

STIFEL FINANCIAL CORP  
Form DEF 14A  
April 30, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant ..

Filed by a Party other than the Registrant ..

Check the appropriate box:

- .. Preliminary Proxy Statement
- .. **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- .. Definitive Additional Materials
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**Stifel Financial Corp.**

**(Name of Registrant as Specified In Its Charter)**

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

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**STIFEL FINANCIAL CORP.**

**One Financial Plaza**

**501 North Broadway**

**St. Louis, Missouri 63102-2102**

**(314) 342-2000**

April 30, 2015

Fellow Shareholders:

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

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

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

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

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

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

Sincerely,

Ronald J. Kruszewski

*Chairman of the Board and Chief Executive  
Officer*

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**STIFEL FINANCIAL CORP.**

**One Financial Plaza**

**501 North Broadway**

**St. Louis, Missouri 63102-2102**

**(314) 342-2000**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

- Date and Time:** Wednesday, June 10, 2015, at 11:00 a.m., Central Time
- Place:** Stifel Financial Corp. offices located at One Financial Plaza, 2<sup>nd</sup> Floor,  
501 North Broadway, St. Louis, Missouri 63102
- Items of Business:**
- To elect six (6) Class II Directors, each as nominated by the Board of Directors;
  - To approve, on an advisory basis, the compensation of our named executive officers (say on pay);
  - To approve the Executive Incentive Performance Plan;
  - To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015; and
  - To consider and act upon other business as may properly come before the meeting and any adjournment or postponement thereof.
- Record Date:** You are entitled to vote only if you were a Company shareholder at the close of business on April 14, 2015.
- Voting by Proxy:** Your vote is very important. Whether or not you plan to attend the Annual Meeting, please vote your shares by proxy to ensure they are represented at the meeting. You may submit your proxy vote by telephone or Internet, as described in the Notice of Internet Availability of Proxy Materials and the following proxy statement, by no later than Tuesday, June 9, 2015. If you received a paper copy of the proxy card by mail, you may sign, date, and mail the proxy in the envelope provided. The envelope is addressed to our vote tabulator, Broadridge Financial Solutions, Inc., and no postage is required if mailed in the United States.

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

**to be held on June 10, 2015**

**Our proxy statement and 2014 annual report are available at:**

**[www.investorvote.com/sf](http://www.investorvote.com/sf)**

*By Order of the Board of Directors,*

David M. Minnick, Corporate Secretary  
April 30, 2015

**YOUR VOTE IS VERY IMPORTANT**

**Even if you plan to attend this meeting in person, we urge you to promptly vote your shares on the Internet, by telephone, or if you requested printed copies of the proxy materials, you can vote by dating, signing, and returning the proxy card in a postage-paid return envelope.**

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**STIFEL FINANCIAL CORP.**

**One Financial Plaza**

**501 North Broadway**

**St. Louis, Missouri 63102-2102**

**(314) 342-2000**

**PROXY STATEMENT**

**FOR ANNUAL MEETING OF SHAREHOLDERS TO BE**

**HELD ON WEDNESDAY, JUNE 10, 2015**

**GENERAL**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Stifel Financial Corp. (the Company) for use at the Annual Meeting of shareholders (Annual Meeting) to be held on Wednesday, June 10, 2015, at 11 a.m., on the 2nd Floor, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102, and any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of Annual Meeting of shareholders.

Beginning on April 30, 2015, the Notice of this proxy statement and the Annual Meeting was mailed to our shareholders of record as of the close of business on April 14, 2015. The Notice also contains instructions on how to obtain paper copies of these proxy materials and a proxy card.

All proxies, whether voted electronically online, by telephone, or by proxy card, will be voted in accordance with the instructions contained in the proxy. If no choice is specified, proxies will be voted in favor of the election of each of the nominees for director proposed by the Board of Directors in Item I, in favor of the advisory resolution related to the compensation of our named executive officers in Item II, in favor of the approval of the Executive Incentive Performance Plan in Item III, and in favor of the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015 in Item IV, each as recommended by the Board of Directors. A shareholder who executes a proxy may revoke it at any time before it is voted by delivering another proxy to us bearing a later date, by casting a new vote by telephone, Internet, or Intranet, by submitting written notice of such revocation to David Minnick, our Corporate Secretary, or by personally appearing at the Annual Meeting and casting a vote in person.

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

In an uncontested election of directors, as is the case in this election, each nominee for director shall be elected to the Board of Directors if the votes cast FOR such nominee's election exceed the WITHHOLD votes cast against such nominee's election. Each share will have one vote for the election of each director. There is no cumulative voting in the election of directors.

The affirmative vote of a majority of the shares of our common stock cast at the meeting in person or by proxy is required for the advisory approval of the compensation of our named executive officers, for the approval of the Executive Incentive Performance Plan, and for the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Broker non-votes are counted as votes present at the meeting for purposes of determining whether a quorum exists.

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

**Table of Contents****EXECUTIVE SUMMARY**

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

**Matters to be Voted on at our 2015 Annual Meeting**

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

**Key Company Statistics**

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

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

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

**2014 Performance Highlights**

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

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

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

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

**2014 Annual Compensation**

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

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

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

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

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

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

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

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

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**CORPORATE GOVERNANCE**

**Corporate Governance Principles**

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

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

**Director Independence**

Under NYSE Corporate Governance Standards, an independent director is a member of the Board of Directors who:

Does not, and has not for the three years prior to the date of determination, received more than \$120,000 per year in earned compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

Is not, and has not been for the three years prior to the date of determination, an employee of the Company;

Is not, and has not been, affiliated with or employed by the present or former auditor of the Company, or one of the auditors affiliates, unless it has been more than three years since the affiliation, employment, or the auditing relationship ended;

Is not, and has not been for the three years prior to the date of determination, part of an interlocking directorship in which an executive officer of the Company serves on the compensation committee of a company that concurrently employs the director;

Is not, and has not been for the three years prior to the date of determination, an executive officer or an employee of another company (1) that accounts for at least 2% or \$1 million, whichever is greater, of the Company s consolidated gross revenues or (2) for which the Company accounts for at least 2% or \$1 million, whichever is greater, of such other company s consolidated gross revenues;

Has no other material commercial, industrial, banking, consulting, legal, accounting, charitable, or familial relationship with the Company, either individually or as a partner, shareholder, or officer of an organization



or entity having such a relationship with the Company, which relationship would adversely impact the director's independence in connection with the Company; and

Has, and for the three years prior to the date of determination had, no immediate family members (i.e., spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone who shares the director's home) in any of the above categories; provided, however, that in the case of employment of one of the above-described immediate family members, the family member must have served as an executive officer or partner of the subject entity to impact the director's independence.

It is a responsibility of the Board of Directors to regularly assess each director's independence and to take appropriate actions in any instance in which the requisite independence has been compromised.

The Board of Directors has determined that Messrs. Beda, Brown, Dill, Dubinsky, Grady, Hanser, Irby, Oates, Westbrook, and Zimmerman qualify as independent directors. In making this determination, the Board of Directors considered the rules of the NYSE and the U.S. Securities and Exchange Commission (the SEC), including NYSE rules regarding the independence of the Compensation Committee, and reviewed information provided by the directors in questionnaires concerning the relationships that we may have with each director. In particular, with respect to Mr. Irby, the Board of Directors considered the related party transaction described on page 57 of this proxy statement and concluded that Mr. Irby's independence was not compromised.

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

**Leadership:** Our Board of Directors is presently composed of ten independent directors and eight employee directors. The Board strategically considers the combination or separation of the Chairman and Chief Executive Officer roles as an integral part of its planning process and corporate governance philosophy. Ronald J. Kruszewski concurrently serves as both a Chairman of the Board and Chief Executive Officer. Thomas W. Weisel shares the role of Chairman of the Board with Mr. Kruszewski.

Although Mr. Kruszewski currently serves as Chairman of the Board and Chief Executive Officer, the Board believes that this structure serves the Company well because it provides consistent leadership and accountability for managing Company operations. In addition, our Board of Directors also holds regularly scheduled executive sessions without management, at which a non-management director presides in compliance with the NYSE Corporate Governance Standards.

**Risk Oversight:** Our Board of Directors has responsibility for the oversight of risk management. Our Board of Directors, either as a whole or through its Committees, regularly discusses with Company management our major risk exposures, their potential impact, and the steps we take to monitor and control such exposures.

While our Board is ultimately responsible for risk oversight, each of our Committees assists the full Board in fulfilling its oversight responsibilities in certain areas of risk. In particular, the Audit Committee focuses on the management of financial and accounting risk exposures. The Compensation Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. Finally, the Risk Management/Corporate Governance Committee focuses on the management of risks associated with Board organization, membership, and structure, and the organizational and governance structure of our Company.

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

**Meetings:** During 2014, our Board of Directors met eight times, including both regularly scheduled and special meetings. During the year, all of the incumbent directors attended at least 75% of all meetings held by the Board of Directors and all Committees on which they serve. It is our policy to encourage the members of our Board of Directors to attend the Annual Meeting of shareholders. At the last Annual Meeting, seven of the then-current directors were in attendance.

**Committees:** The standing committees of our Board of Directors are the Audit Committee, Compensation Committee, Executive Committee, and Risk Management/Corporate Governance Committee. The Audit Committee, Compensation Committee, and Risk Management/Corporate Governance Committee each operates pursuant to a written charter approved by the Board of Directors. The full text of each such charter and our corporate governance guidelines are available in the Corporate Governance section of our web site located at [www.stifel.com](http://www.stifel.com), or may be obtained by any shareholder, without charge, upon request by contacting David Minnick, our Corporate Secretary, at (314) 342-2000 or by e-mail at [investorrelations@stifel.com](mailto:investorrelations@stifel.com).

**Audit Committee.** Messrs. Beda (Chairman), Dubinsky, Grady, Oates, and Westbrook are the current members of the Audit Committee, each of whom is an independent director as defined by the NYSE, the SEC, and as determined by

our Board of Directors. The duties of the Audit Committee include:

Recommending to the Board of Directors a public accounting firm to be placed in nomination for shareholder ratification as our independent auditors and compensating and terminating the independent auditors as deemed necessary;

Meeting periodically with our independent auditors and financial management to review the scope of the proposed audit for the then-current year, the proposed audit fees, and the audit procedures to be utilized, reviewing the audit and eliciting the judgment of the independent auditors regarding the quality of the accounting principles applied to our financial statements; and

Evaluating on an annual basis the qualification, performance, and independence of the independent auditors, based on the Audit Committee's review of the independent auditors' report and the performance of the independent auditors throughout the year.

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Each member of the Audit Committee is financially literate, knowledgeable, and qualified to review financial statements. The audit committee financial expert designated by our Board of Directors is Mr. Beda. The Audit Committee met seven times during 2014.

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

Reviewing and recommending to our Board of Directors the salaries of all of our executive officers;

Reviewing market data to assess our competitive position for the components of our executive compensation;

Making recommendations to our Board of Directors regarding the adoption, amendment, and rescission of employee benefit plans; and

Reviewing the Company's compensation policies and practices with respect to the Company's employees to ensure that they are not reasonably likely to have a material adverse effect on the Company.

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

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

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

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

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

Considering nominees for directors recommended by our shareholders; and

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

In accordance with the Risk Management/Corporate Governance Committee's charter and our corporate governance guidelines, the Risk Management/Corporate Governance Committee considers nominees recommended by shareholders and reviews the qualifications and contributions of the directors standing for election each year. In identifying and evaluating nominees for director, the Risk Management/Corporate Governance Committee considers, among other things, each candidate's strength of character, judgment, career specialization, relevant technical skills, experience, diversity, and the extent to which the candidate would fill a need on the Board of Directors.

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

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

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

## **Corporate Governance and Code of Ethics**

In accordance with the requirements of the NYSE and the Sarbanes-Oxley Act of 2002, we have adopted Corporate Governance Guidelines as well as charters for the Audit Committee, Compensation Committee, and Risk Management/Corporate Governance Committee. These guidelines and charters are available for review under the Corporate Governance section of our web site at [www.stifel.com](http://www.stifel.com). We have also adopted a Code of Ethics for Directors, Officers, and Associates. The Code of Ethics is also posted in the Corporate Governance section of our web site, located at [www.stifel.com](http://www.stifel.com), or may be obtained by any shareholder, without charge, upon request by contacting David Minnick, our Corporate Secretary, at (314) 342-2000 or by e-mail at [investorrelations@stifel.com](mailto:investorrelations@stifel.com).

We have established procedures for shareholders or other interested parties to communicate directly with our Board of Directors, including the presiding director at the executive sessions of the non-management directors or the non-management directors as a group. Such parties can contact our Board of Directors by mail at: Stifel Financial Corp., Attention: Ronald J. Kruszewski/Thomas W. Weisel, Chairmen of the Board, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102. All communications made by this means will be received by the Chairmen of the Board and relayed promptly to the Board of Directors or the individual directors, as appropriate.

## **Compensation and Risk**

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

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

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

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

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

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

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**ITEM I ELECTION OF DIRECTORS**

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

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

Our Company's Board of Directors currently consists of 18 persons, divided into three classes. The nominees for election at the Annual Meeting are: six (6) Class II members. Typically, each class is elected for a term of three years, and the classes together are staggered so that one class term expires each year.

The Board of Directors, upon the recommendation of the Risk Management/Corporate Governance Committee, has nominated Charles A. Dill, Richard J. Himelfarb, Alton F. Irby III, Victor J. Nesi, James M. Zemlyak, and Michael J. Zimmerman for election as Class II directors to hold office until the 2018 Annual Meeting of shareholders or until their respective successors are elected and qualified or until their earlier death, resignation, or removal. Each of the nominees is currently serving as a director of our Company.

The Board has granted a waiver from the age 70 restriction on standing for re-election to Messrs. Dill, Himelfarb, and Irby due to the desire for continuity and the specialized skill sets and business experience they contribute to the Board.

Shares represented by your proxy will be voted in accordance with your direction as to the election of directors from the persons listed below as nominees. In the absence of direction, the shares represented by your proxy will be voted **FOR** the election of each nominee. In an uncontested election, as is the case in this election, each nominee for director shall be elected to the Board of Directors if the votes cast **FOR** such nominee's election exceed the **WITHHOLD** votes cast against such nominee's election. Shares represented by your proxy cannot be voted for more than six (6) Class II directors. In the event any person listed as a nominee becomes unavailable as a candidate for election, it is intended that the shares represented by your proxy will be voted for the remaining nominees and any substitute nominee recommended by the Board of Directors.

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

**Experience and Diversity**

The Risk Management/Corporate Governance Committee of the Board of Directors actively seeks directors who provide the Board with a diversity of perspectives and backgrounds.

The composition of our current Board of Directors reflects diversity in business and professional experience, skills, and ethnic background. When considering whether directors and nominees have the experience, qualifications, attributes, and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the Risk Management/Corporate Governance Committee



and the Board of Directors focused primarily on the information discussed in each of the individual biographies set forth below. These biographies briefly describe the business experience during the past five years or longer, if material, of each of the nominees for election as a director and our other directors whose terms of office will continue after the Annual Meeting, including, where applicable, positions held with us or our principal subsidiary, Stifel, Nicolaus & Company, Incorporated, and information as to the other directorships held by each of them during such five-year period. These biographies also include the specific individual attributes considered by the Risk Management/Corporate Governance Committee and the Board of Directors in coming to the conclusion that each such nominee or current director should serve as a director of the Company.

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**Class II Director Nominees**

**Charles A. Dill, 75**

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

*Committees:* Compensation Committee

**Career Highlights**

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

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

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

**Other Professional Experience and Community Involvement**

Venture capital and private equity investor

Board Member, Walker School of Business, Webster University

Board Member, John Allan Love Charitable Foundation

M.B.A. Harvard Business School

B.S. Yale University

**Experience and Qualifications**

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

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

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**Richard J. Himelfarb, 73**

*Vice Chairman and Senior Vice President of Stifel Financial Corp.*

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

**Career Highlights**

Stifel Financial Corp. Senior Vice President (December 2005 present)

Stifel, Nicolaus & Company, Incorporated

Executive Vice President and Director (December 2005 present)

Chairman of Investment Banking (July 2009 present)

Director of Investment Banking (December 2005 July 2009)

Legg Mason, Inc.

Director (November 1983 July 2005)

Executive Vice President (July 1995 November 2005)

Senior Vice President (November 1983 July 1995)

Legg Mason Wood Walker, Inc.

Executive Vice President (July 1995 November 2005)

Senior Vice President (November 1983 July 1995)

**Other Professional Experience and Community Involvement**

Practiced corporate, tax, and securities law for 16 years prior to joining Legg Mason

Member, Board of Directors, Greater Baltimore Committee

Member, Board of Directors, Kennedy Krieger Institute

Member, Board of Directors, University of Maryland Baltimore Foundation

Member, Executive Committee, Yale Law School Association

**Experience and Qualifications**

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

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**Alton F. Irby III, 74**

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

*Committees:* Compensation Committee

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

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

(AIM: CFL)

**Career Highlights**

Founding partner, London Bay Capital LLC, a privately held investment firm (May 2006 – present)

Founding partner, Tricorn Partners LLP, a privately held investment bank (May 2003 – May 2006)

Chairman and Chief Executive Officer of HawkPoint Partners (formerly known as National Westminster Global Corporate Advisory) (1997 – 2000)

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

**Experience and Qualifications**

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

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**Victor J. Nesi, 55**

*Office of the President of Stifel Financial Corp.*

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

**Career Highlights**

Stifel Financial Corp.

Office of the President (June 2014 – present)

Senior Vice President (July 2009 – June 2014)

Stifel, Nicolaus & Company, Incorporated – Executive Vice President and Co-Director of Institutional Group (July 2009 – present)

Merrill Lynch, a global investment firm

Global Head of the Technology, Telecommunications, and Media Industries Group within Merrill Lynch Global Private Equity (2007 – 2008)

Head, Americas Investment Banking (2005 – 2007)

Head, Telecom & Media Investment Banking Group (2001 – 2005)

**Other Professional Experience and Community Involvement**

Investment banker with two global investment banking firms for 7 years prior to joining Merrill Lynch

Practiced corporate and securities law for 4 years

**Experience and Qualifications**

With over 25 years of experience in capital markets, including international operations, Mr. Nesi has developed extensive knowledge of the industry. His substantial experience and perspective assists the Board in its review of the Company's capital markets business.



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**James M. Zemlyak, 56**

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

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

**Career Highlights**

Stifel Financial Corp.

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

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

Treasurer (1999 – 2011)

Stifel, Nicolaus & Company, Incorporated

Executive Vice President (2005 – present)

Chief Operating Officer (2002 – present)

Chief Financial Officer (1999 – 2006)

Managing Director and Chief Financial Officer, Baird Financial Corporation (1997 – 1999)

Senior Vice President and Chief Financial Officer, Robert W. Baird & Co. Incorporated (1994 – 1999)

**Experience and Qualifications**

Mr. Zemlyak has been our Chief Financial Officer since 1999, is a key leader of the Company, and has over 25 years of experience in the financial services industry. The Board believes his knowledge of our Company and its business is instrumental in formulating and executing our business plans and growth strategies.



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**Michael J. Zimmerman, 64**

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

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

**Career Highlights**

Continental Grain Company, a diversified international agribusiness and investment firm

Vice Chairman (2012 - present)

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

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

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

**Other Professional Experience and Community Involvement**

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

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

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

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

Chairman, Investment Committee, U.S. Holocaust Museum

### **Experience and Qualifications**

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

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**Continuing Directors**

**Michael W. Brown, 69**

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

*Committees:* Risk Management/Corporate Governance Committee

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

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

**Career Highlights**

Microsoft Corporation, a global software company (NASDAQ: MSFT)

Vice President and Chief Financial Officer (August 1994 – July 1997)

Vice President – Finance and Treasurer (1989 – August 1994)

Deloitte & Touche LLP, a provider of assurance, tax, and business consulting services (1971 – 1989)

**Other Professional Experience and Community Involvement**

Former Chairman, NASDAQ Stock Market Board of Directors

Former Governor, National Association of Securities Dealers

**Experience and Qualifications**

Mr. Brown has considerable financial and accounting expertise, including eight years of financial leadership with a leading technology company and directorships at other publicly held companies. Mr. Brown also has considerable experience as a director and governor of self-regulatory organizations within the financial services industry.



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**John P. Dubinsky, 71**

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

*Committees:* Audit Committee and Executive Committee

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

**Career Highlights**

Chairman, Stifel Bank & Trust (April 2007 – present)

President and Chief Executive Officer, Westmoreland Associates, LLC, a financial consulting company (1995 – present)

CORTEX (Center of Research, Technology, and Entrepreneurial Expertise)

Chairman (2008 – present)

President and Chief Executive Officer (2003 – 2008)

President Emeritus, Firststar Bank (1999 – 2001)

Chairman, President, and Chief Executive Officer, Mercantile Bank (1997 – 1999)<sup>(1)</sup>

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

**Other Professional Experience and Community Involvement**

Trustee, Barnes-Jewish Hospital

Trustee, Washington University

Trustee, St. Louis Public Library

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

**Experience and Qualifications**

Mr. Dubinsky is a leader in the financial consulting industry and has extensive experience in managing financial institutions. Mr. Dubinsky also has strong experience as a director of other publicly held and large private companies as well as not-for-profit entities.

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



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**Robert E. Grady, 57**

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

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

*Other Current Public Company Directorships:* Maxim Integrated Products, Inc. (NASDAQ: MXIM)

*Other Public Company Directorships Within the Past 5 Years:* Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG), AuthenTec, Inc. (NASDAQ: AUTH), and Blackboard, Inc. (NASDAQ: BBBB)

**Career Highlights**

Partner, Gryphon Investors, a private equity investment firm (2015 – present)

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

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

Member, Management Committee

Chairman and Fund Head, Carlyle Venture Partners

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

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

Member, Management Committee

**Other Professional Experience and Community Involvement**

Director, Jackson Hole Mountain Resort

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

Steering Committee Member, Wyoming Business Alliance

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

Former Chairman, National Venture Capital Association ( NVCA )

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

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

Former Lecturer in Public Management, Stanford Graduate School of Business

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

A.B., Harvard College

### **Experience and Qualifications**

Mr. Grady has extensive leadership experience in the private equity investment and the broker-dealer segments of the financial services industry. Mr. Grady also has substantial federal and state governmental experience as well as strong academic experience. Finally, Mr. Grady has considerable experience as a director of other publicly and privately held companies.

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**Thomas B. Michaud, 51**

*Senior Vice President of Stifel Financial Corp.*

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

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

**Career Highlights**

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

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

Chairman and Chief Executive Officer (2011 present)

President (2006 present)

Director (1999 present)

KBW, Inc.

Chief Executive Officer and President (2011 2013)

Chief Operating Officer (2005 2011)

Vice Chairman (2005 2013)

**Other Professional Experience and Community Involvement**

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

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

Capital Campaign Committee, Middlebury College (2007 – present)

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

Former Member, Greenwich Town Meeting

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

Bachelor of Arts, Middlebury College

**Experience and Qualifications**

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

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**James M. Oates, 68**

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

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

*Other Current Public Company Directorships:* Connecticut River Bancorp (PK: CORB.PK)

**Career Highlights**

Managing Director, The Wydown Group, a financial consulting firm (1994 – present)

Chairman, Hudson Castle Group, Inc. (formerly IBEX Capital Markets, Inc.), a financial services company (1997–2011)

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

**Other Professional Experience and Community Involvement**

Board Member, Virtus Funds

Chairman of the Board, John Hancock Funds

Chairman of the Board, Emerson Investment Management, Inc.

Trustee Emeritus of Middlesex School, Concord, Massachusetts

Board Member, Connecticut River Bancorp (2000 – 2014)

Chairman, Connecticut River Bank (2000 – 2014)

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

M.B.A., Harvard Business School

B.A , Harvard College

**Experience and Qualifications**

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

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**Ben A. Plotkin, 59**

*Vice Chairman and Senior Vice President of Stifel Financial Corp.*

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

**Career Highlights**

Stifel Financial Corp. Vice Chairman and Senior Vice President (August 2007 present)

Stifel, Nicolaus & Company, Incorporated Executive Vice President (February 2007 present)

Ryan Beck & Company, Inc., a broker-dealer Chairman and Chief Executive Officer (1997 February 2007)

Ryan Beck, a broker-dealer firm

Executive Vice President and Director (1990 1997)

Director and Vice President Investment Banking Division (1987 1990)

**Other Professional Experience and Community Involvement**

Advised numerous financial services organizations throughout his career as a lawyer and investment banker

Previously served on the boards of other financial institutions and a trade association for the securities industry

Presently active with several not-for-profit organizations

**Experience and Qualifications**

Mr. Plotkin's expertise with respect to corporate strategy and advising financial services clients provides practical insight to the Board regarding key Company operations and strategic planning.

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**Bruce A. Beda, 74**

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

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

**Career Highlights**

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

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

**Other Professional Experience and Community Involvement**

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

B.B.A, Accounting, University of Michigan

**Experience and Qualifications**

Mr. Beda has financial expertise and decade-long leadership as a financial asset manager and provides an important historical perspective with respect to Company operations. Mr. Beda also has substantial experience as a director of other publicly held companies.



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**Frederick O. Hanser, 73**

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

*Committees:* Compensation Committee and Risk Management/Corporate Governance Committee

**Career Highlights**

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

Chairman of the Audit Committee (2010 – present)

Director and Vice Chairman (2007 – present)

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

Chairman and Vice Chairman, St. Louis Cardinals, LLC, a professional baseball team (1996 – 2010)

Attorney, Fordyce and Mayne, a law firm

Attorney, Armstrong, Teasdale LLP, a law firm

**Other Professional Experience and Community Involvement**

One of three principal organizers and Member, Board of Directors, of Mississippi Valley Bancshares, Inc., a bank holding company for Southwest Bank of St. Louis (NASDAQ: MVBI) <sup>(1)</sup>

Practiced law for 29 years, focused in banking, corporate and estate taxation, medical law, venture capital, and closely held businesses

B.A., Yale University

J.D., Washington University

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

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

**Experience and Qualifications**

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

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

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**Ronald J. Kruszewski, 56**

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

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

*Committees:* Executive Committee (Co-Chairman)

**Career Highlights**

Stifel Financial Corp.

Chairman (2001 – present)

Chief Executive Officer (September 1997 – present)

President (September 1997 – June 2014)

Stifel, Nicolaus & Company, Incorporated

Chairman (2001 – present)

President (April 2011 – present)

Chief Executive Officer (September 1997 – present)

**Other Professional Experience and Community Involvement**

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

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

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

Chairman of Downtown Now!

Member, Board of Directors, St. Louis Regional Chamber

Member, Board of Directors, Barnes-Jewish Hospital

Member, Regional Business Council in St. Louis

Member, World Presidents Organization - St. Louis Chapter

Former Chairman, Downtown St. Louis Partnership, Inc.

**Experience and Qualifications**

Mr. Kruszewski has extensive managerial and leadership experience in the financial services industry in addition to a comprehensive understanding and knowledge of the Company's day-to-day operations and strategy.

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**Thomas P. Mulroy, 53**

*Office of the President of Stifel Financial Corp.*

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

**Career Highlights**

Stifel Financial Corp.

Office of the President (June 2014 – present)

Senior Vice President (December 2005 – June 2014)

Stifel, Nicolaus & Company, Incorporated

Executive Vice President (December 2005 – present)

Co-Director of Institutional Group (July 2009 – present)

Director, Equity Capital Markets (December 2005 – July 2009)

Legg Mason, Inc. Executive Vice President (1986 – November 2005)

**Other Professional Experience and Community Involvement**

Chairman of the Board of Stifel Nicolaus Europe Limited

B.S. in finance, Ithaca College

M.B.A. in finance, American University

**Experience and Qualifications**

With over 25 years of experience in capital markets, Mr. Mulroy has developed extensive knowledge of the industry. His substantial experience and perspective assists the Board in its review of the Company's capital markets business.

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**Thomas W. Weisel, 74**

*Chairman of the Board of Directors of Stifel Financial Corp.*

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

*Committees:* Executive Committee (Co-Chairman)

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

**Career Highlights**

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

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

**Other Professional Experience and Community Involvement**

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

Chairman, USA Cycling Foundation Board (2000 – present)

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

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

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

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

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

Board Member, NASDAQ (2002 – 2006)

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

**Experience and Qualifications**

Mr. Weisel has extensive entrepreneurial and operational experience in the financial services industry, as evidenced by his founding and development of the investment firms of Thomas Weisel Partners Group, Inc. ( TWPG ) and Montgomery Securities prior to joining the Company.



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**Kelvin R. Westbrook, 59**

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

*Committees:* Audit Committee

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

**Career Highlights**

President and Chief Executive Officer, KRW Advisors, LLC, a privately held telecommunications and media consulting and advisory services firm (October 2007 – present)

Broadstripe, LLC (formerly known as Millennium Digital Media Systems, LLC), broadband services company <sup>(1)</sup>

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

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

Partner of a national law firm

**Other Professional Experience and Community Involvement**

Chairman, Board of Directors, BJC HealthCare

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

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

J.D., Harvard Law School

B.A. University of Washington

**Experience and Qualifications**

Mr. Westbrook brings legal, media, and marketing expertise to the Board of Directors. In addition, through his service on the boards of directors and board committees of other public companies and not-for-profit entities, Mr. Westbrook has gained an in-depth knowledge and expertise in corporate governance.

- <sup>(1)</sup> Broadstripe, LLC and certain of its affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in January 2009, approximately 15 months after Mr. Westbrook resigned from the firm.

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**COMPENSATION MATTERS**

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

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

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

Our Company performed extremely well during 2014:

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

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

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

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

The Compensation Committee utilizes complete discretion in setting incentive compensation for the named executive officers. No Company or individual performance targets or other quantitative formulas are utilized by the Compensation Committee in the setting of awards. Instead, the Compensation Committee reviews Company performance and the individual performance evaluations after the fact in order to determine incentive compensation.

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

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

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

### **2014 Say on Pay Vote**

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

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

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

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

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**COMPENSATION DISCUSSION AND ANALYSIS**

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

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

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

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

Victor J. Nesi, who served as our President and Co-Director of the Institutional Group of our subsidiary, Stifel, Nicolaus & Company, Incorporated;

Thomas P. Mulroy, who served as our President and Co-Director of the Institutional Group of our subsidiary, Stifel, Nicolaus & Company, Incorporated; and

Thomas B. Michaud, who served as our President and Chief Executive Officer of our subsidiary, Keefe, Bruyette & Woods, Inc.

**2014 Company Performance Highlights**

*Financial Performance*

Our Company performed extremely well during 2014, which represented our 19th consecutive annual increase in net revenues. We achieved record annual core net revenues of \$2,212.8 billion, an increase of 12% from 2013, as well as record core pre-tax income of \$337.3 million, an increase of 14% from 2013. Our core net income per diluted common share was \$2.76, an increase of 10% from \$2.51 last year. Our other financial accomplishments during the year included:

Our core pre-tax margin on net revenues for 2014 was 15.2%, compared with 14.9% in fiscal 2013;

Our return on equity for 2014 was 9.7%, compared to 9.8% in the prior year;

The ratio of the firm's total capital to risk-weighted assets remained above 25.0% throughout the year;

The closing price of a share of our stock on the December 31, 2014 was \$51.02, which represented a 6% increase from the closing price on the last trading day of 2013;

Shareholders' equity was \$2.3 billion at December 31, 2014, resulting in a book value per share of \$35.00; and

Total capital ratio was 4.0 to 1 at December 31, 2014, which means we had \$1 of capital for every \$4.00 of assets.

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

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The firm's strong performance in fiscal 2014 was driven by record annual net revenues in all of our core segments and record annual pre-tax income in all of our core segments. In addition, we have continued to build out our infrastructure to bolster our risk management, compliance, and internal audit functions to ensure that we remain compliant with regulatory requirements.

**Global Wealth Management** Record results were driven by strong growth in client assets and a meaningful improvement in the segment's pre-tax margin to net revenues, which reached 28.1% for the fiscal year, up substantially from 26.8% in the prior year. Growth in client assets of 13% to \$186.6 billion was driven by market appreciation, near-record levels of financial advisor recruiting, and strong retention of existing financial advisors. The segment grew the number of financial advisors to over 2,100.

**Institutional Group** This segment obtained record annual net revenues of \$993.6 million and record annual pre-tax income of \$152.9 million, which was driven by record investment banking revenues of \$532.9 million. These results were obtained despite an extremely difficult market for the fixed income division.

### *Strategic Execution*

In addition to outstanding financial results, the firm successfully executed several strategic initiatives during 2014. For example, the Global Wealth Management completed the acquisition of Legg Mason Investment Counsel & Trust Co., N.A. The Institutional Group segment was strengthened by the acquisitions of De La Rosa & Co., a California-based public finance investment banking boutique, Oriel Securities, a London-based stockbroking and investment banking firm, and Merchant Capital, LLC, an Alabama-based public finance investment banking boutique. In addition, we made substantial technology investments to improve the client experience, productivity, and security in all of our businesses.

### **Summary of Compensation Decisions for 2014**

After assessing the Company's financial and strategic performance for fiscal 2014, and after further evaluating the individual performance of our named executive officers, the Committee exercised its discretion to award total annual earned compensation for 2014 to our NEOs as set forth in the following table. The Committee exercises discretion when awarding incentive compensation for our NEOs. When setting annual incentive compensation for our NEOs, the Committee considers total annual earned compensation, which consists of (i) salary for the fiscal year indicated, (ii) the annual bonus (both cash and deferred (equity and debenture) components) earned during such fiscal year but awarded in the subsequent fiscal year and (iii) the vesting of long-term incentive awards.

#### **Total Annual Earned Compensation**

<b>Named Executive Officer</b>	<b>Fiscal 2014</b>	<b>Fiscal 2013</b>	<b>% Change</b>
Ronald J. Kruszewski	\$ 6,800,000	\$ 6,200,000	10%
James M. Zemlyak	\$ 3,720,000	\$ 3,200,000	16%
Victor J. Nesi	\$ 4,300,000	\$ 3,400,000	26%
Thomas P. Mulroy	\$ 3,750,000	\$ 3,400,000	10%
Thomas B. Michaud	\$ 3,383,000	\$ 3,092,000	9%

*This table depicts how the Committee viewed its compensation decisions for our NEOs, but the presentation herein differs substantially from the SCT that is required by SEC rules. This table is not a substitute for the information*

*presented in the SCT. Among other differences, the table above includes equity awards in the column for the year they were earned, rather than the year in which the grant date occurred. Please see the section Differences Between 2014 Summary Compensation Table & Annual Earned Compensation Table for further important information regarding this presentation and the SCT.*

While the Committee considers numerous factors with respect to Company and individual performance during the year, as well as certain market data regarding compensation levels for particular comparable industry positions, the Committee does not attempt to rank or assign relative weight to any particular factor. The Committee does not rely on any single factor as a substitute for its own judgment in making compensation decisions, but rather applies its independent discretion in considering all factors in their entirety.



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**Table of Contents****Our Compensation Practices**

We describe below certain of our executive compensation practices that we believe serve to align our executives' pay with Company performance and their individual performance, promote good corporate governance, and serve our shareholders' long-term interests. Following this information is a list of certain disfavored compensation practices that we avoid. Finally, we describe the core principles that inform those practices.

***What We Do***

***Pay for performance.*** We award annual variable compensation (cash and deferred compensation) based on the performance of the Company and the individual. The great majority of our executive officers' compensation is variable and not guaranteed. Base salaries for our named executive officers constitute on average less than 10% of their total annual compensation.

***Use of deferred compensation.*** Variable compensation for our executive officers also includes a deferred component. Prior to 2015, the deferred portion of annual incentive compensation was in the form of restricted stock units. Commencing in 2015, the deferred portion of annual incentive compensation is in a combination of restricted stock units and debentures.

***Long vesting periods.*** Our deferred compensation, including both RSUs and debentures, generally vest ratably over 5 years after the grant date.

***Clawback policy.*** We maintain a robust compensation recoupment (or clawback) policy, which permits the Company to recover compensation in the event of financial restatement, inaccurate performance measures and serious misconduct that results in material harm to the Company.

***Stock ownership guidelines.*** We maintain stock ownership requirements for our executive officers, creating a further link between management interests, Company performance and shareholder value. All of our named executive officers have exceeded the ownership requirements.

***Double triggers.*** Our award agreements for RSUs issued since 2010 generally maintain the requirement of double triggers on the accelerated vesting of awards in the event of a change in control, meaning that an executive must actually be terminated following the change in control before vesting will be accelerated.

***Modest perquisites.*** We provide very modest perquisites that provide a sound benefit to the Company's business.

***What We Don't Do***

***No gross-ups.*** We do not provide excise tax gross-ups.

***No short selling or use of derivatives.*** Our insider trading policy prohibits our executive officers from short selling or dealing in publicly-traded options in our common stock.

***No all or nothing awards.*** Our long-term incentive compensation vest ratably over 10 years unless the vesting is accelerated by the Company achieving certain financial targets because the Committee believes all or nothing awards can lead to inappropriate incentives.

***Limited pledging by insiders.*** Our directors and executive officers have less than 0.001% of our outstanding shares held in margin accounts or pledged to third parties. The Company maintains a policy under which any new pledging of our common stock by such persons will require the approval of the Committee.

### ***Core Principles***

We discuss below the core principles of our compensation philosophy and objectives include: (1) paying for performance, (2) aligning the incentives of shareholders and our named executive officers and other employees, and (3) recruiting and retaining talented people. We periodically review our executive compensation program to ensure that it reflects good governance practices as well as the best interests of our shareholders, while meeting the following core objectives:

*Paying for Performance.* A substantial portion of the total compensation for each of the named executive officers is variable from year-to-year and is based upon the performance of the Company and the individual named executive officer during that year, without specific weighting or formulas. Illustrative of this fact is

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that the named executive officers' base salaries are low relative to peer executives in competitive companies and are not increased from year-to-year. The amount of compensation paid to each named executive officer is based in part upon the financial performance of our Company for the year and in part upon the named executive officer's performance during the year as analyzed and recommended by the Chief Executive Officer (in the case of all of the named executive officers except Mr. Kruszewski) to the Committee. In the case of Mr. Kruszewski, the analysis of his individual performance for the year is done entirely by the members of the Committee. In its assessments, the Committee utilizes complete discretion in setting annual incentive compensation for the named executive officers. No Company or performance targets or other quantitative formulas are utilized by the Committee in the setting of awards. Instead, at the end of each fiscal year, the Committee reviews Company performance and the individual performance evaluations, including any Company achievements to which the individual named executive officer contributed.

*Aligning the Incentives of Shareholders and our Named Executive Officers and other Employees.* We have designed our compensation program to encourage our employees to think and act like long-term shareholders. A cornerstone of this approach involves the policies that we have adopted to assure that our executive officers establish and maintain a significant amount of stock ownership in the Company over time. We believe that stock ownership by the executive officers directly aligns the interests of our management with those of our shareholders, and incentivizes our executive officers to focus on the operating performance of the Company and the creation of shareholder value. The following aspects of our compensation program encourage stock ownership and the alignment of interests described above:

*Significant Portion of Variable Compensation in Deferred Compensation.* A significant portion of the named executive officers' annual incentive compensation is paid in the form of deferred compensation (RSUs and debentures), which vest ratably over five years. Our named executive officers' ownership of our Company (including common stock and restricted stock unit awards) was approximately 4% of the fully diluted outstanding number of shares of common stock, with a market value of \$161.2 million, as of the record date.

*Employee Ownership Requirements.* Since 1997, a major goal of the Company has been to increase the ownership of our common stock by its employees, including the named executive officers. The primary vehicle utilized to achieve this goal has been the requirement for a portion of the annual incentive compensation to be paid in stock units.

*Clawback Provisions.* Our restricted stock unit awards and underlying shares at risk are subject to clawback provisions that could result in forfeiture or recapture by us, including as a result of violating firm policies, or engaging in any conduct detrimental to our Company.

*Hedging Policy.* Our named executive officers who are currently executive officers are prohibited from hedging any shares of our common stock, even shares they can freely sell, as long as they remain executive officers. Additionally, they may not enter into uncovered hedging transactions and may not short shares of our common stock.

*Potential Payments upon Termination or Change-in-Control.* No named executive officer has an employment agreement that provides for guaranteed payments, severance, or golden parachute payments.

*Recruiting and Retaining Talented People.* It is essential to the execution of our business strategy that we recruit and retain talented people. The competitive nature of the securities industry related to executive talent, requires us to provide total compensation opportunities that take into account the compensation opportunities offered by other companies in our industry. Our compensation package must be sufficiently aligned with industry practices so that we can continue to attract and retain executives who can effectively guide our Company. With this in mind, the Committee uses comparisons of the compensation practices of competitive companies as a check at the end of the annual compensation process to evaluate our compensation practices.

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**Table of Contents****Utilization of Non-GAAP Measures**

The Company utilizes non-GAAP calculations of presented net revenues, income before income taxes, net income, and diluted earnings per share as additional measures to aid in understanding and analyzing the Company's financial results. Specifically, the Company believes that the non-GAAP measures provide useful information by excluding certain items that may not be indicative of the Company's core operating results and business outlook. The Company believes that these non-GAAP measures will allow for a better evaluation of the operating performance of the business and facilitate a meaningful comparison of the Company's results in the current period to those in prior and future periods. Reference to these non-GAAP measures should not be considered as a substitute for results that are presented in a manner consistent with GAAP. These non-GAAP measures are provided to enhance investors' overall understanding of the Company's current financial performance. These non-GAAP amounts exclude compensation expense related to the granting of stock awards with no continuing service requirement issued as retention as part of acquisitions during the years reported and certain compensation and non-compensation operating expenses associated with the acquisitions and the U.S. tax benefit arising out of the Company's investment in SN Canada during 2013.

A limitation of utilizing these non-GAAP measures of net revenues, compensation and benefits, non-compensation operating expenses, income before income taxes, provision for income taxes, net income, compensation and non-compensation operating expenses ratios, pre-tax margin and diluted earnings per share is that the GAAP accounting effects of these merger-related charges do in fact reflect the underlying financial results of the Company's business and these effects should not be ignored in evaluating and analyzing its financial results. Therefore, the Company believes that GAAP measures of net revenues, compensation and benefits, non-compensation operating expenses, income before income taxes, provision for income taxes, net income, compensation and non-compensation operating expense ratios, pre-tax margin and diluted earnings per share and the same respective non-GAAP measures of the Company's financial performance should be considered together.

**Differences Between 2014 Summary Compensation Table & Annual Earned Compensation Table**

There are four principal differences between the above Annual Earned Compensation table and the 2014 Summary Compensation Table included in the *Executive Compensation* section, which shows compensation information in a format required by the SEC:

We grant both cash and equity incentive compensation after the earnings for a fiscal year have been announced. In both the Annual Earned Compensation Table and the 2014 Summary Compensation Table, cash incentive compensation paid in fiscal 2014 for fiscal 2014 performance is shown as fiscal 2014 compensation. The Annual Earned Compensation Table treats equity awards and debentures similarly. For example, equity awards (i.e., restricted stock units) granted in fiscal 2014 for fiscal 2014 performance are shown as fiscal 2014 compensation. The 2014 Summary Compensation Table does not follow this treatment and instead reports the value of equity grants and debentures in the year in which they are granted. For example, equity awards granted in fiscal 2015 for fiscal 2014 performance are not shown in the 2014 Summary Compensation Table for fiscal 2014. Instead, the value of equity awards granted in fiscal 2015 for fiscal 2014 performance will be shown in the Summary Compensation Table for 2015.

The Annual Earned Compensation Table reflects the value of long-term incentive awards in the year vested at issue price, while the 2014 Summary Compensation Table reflects the value of the awards in the year of grant.

The 2014 Summary Compensation Table reports all other compensation. The Annual Earned Compensation table does not report these amounts because they are (1) not realized currently by the named executive officer (i.e., Profit Sharing Plan contribution; 401(k) Company match; and Deferred Compensation Plan contribution) or (2) de minimis in terms of total annual compensation (i.e., perquisites).

With respect to Mr. Michaud, any salary and incentive compensation paid by KBW during 2013, prior to the merger in February 2013, was taken into consideration by the Committee when determining his compensation in 2014. The Summary Compensation Table reports those amount paid by the Company for 2013 performance after the merger.

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### **2014 Compensation Decisions**

The Committee has the responsibility for approving the compensation paid to our named executive officers and ensuring that our compensation program is consistent with our core principles and is meeting our goals and objectives. In determining compensation, the Committee carefully considers the following factors:

*The Most Recent Advisory Vote to Approve Executive Compensation.* The most recent shareholder advisory vote to approve executive compensation received strong support from our shareholders (approximately 70% of votes cast). We have engaged with many of our shareholders over the past year to gain further insight and understanding into their views on our executive compensation program. Where we have received feedback from shareholders on our philosophy and track record of pay for performance and the overall structure of our compensation programs, we have communicated that feedback to the Committee for its consideration, and the Committee has taken that feedback into account in making its determinations.

*Input from Executive Officers.* The analysis of the Committee with respect to the compensation of the named executive officers, other than Mr. Kruszewski, begins with the recommendation of the Chief Executive Officer and is supported by internal and external compensation data that is supplied by the Chief Executive Officer and compiled by our accounting department. The information provided to the Committee may include financial information with respect to our Company and its business segments as well as a summary of the Chief Executive Officer's evaluation of the individual performance of each of the other named executive officers for the most recently completed year.

The Chief Executive Officer may also provide information gathered from external surveys and other sources with respect to the compensation amounts and packages for companies that are considered competitors of our Company for executive talent. These are typically used as a check to determine if the amount of annual compensation that is set under the process outlined above has yielded an appropriate amount of overall compensation for the executive officer as compared with the general market.

The Committee itself conducts its own evaluation of the performance of the Chief Executive Officer for the year in determining the Chief Executive Officer's annual and long-term incentive compensation. The Committee typically includes a compensation peer group survey in its analysis of the Chief Executive Officer's annual bonus.

*Compensation Surveys.* We gather compensation information primarily from external surveys on compensation that are available in the market as well as publicly available data on the specific competitive companies from that company's public filings, such as proxy statements. This compensation information is used as a final review of the appropriateness of the compensation levels set by the Committee's analysis of the financial and qualitative data presented for each of these officers.

*Risk Oversight of the Company's Compensation Program.* The Committee carefully monitors compensation structure and levels to ensure they reflect an appropriate balance of pay-for-performance within acceptable risk parameters. Based on current and evolving best practices, the Committee conducted a compensation risk assessment of the various elements of our Company's overall compensation policies and practices (including incentive compensation programs). In its analysis, the Committee reviewed, with input from management,

the Company's compensation programs, including appropriate internal controls to mitigate or reduce risk. Based on its review, the Committee determined that the Company's compensation policies and practices do not create excessive and unnecessary risk taking. In addition to review by the Committee, the full Board of Directors will continue to maintain procedures to ensure ongoing management and assessment of compensation policies and practices as they relate to risk.

*Tax Deductibility under 162(m).* Early each year, the Committee sets the formula that limits incentive compensation that may be paid to our named executive officers for Company and individual performance during the prior year to allow such compensation to be fully deductible under the Internal Revenue Code. The Committee utilizes its sole discretion as to the level of annual incentive compensation it pays to each of the named executive officers.



**Table of Contents****Committee's View of Annual Compensation of Named Executive Officers**

The Committee determined the form and amount of total earned compensation to be awarded to each of our named executive officers for 2014, as set forth in the table below. The Committee focuses on total earned compensation, because the Committee believes that to be the best measure by which to reward performance. Annual earned compensation includes base salary, annual incentive compensation and the vesting or acceleration of long-term performance awards. Annual incentive compensation is awarded in the form of cash, RSUs and debentures and is the last element of total earned compensation to be determined with respect to any given year. Accordingly, annual incentive compensation is the primary way the Committee determines total earned compensation. As described above, the annual incentive compensation amounts awarded were not formulaic, and were not based on specific firm-wide or individual performance targets.

The following table compares annual earned compensation of our named executive officers for years 2014 and 2013. For purposes of this table, total earned compensation consists of salary for the year indicated, annual incentive compensation (cash, RSUs and debentures) deemed earned through services rendered in the year indicated, and the amount of long-term incentive awards (excluding hiring incentives and other annual compensation) which vested in the year indicated. The Annual Earned Compensation Table below reflects the Committee's view of its annual compensation determinations relating to the named executive officers. This table differs substantially from the 2014 Summary Compensation Table required by the SEC and is not a substitute therefor.

**Annual Earned Compensation**

<b>Name</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Annual Incentive Compensation (\$)</b>	<b>Total Annual Compensation (\$)</b>	<b>Vesting and Acceleration of Long-Term Incentive Awards (\$)</b>	<b>Total Annual Earned Compensation (\$)</b>
Ronald J. Kruszewski	2014	200,000	6,000,000	6,200,000	600,000	6,800,000
	2013	200,000	5,000,000	5,200,000	1,000,000	6,200,000
	% change		%	20%	19%	(40)%
James M. Zemlyak	2014	175,000	3,125,000	3,300,000	420,000	3,720,000
	2013	175,000	2,625,000	2,800,000	400,000	3,200,000
	% change		%	19%	18%	5%
Victor J. Nesi	2014	250,000	3,650,000	3,900,000	400,000	4,300,000
	2013	250,000	2,750,000	3,000,000	400,000	3,400,000
	% change		%	33%	30%	0%
Thomas P. Mulroy	2014	250,000	3,100,000	3,350,000	400,000	3,750,000
	2013	250,000	2,750,000	3,000,000	400,000	3,400,000
	% change		%	13%	12%	0%
Thomas B. Michaud	2014	250,000	2,983,000	3,233,000	150,000	3,383,000
	2013	250,000	2,692,000	2,942,000	150,000	3,092,000
	% change		%	11%	10%	%

(1)

The current vesting period of the long-term awards of ten years would be accelerated to five years if the Company achieves certain financial targets over the vesting period. There were no acceleration of long-term incentive awards during 2014 and 2013.

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*Components of Annual Earned Compensation*

The key components of annual earned compensation are base salary, annual incentive compensation, and the vesting and acceleration of long-term incentive compensation. Annual earned compensations consists of cash, restricted stock units and debentures.

*Base Salary*

We pay relatively low levels of base salary compared to the market due to our variable pay-for-performance philosophy. Mr. Kruszewski is paid a \$200,000 annual base salary, and his salary has not been increased since he joined the Company in 1997. Mr. Zemlyak is paid a \$175,000 annual base salary, and his salary has not been increased since he joined our Company in 1999. Mr. Nesi receives a base salary of \$250,000, which has been his base salary since joining the Company in 2009. Mr. Mulroy continues to receive an annual base salary of \$250,000, which was the base salary that he earned at his prior employer at the time of its acquisition by the Company in December 2005. Mr. Michaud receives a base salary of \$250,000, which has been his base salary since joining the Company in 2013. A reflection of our performance-based compensation structure is that the base salary for each of the named executive officers is a relatively small portion of the executive's total compensation. In 2014, base salaries paid to our named executive officers ranged from approximately 3% to 7% of the executive's total earned compensation.

*Annual Incentive Compensation*

The Committee has established an annual incentive compensation program for the named executive officers that provide a significant portion of the total compensation paid to each of the named executive officers. The objective of the annual incentive compensation portion of the executive compensation program is to provide cash and deferred compensation (RSUs and debentures) that is variable based upon (i) the financial performance for our Company and the business units in which the executive officer serves and (ii) a qualitative evaluation of the individual executive officer's performance for the year. Annual incentive compensation is the last element of total earned compensation to be determined with respect to any given year. Accordingly, annual incentive compensation is the primary way the Committee determines total earned compensation.

In the case of each named executive officer other than the Chief Executive Officer, the performance evaluation of each executive officer by the Chief Executive Officer, and the Chief Executive Officer's recommendation as to the annual incentive compensation payment level for each executive officer, is factored into the decision of the Committee as to the annual incentive compensation amount to be paid. The Committee, however, has full discretion to determine the annual incentive compensation actually paid to each named executive officer.

With respect to the Chief Executive Officer, the Committee conducts its own evaluation of the Chief Executive Officer's performance for the year and sets the annual incentive compensation amount to be paid to the chief executive officer.

In its assessments, the Committee utilizes complete discretion in setting annual incentive compensation for the named executive officers primarily on the basis of Company and/or business segment performance and an evaluation of the executive officer's performance in the recently completed year with the factors considered by the Committee given no particular weighting. No Company or individual performance targets or other quantitative formulas are utilized by the Compensation Committee in the setting of awards. Instead, at the end of each fiscal year, the Committee reviews Company performance and the individual performance evaluations, including any Company achievements to which the individual named executive officer contributed.



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Annual incentive compensation for each of the named executive officers (payable in cash, RSUs and debentures) is set forth in the table below:

<b>Name</b>	<b>Cash Bonus (\$)<sup>(1)</sup></b>	<b>Deferred Compensation (RSUs and Debentures) (\$)<sup>(2)</sup></b>	<b>Annual Incentive Compensation (\$)</b>	<b>Percentage of 2014 Annual Incentive Compensation Deferred</b>
Ronald J. Kruszewski	4,200,000	1,800,000	6,000,000	30%
James M. Zemlyak	2,100,000	1,025,000	3,125,000	33%
Victor J. Nesi	2,550,000	1,100,000	3,650,000	30%
Thomas P. Mulroy	2,137,500	962,500	3,100,000	31%
Thomas B. Michaud	2,212,500	770,500	2,983,000	26%

*See Differences Between 2014 Summary Compensation Table & Annual Earned Compensation Table for a discussion of the difference between the supplemental tables utilized by the Committee in determining the annual compensation of the named executive officers and the 2014 Summary Compensation Table.*

- (1) For the year ended December 31, 2014, Messrs. Zemlyak, Mulroy, and Michaud received \$1,960,000, \$1,995,000, and \$2,082,500 in cash and elected to receive \$140,000, \$142,500, and \$130,000 in stock units in lieu of cash bonus, respectively.
- (2) Equity- and debenture-based incentive awards granted in 2015 for fiscal 2014 performance are treated as 2014 compensation.

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### *Form of Payment of the Deferred Component of Annual Incentive Compensation*

In order to increase share ownership and to encourage retention among our named executive officers, we require that a significant portion of each named executive officer's annual incentive compensation for 2014 be paid, on a deferred basis, in the form of debentures or restricted stock units valued at the fair market value of our common stock on the date of payment of each year, typically in March.

The stock units are issued under our 2001 Incentive Stock Plan (2011 Restatement), which was approved by our shareholders in 2011, and the Stifel, Nicolaus & Company, Incorporated Wealth Accumulation Plan (the SWAP). Historically, the stock units granted as part of annual incentive compensation vest ratably over a five-year period of continued employment after the grant; provided, however, such stock units vest immediately upon death or disability or, in the case of retirement, one year after the participant retires so long as the participant complies with certain non-competition and non-solicitation requirements.

The debentures are issued under our SWAP. The debentures vest ratably over a five-year period of continued employment after the grant and accumulate interest at a rate of 3% per annum; provided, however, such debentures vest immediately upon death or disability or, in the case of retirement, one year after the participant retires so long as the participant complies with certain non-competition and non-solicitation requirements.

Under the provisions of the amendments to the SWAP, future awards will continue to be subject to continued service and employment requirements, which is typically three to eight years; however, participants who wish to leave the Company and whose awards have not met the service requirements for vesting at that time may request the approval of the Committee to be allowed to retain those awards notwithstanding such participant's termination of employment so long as the termination is not for cause. Upon receipt of approval, the awards will continue to vest over the remaining service period provided that the participant executes a non-compete, non-solicitation agreement, which will be effective over the remaining term of the award.

The Company's restricted stock unit awards, debentures and underlying shares at risk are subject to clawback provisions that could result in forfeiture or recapture by us, including as a result of violating firm policies, or engaging in any conduct detrimental to our Company.

### *Vesting and Acceleration of Long-Term Incentive Awards*

Long-term incentive awards are intended to provide compensation opportunities for the named executive officers based upon the creation of shareholder value and an increase in our stock price. Long-term incentive awards meet the requirements of Section 162(m) of the Internal Revenue Code, but the Committee uses negative discretion to set actual long-term incentive awards. The long-term incentive stock units vest ratably generally over a ten-year period, provided, however, that vesting will be accelerated if the Company achieves certain financial targets over the vesting period because the Committee believes all or nothing awards can lead to inappropriate incentives. The stock units will also vest in the event of the retirement, death, or disability of the executive officer. The general policy of the Company is that vesting of stock units will not be accelerated in the event of a change in control of the Company, provided, however, that the Committee has agreed to a few exceptions to this policy as set forth in the section entitled

#### *Discussion of Post-Employment Payments.*

The Committee utilizes the long-term incentive awards to facilitate increased alignment of the interests of our shareholders and management, to foster long-term shareholder valuation creation, and to retain our executives. Each year, the Committee takes into consideration the vesting of long-term incentive awards as a component of annual earned compensation. In the case where long-term incentive awards accelerate in a particular year because the

Company achieved certain financial targets, the Committee will take into consideration the circumstances and impact of that acceleration upon annual earned compensation.

The total dollar value of these stock awards, which generally vest over a ten-year period, will be included in the 2014 Summary Compensation Table in accordance with SEC disclosure rules in the year of grant. No long-term incentive stock units were granted in 2015 as part of the 2014 compensation of the named executive officers or in 2014 as part of the 2013 compensation of the named executive officers.

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**Table of Contents*****Individual Performance for 2014***

Set forth below is a summary of the material goals and accomplishments for 2014 of each named executive officer, grouped by the areas of focus determined by the Committee at the beginning of the fiscal year, and which the Committee considered in exercising its discretion to award incentive compensation for 2014. The Committee awarded each named executive officer an annual bonus in the amount indicated.

Ronald J. Kruszewski, our CEO, received annual earned compensation of \$6,800,000, with \$4,400,000 in cash, \$1,800,000 in deferred compensation (consisting of \$925,000 in RSUs and \$875,000 of debentures), and \$600,000 of vesting of long-term performance awards, an increase of 10% from 2013 that coincides with the Company's increase in core diluted earnings per common share. Our CEO's annual earned compensation was influenced by our strong performance in 2014, and his leadership in advancing several of our key objectives, including our growth strategy, which included several key acquisitions during 2014.

James M. Zemlyak, our President and CFO, received annual earned compensation of \$3,720,000 with \$2,275,000 in cash (of which \$140,000 was voluntarily deferred in RSUs), \$1,025,000 in deferred compensation (consisting of \$587,500 in RSUs and \$437,500 in debentures), and \$420,000 of vesting of long-term performance awards, an increase of 16% from 2013. The increase in his annual earned compensation is attributable to the performance of the Company, as well as, the strong performance of, and his leadership over, the growth of our Global Wealth Management segment, which recorded record results in 2014.

Victor J. Nesi, our President and Co-Director of the Institutional Group, received annual earned compensation of \$4,300,000, with \$2,800,000 in cash, \$1,100,000 in deferred compensation (consisting of \$568,750 in RSUs and \$531,250 in debentures), and \$400,000 of vesting of long-term performance awards, an increase of 26% from 2013. The increase in his annual earned compensation is attributable to the performance of the Company, as well as his leadership driving the growth in our investment banking business in 2014 and previous years. In addition, he worked closely with our CEO in achieving our growth strategy including the execution of several key acquisitions during 2014.

Thomas P. Mulroy, our President and Co-Director of the Institutional Group, received annual earned compensation of \$3,750,000, with \$2,387,500 in cash (of which \$142,500 was voluntarily deferred in RSUs), \$962,500 in deferred compensation (consisting of \$517,187 in RSUs and \$445,313 in debentures), and \$400,000 of vesting of long-term performance awards, an increase of 10% from 2013. The increase in his annual earned compensation is attributable to the performance of the Company, as well as his contributions to the equity and fixed income sales and trading business, and his leadership over the Institutional Group, which included the integration of several key acquisitions in 2014.

Thomas B. Michaud, our Senior Vice President and President and CEO of Keefe, Bruyette & Woods, received annual earned compensation of \$3,383,000, with \$2,462,500 in cash (of which \$130,000 was voluntarily deferred in RSUs), \$770,500 in deferred compensation (consisting of \$401,750 in RSUs and \$368,750 in debentures), and \$150,000 of vesting of long-term performance awards, an increase of 9% from



2013. The increase in his compensation is attributable to an improvement in the revenues and profitability of our subsidiary, Keefe, Bruyette & Woods in 2014 and his leadership in keeping retention of the key professionals in this subsidiary high.

**Table of Contents****Link Between 2014 Company Performance and NEO Annual Earned Compensation**

In setting annual incentive compensation for the named executive officers for 2014, the Committee considered the following items in order to assess the link between our Company's 2014 performance and named executive officer earned compensation. Some of the factors considered by the Committee with respect to 2014 annual incentive compensation, without any particular weighting, were as follows:

Review of the overall Company and/or business segment financial results for the last completed year;

Review of strategic decisions, including acquisitions, which may impact overall shareholder value, both over short- and long-term horizons;

Stock price performance over the course of the year and prior years;

Review of the named executive officer's historical compensation;

Review of the named executive officer's stock ownership levels against our stock ownership guidelines discussed below;

The named executive officer's contributions to further developing and maintaining the Company's culture and ethos of teamwork during 2014 (a year that included the successful integration of four acquisitions);

The recommendations of our chief executive officer; and

Review of the annual incentive compensation determined from the above analysis against market data regarding executive compensation at companies regarded as competitive to us for executive talent.

Our 2014 results indicate strong performance and a continued execution of our strategy. The increase in annual in annual earned compensation for our named executive officers from 2013 was: Mr. Kruszewski, 10%; Mr. Zemlyak, 16%, Mr. Nesi, 26%, Mr. Mulroy, 10%; and Mr. Michaud, 9%. The table below highlights some of the key metrics utilized by the Committee when assessing the link between our Company's performance in 2014 and the compensation of our named executive officers (in millions, except per share amounts):

<b>Metric <sup>(1)</sup></b>	<b>2014</b>	<b>2013</b>	<b>% change</b>
Core Net Revenues	\$ 2,212.8	\$ 1,978.3	12%
Core Pre-Tax Earnings	337.3	295.1	14%
Core Net Income	210.4	184.7	14%
Core Diluted Earnings per Share	2.76	2.51	10%

Stock Price	\$ 51.02	\$ 47.92	6%
Market Capitalization	3,384.5	3,054.6	11%

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

The Committee also considered the following:

2014 represented our 19th consecutive annual increase in net revenues;

We generated core net revenues of \$2.21 billion, up 12% from \$1.98 billion in 2013;

Our core net income from continuing operations was \$210.4 million, or \$2.76 per diluted common share, which was up 14% from \$184.7 million, or \$2.51 per diluted common share in 2013;

Our Global Wealth Management segment, which consists of our Private Client Group, Stifel Bank & Trust, and our Asset Management Group, had record net revenues and pre-tax operating income of \$1.23 billion and \$347.0 million, an increase of 10% and 16%, respectively, from 2013.

Our Institutional Group segment had record net revenues and pre-tax operating income of \$993.6 million and \$152.9 million in 2014, an increase of 15% and 7%, respectively, from 2013.

The closing price of a share of our stock on the December 31, 2014 was \$51.02, which represented a 6% increase from the closing price on the last trading day of 2013; and

Shareholders' equity was \$2.3 billion at December 31, 2014, resulting in a book value per share of \$35.00.

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Tier-one capital ratio was 25.0% at December 31, 2014, which is 6 times the required level.

Total capital ratio was 4.0 to 1 at December 31, 2014, which means we had \$1 of capital for every \$4.00 of assets.

We completed four acquisitions during 2014. The acquisition of De La Rosa & Co. to further strengthen our position in a number of key underwriting markets in California; the acquisition of Oriel Securities Limited to build out our international platform across all of our institutional businesses; the acquisition of 1919 Investment Counsel & Trust Company, N.A. to grow our asset management capabilities; and the acquisition of Merchant Capital LLC to further strengthen our position in several key underwriting markets in the Southeast.

### **Link Between Long-Term Company Performance and CEO Annual Earned Compensation**

As noted above, the compensation of our Chief Executive Officer is heavily weighted to variable incentive compensation that is linked to performance, and a significant portion of the annual bonus for our Chief Executive Officer is delivered in the form of RSUs or debentures. Beginning in 2005, our Company has achieved significant growth (both organically and through acquisitions).

The following graphs shows the total shareholder return on \$100 invested in the Company's stock compared to total annual direct compensation of our Chief Executive Officer for periods of ten, five and three years, respectively. During 2010, the Company had a particularly strong performance, and so the five-year measure for stock price appreciation is relatively flat by comparison to Company's general performance during that time. For that reason, we include both the ten-year performance measures and the three-year performance measures as they provide a good perspective on the overall performance of the Company in recent years.

We believe the graph demonstrates that our Chief Executive Officers' total compensation has correlated well to total shareholder return over the time periods indicated, as well as to increases in core net revenues, core pre-tax income, and core diluted earnings per common share.

The Committee noted that Chief Executive Officer earned compensation increased to \$6.8 million from \$2.2 million in 2004, up 205%, while:

Stock price increased to \$51.02 from \$9.31 in 2004, up 448%;

Core net revenues increased to \$2.2 billion from \$246.7 million in 2004, up 797%;

Core pre-tax income increased to \$337.3 million from \$36.6 million in 2004, up 821%; and

Core diluted earnings per share increased to \$2.76 from \$1.26 in 2004, up 119%.

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The Committee also considered the growth in the Company's core net revenues, core pre-tax income, and core diluted earnings per common share from 2009 (5-year).

The Committee noted that Chief Executive Officer earned compensation increased to \$6.8 million from \$3.9 million in 2009, up 73%, while:

Stock price increased to \$51.02 from \$39.49 in 2009, up 29%;

Core net revenues increased to \$2.2 billion from \$1.096 billion in 2009, up 103%;

Core pre-tax income increased to \$337.3 million from \$120.4 million in 2009, up 180%; and

Core diluted earnings per share increased to \$2.76 from \$1.56 in 2009, up 77%.

The Committee noted that the performance measures of the underlying fundamentals of the Company (core net revenues, core pre-tax income and core EPS) all increased by more than the compensation of the Chief Executive Officer. The stock price, however, increased by less than the compensation of the Chief Executive Officer during that 5-year time period. The Committee noted that the stock price for the 10-year performance measures (above) and 3-year performance measures (below) increased by more than the Chief Executive Officer compensation during each of those periods and believes that the 5-year performance measures reflect a strong performance by the Company during the height of the financial crisis (2008–2009). During this timeframe, the Company's stock price increased 69%, while the S&P 500 decreased 24%.

## **Table of Contents**

The Committee also considered the growth in the Company's core net revenues, core pre-tax income, and core diluted earnings per common share from 2011 (3-year).

The Committee noted that Chief Executive Officer earned compensation increased to \$6.8 million from \$4.4 million in 2011, up 56%, while:

Stock price increased to \$51.02 from \$32.05 in 2011, up 59%;

Core net revenues increased to \$2.2 billion from \$1.417 billion in 2011, up 56%;

Core pre-tax income increased to \$337.3 million from \$186.3 million in 2011, up 81%; and

Core diluted earnings per share increased to \$2.76 from \$1.80 in 2011, up 53%.

## **Additional Elements of our Compensation Program**

Executive officers receive certain perquisites and other personal benefits and are also entitled to participate in health and welfare plans and retirement savings plans generally available to all of our employees. Each of these items is described in greater detail below.

### *Perquisites and Other Personal Benefits*

We provide executives with perquisites and other personal benefits that the Committee believes are reasonable and consistent with our overall compensation program to better enable us to attract and retain the best talent for key executive positions. The Committee periodically reviews the dollar amount of perquisites provided and may make adjustments as it deems necessary. Perquisites currently provided generally include an annual cash stipend for non-accountable expenses and personal and family travel on Company- or affiliate-owned aircraft.

### *Retirement Plans*

We sponsor a profit sharing plan, the 401(k) Plan, in which all eligible employees, including the named executive officers, may participate. We currently match up to 50% of the first \$2,000 of each employee's contribution to the 401(k) Plan. In addition, employees, including the named executive officers, also participate in our employee stock ownership plan and trust. Employee stock ownership contributions for a particular year are based upon each individual's calendar year earnings up to a maximum prescribed by the Internal Revenue Code.

### *Health and Welfare Plans*

Full-time employees, including the named executive officers, participate in the same broad-based, market-competitive health and welfare plans (including medical, prescription drug, dental, vision, life, and disability insurance). These benefits are available to the named executive officers on the same basis as they are made available to all other

full-time employees.



**Table of Contents***Employee Ownership Requirements*

Since 1997, a major goal of the Company has been to increase the ownership of our common stock by its employees, including the named executive officers. The primary vehicle utilized to achieve this goal has been the requirement for a portion of the annual incentive compensation to be paid in stock units. This mandatory deferral is up to 25% of an employee's annual incentive compensation. In addition, an employee can elect to defer up to 15% of his or her annual incentive compensation. The maximum aggregate deferral for an employee, however, is 30% of his or her annual compensation.

Unlike most stock ownership rules, we do not require our named executive officers to purchase shares to meet ownership guidelines. Instead, our guidelines restrict future sales of shares if the named executive officer's ownership of Company common stock is below the required levels. The level of a named executive officer's stock ownership as compared with the required guidelines will also be a factor that will be considered by the Committee in making compensation determinations.

There is no minimum time period required to achieve the target ownership level. Exceptions to the guidelines may be granted on a case-by-case basis if a hardship situation exists. The table below illustrates the target stock ownership levels contained in our guidelines. Target ownership is expressed as a multiple of the officer's current base salary (i.e., the total stock value of the participant's holdings must equal or exceed the specified target value). All of our named executive officers have met their target ownership levels.

<b>Associate Title*</b>	<b>Salary Multiple</b>
CEO	10x
Executive Vice President	7x
Senior Vice President	4x
First Vice President	1x
Vice President	0.50x

**Deductibility of Executive Compensation**

Section 162(m) of the Internal Revenue Code provides that compensation in excess of \$1 million paid to the chief executive officer and the other most highly compensated executive officers of a public company will generally be non-deductible for federal income tax purposes, subject to certain exceptions.

Our executive compensation program has been designed to maximize the tax deductibility of compensation paid to our named executive officers and to avoid the payment of punitive excise taxes by our executive officers. Thus, annual incentive compensation programs are operated in compliance with Section 162(m) of the Internal Revenue Code, and deferred compensation is structured so as to comply with the deferred compensation rules under Section 409A of the Internal Revenue Code.

In future, the Committee intends to structure compensation arrangements in a manner that will avoid the deduction limitations imposed by Section 162(m) in appropriate circumstances. However, the Committee believes that it is important and necessary that the Committee retain the right and flexibility to provide and revise compensation arrangements, such as base salary and cash bonus incentive opportunities, that may not qualify under Section 162(m) if, in the Committee's view, such arrangements are in our best interests and the best interests of our shareholders.



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**COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

The responsibilities of the Committee are provided in its charter, which has been approved by our Board of Directors. In fulfilling its oversight responsibilities with respect to the Compensation Discussion and Analysis included in this Report, the Committee, among other things, has:

Reviewed and discussed the Compensation Discussion and Analysis with our management; and

Following such review, the Committee has recommended the inclusion of such Compensation Discussion and Analysis in this proxy statement.

**Compensation Committee of the Board of Directors of Stifel Financial Corp.**

James M. Oates, *Chairman*

Bruce A. Beda

Charles A. Dill

Frederick O. Hanser

Alton F. Irby III

\* \* \*

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**RISK MANAGEMENT/CORPORATE GOVERNANCE COMMITTEE REPORT**

The Risk Management/Corporate Governance Committee of the Board of Directors conducts its activities pursuant to a written charter approved by the Board of Directors, which is reviewed annually and was last amended on June 6, 2014. The Risk Management/Corporate Governance Committee acts on behalf of the Board of Directors in fulfilling its oversight responsibilities with respect to enterprise risk management and our procedures for establishing compliance with legal and regulatory requirements. The Charter of the Risk Management/Corporate Governance Committee provides that the duties of the committee include:

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

Regularly reviewing our aggregate risk exposures and risk management processes;

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

Considering nominees for directors recommended by our shareholders; and

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

In addition to four regularly scheduled meetings during the course of the fiscal year, members of the Risk Management/Corporate Governance Committee held three telephonic meetings, generally to review with management specific topics regarding the enterprise risk management.

We have an Enterprise Risk Management program under the direction of our Chief Risk Officer ( CRO ). Working closely together with each other and the Risk Management/Corporate Governance Committee, the CRO and other managers have prepared during 2014 a series of reports and policies that describe and formalize our conservative risk culture, including: a Mergers and Acquisitions Policy, which provides a uniform structure for the evaluation of the acquisitions we execute, including by establishing specific success metrics by which we evaluate each acquisition; a Capital Management Policy, which addresses our comprehensive process to manage capital, in coordination with our overall enterprise risk management framework; a Counterparty Credit Risk Policy and Procedures, which formalizes our objectives to measure, monitor and manage credit risk within the Company; Risk Limit Policies for each of Fixed Income Capital Markets, Stifel Nicolaus & Company, Inc. Equity Capital Markets and KBW Equity Capital Markets; a Liquidity Management and Contingency Funding Policy, which addresses our comprehensive process to manage liquidity; an Asset Liability Management Policy; and a Disclosure Policy, which ensures that the Company maintains adequate procedures for gathering, analyzing and disclosing all information that is required to be publicly disclosed.

The Risk Management/Corporate Governance Committee, through the Enterprise Risk Management program under the direction of the CRO, has also authorized three enterprise-wide management committees: the Asset Liability Management Committee, the Products & Services Committee and the Conflicts of Interest Committee. Each of those committees reports to Risk Management/Corporate Governance Committee on a quarterly basis. The Asset Liability Management Committee was established in September 2014 and is responsible for overseeing capital, liquidity and

market risks at the enterprise level. The Asset Liability Management Committee convenes at least quarterly and reviews and discusses matters relating to interest rate risk, liquidity risk, capital structure and market risk and establishes specific targets and limits for the purposes of managing risk. The Products & Services Committee was formed in October 2014 and is responsible for formalizing the process by which the Company and its subsidiaries assess the features, risks and business benefits of all products offered by the Company through its subsidiaries. The Products & Services Committee meets at least quarterly and makes recommendations to management to initiate, expand or terminate product offerings. The Conflict of Interest Committee was established in January 2015 and reviews, evaluates and determines certain matters with respect to conflicts of interest and related party transactions. The Conflict of Interest Committee meets at least quarterly for the purpose of defining plans, policies, and procedures identifying, managing, and monitoring conflicts of interest, as well as training employees in connection with the same.

**Risk/Corporate Governance Committee of the Board of Directors of Stifel Financial Corp.**

Robert E. Grady, *Chairman*

Bruce A. Beda

Michael W. Brown

Frederick O. Hanser

James M. Oates

\* \* \*

Table of Contents**EXECUTIVE COMPENSATION****2014 Summary Compensation Table**

The following table presents summary information concerning compensation earned in the 2012, 2013, and 2014 fiscal years by our Chief Executive Officer, our Chief Financial Officer, and each of our other three most highly compensated executive officers for services rendered to us and our subsidiaries.

**Pursuant to SEC rules, the 2014 Summary Compensation Table is required to include for a particular year only those equity-based awards granted during that year, rather than awards granted after year-end, even if awarded for services in that year. SEC rules require disclosure of cash incentive compensation to be included in the year earned, even if payment is made after year-end.**

A summary of the Compensation Committee's decisions on the compensation awarded to our named executive officers for 2014 performance (which, in accordance with SEC rules, are in large part not reflected in the 2014 Summary Compensation Table) can be found in the *Compensation Discussion and Analysis*.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) <sup>(1)</sup>	Stock	All Other	Total (\$)
				Awards (\$)	Compensation <sup>(3)</sup>	
Ronald J. Kruszewski <i>Chairman and Chief Executive Officer</i>	2014	200,000	5,075,000	1,550,000	133,987	6,958,987
	2013	200,000	3,450,000	5,093,750	114,726	8,858,476
	2012	200,000	2,325,000	4,343,750	125,648	6,994,398
James M. Zemlyak <i>President and Chief Financial Officer</i>	2014	175,000	2,537,500	925,000	14,687	3,652,187
	2013	175,000	1,800,000	2,350,000	16,468	4,341,468
	2012	175,000	1,500,000	1,520,000	11,692	3,206,692
Victor J. Nesi <i>President and Co-Director of the Institutional Group</i>	2014	250,000	3,581,250	875,000	11,000	4,717,250
	2013	250,000	1,875,000	2,356,250	11,334	4,492,584
	2012	250,000	1,575,000	1,900,000	11,692	3,736,692
Thomas P. Mulroy <i>President and Co-Director of the Institutional Group</i>	2014	250,000	2,582,813	875,000	11,000	3,718,813
	2013	250,000	1,875,000	2,356,250	11,334	4,492,584
	2012	250,000	1,575,000	1,900,000	11,692	3,736,692
Thomas B. Michaud <i>President and Chief Executive Officer of Keefe, Bruyette &amp; Woods<sup>(4)</sup></i>	2014	250,000	2,581,250	729,500	1,000	3,561,750
	2013	218,750	1,918,750		1,334	2,138,834
	2012					

- (1) For the year ended December 31, 2014, Messrs. Kruszewski, Zemlyak, Nesi, Mulroy, and Michaud received \$4,200,000, \$1,960,000, \$2,550,000, \$1,995,000, and \$2,082,500 in cash and \$875,000, \$437,500, \$531,250, \$445,313, and \$368,750 in debentures, and elected to receive \$0, \$140,000, \$0, \$142,500, and \$130,000 in stock units in lieu of cash bonus, respectively. For the year ended December 31, 2013, Messrs. Zemlyak, Nesi, Mulroy, and Michaud received \$1,680,000, \$1,750,000, \$1,750,000, and \$1,962,500 in cash and elected to receive \$120,000, \$125,000, \$125,000, and \$192,000 in stock units in lieu of cash bonus, respectively. For the year ended December 31, 2012, Messrs. Zemlyak received \$1,400,000 in cash and elected to receive \$100,000 in stock units in lieu of cash bonus. For more information regarding the material terms of the debentures, see *Additional Information About the Compensation Paid to the Named Executive Officers in 2014*.

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- (2) Amounts included for 2014 represent the grant date fair value of restricted stock units granted in March 2014 for services in 2013. Amounts included for 2013 represent the grant date fair value of restricted stock units granted in March 2013 for services in 2012. Amounts included for 2012 represent the grant date fair value of restricted stock units granted in February 2012 for services in 2011. The grant date fair value of these awards, for all years presented, were determined in accordance with the Financial Accounting Standards Board's Accounting Standards Codification 718, *Compensation - Stock Compensation* (ASC 718). The restricted stock units were granted under our 2001 Incentive Stock Plan (2011 Restatement), discussed in further detail in the section entitled *Compensation Discussion and Analysis*, including units granted as long-term incentive awards. The restricted stock units are valued at the closing price of our common stock on the date of grant.
- (3) All Other Compensation for 2014 includes the following aggregate perquisites:

Name	Non- Accountable Expense Allowance (\$)	Contribution to Profit			Life Insurance (\$)	Total Benefits (\$)
		Sharing 401(k) Plan (\$)	Personal and Family Transportation (\$)	Medical Reimbursement (\$)		
Ronald J. Kruszewski	25,000	1,000	86,712 <sup>(y)</sup>	21,275	133,987	
James M. Zemlyak	10,000	1,000	3,687 <sup>(y)</sup>		14,687	
Victor J. Nesi	10,000	1,000			11,000	
Thomas P. Mulroy	10,000	1,000			11,000	
Thomas B. Michaud		1,000			1,000	

- (y) Reflects personal use of Company-owned aircraft. The value was calculated for 2014 based on the incremental cost of personal travel, including: landing, parking, and flight planning expenses; crew travel expenses; supplies and catering; aircraft fuel and oil expenses per hour of flight; maintenance, parts, and external labor per hour of flight; and customs, foreign permits, and similar fees; but does not include the fixed costs of owning or operating the aircraft.
- (4) Mr. Michaud joined the Company in 2013.



**Table of Contents****2014 Grants of Plan-Based Awards**

The Company did not grant formulaic performance-based awards during the fiscal year ended December 31, 2014. The following table sets forth information concerning other grants of plan-based awards earned during the fiscal year ended December 31, 2014, for the named executive officers.

Name	All Other Option		Grant Date Fair Value (\$) <sup>(2)</sup>
	All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(1)</sup>	Awards: Number of Securities Underlying Options (#)	
Ronald J. Kruszewski	33,061		1,550,000
James M. Zemlyak	22,287		1,045,000
Victor J. Nesi	21,328		1,000,000
Thomas P. Mulroy	21,328		1,000,000
Thomas B. Michaud	15,560		729,500

- (1) Represents the total number of stock units allocated to each named executive officer during the 2014 fiscal year. The stock units granted were part of the named executive officers' annual and long-term incentive compensation. The components of the total stock unit awards and associated fair values are set forth below.
- (2) The grant date fair values are calculated in accordance with ASC 718.

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## Stock Unit Awards and Grant Date Fair Value Under ASC 718

<b>Name</b>	<b>Asset Category</b>	<b>Vesting Period <sup>(a)</sup></b>	<b>Units (#)</b>	<b>Grant Date Fair Value (\$) <sup>(c)</sup></b>
Ronald J. Kruszewski	Mandatory Deferral	5 years	30,662	1,437,500
	Annual Incentive Compensation <sup>(b)</sup>	5 years	2,399	112,500
	<b>Total</b>		<b>33,061</b>	<b>1,550,000</b>
James M. Zemlyak	Mandatory Deferral	5 years	16,636	780,000
	Elective Deferral	Immediate	2,559	120,000
	Annual Incentive Compensation <sup>(b)</sup>	5 years	3,092	145,000
	<b>Total</b>		<b>22,287</b>	<b>1,045,000</b>
Victor J. Nesi	Mandatory Deferral	5 years	17,329	812,500
	Elective Deferral	Immediate	2,666	125,000
	Annual Incentive Compensation <sup>(b)</sup>	5 years	1,333	62,500
	<b>Total</b>		<b>21,328</b>	<b>1,000,000</b>
Thomas P. Mulroy	Mandatory Deferral	5 years	17,329	812,500
	Elective Deferral	Immediate	2,666	125,000
		5 years	1,333	62,500

Annual Incentive Compensation  
(b)

	Total		21,328	1,000,000
Thomas B. Michaud				
	Mandatory Deferral	5 years	11,465	537,500
	Annual Incentive Compensation (b)	5 years	4,095	192,000
	Total		15,560	729,500

- (a) The mandatory deferrals vest ratably over a five-year period. Elective deferrals vest immediately.
- (b) In March 2014, the Compensation Committee awarded stock units to Messrs. Kruszewski, Zemlyak, Nesi, and Mulroy, as part of their annual incentive compensation. These stock units will vest ratably over a five-year period.
- (c) The grant date fair values are calculated in accordance with ASC 718.

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**Additional Information About the Compensation Paid to the Named Executive Officers in 2014**

Pursuant to the SWAP, participants in the plan receive and are required to defer a portion of their annual incentive compensation. For incentive compensation received in 2014, the mandatory deferral is at least 25% of each participant's annual incentive compensation. In addition, each participant can electively defer up to an additional 5% of their annual compensation. The maximum amount of incentive compensation earned during a year that can be issued in stock units is 30%. All stock units are issued to participants based upon the fair market value of our common stock on the date of issuance. Stock units received on a mandatory basis after 2011 vest ratably over a five-year period of continued employment following the date of issuance. Vesting based on continued employment may be eliminated, however, upon a termination without cause if the holder of the award refrains from engaging in a competitive activity or a soliciting activity prior to the relevant vesting date of such award. Stock units that the participant elects to receive are fully vested on the date of issuance. Prior to 2015, the deferred portion of annual incentive compensation was in the form of restricted stock units. Commencing in 2015, the deferred portion of annual incentive compensation is in a combination of restricted stock units and debentures. The debentures vest ratably over a five-year period of continued employment after the grant and accumulate interest at a rate of 3% per annum. The debentures are shown in the Bonus column in the 2014 Summary Compensation Table. For additional information on deferred compensation granted under the SWAP, see the section entitled *Form of Payment of the Deferred Component of Annual Incentive Compensation*.

**Table of Contents****2014 Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information concerning the number of exercisable and unexercisable stock options and stock awards at December 31, 2014, held by the individuals named in the 2014 Summary Compensation Table.

Name	Equity Incentive Plan Awards:					Number of Stock Units That Have Not Vested (#) <sup>(1)</sup>	Market Value of Stock Units That Have Not Vested (\$) <sup>(2)</sup>
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date		
Ronald J. Kruszewski						268,855	13,716,983
James M. Zemlyak						141,612	7,225,044
Victor J. Nesi						148,841	7,593,868
Thomas P. Mulroy						150,275	7,667,031
Thomas B. Michaud						141,515	7,220,095

(1) These units vest over a three-to ten-year period. In addition to the amounts listed, as of December 31, 2014, based on our common stock closing stock price at year-end of \$51.02, Mr. Kruszewski held 39,971 units, which were fully vested and were valued at \$2,039,320; Mr. Zemlyak held 29,521 units, which were fully vested and were valued at \$1,506,161; Mr. Nesi held 22,647 units, which were fully vested and were valued at \$1,155,450; Mr. Mulroy held 22,647 units, which were fully vested and were valued at \$1,155,450; and Mr. Michaud held 0 vested units.

(2) Based on the closing price of \$51.02 per share of our common stock on December 31, 2014.

**Table of Contents****2014 Option Exercises and Stock Units Vested/Converted**

The following table sets forth certain information concerning stock vested/converted during the year ended December 31, 2014. None of the named executive officers hold stock options.

Name	Stock Awards	
	Number of Shares	Value Realized on
	Acquired on Vesting/Conversion (#)	Vesting/Conversion (\$) <sup>(1)</sup>
Ronald J. Kruszewski	39,637	1,974,690
James M. Zemlyak	12,892	642,279
Victor J. Nesi	42,329	2,108,831
Thomas P. Mulroy	19,415	967,263
Thomas B. Michaud	66,300	3,200,598

- (1) These figures represent the dollar value of gross units converted into our common stock by the named executive officers. Executives realize ordinary income and have a resulting tax liability equal to the current market price value of the shares received when vested stock units are converted into common stock. As a result, executives are given the ability to surrender shares in order to pay tax liabilities. During 2014, Messrs. Kruszewski, Zemlyak, Nesi, Mulroy, and Michaud surrendered 19,106 shares, 5,045 shares, 21,828 shares, 7,116 shares, and 31,214, respectively, as payment for tax liabilities. Shares surrendered are valued at fair market value on the date of conversion.

**Table of Contents****2014 Post-Retirement Benefits**

**Nonqualified Deferred Compensation.** The following table sets forth information concerning contributions, earnings, and balances under nonqualified deferred contribution plans for the named executive officers:

<b>Name</b>	<b>Aggregate Balance at Beginning of Year (\$)</b>	<b>Executive Contribution in Last FY (\$)<sup>(1)</sup></b>	<b>Registrant Contribution in Last FY (\$)<sup>(2)</sup></b>	<b>Aggregate Earnings / (Losses) in Last FY (\$)<sup>(3)</sup></b>	<b>Aggregate Withdrawals/ Distributions (\$)<sup>(4)</sup></b>	<b>Aggregate Balance at End of Year (\$)</b>
Ronald J. Kruszewski	15,114,208	1,150,000	400,000	1,066,785	(1,974,690)	15,756,303
James M. Zemlyak	7,750,677	720,000	325,000	577,807	(642,279)	8,731,205
Victor J. Nesi	9,224,120	750,000	250,000	634,029	(2,108,831)	8,749,318
Thomas P. Mulroy	8,194,799	750,000	250,000	594,945	(967,263)	8,822,481
Thomas B. Michaud	9,395,339	537,500	192,000	295,854	(3,200,598)	7,220,095

- (1) The amounts listed in this column represent the annual incentive compensation paid to our named executive officers, which are either mandatorily or electively deferred under the SWAP and are included within the "Stock Awards" column of the Company's 2014 Summary Compensation Table.
- (2) The amounts listed in this column represent long-term incentive awards granted to our named executive officers, the value of which has been included within the "Stock Awards" column of the Company's 2014 Summary Compensation Table.
- (3) The amounts in this column represent (1) the change in market value of the Company's common stock during the last fiscal year and (2) the difference between closing price of our common stock on December 31, 2013 and the fair value of incentive stock awards on the date of conversion.
- (4) The amounts in this column represent the fair value of incentive stock awards on the date of conversion.

**Table of Contents****Discussion of Post-Employment Payments**

**Annual and Long-Term Incentive Awards.** The annual and long-term incentive awards made to the named executive officers vest upon the death, disability, or retirement of the executive officer. Assuming any of these events had occurred at December 31, 2014, each named executive officer would have received full vesting of some or all of their outstanding units, and these units would have been converted into common stock as set forth in the following table.

<b>Name</b>	<b>Number of Shares Acquired if Vesting Upon a Change in Control (#)</b>	<b>Value Realized if Vesting Upon a Change in Control (\$) <sup>(1)</sup></b>	<b>Number of Shares Acquired if Vesting Upon Death, Disability, or Retirement (#)</b>	<b>Value Realized if Vesting Upon Death, Disability, or Retirement (\$) <sup>(1)</sup></b>
Ronald J. Kruszewski			100,125	5,108,398
James M. Zemlyak			57,247	2,920,747
Victor J. Nesi			64,476	3,289,571
Thomas P. Mulroy			65,910	3,362,733
Thomas B. Michaud			141,515	7,220,095

(1) Based on the closing price of \$51.02 per share of our common stock on December 31, 2014.

The stock units granted to the named executive officers are subject to forfeiture prior to vesting if the named executive officer is terminated for cause, as set forth in more detail in the SWAP.

***Certain Employment Agreement Provisions.***

**Agreement with Thomas B. Michaud:** Mr. Michaud entered into a three-year employment with the Company dated November 5, 2012, which became effective on February 13, 2013 and will terminate February 13, 2016. Pursuant to that employment agreement, if Mr. Michaud's employment is terminated without Cause or with Good Reason (each as defined in the agreement) Mr. Michaud will receive the following: (1) accrued compensation and other benefits through the date of termination, (2) earned bonuses through the date of termination, (3) a lump sum amount of \$3,500,000, (4) acceleration of retention awards and all other equity-based compensation and (5) other benefits, including health care and life insurance for 36 months. If Mr. Michaud's employment is terminated for Cause or without Good Reason, Mr. Michaud will receive (1) accrued compensation and other benefits through the date of termination and (2) his retention awards and all other equity-based compensation will continue to vest in accordance with their terms. If Mr. Michaud's employment is terminated due to his death or Disability (as defined in the agreement), Mr. Michaud will receive: (1) accrued compensation and other benefits through the date of termination, (2) earned bonuses through the date of termination, (3) acceleration of retention awards and all other equity-based compensation and (4) other benefits, including health care and life insurance for 18 months.





**Table of Contents****NON-EMPLOYEE DIRECTOR COMPENSATION**

The following table sets forth information concerning compensation earned by our non-employee directors in fiscal year 2014. Directors who also serve as our employees, inside directors, do not receive additional compensation for their service as directors of either the Company or any of its subsidiaries, although we do reimburse them for their expenses for attendance at Board meetings. This policy applies to Messrs. Kruszewski, Zemlyak, Himelfarb, Michaud, Mulroy, Nesi, Plotkin, and Weisel, who serve as both directors and executive officers of the Company. Information about the 2014 compensation earned or paid to Messrs. Kruszewski, Zemlyak, Nesi, Mulroy, and Michaud in their capacity as executive officers of the Company is disclosed in the 2014 Summary Compensation Table because they are named executive officers for purposes of this proxy statement.

Name	Fees Earned or Paid in		Total (\$) <sup>(3)</sup>
	Cash (\$) <sup>(1)</sup>	Stock Unit Awards (\$) <sup>(2)</sup>	
Bruce A. Beda		183,888	183,888
Michael W. Brown		158,888	158,888
Charles A. Dill		158,888	158,888
John P. Dubinsky	53,750	158,888	212,638
Robert E. Grady		173,888	173,888
Frederick O. Hanser	48,750	158,888	207,638
Alton F. Irby III		158,888	158,888
James M. Oates		173,888	173,888
Kelvin R. Westbrook		158,888	158,888
Michael J. Zimmerman		158,888	158,888

- (1) Stated amounts include cash compensation paid to Messrs. Dubinsky and Hanser in 2014 for their service as the non-executive Chairman and the non-executive Vice Chairman, respectively, of the Board of Directors of Stifel Bank & Trust during 2014.
- (2) In lieu of an annual cash retainer, each non-employee director was issued 3,750 stock units on June 12, 2014. Additionally, the various committee chairs were issued additional stock units valued at the closing price of our common stock on the day prior to the grant of the award as follows: Audit Committee, \$25,000; Compensation Committee, \$15,000; and Risk Management/Corporate Governance Committee, \$15,000. The units vest on a quarterly basis over a one-year period. Amounts stated reflect the aggregate grant date fair value of \$46.07 computed in accordance with ASC 718. As of December 31, 2014, each director held the following number of stock units outstanding: Mr. Beda, 29,431; Mr. Brown, 16,312; Mr. Dill, 21,375; Mr. Dubinsky, 21,375; Mr. Grady, 17,437; Mr. Hanser, 21,375; Mr. Irby, 16,312; Mr. Oates, 32,393; Mr. Westbrook, 21,375; and Mr. Zimmerman, 7,500.
- (3) Total amounts stated reflect the aggregate grant date fair value computed in accordance with ASC 718. As of December 31, 2014, each director held the following number of options outstanding: Mr. Beda, 2,250; Mr. Brown, 7,496; Mr. Dill, 2,250; Mr. Dubinsky, 450; Mr. Hanser, 2,250; and Mr. Irby, 6,819.

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### **Additional Information About Non-Employee Director Compensation**

Non-employee directors of the Company are required to defer all director fees into stock units pursuant to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement). These stock units are generally granted annually in May and vest on a quarterly basis over a one-year period.

As approved by the Board of Directors, the annual stock retainer payable to each non-employee director includes an award of 3,750 stock units. Additionally, the chair of each of the Audit Committee, Compensation Committee, and Risk Management/Corporate Governance Committee will continue to receive additional common stock units valued in the approximate amounts of \$25,000, \$15,000, and \$15,000, respectively, for services in such capacity based upon the fair market value of our common stock on the date of approval.

Thus, for 2014, the stock units awarded to the non-employee directors on June 12, 2014, were as follows: Mr. Beda, 4,293; Mr. Brown, 3,750; Mr. Dill, 3,750; Mr. Dubinsky, 3,750; Mr. Grady, 4,076; Mr. Hanser, 3,750; Mr. Irby, 3,750; Mr. Oates, 4,076; Mr. Westbrook, 3,750; and Mr. Zimmerman, 3,750. The closing price of our common stock on the day prior to the grant of award was \$46.07.

Additionally, non-employee directors who also serve on the Board of Directors of Stifel Bank & Trust receive cash compensation as approved by the Stifel Bank & Trust Board of Directors. See footnote (1) to the director compensation chart above.

Directors who are also our employees do not receive any compensation for their service as directors of the Company or its subsidiaries, but we pay their expenses for attendance at meetings of the Board of Directors.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Sarbanes-Oxley Act of 2002 generally prohibits loans by an issuer and its subsidiaries to its executive officers and directors. However, the Sarbanes-Oxley Act contains a specific exemption from such prohibition for loans to its executive officers and directors in compliance with federal banking regulations. Federal regulations require that all loans or extensions of credit to executive officers and directors of insured financial institutions must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and must not involve more than the normal risk of repayment or present other unfavorable features.

From time to time, Stifel Bank & Trust makes loans and extensions of credit to our directors and executive officers. Outstanding loans made to our directors and executive officers, and members of their immediate families, were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company and its subsidiaries, and did not involve more than the normal risk of collectability or present other unfavorable features. As of December 31, 2014, all such loans were performing to their original terms.

Certain of our officers and directors maintain margin accounts with Stifel, Nicolaus & Company, Incorporated pursuant to which Stifel, Nicolaus & Company, Incorporated may make loans for the purchase of securities. All margin loans are made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than normal risk of collectability or present other unfavorable features.

Related party transactions are approved by the Board of Directors on a case-by-case basis. As such, no formal policies or procedures have been adopted for the approval of related party transactions.

We maintain various policies and procedures relating to the review, approval, or ratification of transactions in which our Company is a participant and in which any of our directors and executive officers or their family members have a direct or indirect material interest. Our Company Code of Ethics, which is available on our web site at [www.stifel.com](http://www.stifel.com), prohibits our directors and employees, including our executive officers and, in some cases, their family members, from engaging in certain activities without the prior written consent of management or our General Counsel, as applicable. These activities typically relate to situations where a director, executive officer, or other employee and, in some cases, an immediate family member, may have significant financial or business interests in another company competing with or doing business with our Company, or who stands to benefit in some way from such a relationship or activity. Specifically, our Code of Ethics includes prohibitions against engaging in outside business or other activities that might create a conflict of interest with or compete against the Company's interests, including ownership of privately held stock or partnership interests without prior written approval, using Company

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property, information, or positions for improper personal gain or benefit, and receiving bonuses, fees, gifts, frequent or excessive entertainment, or any similar form of consideration above a nominal value from any person or entity with which the Company does, or seeks to do, business. It is also against Company policy to give certain gifts or gratuities without receiving specific approval.

***Airplane Usage and Allowance.*** In May 2011, the Compensation Committee approved the use by Mr. Weisel, Chairman, and certain of our other employees from time to time, of an airplane owned by Thomas Weisel Investment Management, Inc., an entity wholly owned by Mr. Weisel, for business and other travel. In connection with the airplane usage, the Company approved an airplane allowance payable to Thomas Weisel Investment Management, Inc. in the fixed amount of \$300,000 covering the period from January 1, 2014 through December 31, 2014. Based on historical and anticipated usage of the airplane by Mr. Weisel and such other employees, the Compensation Committee approved the payment of the airplane allowance on the condition that any personal flight activity attributable to a Company employee would be included in such employee's annual compensation.

***Ownership Interest in Selling Source LLC.*** Mr. Irby, a director of the Company, is a founding partner and the chairman of London Bay Capital LLC, an investment firm that, in 2007, indirectly acquired a controlling interest in Selling Source LLC. TWPG provided advisory and placement agent services in connection with this acquisition. A portion of the compensation payable to TWPG for its services included an ownership interest in Selling Source LLC. Further, in connection with the acquisition, TWPG purchased additional shares of Selling Source LLC. The Company, as a result of its acquisition of TWPG in July 2010, now has an ownership interest in Selling Source LLC.

Each year, we require our directors and executive officers to complete a questionnaire which identifies, among other things, any transactions or potential transactions with the Company in which a director or an executive officer or one of their family members or associated entities has an interest. We also require that directors and executive officers notify our Company of any changes during the course of the year to the information provided in the annual questionnaire as soon as possible.

We believe that the foregoing policies and procedures collectively ensure that all related party transactions requiring disclosure under applicable SEC rules are appropriately reviewed.

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**ITEM III APPROVAL OF THE EXECUTIVE INCENTIVE PERFORMANCE PLAN**

**Our Board of Directors recommends that you vote FOR the Executive Incentive Performance Plan.**

At the Annual Meeting, you will be asked to approve the Stifel Financial Corp. Executive Incentive Performance Plan (the Performance Plan ). Shareholder approval of the Performance Plan will permit the Company to claim a tax deduction for the full amount of incentive compensation paid to employees who are covered employees under Section 162(m) of the Internal Revenue Code of 1986 (the Code ).

Section 162(m) of the Code limits the tax deductions that publicly-held companies may claim on compensation paid to certain executive officers (each, a covered employee ) in excess of \$1.0 million in any year unless the compensation qualifies as performance based under the section. One of the requirements is that shareholders must approve the performance measures used in setting performance targets for compensation qualifying as performance based at least every five years. Since the performance measures were last approved by the shareholders of the Company at the 2010 Annual Meeting, shareholder approval is again required at this Annual Meeting.

Approval of the Performance Plan will not result in any changes in the manner in which the Company determines the amounts paid to the named executive officers as incentive compensation as fully discussed in the Compensation Discussion and Analysis section of this Proxy Statement. The shareholder vote is required solely to allow the Company to take advantage of tax deductions on the total amount of incentive compensation paid to these officers.

**Summary of Performance Plan**

A copy of the Performance Plan, as approved by the Committee of the Company's board of directors, is attached to this Proxy Statement as Exhibit A. The following description of the Performance Plan is qualified in its entirety by reference to the complete plan.

*Administration.* The Performance Plan will be administered by the Committee. The Committee is, and will at all times be, entirely made up of outside directors within the meaning of Section 162(m) of the Code.

*Effective Date.* The Performance Plan initially became effective of January 29, 2015, subject to the approval of the shareholders at the Annual Meeting.

*Eligibility.* The Committee will designate the participants under the Performance Plan for each year or performance period. The number and identity of participants in the Performance Plan from year to year will vary depending on who is determined to be a covered employee under Section 162(m). For the 2015 performance period, the Committee has designated each of Messrs. Kruszewski, Zemlyak, Nesi, Mulroy, and Michaud in their capacity as executive officers of the Company as covered employees under the Performance Plan.

*Performance Criteria to be Used to Establish Performance Targets.* The Performance Plan provides that the Committee may establish performance targets annually and for each performance period in which the Company will pay covered employees performance based compensation qualifying under Section 162(m). The Committee will establish performance targets from the following performance measures:

Net earnings or net income (before or after taxes);

Earnings per share;

Revenue growth;

Net operating profit;

Return measures (including, but not limited to, return on assets, capital, invested capital, equity or revenues);

Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment);

Earnings before or after taxes, interest, depreciation and/or amortization;

Share price (including, but not limited to, growth measures and total shareholder return);

Expense targets;

Operating efficiency;

Market share; and

Working capital targets

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The Committee shall use the performance measures to establish performance targets not later than 90 days after the beginning of the performance period for which the targets are applicable. The Committee may include reasonable adjustments to the selected performance measures as are permitted under Section 162(m) of the Code.

In setting the performance targets, the Committee must state the method of computing the compensation payable by means of an objective formula or standard. For the 2015 performance period, the Committee established the formulas to determine the amount of compensation that may be paid to the participants under this Performance Plan as the sum of 3% of the growth in the Company's revenues plus 3% of the Company's pre-tax net income, for the year.

Once the amount of compensation that may be paid under the Performance Plan is computed, the Committee has no discretion to increase the amount of compensation payable to the covered employees but the committee may use negative discretion to decrease the amount of the compensation payable. Prior to the payment of any compensation under this Performance Plan, the Committee must certify in its committee minutes or another writing the amount of compensation computed under the pre-established performance targets.

*Maximum Award.* The maximum award, in the aggregate or individually, that may be paid for any performance period to a covered employee or the covered employees as a group under this Performance Plan shall not exceed 1% of the Company's gross revenues during the performance period for which the compensation is payable.

*Plan Benefits.* Because the amount of compensation to be paid for 2015 under this Performance Plan is subject to the achievement of the pre-established performance targets and the negative discretion of the Committee to reduce such amounts if the performance targets are achieved, we cannot determine at this time what amounts will be received by participants under the Performance Plan.

## **Vote Required to Approve the Performance Plan**

The affirmative vote of a majority of the shares cast at the meeting, in person or by proxy, is required to approve the Performance Plan.



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**AUDIT MATTERS**

**ITEM IV RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**Our Board of Directors recommends that you vote FOR ratification of the selection of Ernst & Young LLP as the independent auditor of Stifel Financial Corp. and its subsidiaries for the year ending December 31, 2015.**

The Audit Committee of our Board of Directors has selected Ernst & Young LLP to serve as our independent auditor for the year ending December 31, 2015. While it is not required to do so, our Board of Directors is submitting the selection of Ernst & Young LLP for ratification in order to ascertain the views of our shareholders with respect to the choice of audit firm. If the selection is not ratified, the Audit Committee will reconsider its selection. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting, will be available to answer shareholder questions, and will have the opportunity to make a statement if they desire to do so.

**Audit Committee Report**

The primary function of our Audit Committee is oversight of our financial reporting process, publicly filed financial reports, internal accounting and financial controls, and the independent audit of the consolidated financial statements. The consolidated financial statements of the Company for the year ended December 31, 2014 were audited by Ernst & Young LLP, independent auditor for the company.

The Audit Committee operates pursuant to a written charter which was approved and adopted by the Board of Directors. Our Board of Directors has determined that each of the members of the Audit Committee is independent within the meaning of the listing standards of the SEC and the NYSE.

As part of its activities, the Audit Committee has:

Reviewed and discussed with management and the independent auditor the Company's audited financial statements;

Discussed with the independent auditor the matters required to be communicated under *Statement on Auditing Standards No. 61*, Communications with Audit Committees, as amended (AICPA, *Professional Standards*, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

Received the written disclosures and letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board in Rule 3200T regarding the independent auditor's communications with the Audit Committee concerning independence, and has discussed with the independent auditor the independent auditor's independence.

Management is responsible for the Company's system of internal controls and financial reporting process. Ernst & Young LLP is responsible for performing an independent audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. Based on the foregoing review and discussions

and a review of the report of Ernst & Young LLP with respect to the Company's consolidated financial statements, and relying thereon, we have recommended to the Board of Directors inclusion of the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the Securities and Exchange Commission.

**Audit Committee of the Board of Directors of Stifel Financial Corp**

Bruce A. Beda, *Chairman*

John P. Dubinsky

Robert E. Grady

James M. Oates

Kelvin R. Westbrook

\* \* \*

**Table of Contents****Auditor Fees**

Ernst & Young LLP served as our independent auditor for 2014 and 2013. The following table presents fees for professional audit services for the audit of our annual consolidated financial statements for 2014 and 2013, as well as fees for the review of our interim consolidated financial statements for each quarter in 2014 and 2013 and for all other services performed for 2014 and 2013 by Ernst & Young LLP.

<b>Type of Fee</b>	<b>Fiscal Year Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Audit Fees <sup>(1)</sup>	\$ 3,130,000	\$ 2,513,182
Audit-Related Fees <sup>(2)</sup>	302,000	245,500
Tax Fees <sup>(3)</sup>	22,000	21,000
All Other Fees <sup>(4)</sup>	273,000	2,500
<b>Total</b>	<b>\$ 3,727,000</b>	<b>\$ 2,782,182</b>

- (1) Audit Fees include fees for professional services rendered for the audits of our annual consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting, including associated out-of-pocket expenses, reviews of unaudited quarterly financial statements, and services that are normally provided by independent auditors in connection with statutory and regulatory filings.
- (2) Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. Specifically, the services provided for 2014 included services relating to security custody surprise audit count, and the issuance of an independent auditor's report on controls placed in operation and tests of operating effectiveness.
- (3) Tax Fees include fees for services principally related to the review of Company-prepared federal and state tax returns.
- (4) All Other Fees include advisory services, securitization agreed upon procedures, investment banking accounting consultation, and an annual license fee for access to Ernst & Young's web-based accounting research tool.

**Auditor Services Pre-Approval Policy**

The Audit Committee has adopted an auditor services pre-approval policy applicable to services performed for us by our independent auditor. In accordance with this policy, the Audit Committee's practice is to approve annually all audit, audit-related, and permissible non-audit services to be provided by the independent auditor during the year. If a service to be provided is not pre-approved as part of the annual process or if it may exceed pre-approved fee levels, the service must receive a specific and separate pre-approval by the Audit Committee, which has delegated authority to grant such pre-approvals during the year to the chairperson of the Audit Committee. Any pre-approvals granted pursuant to this delegated authority are reported to the Audit Committee at its next regular meeting.

Our Audit Committee has determined that the provision of the non-audit services described in the table above was compatible with maintaining the independence of our independent auditor. The Audit Committee reviews each non-audit service to be provided and assesses the impact of the service on the auditor's independence. On February 18, 2015, the Audit Committee pre-approved certain services to be provided by our independent auditor relating to engagements occurring on or after that date.



**Table of Contents****BENEFICIAL OWNERSHIP****Ownership of Directors, Nominees, and Executive Officers**

The following table sets forth information regarding the amount of common stock beneficially owned, as of April 14, 2015, by each of our directors, each nominee for election as a director, the executive officers named in the 2014 Summary Compensation Table, and all of our directors and executive officers as a group.

<b>Name</b>	<b>Number of Shares Beneficially Owned <sup>(1)</sup> <sub>(2)</sub></b>	<b>Percentage of Outstanding Common Stock <sup>(3)</sup></b>	<b>Unvested Stock Units <sup>(4)</sup></b>	<b>Total</b>
Ronald J. Kruszewski <sup>(5)</sup>	1,018,601	1.5%	245,900	1,264,501
James M. Zemlyak <sup>(6)</sup>	747,930	1.1%	130,677	878,607
Richard J. Himelfarb	226,387	*	14,489	240,867
Thomas P. Mulroy	213,999	*	133,783	347,782
Thomas B. Michaud	194,165	*	19,391	213,556
Victor J. Nesi <sup>(7)</sup>	160,100	*	135,027	295,127
Ben A. Plotkin	147,025	*	43,788	190,813
Charles A. Dill <sup>(8)</sup>	70,070	*		70,070
James M. Oates	64,779	*		64,779
Frederick O. Hanser <sup>(9)</sup>	60,447	*		60,447
John P. Dubinsky	51,900	*		51,900
Bruce A. Beda	49,180	*		49,180
Alton F. Irby III	34,316	*		34,316
Michael W. Brown	28,567	*		28,567
Kelvin R. Westbrook	27,635	*		27,635
Robert E. Grady <sup>(10)</sup>	19,084	*		19,084
Thomas W. Weisel <sup>(11)</sup> <sup>(12)</sup>	13,252	*	47,971	61,223
Michael J. Zimmerman	10,356	*		10,356
Directors and Executive Officers as a Group (23 persons)	3,291,682	4.8%	868,211	4,159,893

- (1) Except as otherwise indicated, each individual has sole voting and investment power over the shares listed beside his name. These shares were listed on regulatory filings by each of the individual directors or executive officers.
- (2) Includes the following shares that such persons and group have the right to acquire currently or within 60 days following April 14, 2015, upon the exercise of stock options: Mr. Dill 2,250; Mr. Hanser 2,250; Mr. Dubinsky 450; Mr. Beda 2,250; Mr. Irby 6,819; Mr. Brown 7,496; and directors and executive officers as a group 21,515. Also includes the following shares underlying stock units held by such persons and which are currently vested or which vest within 60 days following April 14, 2015: Mr. Kruszewski 60,841; Mr. Zemlyak 42,671; Mr. Himelfarb 2,239; Mr. Mulroy 35,844; Mr. Michaud 2,521; Mr. Nesi 33,080; Mr. Plotkin 8,716; Mr. Dill 18,000; Mr. Oates 28,553; Mr. Hanser 18,007; Mr. Dubinsky 18,007;



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- Mr. Beda 25,264; Mr. Irby 16,313; Mr. Brown 16,313; Mr. Westbrook 18,001; Mr. Grady 17,438; Mr. Weisel 13,188; Mr. Zimmerman 7,500; and directors and executive officers as a group 408,266. Also includes the following restricted stock awards: Mr. Michaud 68,194; and directors and executive officers as a group 68,194. Also includes the following shares which have been allocated to such persons under the 401(k) Plan, respectively: Mr. Kruszewski 1,278; Mr. Zemlyak 12,487; Mr. Himelfarb 8,073; Mr. Mulroy 274; Mr. Nesi 113; Mr. Weisel 64; and directors and executive officers as a group 25,787.
- (3) Based upon 67,873,541 shares of common stock issued and outstanding as of April 14, 2015, and, for each director or officer or the group, the number of shares subject to options or stock units which the director, officer, or the group has the right to acquire currently or within 60 days following April 14, 2015.
- (4) Includes shares underlying stock units held by such persons but which are not convertible into our common stock within the 60-day period after April 14, 2015, and, therefore, under the rules of the SEC, are not deemed to be beneficially owned as of April 14, 2015. The stock units generally will be transferred into common stock at the end of a three-to six-year period after the date of grant contingent upon the holder's continued employment with us.
- (5) Includes (i) 649,983 shares held in a limited liability company as to which Mr. Kruszewski has sole voting power and (ii) 4,500 shares held in a trust for the benefit of Mr. Kruszewski's children as to which he also has sole voting power.
- (6) Includes (i) 607,710 shares held in a limited liability company as to which Mr. Zemlyak has sole voting power and (ii) 3,600 shares held in a trust for the benefit of Mr. Zemlyak's child as to which he also has sole voting power.
- (7) Includes 4,088 shares held by the Nesi Family Foundation.
- (8) Mr. Dill has pledged 29,820 shares as collateral for a loan.
- (9) Includes 40,190 shares held by the Frederick O. Hanser Revocable Trust.
- (10) Includes 310 shares held by the Robert E. Grady Revocable Trust.
- (11) Mr. Weisel has pledged 87,794 shares as collateral as security for certain obligations.
- (12) Includes 110,181 shares held by the Thomas W. Weisel Trust.
- (\* ) Shares beneficially owned do not exceed 1% of the outstanding shares of our common stock.

**Table of Contents****Ownership of Certain Beneficial Owners**

Based on filings made under Section 13(d) and Section 13(g) of the Securities Exchange Act of 1934, as of April 14, 2015, the persons identified below were the only persons known to us to be a beneficial owner of more than 5% of our common stock.

Name and Address	Number of Shares Beneficially Owned	Percent of Outstanding Common Stock <sup>(1)</sup>
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	5,896,280 <sup>(2)</sup>	8.9%
The Vanguard Group, Inc.  100 Vanguard Blvd. Malvern, PA 19355	4,216,107 <sup>(3)</sup>	6.4%
Invesco Ltd. 1555 Peachtree Street NE Atlanta, GA 30309	4,203,613 <sup>(4)</sup>	6.4%

- (1) Based upon 67,873,541 shares of common stock issued and outstanding as of April 14, 2015.
- (2) The information shown is based on a Schedule 13G/A filed with the Securities and Exchange Commission on January 12, 2015 by BlackRock, Inc. The amended Schedule 13G indicates that BlackRock, Inc. has sole voting power as to 5,745,551 shares and sole dispositive power as to 5,896,280 shares.
- (3) The information shown is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 9, 2015 by The Vanguard Group, Inc. The amended Schedule 13G indicates that The Vanguard Group, Inc. has sole voting power as to 92,152 shares, sole dispositive power as to 4,129,380 shares, and shared dispositive power as to 86,727 shares.
- (4) The information shown is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 2, 2015 by Invesco Ltd. The amended Schedule 13G indicates that Invesco, Ltd. has sole voting power as to 4,156,935 shares and sole dispositive power as to 4,203,613 shares.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that our officers and directors, and persons who own more than 10 percent of our outstanding stock, file reports of ownership and changes in ownership with the SEC. To our knowledge, all Section 16(a) filing requirements applicable to our officers, directors, and greater than 10% beneficial owners were complied with during the year ended December 31, 2014.





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**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

***WHO IS SOLICITING MY VOTE?***

Our Board of Directors is soliciting your vote at the Annual Meeting.

***WHAT WILL I BE VOTING ON?***

Election of six directors nominated by our Board of Directors.

Advisory approval of the compensation of our named executive officers.

Approval of Executive Incentive Performance Plan.

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015.

Any other business that properly comes before the meeting or any adjournment(s) or postponement(s) of such meeting.

***HOW MANY VOTES DO I HAVE?***

You will have one vote for every share of Company common stock you owned on the record date, April 14, 2015, for each of the directors to be elected and on each other proposal presented at the Annual Meeting. Common stock is our only class of outstanding stock. There is no cumulative voting in the election of directors.

***WHO CAN VOTE AT OUR ANNUAL MEETING?***

You can vote your shares of Common Stock at our Annual Meeting if you were a shareholder at the close of business on April 14, 2015, the record date for our Annual Meeting.

As of April 14, 2015, there were 67,873,541 shares of common stock outstanding, each of which entitles the holder to one vote for each matter to be voted on at our Annual Meeting.

***HOW MANY VOTES MUST BE PRESENT TO HOLD THE MEETING?***

33,936,772 votes, which represents a majority of the votes that can be cast at the Annual Meeting. We urge you to vote by proxy even if you plan to attend the Annual Meeting so that we will know as soon as possible that enough votes will be present for us to hold the meeting.

***DOES ANY SINGLE SHAREHOLDER CONTROL AS MUCH AS 5 PERCENT OF ANY CLASS OF STIFEL S COMMON STOCK?***

There are three (3) shareholders that beneficially own over 5% of our common stock.

***HOW DO I VOTE?***

You can vote either by proxy, with or without attending the Annual Meeting, or in person at the Annual Meeting.

To vote electronically via the Internet, please follow the instructions provided at [www.investorvote.com/sf](http://www.investorvote.com/sf).

Alternatively, to vote via telephone, please call (800) 652-VOTE (8683).

If you requested that a proxy card be mailed to you, you may fill out your proxy card, date and sign it, and return it in the provided postage-paid envelope. We must receive your proxy card no later than June 9, 2015, for your proxy to be valid and for your vote to count.

Our employees who participate in our employee benefit plans may vote those shares on our Intranet or may have their proxy card mailed to them.

If you want to vote in person at the Annual Meeting and you hold your stock through a securities broker or other nominee (that is, in street name), you must obtain a proxy from your broker or nominee and bring that proxy to the meeting.

**Shares Held in the Stifel, Nicolaus & Company, Incorporated Profit Sharing 401(k) Plan**

On April 14, 2015, the Stifel, Nicolaus & Company, Incorporated Profit Sharing 401(k) Plan (the 401(k) Plan ) held 1,606,690 shares of our common stock in the name of Prudential, as trustee of the 401(k) Plan. If you are a participant in the 401(k) Plan, you may instruct Prudential how to vote shares of common stock credited to your

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401(k) Plan account by indicating your instructions by voting on our Intranet or by requesting a proxy card and returning it to us by June 9, 2015. A properly executed proxy card or Intranet instructions will be voted as directed. If no proper voting direction is received, Prudential, in its capacity as the 401(k) Plan trustee, will vote your shares held in the 401(k) Plan in the same proportion as votes received from other participants in the 401(k) Plan.

## **Broker Non-Votes**

Under the rules of the NYSE, your shares cannot be voted without your specific voting instructions on Items I, II, and III. See the section entitled *Can My Shares Be Voted If I Don't Vote Electronically, Don't Vote By Telephone, Don't Return My Proxy Card, and Don't Attend the Annual Meeting?* below for additional information. Accordingly, in order for your shares to be voted on all matters, please return your instructions promptly through any of the above-noted means. **Please vote; your vote is important.** Voting on matters presented at shareholders meetings, particularly the election of directors, is the primary method for shareholders to influence the direction taken by a publicly traded company. We urge you to participate in the election through any of the above-noted means. Please understand that if you vote electronically, vote by telephone, or return a proxy card without specifying your vote on a particular proposal, then this will be construed as an instruction to vote the shares as recommended by the Board on all matters to be considered at the meeting.

## ***CAN I CHANGE MY VOTE?***

Yes. Prior to the meeting date, you may cast a new vote by telephone, Internet, or Intranet, or request and return a proxy card with a later date, or send a written notice of revocation to David Minnick, our Corporate Secretary, at One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102, or e-mail us at [investorrelations@stifel.com](mailto:investorrelations@stifel.com). If you attend the Annual Meeting and want to vote in person, you can request that your previously submitted proxy not be used.

## ***WHAT ARE THE VOTES REQUIRED TO ELECT DIRECTORS, ADVISORY APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AND APPROVE THE RATIFICATION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM?***

In an uncontested election, as is the case in this election, each nominee for director shall be elected to the Board of Directors if the votes cast FOR such nominee's election exceed the WITHHOLD votes cast against such nominee's election.

The affirmative vote of a majority of the shares of our common stock cast at the meeting in person or by proxy is required for advisory approval of the compensation of our named executive officers.

The affirmative vote of a majority of the shares of our common stock cast at the meeting in person or by proxy is required for the approval of the Executive Incentive Performance Plan.

The affirmative vote of a majority of the shares of our common stock cast at the meeting in person or by proxy is required to ratify Ernst & Young LLP as our independent registered public accounting firm.

***WHAT IF I DON'T VOTE FOR SOME OF THE MATTERS LISTED IN THESE PROXY MATERIALS OR ON MY PROXY CARD?***

If you vote for some, but not all, matters electronically or by telephone, or return a proxy card without indicating your vote with regard to a particular matter, your shares will be voted FOR all of the nominees listed on the card, FOR the advisory approval of the compensation of our named executive officers, FOR the approval of the Executive Incentive Performance Plan, FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015, and in the discretion of the proxy holders as to any other matters that may properly come before the Annual Meeting or any postponement or adjournment of the Annual Meeting.

***HOW ARE BROKER NON-VOTES AND ABSTENTIONS TREATED?***

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. When tabulating the voting results for any particular proposal, shares that constitute broker non-votes and, pursuant to our By-Laws, abstentions are not considered votes cast on that proposal. Accordingly, broker non-votes and abstentions will not affect the outcome of any matter being voted on at the Annual Meeting, except for Item III, for which under NYSE rules abstentions must be treated as a vote cast and therefore, a vote AGAINST. In order to minimize the number of broker non-votes, the Company encourages you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice.

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***CAN MY SHARES BE VOTED IF I DON'T VOTE ELECTRONICALLY, DON'T VOTE BY TELEPHONE, DON'T RETURN MY PROXY CARD, AND DON'T ATTEND THE ANNUAL MEETING?***

Items I, II, and III are not considered routine matters under the NYSE rules, and therefore, brokerage firms and nominees that are members of the NYSE will not be able to vote the shares that they hold for you in nominee name if they have not received your voting instructions with regard to these proposals. For Items I and II, shares that constitute broker non-votes and abstentions are not considered votes cast on that proposal. Accordingly, broker non-votes and abstentions will not affect the outcome of the votes under either proposal. For Item III, under NYSE rules abstentions must be treated as votes cast and therefore, an abstention will be treated as a vote AGAINST the proposal.

Item IV, the ratification of our independent registered public accounting firm, is considered a routine matter under the NYSE rules for voting purposes. Accordingly, brokerage firms and nominees that are members of the NYSE have the authority under those rules to vote the shares that they hold for you in nominee name even if you have not furnished voting instructions within a specified period of time prior to the Annual Meeting.

***COULD OTHER MATTERS BE DECIDED AT THE ANNUAL MEETING?***

We do not know of any other matters that will be considered at the Annual Meeting. If any other matters arise at the Annual Meeting, the proxies will be voted at the discretion of the proxy holders.

***WHAT HAPPENS IF THE MEETING IS ADJOURNED OR POSTPONED?***

Your proxy will still be valid and may be voted at the adjourned or postponed meeting.

***WHY DID I RECEIVE A ONE-PAGE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS INSTEAD OF A FULL SET OF PROXY MATERIALS?***

As permitted by the SEC rules, we have elected to provide access to our proxy materials over the Internet, which reduces our costs and the environmental impact of our Annual Meeting. Accordingly, we mailed a Notice of Internet Availability of Proxy Materials to our shareholders of record and beneficial owners who have not previously requested a printed or electronic set of proxy materials. The Notice contains instructions on how to access our Proxy Statement and annual report and vote online, as well as instructions on how to request a printed set of proxy materials.

***HOW CAN I ACCESS STIFEL'S PROXY MATERIALS AND ANNUAL REPORT ELECTRONICALLY?***

To vote electronically via the Internet, you will need your control number, which was provided to you in the Notice or the proxy card included in your printed or electronic set of proxy materials. Once you have your control number, you may go to [www.investorvote.com/sf](http://www.investorvote.com/sf) and enter your control number when prompted to vote. To request the proxy materials electronically, you may either call (800) 652-VOTE (8683) or send an e-mail requesting electronic delivery of the materials to [investorrelations@stifel.com](mailto:investorrelations@stifel.com). Additionally, the proxy materials are available at [www.investorvote.com/sf](http://www.investorvote.com/sf) and at [www.stifel.com/investorrelations](http://www.stifel.com/investorrelations).

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**SHAREHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING**

In order to be considered for inclusion in the proxy statement for the 2016 Annual Meeting of shareholders, the written proposal must be received at our principal executive offices on or before January 1, 2016. The proposal should be addressed to Stifel Financial Corp., Attention: David M. Minnick, Corporate Secretary, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102. The proposal must comply with SEC regulations regarding the inclusion of shareholder proposals in company-sponsored proxy materials. Upon receipt of any such proposal, we will determine whether to include such proposal in the proxy statement and proxy card in accordance with regulations governing the solicitation of proxies.

Shareholder proposals not intended to be included in the Company's proxy statement may be brought before an annual meeting in accordance with the advance notice procedures detailed in our By-Laws. For the 2016 Annual Meeting, we must receive information relating to such proposal by March 14, 2016, but not before February 12, 2016, which is not less than 90 days or more than 120 days prior to the anniversary date of the immediately preceding annual meeting. Shareholder proposals must also be in proper written form and meet the detailed disclosure requirements set forth in our By-Laws. If you would like to receive a copy of the provisions of our By-Laws setting forth all of the requirements, you should write to Stifel Financial Corp., Attention: David M. Minnick, Corporate Secretary, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102. Any proposals that we receive that are not in accordance with the above standards will not be voted on at the 2016 Annual Meeting. A shareholder may nominate candidates for election as directors at shareholder meetings by following the procedures set forth in this proxy statement under the section entitled *Board of Directors Leadership, Risk Oversight, Meetings and Committees* under the heading *Risk Management/Corporate Governance Committee*.

**HOUSEHOLDING**

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy delivery requirements for proxy statements, annual reports, and other deliverables with respect to two or more shareholders sharing the same address by delivering a single proxy statement or annual report, as applicable, addressed to those shareholders. This process, which is commonly referred to as *householding*, potentially provides extra convenience for shareholders and cost savings for companies. We household our deliverables to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders.

If, at any time, you no longer wish to participate in *householding* and would prefer to receive a separate copy of distributed materials, or if you are receiving multiple copies of distributed materials and wish to receive only one, please contact us in writing or by telephone at Stifel Financial Corp., Attention: David M. Minnick, Corporate Secretary, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102, (314) 342-2000. We will deliver promptly upon written or oral request a separate copy of our annual report and/or proxy statement to a shareholder at a shared address to which a single copy of either document was delivered.

**OTHER MATTERS**

Management knows of no business to be brought before the Annual Meeting other than that set forth herein. However, if any other matters properly come before the meeting, it is the intention of the persons named in the proxy to vote such proxy in accordance with their judgment on such matters. Even if you plan to attend the meeting in person, we urge you to promptly vote your shares over the Internet, by telephone, or if you requested printed copies of the proxy materials, you can vote by dating, signing, and returning the proxy card in the postage-paid return envelope. Your cooperation in giving this your prompt attention is appreciated.





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**MISCELLANEOUS**

The Company will bear the cost of solicitation of proxies. Proxies will be solicited by mail, telephone, Internet, or other electronic means. They also may be solicited by officers and regular employees of us and our subsidiaries personally or by telephone, but such persons will not be specifically compensated for such services. Brokerage houses, custodians, nominees, and fiduciaries will be requested to forward the soliciting material to the beneficial owners of stock held of record by such persons and will be reimbursed for their reasonable expenses incurred in connection therewith.

*By Order of the Board of Directors,*

David M. Minnick, Corporate Secretary

April 30, 2015

St. Louis, Missouri

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**STIFEL FINANCIAL CORP.**

**2015 EXECUTIVE INCENTIVE PERFORMANCE PLAN**

**Article I. Establishment And Purpose**

**1.1 Establishment of the Plan.** Stifel Financial Corp. (the Company ) hereby establishes the 2015 Executive Incentive Performance Plan (the Plan ) as set forth in the Agreement.

**1.2 Purpose.** Section 162(m) of the Internal Revenue Code of 1986 limits to \$1,000,000 the amount of an employer's deduction for a fiscal year relating to compensation for certain executive officers, with exceptions for specific types of compensation such as performance-based compensation.

This Plan is intended to provide for the payment of qualified performance-based compensation that is not subject to the Section 162(m) deduction limitation.

**1.3 Effective Date.** The effective date of the Plan is January 29, 2015, subject to approval of the terms of the Plan by the Company's shareholders.

**Article II. Definitions**

**2.1 Definitions.** Whenever used herein, the following terms will have the meanings set forth below, unless otherwise expressly provided. When the defined meaning is intended, the term is capitalized.

- (a) Board means the Board of Directors of the Company.
- (b) Code means the Internal Revenue Code of 1986, as amended.
- (c) Committee means the Compensation Committee of the Board, or another committee appointed by the Board to serve as the administrator for the Plan, which committee at all times consists of persons who are outside directors as that term is defined in the regulations promulgated under Section 162(m) of the Code.
- (d) Company means Stifel Financial Corp.
- (e) Employer means the Company and any entity that is a subsidiary or affiliate of the Company.
- (f) Maximum Award shall mean the maximum amount that can be paid to a Participant as incentive compensation for a Performance Period if the Performance Target as calculated as provided in Section 4.2.
- (g) Participant for a Performance Period means an officer or other key employee who is designated by the Committee as a participant in the Plan for that Performance Period in accordance with Article III.
- (h) Performance Period shall mean the fiscal year of the Company or any other period designated as a Performance Period by the Committee.
- (i) Performance Target shall mean the specific target established by the Committee in accordance with Article IV.

**2.2. Severability.** In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had not been included.

### **Article III. Eligibility And Participation**

**3.1 Eligibility.** The Participants in this Plan for any Performance Period shall be comprised of each key employee of the Company who is a covered employee for purposes of Section 162(m) of the Code, or who may be such a covered employee as of the end of a tax year for which the Company would claim a tax deduction in connection with the payment of compensation to such employee, and who is designated individually or by class to be a Participant for such Performance Period by the Committee at the time a Target Award is established for such employee.

**3.2 Participation.** Participation in the Plan will be determined annually by the Committee. Employees approved for participation will be notified of their selection as soon after approval as practicable.

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**3.3 Termination of Approval.** The Committee may withdraw approval of a Participant's participation at any time. In the event of such withdrawal, the Employee concerned will cease to be a Participant as of the date of such withdrawal. The Employee will be notified of such withdrawal as soon as practicable following the Committee's action. A Participant who is withdrawn from participation under this Section will not receive any award for the Performance Period under this Plan.

**Article IV. Performance Criteria**

**4.1 Performance Target.** The Committee shall establish in writing an objective, specific Performance Target which must be attained in a Performance Period in order for any incentive award to be paid under this Plan for such Performance Period. The Performance Target shall be based on any one or more of the following:

Net earnings or net income (before or after taxes);

Earnings per share;

Revenue growth;

Net operating profit;

Return measures (including, but not limited to, return on assets, capital, invested capital, equity or revenues);

Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment);

Earnings before or after taxes, interest, depreciation and/or amortization;

Share price (including, but not limited to, growth measures and total shareholder return);

Expense targets;

Operating efficiency;

Market share; and

Working capital targets

Such Performance Targets may include such reasonable adjustments as are permitted under Section 162(m) of the Code. The Performance Target shall be established in writing by the Committee no later than 90 days after the beginning of the first Performance Period under the Plan (but no later than the time prescribed the Section 162(m) of the Code or the regulations thereunder in order for the target to be considered pre-established).

**4.2 Maximum Award.** If the Performance Target is attained for a Performance Period (and certified in writing as provided for in Section 4.3), the maximum amount of incentive awards in the aggregate to be paid to any one participant during a Performance Period shall not exceed 1.0% of the Company's gross revenue for the Performance Period, with the value of such incentive awards payable in equity equal to the fair market value of such awards on the date of grant.

**4.3 Payment of Incentive Award.** As a condition to the right of a Participant to receive any incentive award under this Plan, the Committee shall first be required to certify in writing, by resolution of the Committee or other appropriate action, that the Performance Target was satisfied for the applicable Performance Period, and that the incentive award amount of such Maximum Award has been accurately determined in accordance with the provisions of this Plan. For this purpose, approved minutes of a meeting of the Committee in which the certification is made shall be treated as written certification.

An award under this Plan may be paid in the form of cash, an award of restricted stock, stock units or other benefit under the Stifel Financial Corp. Incentive Stock Plan, or any other form of payment approved by the Committee; provided that the aggregate value of all such awards at the time of grant of such awards, does not exceed the dollar amount of the Maximum Award.

The Committee shall have the right to reduce the amount payable pursuant to an incentive award of a Participant in its sole discretion at any time and for any reason before the award is paid to the Participant, based on such criteria as it shall determine. Notwithstanding any contrary provision of this Plan, the Committee may not adjust upwards the amount payable in the aggregate for all awards subject to this Plan in excess of the Maximum Award for the Performance Period, nor may it waive the achievement of the performance criteria established pursuant to this Plan for the applicable Performance Period. Base salary and any other fixed compensation that are not subject to satisfaction of the Performance Target are not subject to this Plan.

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**Article V. Rights Of Participation**

**5.1. Employment.** Nothing in this Plan will interfere with or limit in any way the right of the Employer to terminate a Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of an Employer.

**5.2 Nontransferability.** No right or interest of any Participant in this Plan will be assignable or transferable or subject to any lien or encumbrance, whether directly or indirectly, by operation of law or otherwise, including without limitation execution, levy, garnishment, attachment, pledge, and bankruptcy.

**5.3 No Funding.** Nothing contained in this Plan and no action taken hereunder will create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant or beneficiary or any other person. Amounts due under this Plan at any time and from time to time will be paid from the general funds of the Company or from the Stifel Financial Corp. Incentive Stock Plan. To the extent that any person acquires a right to receive payments hereunder, such right shall be that of an unsecured general creditor of the Company.

**5.4 No Rights Prior to Award Approval.** No Participant will have any right to payment of an incentive award pursuant to this Plan unless and until it has been determined and approved under Article IV.

**Article VI. Administration**

**6.1 Administration.** This Plan will be administered by the Committee according to any rules that it may establish from time to time that are not inconsistent with the provisions of the Plan. It is intended that the awards under this Plan shall constitute qualified performance-based compensation under Section 162(m) of the Code, and the Plan and all awards hereunder shall be administered, interpreted and construed accordingly.

**6.2 Expenses of the Plan.** The expenses of administering the Plan will be borne by the Company.

**Article VII. Requirements Of Law**

**7.1 Governing Law.** The Plan will be construed in accordance with and governed by the laws of the State of Missouri.

**7.2 Withholding Taxes.** The Company has the right to deduct from all payments under this Plan any Federal, State, or local taxes required by law to be withheld with respect to such payments.

**Article VIII. Amendment And Termination**

**8.1 Amendment and Termination.** The Committee, in its sole and absolute discretion, may modify or amend any or all of the provisions of this Plan at any time and from time to time, without notice, and may suspend or terminate it entirely, subject to any shareholder approval that may be required to continue to qualify this Plan and all awards hereunder under Section 162(m) of the Code.

**Article IX. Shareholder Approval**

**9.1 Shareholder Approval.** This Plan shall be subject to approval by the affirmative vote of a majority of the shares cast in a separate vote of the shareholders of the Company at the 2015 Annual Meeting of Shareholders, and such shareholder approval shall be a condition to the right of a Participant to receive any incentive award hereunder.

The undersigned hereby certifies that this Plan was duly adopted by the Committee at its meeting on January 29, 2015.

By: David M. Minnick

Title: Corporate Secretary

Date: January 29, 2015

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**Important Notice Regarding Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held  
on**

**June 10, 2015**

The Proxy Statement and 2014 Annual Report are available at [www.investorvote.com/SF](http://www.investorvote.com/SF).

Please contact the corporate secretary at 1-314-342-2000 or email us at [investorrelations@stifel.com](mailto:investorrelations@stifel.com) if you have any questions about accessing these materials.

**IF YOU HAVE NOTE VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy - STIFEL FINANCIAL CORP.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned, revoking all prior proxies, hereby appoints Ronald J. Kruszewski and David M. Minnick (or such other person as is designated by the board of directors of Stifel Financial Corp. ( Stifel ), (the Proxies ), or either of them (with full power to act alone), true and lawful attorney(s), with full power of substitution, for the undersigned and in the name, place and stead of the undersigned to vote as designated on the reverse side all of the shares of common stock, \$0.15 par value, of Stifel entitled to be voted by the undersigned at the Annual Meeting of Stockholders to be held on June 10, 2015 and at any adjournments or postponements thereof. Should a nominee be unable to serve, this proxy may be voted for a substitute selected by the board of directors. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting and any adjournment or postponement thereof.

The undersigned acknowledges receipt of the Notice of the Annual Meeting, the Proxy Statement and the 2014 Annual Report.



This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. **If no direction is made, this proxy will be voted FOR all the named nominees for director and FOR Proposals 2, 3 and 4.**

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**IMPORTANT ANNUAL MEETING INFORMATION**

**Electronic Voting Instructions**

**You can vote by Internet or telephone!  
Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Eastern Daylight Time, on June 8, 2015.

**Vote by Internet**

Go to [www.investorvote.com/SF](http://www.investorvote.com/SF)  
Or scan the QR code with your smartphone  
Follow the steps outlined on the secure website

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone  
Follow the instructions provide by the recorded message

Using a **black ink** pen, mark you votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

**PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proposals** The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposals 2, 3 and 4.

**1. Election of Directors**

<b>Class II</b>	<b>Nominees for terms ending in 2018</b>	<b>For</b>	<b>Withhold</b>
01	Charles A. Dill	..	..
02	Richard J. Himelfarb	..	..
03	Alton F. Irby III	..	..
04	Victor J. Nesi	..	..
05	James M. Zemlyak	..	..
06	Michael J. Zimmerman	..	..

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
<b>2. Proposal to approve an advisory resolution relating to the compensation of our named executive officers.</b>	..	..	..
<b>3. Proposal to approve a plan, last approved in 2010, setting forth the terms of tax deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended.</b>	..	..	..
<b>4. Ratify the appointment of Ernst &amp; Young LLP as our independent public accounting firm for 2015.</b>	..	..	..

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**Non-Voting Items**

**Change of Address** Please print new address below.

**Authorized Signatures - This section must be completed for your vote to be counted. - Date and Sign Below**

Please sign this proxy card exactly as your shares are registered. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If more than one person holds the power to vote the same, any one of them may sign this proxy card. If the stockholder is a corporation, this proxy card must be signed by a duly authorized officer of the corporation.

Date (mm/dd/yyyy) - Please print date below.

Signature 1 - Please keep signature within the box.

Signature 2 -Please keep signature within the box.

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