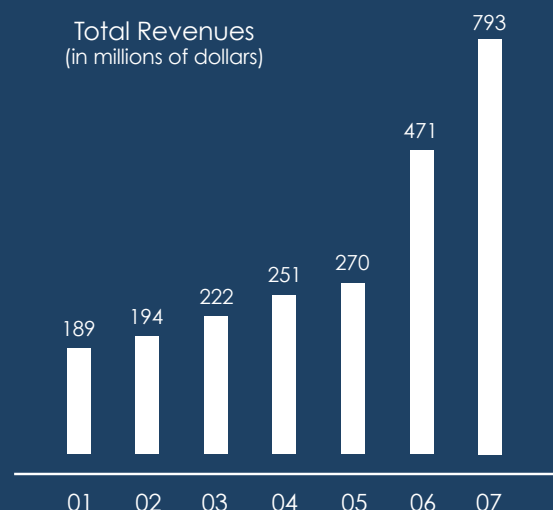
Ben A. Plotkin
Vice Chairman

Looking forward, while we recognize the challenges provided by the current environment, we believe we have the talent and resources to continue to prudently build our franchise. For our great Company, I believe past is prologue.

Ronald J. Kruszewski
Chairman, President, and Chief Executive Officer
April 16, 2008

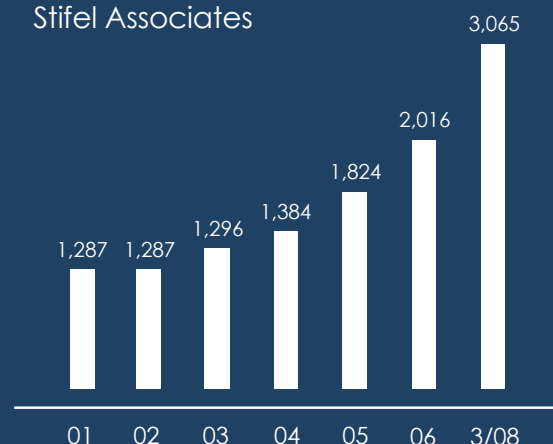
ADVISOR OF CHOICE

Total Revenues
(in millions of dollars)



Instead of employing financial leverage, we simply strive to leverage our infrastructure and capabilities through the addition of talented, entrepreneurial people.

FIRM OF CHOICE Stifel Associates



Private Client Group

The Private Client Group consists of 1,163 Financial Advisors, including 966 Stifel Nicolaus Financial Advisors in 148 offices located in 27 states and the District of Columbia and 197 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 2007 include:

- Record net revenue of \$435.7 million, an increase of 88% from 2006
- Record operating contribution of \$95 million, a 90% increase from 2006
- Client assets under administration totaled \$59 billion, up 67% from 2006
- New client assets for 2007 totaled \$26.3 billion

The biggest news for the Private Client Group in 2007 came on February 28, with the acquisition of Ryan Beck & Co. from BankAtlantic Bancorp, Inc. This acquisition jump-started the expansion of Stifel's geographic footprint into the East and Southeast, giving the firm a presence in 21 new markets. The addition of approximately 400 Financial Advisors from Ryan Beck has made Stifel the 11th-largest brokerage firm in the country in terms of number of registered representatives. With so many similarities and complementary aspects between the two firms, Ryan Beck and Stifel Nicolaus have created yet another powerful combination, both from a strategic and a cultural standpoint. As the Director of the Private Client Group at Ryan Beck, Allen Brautigam has been instrumental in bringing the former Ryan Beck brokers into the fold and will continue to play a major role in helping to guide Stifel's expansion.

As Stifel's transition team worked hard to successfully integrate Ryan Beck's systems and employees, the firm continued its growth efforts elsewhere. In August, John Lee, a 27-year investment industry veteran, joined the firm as Western Region Director to lead Stifel's expansion efforts on the West Coast. By the end of the year, the firm had opened four offices in California, in Grass Valley, Pasadena, Roseville, and Santa Rosa. Stifel has since opened additional offices in Oxnard and Lincoln, California.

In addition to the new offices in California, the Private Client Group continued its steady growth throughout the country in 2007, with President Scott McCuaig and Chief Financial Officer Jim Zemlyak working to open nine new offices in Anderson, Indiana; Danville, Kentucky; Fayetteville, North Carolina; Grosse Pointe, Michigan; Melbourne, Florida; Oregon, Illinois; Orland Park, Illinois; Quincy, Illinois; and Topeka, Kansas. The firm's aggressive recruiting efforts continue to pay off, as more and more financial professionals make Stifel Nicolaus their "Firm of Choice."



Scott B. McCuaig

President and Co-Chief Operating Officer of Stifel Nicolaus

James M. Zemlyak

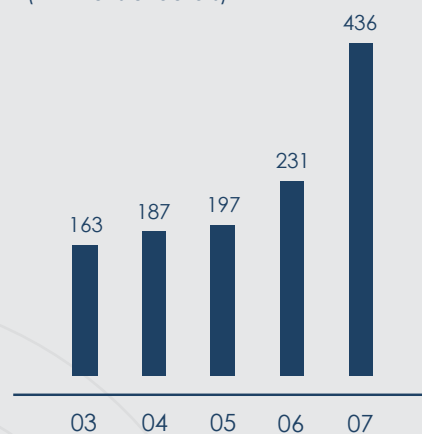
Chief Financial Officer and Co-Chief Operating Officer



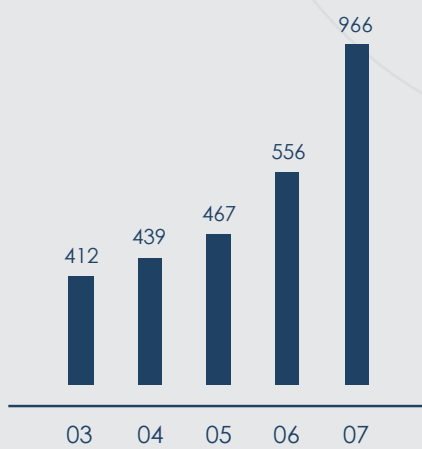
John F. Lee
Western Region Director

NET REVENUES

(in millions of dollars)



FINANCIAL ADVISORS

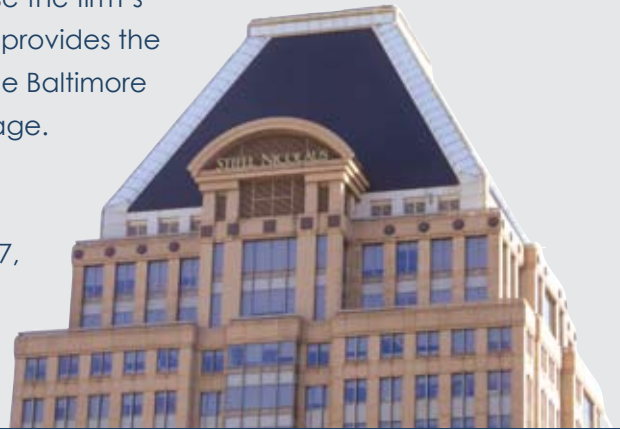


Allen C. Brautigam
Eastern Region Director

Equity Capital Markets

The Capital Markets Group marked a milestone in 2007 as it moved into its new home in downtown Baltimore. Stifel's investment banking, institutional sales and trading, syndicate, research, and fixed income divisions now occupy over 75,000 square feet of space at One South Street in Baltimore's financial district. Complete with a state-of-the-art trading floor, the new space will not only house the firm's current operations, but provide room for growth as well. It also provides the firm with excellent visibility — the Stifel Nicolaus name graces the Baltimore skyline, as the firm's lease includes prominent building-top signage. The Equity Capital Markets Group, which includes investment banking, institutional equity sales and trading, syndicate, and research, recorded record net revenues of \$238.1 million in 2007, an increase of 59% compared to the \$150.0 million in 2006.

Stifel Nicolaus Capital Markets moved to new space at One South Street in Baltimore in 2007.

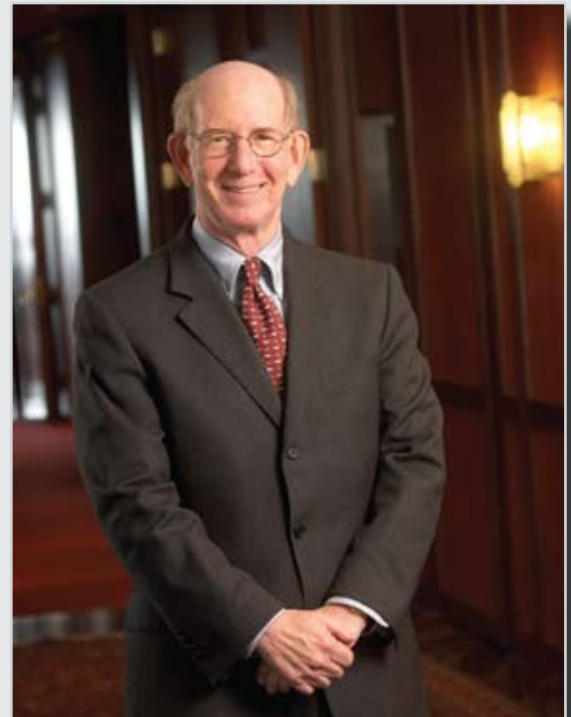


Investment Banking

2007 was an exciting year for our Investment Banking Group, which continued to expand its reach and enhance its capabilities. Thanks in part to the acquisition of Ryan Beck, the Group now totals 120 investment banking professionals in offices in Baltimore, Boston, Chicago, Cleveland, Florham Park, Kansas City, Louisville, New York, Philadelphia, and Washington, D.C. In particular, the Group experienced significant growth in its Consumer Group, which has grown to 10 professionals, and its Financial Institutions Group, which now numbers 40 professionals and includes a leading “mutual-to-stock” conversion practice. The Investment Banking Group features 11 industry groups along with 2 product groups.

In 2007, the firm:

- Completed more than 180 investment banking transactions.
- Lead or co-managed 80 public offerings with aggregate proceeds exceeding \$17.2 billion.
- Served as financial advisor and manager of six mutual conversions, raising an additional \$3.6 billion.
- Acted as financial advisor in 64 mergers and acquisitions with total consideration exceeding \$4.6 billion.
- Served as placement agent in 31 transactions representing a variety of securities types, raising in excess of \$700 million.



Richard J. Himelfarb
Director of Investment Banking

STIFEL
NICOLAUS

Can You Pronounce it Now?

By Raymond
(Stē-fuhl)

2007

Selected Transactions

Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.	Aerostar Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp. Aerostar Aircraft Corp.
--	--	--	--	--	--	--	--	--	--

INVESTMENT BANKING OFFICES
BOSTON | CHICAGO | NEW YORK
PHILADELPHIA | SEATTLE | WASHINGTON, DC
STIFEL, NICOLAUS & COMPANY, INCORPORATED
MEMBER SFC, SIFD, SIPC

STIFEL
NICOLAUS

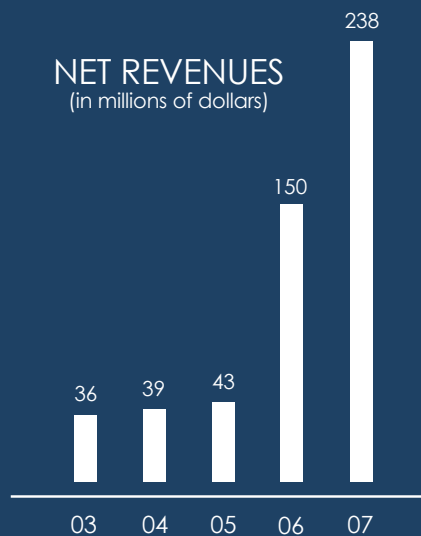
Industry Groups:

Aerospace, Defense & Government Services
Business Services & Industrial
Consumer & Retail
Education
Energy & Power
Financial Institutions
Health Care
Real Estate
Technology
Telecommunications & Media
Transportation

Product Groups:

Private Finance
Strategic Advisory

NET REVENUES
(in millions of dollars)



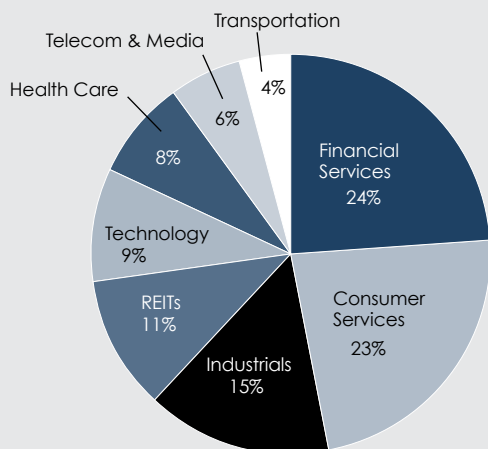
Equity Capital Markets

Research

The 145 professionals of Stifel's Equity Research Group provide insight on more than 700 companies in 8 industries and 45 sub-sectors and comprise one of the largest domestic research departments off Wall Street. In 2007, the Group continued its run of success that began with the acquisition of Legg Mason Capital Markets in 2005, taking advantage of market dislocations from both a stock-picking and a recruiting perspective as well as garnering accolades from the national financial media.

In 2007, as part of the Ryan Beck merger, the Group added 13 professionals and significantly expanded its Financial Institutions research effort to cover more than 115 banks and thrifts throughout the U.S. Additionally, nine very talented and recognized research professionals joined Stifel from the former A.G. Edwards & Sons.

STIFEL RESEARCH UNIVERSE

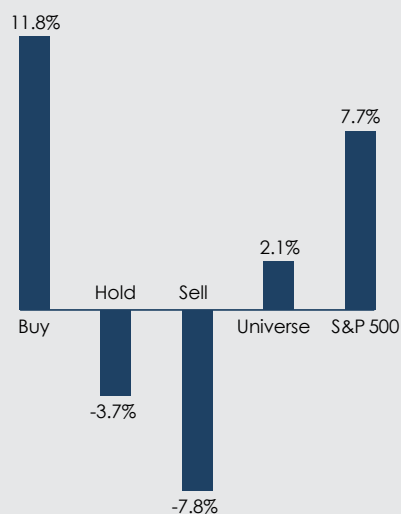


Stifel Research delivered a strong performance in *The Wall Street Journal's* Best on the Street 2007 Analysts Survey, receiving seven awards, with three Stifel analysts ranked #1 in their respective industries. Overall, Stifel Nicolaus ranked sixth of the 85 research firms that qualified for the survey and tied for first in the number of #1-ranked analysts.

Individual analysts recognized for their stock-picking skill in this year's survey were:

- Troy Lahr, #1 in Aerospace & Defense
- Rod Petrik, #1 in Hotels & Casinos
- Jerry Doctrow, #2 in Real Estate
- John Baugh, #4 in Home Construction & Furnishings
- Christopher King, #4 in Telecommunications: Mobile
- John Larkin, CFA, #5 in Industrial Transportation

STIFEL RESEARCH PERFORMANCE



Source: StarMine for trailing 24 months through 1/31/08

Another Stifel analyst, Sanjiv Wadhvani, finished first in Telecom Equipment; however, the survey credits Wadhvani's 2006 performance to Miller Johnson Steichen Kinnard, Inc., which was acquired by Stifel in October 2006. Adding Wadhvani's award to Stifel's totals gives the firm eight awards (placing it third overall) and four #1 individual rankings, more than any other firm in the survey.

Stifel also performed well in the sixth annual Forbes.com/StarMine Best Brokerage Analysts Survey, with ten analysts receiving honors and four analysts earning #1 rankings. With a total of 11 awards, Stifel ranked ninth among more than 240 firms.

Two Stifel analysts ranked #1 among stock pickers in their respective industries: Rod Petrik in Hotels & Leisure and Barry Bannister in Machinery. Two others, Christopher King in Diversified Telecommunication Services and Greg Simpson in Health Care Equipment & Supplies, ranked #1 among earnings estimators in their respective industries. The survey recognizes analysts for outstanding performance based on the returns of their recommendations and the accuracy of their earnings estimates during calendar year 2006.

Additionally, Stifel earned #1 rankings in the *Institutional Investor* Best Boutiques, Regional Firms and Independents 2007 All-America Research Survey. In its polling for the 2007 All-America Research Team, *Institutional Investor* asked investors to name the best boutique or regional firms by sector.

This is the fifth consecutive year that Mark Swartzberg was recognized for his work in the Consumer – Beverages sector. Also acknowledged in the survey were the unique insights of Barry Bannister in the Capital Goods/Industrials – Machinery sector. In 2007, Bannister built upon the foundation of his 2002 report, “The Inflation Cycle of 2002 to 2015,” by providing clients with long-term growth ideas in the industrial and commodity sectors.

“We believe that the external recognition of Stifel Research in 2007 is a testament to our business model, which is predicated on producing high-quality, differentiated equity research,” commented Hugh Warns, Director of Research at Stifel Nicolaus.

Developed by *The Wall Street Journal* and Thomson Financial, the 2007 Best on the Street Analysts Survey focused on 45 industries thought to be of particular interest to investors. The survey sought to identify the top five analysts in each industry based on recommendation-performance scores for 2006. 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. Positive and negative scores were given for being right or wrong about buy and sell recommendations.



Thomas P. Mulroy
Director of Equity Capital Markets

Hugo J. Warns III, CFA
Director of Equity Research

Institutional Equity Sales & Trading

Led by Tom Mulroy, the Institutional Equity Sales & Trading Group offers institutional investors differentiated, research-driven equity products with a dedication to value and service. The Group's sales associates and traders work closely with Stifel's research analysts to provide timely dissemination of information to clients worldwide from eight offices in North America and Europe.

In addition to maintaining comprehensive institutional coverage, the Institutional Equity Sales & Trading Group boasts one of the largest retail distribution networks in the United States.

In 2007, the Group moved to its new home, complete with state-of-the-art trading floor, at One South Street in Baltimore's financial district.



State-of-the-art trading floor at One South Street in Baltimore's financial district.

Fixed Income Capital Markets

The Fixed Income Capital Markets Group, which includes public finance, institutional fixed income sales, and competitive underwriting and trading, increased net revenue 21% in 2007 to a record \$64.9 million compared to 2006 net revenues of \$53.6 million.

Fixed Income Sales & Trading

Stifel's Fixed Income Sales & Trading Group offers institutional clients a comprehensive combination of products and services. Its expertise in trading strategies and investment banking enables it to partner with clients to develop solutions designed to meet their needs.

In 2007, the Group opened 10 new offices (bringing the total number of offices to 25) and added 33 new institutional sales associates, for a total institutional fixed income distribution force of 86 seasoned professionals. The sales team is backed by 40 experienced traders and strategists, a key component of the more than 200 professionals in the Fixed Income Sales & Trading Group.

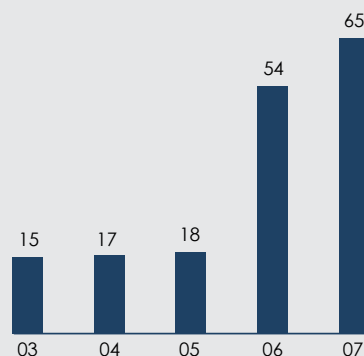


Joseph A. Sullivan
Director of Fixed Income Capital Markets

In 2007, the Group:

- Transacted over \$81 billion in client fixed income trades, including mortgages (residential and commercial), governments and agencies, alternative spread product, asset-backed securities, corporates, municipals, and preferreds.
- Established over 340 new client relationships.
- Serviced over 1,250 active institutional clients nationwide, including money managers, financial institutions, insurance companies, trust companies, pension funds, municipalities, hedge funds, and corporations in 7,000 different institutional accounts.
- Continued to grow its trading platform, adding new or additional capabilities in alternative structured products, residential mortgages, credit securities, and liability products, including structured repo, CD issuance, and whole loan trading.
- Expanded the breadth of the Strategies Group to include total return accounts and alternative funding strategies for financial institutions.

NET REVENUES (in millions of dollars)



Public Finance

In 2007, the Public Finance Group was involved in 145 deals worth a total of \$5.8 billion, serving as sole or senior manager on 85 deals worth a total of \$1.4 billion and co-senior or co-manager on 30 deals totaling \$3.5 billion.

Stifel Wins Deal of the Year Award for Its Work With the City of Sheridan Redevelopment Agency

Each year, *The Bond Buyer* (SourceMedia's daily newspaper for the municipal finance industry) recognizes 10 of the nation's "most innovative municipal bond issuers for transactions that financed major public infrastructure projects, including bridges, hospitals, schools, water, airports, and housing." The finalists are selected throughout the United States, and only one large issuer (deals with proceeds above \$70 million) can be chosen from each region, as well as one small issuer (deals with proceeds of \$70 million or less).

This year's Deal of the Year winner for the Southwest Region (Small Issuer) was the Sheridan, Colorado Redevelopment Agency for its issue of \$51.3 million tax-exempt tax increment revenue bonds and \$45.7 million of taxable variable-rate tax increment revenue bonds for the South Santa Fe Drive Corridor Redevelopment Project. This was the Agency's first deal, financing the redevelopment of an existing landfill area into a shopping center, riverwalk, and golf course using tax increment revenues and public improvement fees. Steve Jeffers and Steve Bell from Stifel Nicolaus were the senior managers for the Sheridan deal and joined the Sheridan Redevelopment Agency team in New York when the finalists were named and the 2007 Deal of the Year was awarded.

The new construction of the River Point retail center hopes to remediate the current land area in order to improve the environmental condition, taking into consideration the land has acted as two landfill sites for many years. Once the extensive removal of the landfill has been completed, the new retail area is expected to provide the City of Sheridan with over 1,000 new jobs and 135 acres of new shopping, dining, and entertainment to its residents.



Steven H. Bell
Director of Public Finance

2007
DEAL OF THE YEAR AWARD WINNER - SOUTHWEST REGION
City of Sheridan Redevelopment Agency

Each year, *The Bond Buyer* (SourceMedia's daily newspaper for the municipal finance industry) recognizes 10 of the nation's "most innovative municipal bond issuers for transactions that financed major public infrastructure projects, including bridges, hospitals, schools, water, airport, and housing." The finalists are selected throughout the United States, and only one large issuer (deals with revenues above \$70 million) can be chosen from each region, as well as one small issuer (deals with revenues of \$70 million or less).

This year's Deal of the Year winner for the Southwest Small Issuer was the Sheridan, Colorado Redevelopment Agency for its issue of \$51.3 million tax-exempt tax increment revenue bonds and \$45.7 million of taxable variable-rate tax increment revenue bonds for the South Santa Fe Drive Corridor Redevelopment Project. This was the Agency's first deal, financing the redevelopment of an existing landfill area into a shopping center, riverwalk, and golf course using tax increment revenues and public improvement fees. Steve Jeffers and Steve Bell from Stifel Nicolaus were the senior managers for the Sheridan deal and joined the Sheridan Redevelopment Agency team in New York when the finalists were awarded and the overall 2007 Deal of the Year was announced.

The new construction of the River Point retail center hopes to remediate the current land area in order to improve the environmental condition, taking into consideration the land has acted as two landfill sites for many years. Once the extensive removal of the landfill has been completed, the new retail area will provide the City of Sheridan with over 1,000 new jobs and 135 acres of new shopping, dining, and entertainment to its residents.

Stifel, Nicolaus & Company, Incorporated
Member SIPC and NYSE

Construction along South Santa Fe Drive Corridor (left).
River Point construction site, City of Sheridan - aerial view (right).
Architectural drawings for the River Point development area (back).

STIFEL NICOLAUS
1125 17th Street, Suite 1600
Denver, Colorado 80202
(303) 296-2300 | www.stifel.com

Operations & Technology



David D. Sliney, *Director of Strategic Planning, Technology, and Operations*

Douglas W. Noll, *Director of Operations*

Vicki I. Brinker, *Assistant Director of Operations*

2007 marked another incredible year of success and achievement across Stifel's operations, technology, facilities, and compliance groups. Through teamwork and dedication, the associates who support Stifel's platforms and systems made great strides to grow and strengthen the firm. The year's challenges required careful planning and execution marked by tight deadlines at every turn. Every day, the groups rose to the challenge, maintaining the positive and helpful attitude that has come to characterize the support areas of Stifel.

As the year began, the operations and technology teams established a conversion plan to move Ryan Beck's 36 branches and over 150,000 accounts onto the Stifel platform. The challenge included account conversions, systems conversions, daily support and training integration, network conversions, and more. From April through August, the Stifel team conducted the conversion in five waves, to ensure effective training and knowledge transfer. By the end of the summer, the conversion was complete, and the outcome exceeded all expectations. Likewise, along the way, the teams learned of new ways in which Stifel can continue to improve — a major focus in the current year.

While converting the Ryan Beck system, Stifel's technology area was able to continue using Ryan Beck's existing data center. Since then, the group has been systematically moving applications, network facilities, and other infrastructure into this world-class facility, deploying systems to aid the company's growth and deliver better network and system access. In a short time, the addition of this facility has already greatly benefited the firm. Stifel will continue to leverage this new capability in the years to come.

In 2007, Stifel's technology and facilities groups also accomplished one of the most significant and difficult moves in the firm's history. Toward the end of the year, over 300 associates were relocated to a new capital markets headquarters in Baltimore. The departments that moved to the new location included research, investment banking, fixed income sales and trading, and equity sales and

trading. The new facility is outstanding in every way, with the latest technology and communications systems. Likewise, in the move process, the firm constructed an on-site data center to service the needs of the capital markets business. The additional capabilities gained from this investment help the firm better manage the systems that these groups require and bring them closer to the information that they need to compete and succeed.

Looking back, the Stifel platform made giant strides to support the company's growth in 2007. The firm now has a solid foundation on which to deliver continuous improvement in the days and months ahead. All of the associates who worked tirelessly to make 2007 a success are to be commended for their energy and commitment to helping Stifel reach its long-term objectives.

Stifel Bank & Trust

The ongoing trend of consolidation among firms in the investment industry has seen many brokerage firms acquired by banks. In late 2006, Stifel Financial Corp. continued to defy industry trends by acquiring a bank through its purchase of St. Louis-based First Service Financial Corp. and its subsidiary, FirstService Bank. Banking industry veteran John Dubinsky, a Stifel Director and former President and Chief Executive Officer of Mark Twain Bancshares and Chairman and Chief Executive Officer of Mercantile Bank before its sale to US Bank, was named Chairman following the acquisition.

Later renamed Stifel Bank & Trust, Stifel's banking subsidiary has taken on an aggressive growth trajectory under the leadership of President and Chief Executive Officer Chris Reichert, who joined the firm in October 2007. Since taking the helm, Reichert has hired 14 commercial and residential lenders while building the bank's assets to \$290 million. Stifel Bank & Trust's staff now consists of more than 70 experienced banking professionals (after starting with fewer than 20 from FirstService) who share the parent company's commitment to providing an unmatched level of client service.

Thanks to Stifel Bank & Trust, Stifel clients have access to a full range of banking services offered by a staff of talented individuals who work in tandem with Stifel's Financial Advisors. The high-quality banking platform gained from the FirstService acquisition, coupled with the entrepreneurial, service-driven culture fostered by Reichert's team, will help Stifel continue to build and strengthen its extensive network of relationships with its clients while helping the firm in its efforts to be the "Firm of Choice" for investors and financial professionals alike.

Services offered through Stifel Bank & Trust include:

Consumer Lending

- Mortgage Loans – Fixed and Adjustable Rate
- Home Equity Lines of Credit
- Personal Loans
- Loans Secured by CDs or Savings
- Automobile Loans

Commercial Lending

- Small Business Loans
- Commercial Real Estate Loans
- Lines of Credit
- Credit Cards
- Term Loans
- Inventory and Receivables Financing



From left to right:

John P. Dubinsky, Chairman of Stifel Bank & Trust;
Christopher K. Reichert, President and Chief Executive Officer of Stifel Bank & Trust; and **Ronald J. Kruszewski**, Chairman, President, and Chief Executive Officer of Stifel Financial Corp.



Board Members



Stifel Financial Corp. Board of Directors

Stifel Financial Corp. Board of Directors and Officers

Ronald J. Kruszewski*

*Chairman of the Board, President,
and Chief Executive Officer*

Robert J. Baer*

*President and Chief Executive Officer
Metro*

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
Vice Chairman*

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.*

Ben A. Plotkin*

*Senior Vice President
Vice Chairman*

Joseph A. Sullivan*

Senior Vice President

Kelvin Westbrook*

*President and Chief Executive Officer
KRW Advisors, LLC*

James M. Zemlyak*

*Senior Vice President, Treasurer,
and Chief Financial Officer*

David M. Minnick

*Senior Vice President, General Counsel,
and Corporate Secretary*

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, Private Markets*

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 2008 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 4, 2008, 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 2007 By Quarter</i>	<i>Stock Price High - Low</i>
First	52.21 - 37.15
Second	61.90 - 42.44
Third	62.04 - 48.77
Fourth	63.48 - 44.05
<i>Year 2006 By Quarter</i>	
First	44.15 - 37.09
Second	43.60 - 32.45
Third	35.83 - 29.67
Fourth	42.00 - 31.26

Transfer Agent

The transfer agent and registrar for Stifel Financial Corp. is Computershare Trust Company, n.a., Kansas City, Missouri.

Reconciliation of GAAP Net Income to Core Earnings

A reconciliation of GAAP Net Income to Core Earnings and GAAP Net Income Per Diluted Share, the most directly comparable measure under GAAP, to Core Earnings Per Diluted Share is included in the table below.

<i>(in thousands, except per share amounts)</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
GAAP Net Income	\$ 19,644	\$ 15,431	\$ 32,170
Acquisition-related revenues, net of tax	- -	90	185
Acquisition-related charges, net of tax			
Private placement compensation	- -	5,692	- -
Acquisition-related compensation	1,370	17,516	29,947
Other non-compensation charges	602	861	4,486
Core Earnings	\$ 21,616	\$ 39,590	\$ 66,788
<i>Earnings Per Share:</i>			
GAAP Earnings Per Diluted Share	\$ 1.56	\$ 1.11	\$ 1.88
Acquisition-related charges	0.16	1.74	2.02
Core Earnings Per Diluted Share	\$ 1.72	\$ 2.85	\$ 3.90

Stifel Nicolaus Branch Offices

California

Grass Valley *
(530) 273-9877
Lincoln *
(916) 409-1300
Oxnard *
(805) 486-0400
Pasadena *
(626) 564-0311
Roseville *
(916) 626-3322
San Francisco •
(415) 398-2929
Santa Rosa *
(707) 542-3521

Colorado

Colorado Springs *
(719) 442-2646
Denver
(303) 534-1180 *
(303) 296-2300 •
Fort Collins *
(970) 267-9666
Glenwood Springs *
(970) 945-5275
Greenwood Village *
(303) 290-1040

Connecticut

Avon *
(860) 677-2132
Hamden *
(203) 772-7200
New London *
(860) 440-3373

District of Columbia

Washington •
(202) 756-7760

Florida

Boca Raton *
(561) 982-2600
Melbourne *
(321) 757-7209
Palm Beach Gardens *
(561) 615-5300
Ponte Vedra Beach *
(904) 543-7120
Sarasota *
(941) 366-5443

Georgia

Atlanta •
(404) 869-3576
Columbus *
(706) 660-3940
LaGrange *
(706) 845-7888
Warner Robins *
(478) 953-1313

Illinois

Belleville *
(618) 233-5685
Champaign *
(217) 359-4686
Chicago
(312) 454-3800 *
(312) 726-5900 *
(312) 759-1772 •
Decatur *
(217) 429-4290
Edwardsville *
(618) 659-3780
Geneva *
(630) 845-7900
Lake Forest *
(847) 615-0677
Mattoon *
(217) 235-0353

Oregon

(815) 732-1312
Orland Park *
(708) 364-0034
Quincy *
(217) 228-0053
Rockford *
(815) 654-5500
Waterloo *
(618) 939-9400

Indiana

Anderson *
(765) 649-2339
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

Des Moines •
(515) 699-8510
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) 659-2300 *
(410) 454-5160 •
Bel Air *
(410) 809-6700

Massachusetts

Boston
(617) 235-7800 *
(617) 737-5438 •
Longmeadow *
(413) 565-8100
Osterville *
(508) 420-7000
Wellesley *
(781) 239-2800

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

Edina *
(952) 831-0160
Golden Valley *
(763) 542-3700
Minneapolis
(612) 455-5555 *
(612) 455-5577 •
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
Frontenac *
(314) 872-8900
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 Jersey

Cherry Hill •
(856) 661-3640
Florham Park *
(973) 549-4000
Fort Lee *
(201) 585-6150
Marlton *
(856) 810-4800
Princeton *
(609) 799-1180
Roseland *
(973) 533-4000
Roxbury *
(973) 598-8300

Shrewsbury

(732) 450-2000

New York

Binghamton *
(607) 651-9540
Goshen *
(845) 291-1131
Hewlett *
(516) 792-2200
New York
(212) 351-4300 *
(212) 407-0579 *
(212) 247-3983 •
Oyster Bay *
(516) 624-2700
Poughkeepsie *
(845) 471-8080
Uniondale *
(516) 719-7740
White Plains *
(914) 694-8600

North Carolina

Brevard *
(828) 877-5856
Chapel Hill •
(919) 932-3220
Charlotte •
(704) 554-7677
Fayetteville *
(910) 438-0715
Greenville *
(252) 353-2052
Raleigh *
(919) 645-5900

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
Pepper Pike *
(216) 593-7400
Sandusky *
(419) 625-5432
Westlake *
(440) 835-4170
Youngstown *
(330) 965-6929

Pennsylvania

Allentown *
(610) 782-5400
Bethel Park *
(412) 854-7500
Bethlehem *
(610) 997-6400

Camp Hill

(717) 730-1100
Conshohocken *
(610) 567-1900
Lebanon *
(717) 279-3510
Philadelphia
(267) 256-0777 *
(215) 861-7150 •
Pittsburgh
(412) 456-0200 *
(412) 281-8444 •
Yardley *
(215) 504-1600
York *
(717) 741-8900

Tennessee

Memphis
(901) 766-0822 *
(901) 685-3321 •
Nashville *
(615) 277-7000

Texas

Dallas
(214) 706-9450 *
Houston •
(713) 655-1161
Texarkana *
(903) 792-3305

Virginia

Manassas •
(703) 392-4033
Richmond •
(804) 698-5979

Wisconsin

Appleton *
(920) 991-1415
Brookfield
(262) 794-1000 *
(262) 794-0037 •
Eau Claire *
(715) 552-8003
Green Bay *
(920) 437-2555
Madison *
(608) 241-9516
Mequon *
(262) 243-3125
Merrill *
(715) 536-0073
Milwaukee
(414) 276-5014 *
(414) 270-0190 •
Oconomowoc *
(262) 560-3800
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

Spain

Madrid •
011-34-91-458-5500

Switzerland

Geneva •
011-41-22-994-0606

* 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