STIFEL FINANCIAL CORP
Form DEF 14A
April 29, 2016
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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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Rule 240.14a-12

Stifel Financial Corp.

(Name of Registrant as Specified In Its Charter)

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

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(3) Filing Party:

(4) Date Filed:

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Stifel Financial Corp.

One Financial Plaza | 501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

April 29, 2016

Fellow Shareholders:

We cordially invite you to attend the 2016 Annual Meeting of Shareholders of Stifel Financial Corp., which will be held on **June 15, 2016 at 11 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, 2015 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.

During 2015, we continued our growth trajectory by successfully integrating mergers and recruiting and retaining talented, entrepreneurial associates. I am also pleased to report that, since our last annual meeting, we have engaged with many of our shareholders and responded to your suggestions, including strengthening our commitment to good corporate governance and diversity. We welcome our two new directors, Kathleen Brown and Maura Markus. In addition, our Compensation Committee, led by James Oates, made substantial changes to our compensation structure for me and my fellow named executive officers, including the introduction of performance awards and an emphasis towards at-risk compensation over realized compensation for 2015.

I expand on our Company s performance, strategy, and outlook in the 2015 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 15, 2016, at 11 a.m., Central Time
Place:	Stifel Financial Corp. offices located at One Financial Plaza, 2nd Floor, 501 North Broadway, St. Louis, Missouri 63102
Items of Business:	To elect six (6) Class III 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 declassification of the Board of Directors; To authorize amendments to 2001 Incentive Stock Plan (2011 Restatement) and to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement) to increase capacity by 3,000,000 shares and to permit net settlement of restricted stock units for equivalent cash, including for tax or other similar purposes; To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016; 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 18, 2016
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, May 31, 2016. 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 15, 2016

Our proxy statement and 2015 annual report are available at:

www.investorvote.com/sf

By Order of the Board of Directors,

Mark P. Fisher, Corporate Secretary
April 29, 2016

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Proxy Statement

For Annual Meeting of Shareholders To Be

Held on Wednesday, June 15, 2016

Stifel Financial Corp.

One Financial Plaza | 501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

General

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Stifel Financial Corp. (the Company or the firm) for use at the Annual Meeting of Shareholders (Annual Meeting) to be held on Wednesday, June 15, 2016, 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 29, 2016, 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 18, 2016. 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 declassification of the Board of Directors in Item III, in favor of authorizing amendments to 2001 Incentive Stock Plan (2011 Restatement) and to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement) to permit net settlement of restricted stock units for equivalent cash, including for tax or other similar purposes in Item IV, and in favor of the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016 in Item V, 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 Mark Fisher, 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 declassification of the Board of Directors, for authorizing amendments to 2001 Incentive Stock Plan (2011 Restatement) and to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement) to increase capacity by 3,000,000 shares and to permit net settlement of restricted stock units for equivalent cash, including for tax or other similar purposes, and for the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016.

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, III or V. Due to New York Stock Exchange (NYSE) rules with respect to the approval of benefit plans, abstentions are considered votes cast on Item IV, despite the provision to the contrary in our By-Laws.

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Executive Summary

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

Matters To Be Voted on at our 2015 Annual Meeting:

Agenda Item	Board Recommendation	Page Reference (for more detail)
I. Election of six (6) Class III 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	7
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	19
III. Approval of declassification of our Board of Directors. *The Board of Directors is asking shareholders to approve declassification of the Directors, who are presently divided into three classes.*	FOR	70
IV. Authorization of amendments to 2001 Incentive Stock Plan (2011 Restatement) and to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement) to increase capacity by 3,000,000 shares and to permit net settlement of restricted stock units for equivalent cash, including for tax or other similar purposes *The Board of Directors is asking shareholders to approve amendments that will permit payment of employee stock awards in equivalent cash, at the Company s option at the time of vesting.*	FOR	71
V. Ratification of selection of Ernst & Young LLP as our independent registered public accounting firm for 2015	FOR	74

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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 (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 (that is, no spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, or 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 Mr. Beda, Ms. Brown, Mr. M. Brown, Mr. Dill, Mr. Dubinsky, Mr. Grady, Mr. Hanser, Mr. Irby, Ms. Markus, Mr. Oates, Mr. Westbrook, and Mr. 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 69 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.

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. However, 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; such sessions occurred quarterly in 2015.

Lead Director: In August 2015, Mr. Beda was elected by the Board of Directors to serve as the Independent Lead Director of Stifel Financial Corp. The Board has determined that the Lead Director will: have authority to call meetings of the independent directors; chair meetings of the independent directors; liaise between management and independent directors; and, with the chair of the Compensation Committee, lead CEO performance evaluation and succession planning.

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, who coordinates with three management committees: the Asset Liability Management Committee, the Products Committee and the Conflicts of Interest Committee.

Meetings: During 2015, our Board of Directors met 7 times, including both regularly scheduled and special meetings. During the year, all of the incumbent directors attended at least 86% 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, one-third of the then-current directors were in attendance.

Committees: The standing committees of our Board of Directors are the Audit Committee, Compensation Committee, Executive Committee, and Risk Management/Corporate Governance Committee. The Audit Committee, Compensation Committee, and Risk Management/Corporate Governance Committee each operates pursuant to a written charter approved by the Board of Directors. The full text of each such charter and our corporate governance guidelines are available in the Corporate Governance section of our web site located at www.stifel.com, or may be obtained by any shareholder, without charge, upon request by contacting Mark Fisher, our Corporate Secretary, at (415) 364-2500 or by e-mail at investorrelations@stifel.com.

Audit Committee. Messrs. Beda (Chairman), Dubinsky, Grady, Oates, and Westbrook are the current members of the Audit Committee, each of whom is an independent director as defined by the NYSE, the SEC, and as determined by our Board of Directors. The duties of the Audit Committee include:

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

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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.

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 6 times during 2015.

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 8 times during 2015. 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 2015, 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 6 times during 2015. 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 Mark Fisher, 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: Mark P. Fisher, 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.

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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 quarterly during 2015.

Code of Ethics and Corporate Governance

In accordance with the requirements of the NYSE and the Sarbanes-Oxley Act of 2002, we have adopted Corporate Governance Guidelines as well as charters for the Audit Committee, Compensation Committee, and Risk Management/Corporate Governance Committee. These guidelines and charters are available for review under the Corporate Governance section of our web site at www.stifel.com. We have also adopted a Code of Ethics for Directors, Officers, and Associates. The Code of Ethics is also posted in the Corporate Governance section of our web site, located at www.stifel.com, or may be obtained by any shareholder, without charge, upon request by contacting Mark P. Fisher, our Corporate Secretary, at (415) 364-2500 or by e-mail at investorrelations@stifel.com.

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

Compensation and Risk

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

- We conducted an analysis of our incentive compensation programs by an interdisciplinary team led by our CRO and our outside independent compensation consultant. Other members of the team consisted 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; most are based on gross revenue, and allocation of the pools is 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 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. The equity proportion of these units 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.

Age

The Board of Directors has adopted a policy, on the recommendation of its Executive Committee, that each Director, shall not stand for reelection in any year if he or she shall have reached the age of 75 as of the first day of that year and shall transition responsibilities and resign no later than the date of the annual meeting. The Board of Directors may make exceptions to this policy if it determines such exception would be in the firm s best interest. The Board of Directors has determined, in light of the newness of the policy and the desirability for an orderly transition, that Mr. Beda will transition out of his roles as lead director and chairman of the Audit Committee on or prior to the 2017 annual meeting.

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Item I Election of Directors

Our Board of Directors unanimously recommends a vote FOR reelection of each of our director nominees, based on its consideration of the factors described below, as well as the individual qualifications and experience of each of our director nominees, and the contributions of each to our Board.

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 III members. Currently, each class is elected for a term of three years, and the classes together are staggered so that one class term expires each year. However, if Item III is approved, all directors standing for election in future years will be elected for one year, rather than three years. Regardless of whether Item III is approved, all directors will complete their existing terms before standing for election for one year terms. This includes the two new directors appointed by the Board of Directors to succeed Messrs. Dill and Irby, Class II directors who have resigned effective June 15, 2016. If Item III is not approved, all directors standing for election in future years will continue to be elected for three year terms.

The Board of Directors, upon the recommendation of the Risk Management/Corporate Governance Committee, has nominated Michael W. Brown, John P. Dubinsky, Robert E. Grady, Thomas B. Michaud, James M. Oates and Ben A. Plotkin for election as Class III directors to hold office until the 2019 Annual Meeting of shareholders, 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.

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 III 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.

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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 Board of Directors reflects diversity in business and professional experience, skills, and ethnic background. The addition of Ms. Brown and Ms. Markus on June 15, 2016, will not only augment the professional experience and skills of the Board of Directors, but also bring valuable gender diversity to our Board of Directors.

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.

Insider Board Rationale

Most of the insiders who serve on our Board of Directors were the CEOs or other senior leadership of businesses that we have acquired. Their service on the Board of Directors gives us the full benefit of their significant abilities and experience. Their board service also helps us to retain the talent of the senior leadership and their teams that join us through acquisitions. This insider presence is balanced by the majority-independent composition of the board, together with the leadership of our independent directors and separate executive sessions of the independent directors, led by our lead independent director.

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Class III Director Nominees

Michael W. Brown

Director since 2010, age 70

Class III director nominee with term ending in 2019

Committee Service

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.

John P. Dubinsky

Director since 2003, age 72

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

Class III director nominee with term ending in 2019

Career Highlights

Committee Service

Chairman, Stifel Bank & Trust (April 2007 present)

Audit Committee and Executive Committee

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, Firstar Bank (1999 2001)

Chairman, President, and Chief Executive Officer, Mercantile Bank (1997 1999) (until the merger with U.S. Bank National Association, formerly, Firstar Bank, N.A.)

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

Board Member, Drury Hotels

Other Professional Experience and Community Involvement

Trustee, Barnes-Jewish Hospital

Trustee, Washington University

Trustee and Chairman, 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.

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Robert E. Grady

Director since 2010, age 58

Class III director nominee with term ending in 2019

Committee Service

Audit Committee

Executive Committee

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

Director since 2013, age 52

Senior Vice President of Stifel Financial Corp.

Class III director nominee with term ending in 2019

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

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

Capital Campaign Committee, Middlebury College (2007 2015)

Former Board Member, Greenwich Chapter of the American Red Cross (2003 2008)

Member, Greenwich Town Meeting (1994-2001)

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.

James M. Oates

Director since 1996, age 69

Class III director nominee with term ending in 2019

Committee Service

Audit Committee

Compensation Committee (Chairman)

Executive Committee

Risk Management/Corporate Governance Committee

Other Public Company Directorships Within the Past 5 Years: Duff & Phelps Select Energy MLP Fund Inc. (NYSE:DSE)

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, Neworld 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

Chairman, Connecticut River Bank (2000 2014)

Board Member, New Hampshire Trust Company (2000 2014)

Board member, Connecticut River Bancorp (2000 2014) (PK: CORB.PK)

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

Director since 2007, age 60

Vice Chairman and Senior Vice President of Stifel Financial Corp.

Class III director nominee with term ending in 2019

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)

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

Member, World Presidents Organization

Member, Chief Executives Organization

Member, Board of Directors, BankAtlantic Bancorp (1998 2005)

Member, Executive Council and Board of Governors, American Jewish Committee

JD, Georgetown University Law Center

BBA, University of Florida

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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Incoming Directors

Kathleen Brown

Director as of June 15, 2016, age 70

Other Current Public Company Directorships: Sempra Energy (NYSE:SRE)

Class II director with term ending in 2018

Career Highlights

Partner, Manatt, Phelps and Phillips, LLP, focused on business counseling, government and regulatory affairs, particularly as they relate to the healthcare, energy, real estate and financial services industries (2013 present).

Goldman Sachs, Inc. (2001 2013):

Chairman, Midwest Investment Banking (2010 2013)

Managing Director and Head, Western Region Public-Sector and Infrastructure Group (2003 2010)

Bank of America (1995 2000), numerous positions, including National Co-President, Private Bank and President, Southern California, Private Bank.

State of California, State Treasurer (1990 1994)

Other Professional Experience and Community Involvement

Forestar Group, Director (2007 2016)

Presidential Commission on Capital Budgeting, Co-Chair (1996 1997)

CALPERS, Trustee and CALSTRS, Trustee (1990 1995)

Los Angeles Board of Public Works, Commissioner (1987 1989)

Los Angeles Board of Education, Member (1975 1980)

J.D., Fordham University Law School

B.A., Stanford University

Experience and Qualifications

Ms. Brown brings 18 years of experience as a senior executive in the banking and financial services industry and 16 years of public-sector experience to the Board of Directors. Through her public service and service as an executive and director of leading financial service companies, Ms. Brown brings substantial knowledge and expertise to the Board of Director s deliberations.

Maura A. Markus

Director as of June 15, 2016,

age 58

Other Current Public Company Directorships: Broadridge Financial Solutions, Inc. (NYSE: BR)

Class II director with term

ending in 2018

Career Highlights

Bank of the West, President, Chief Operating Officer and Board Director (2010 2014).

Citigroup (1987 2009)

Executive Vice President, Head of International Retail Banking (2007 2009)

President, Citibank N.A. (2000 2009)

European Sales and Marketing Director (1994 1997)

Other Professional Experience and Community Involvement

College of Mount St. Vincent in New York, Trustee

Catholic Charities San Francisco, Board Member

Year Up San Francisco Bay Area Talent and Opportunity Board, Member

Financial Services Roundtable, Former Member

M.B.A., Harvard Business School

B.A., Boston College, summa cum laude

Experience and Qualifications

Ms. Markus brings over twenty-five years of experience in banking to the Board of Directors, including as a senior executive. Ms. Markus has been named one of American Banker s Most Powerful Women in Banking multiple times. Through her proven service as an executive and director of leading financial service companies, Ms. Markus brings substantial knowledge and expertise to the Board of Director s deliberations.

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Continuing Directors

Richard J. Himelfarb

Director since 2005, age 74

Vice Chairman and Senior Vice President of Stifel Financial Corp.

Class II director 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.

Victor J. Nesi

Director Since 2009, age 56

Office of the President of Stifel Financial Corp.

Class II director 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

Director since 2004, age 57

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

Class II director 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.

Michael J. Zimmerman

Director since 2013, age 65

Class II director 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 Memorial 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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Bruce A. Beda

Director since 1997, age 75

Class I director with term ending

in 2017

Committee Service

Audit Committee (Chairman)

Compensation Committee

Executive Committee

Risk Management/Corporate Governance Committee

Mr. Beda is the Independent Lead Director of Stifel Financial Corp.

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, including Treasurer of Domestic Operations for Kimberly-Clark Corporation from (1975 1979), 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, having served on five other public company boards.

Frederick O. Hanser

Director since 2003, age 74

Career Highlights

Class I director with term ending

in 2017

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

Committee Service

Chairman of the Audit Committee (2010 present)

Compensation Committee

Director and Vice Chairman (2007 present)

Risk Management/Corporate Governance Committee

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

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.

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Ronald J. Kruszewski

Director since 1997, age 57

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

Class I director with term ending in 2017

Career Highlights

Committee Service

Stifel Financial Corp.

Executive Committee (Co-Chairman)

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.

Thomas P. Mulroy

Director since 2005, age 54

Office of the President of Stifel Financial Corp.

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

Director since 2010, age 75

Chairman of the Board of Directors of Stifel Financial Corp.

Class I director with term ending in 2017

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

Committee Service

Executive Committee (Co-Chairman)

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 (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.

Kelvin R. Westbrook

Director since 2007, age 60

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

Class I director with term ending in 2017

Committee Service

Career Highlights

Audit Committee

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

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

Chairman and Chief Strategic Officer (September 2006 October 2007)

President and Chief Executive Officer (May 1997 September 2006)

Partner of a national law firm

Other Professional Experience and Community Involvement

Chairman, Board of Directors, BJC HealthCare

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

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

J.D., Harvard Law School

B.A. University of Washington

Experience and Qualifications

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

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.

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, including the CD&A Roadmap on page 20, and the 2015 Summary Compensation Tables beginning on page 62.

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 named executive officers. 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).

2015 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 15, 2016, 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.

Executive Summary

We design our executive compensation program to drive shareholder value by aligning the incentives of management with the key goals of our businesses in a manner consistent with best practice. We regularly review our pay practices and actively seek out and strongly consider shareholder feedback in making potential changes. The following Compensation Discussion and Analysis (CD&A) is organized around five key considerations (summarized in the exhibit on next page) that we believe shareholders should focus on in their evaluation of our Say on Pay proposal. The roadmap guides you through the principles, objectives and process of our Board s Compensation Committee (the Committee) in designing and implementing compensation programs for our Chief Executive Officer, Chief Financial Officer, and our next three most highly compensated executive officers (referred to in the CD&A as our named executive officers or Executive Officers).

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

Compensation Discussion & Analysis

Roadmap

2015 was our 20[th] consecutive year of record non-GAAP net revenues, with near-record non-GAAP pre-tax net income and record revenues and pre-tax operating income in Global Wealth Management.

Our stock price was $42.36 at the end of 2015, down 17%, and experienced weakness in Q1 2016.

During 2015, we successfully consummated acquisitions of Sterne Agee and Barclays Wealth Management business.

We invested significantly in our risk management, compliance, and internal audit functions, with the objective of increasing assets.

We substantially grew assets in Q4 2015 after deliberately maintaining assets below $10 billion in 2014 and most of 2015 as we focused on building out infrastructure, including technology, people and training.

We improved our incentive decisions framework and more fully incorporated quantitative criteria.

We introduced performance-based restricted stock units (PRSUs), a new deferred compensation vehicle for named executive officers based on predefined future performance metrics.

We retained an independent compensation consultant.

We measured our pay and performance against identified peers.

We met with over 25 institutional shareholders representing over 55% of outstanding shares.

We pay for performance, with a focus on long-term shareholder interests.

Our pay practices foster the entrepreneurial, meritocratic culture that attracts the talent to sustain our demonstrated success.

We provide pay decision transparency and alignment pay to a framework of internal and external facts.

Stated, objective criteria are the basis for assessing Company and named executive officer performance and making pay decisions.

We paid our named executive officers compensation taking into consideration 2015 performance as well as the mix of compensation elements.

In comparison to prior years, variable compensation was overwhelmingly in the form of At-Risk (deferred) compensation and not in the form of cash bonuses.

The mix of At-Risk (deferred) compensation was 40% RSUs and 60% PRSUs

Our emphasis on deferred compensation links named executive officer pay directly to share price and shareholder value over time.

Our new PRSUs link named executive officer compensation to future non-GAAP pre-tax net income, EPS and ROE performance metrics.

We evaluate each named executive officer s contribution to Company risk control in setting annual pay.

We maintain control over pay through ownership requirements, anti-hedging rules and double triggers.

In the last twelve months, we have responded to shareholder input on pay practices with commitments followed by action.

We have based our pay decisions on a clear factual framework that aligns pay with long-term shareholder interests.

Our 2015 performance was strong.

2015 pay decisions were aligned to performance and shareholder interests by use of objective criteria.

We have added future-performance metrics-based deferred compensation to our compensation mix.

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How Did We Perform?

We continue to grow and invest in our future.

2015 was our 20th consecutive year of record non-GAAP net revenues, with near-record non-GAAP pre-tax net income and record revenues and pre-tax operating income in Global Wealth Management.

Our stock price was $42.36 at the end of 2015, down 17%, and experienced weakness in Q1 2016.

During 2015, we successfully consummated acquisitions of Sterne Agee and Barclays Wealth Management business.

We invested significantly in our risk management, compliance, and internal audit functions, with the objective of increasing assets.

We substantially grew assets in Q4 2015 after deliberately maintaining assets below $10 billion throughout 2014 and most of 2015.

Highlights of 2015 Performance

The past year was a strong one for Stifel. Highlights include:

Record annual non-GAAP net revenues of $2,335.0 million, an increase of 5.5% from 2014.

20th consecutive annual increase in net revenues.

Non-GAAP pre-tax income of $303.0 million, our second-strongest year.

Non-GAAP net income per diluted common share of $2.26, our second-strongest annual performance.

See Use of Non-GAAP Measures at page 58.

Segment, Balance Sheet and Infrastructure Highlights

The past year was a strong one for Stifel. Highlights for 2015 include:

Key Financial Metrics and Long-Term Performance

(1) Operating results are from continuing operations. The results from SN Canada are classified as discontinued operations for all periods presented. Non-GAAP measures reflect adjusted for: acquisition-related charges, certain litigation-related expenses and certain tax benefits. See Use of Non-GAAP Measures at page 58.

(2) All per-share amounts reflect the three-for-two stock split in April 2011.

We have delivered strong financial performance over a sustained period of time. Our stock was competitive with the S&P 500 Financials Index over the last 5 years and peer companies during the same period. Over the last 10 years, Stifel has significantly outperformed peer companies and the S&P 500 Financials Index. Our stock exhibited very strong relative and absolute performance during the 2008 through 2010 period, which is a factor in some of our relative performance against peers and benchmarks over the last 5 years, 2011 through 2015.

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Relative performance of SF Common Stock

10-year relative performance of SF Common Stock, Peer Group, and S&P 500 Index:

5-year relative performance of SF Common Stock, Peer Group, and S&P 500 Index:

	10-Year		5-Year	
Relative Performance	**Growth**	**CAGR**	**Growth**	**CAGR**
SF Common Stock	153.6%	9.8%	2.0%	0.4%
Peer Group(1)	10.2%	1.0%	14.0%	2.7%
S&P 500 Index	63.7%	5.1%	81.0%	12.6%

(1) The peer group is described on page 28, Identification of Peer Group.

Additional Performance Indicators(1)	2015	2014	2013	2007
Non-GAAP Return on Equity	18.4%	9.5%	9.8%	18.4%
Change in Stock Price/TSR	-17.0%	6.5%	49.9%	34.0%
Non-GAAP Pre-Tax Margin on Net Revenues	13.0%	15.2%	14.9%	14.5%
Book Value Per Share	$ 37.19	$ 35.00	$ 32.30	$ 27.54
Non-GAAP Compensation to Revenue Ratio	63.0	62.3	62.5	64.7

(1) See Use of Non-GAAP Measures at page 61.

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Strategic Execution

Stifel continued in 2015 to execute on its strategy of building a premier wealth management and investment banking firm by means of organic growth and opportunistic acquisition. Each acquisition in 2015 has fit Stifel s differentiated value proposition of growth, scale and stability that blends many of the advantages, but avoids most of the weaknesses, of larger bulge bracket and smaller boutique firms. We execute strategic opportunities only when accretive:

- To our shareholders, through expected revenue and EPS growth in a reasonable timeframe.
- To our associates, through additional capabilities and new geographies.
- To our clients, through greater relevance and expanded product offerings.
- To our new partners, through the stability of Stifel s size and scale, coupled with a significant retention of their own ability to direct their own businesses.

Our Board of Directors and the Committee understand that Stifel executes on strategic opportunities to maximize retention and tax benefits. The result is non-GAAP charges to earnings, as opposed to an increase of goodwill on our balance sheet. All of those elements of our acquisition strategy result in tangible benefits to Stifel. Conversely, we do not structure our acquisitions to improve GAAP treatment in the absence of other, compelling tangible benefits. This strategy for executing acquisitions is the most important reason we describe both GAAP and non-GAAP results: the non-GAAP results illuminate how we structure and view our strategic acquisitions.

Stifel s acquisitions are a catalyst for organic growth. Consistent with our approach to a balanced business model, acquisitions have accounted for approximately 50% of Stifel s revenue growth since 2005. Organic growth from our existing businesses accounts for the difference, approximately 50%. We position Stifel to take advantage of opportunities to add talented professionals, services, products and capabilities, whether the vehicle is an acquisition or organic hiring.

Significant Progress in Strengthening Controls and our Culture

We are a firm that has grown tremendously over the past decade and anticipate continued growth through the next decade. We believe that a strong and sustainable control environment is integral to achieve this end. And we have committed the effort and resources to build a platform for growth by enhancing on an ongoing basis our risk and control practices.

Ongoing Risk Management. Stifel continued to conservatively manage its balance sheet, capital, liquidity and overall risk in 2015. The Board s Risk Committee oversees major risk exposures, including market, credit, capital & liquidity, operational, regulatory, strategic and reputational risks. Our Enterprise Risk Management program, under the direction of our Chief Risk Officer, and other members of the firm s management have prepared a series of risk appetite statements that articulate our overall risk culture. The Board s Risk Committee reviews and approves risk appetite statements at least annually and receives at least quarterly updates on the firm s adherence to them. Further, the Board s Risk Committee receives quarterly risk assessments that identify, measure, and monitor existing and emerging risks, in addition to any changes to internal controls.

Investing in our infrastructure. We have continued to build out the infrastructure that enables us to continue to execute on our growth strategies, by bolstering our risk management, compliance, and internal audit functions, and ensuring that we fully comply with new and existing regulatory requirements. For example, we have made significant additions to our staff who stress-test risk exposures and monitor compliance with rules and regulations. We have also significantly augmented the tools available to this staff. In addition, building on our in-depth risk assessment in late 2014, our internal audit team performed more than 100 internal audits this year.

Building on our strong relationships with regulators. Stifel recognizes the critical importance to the safety and soundness of our firm, and the value to our growth strategy, of building on the strong relationships we maintain with our regulators. Our history of growth in the heavily-regulated financial services industry, both organically and through acquisitions, is evidence of this commitment.

Enhancing the Customer Experience to Deliver Sustained Performance

Stifel has invested significantly to integrate wealth management capabilities, including financial and estate planning to the Global Wealth Management segment. These investments help our financial advisors deliver solutions to clients that are tailored to their particular needs. Likewise, through prudence, training and relationship building, we are bringing lending solutions to clients seeking liquidity.

In 2015 Stifel s client portal and mobile applications were enhanced to improve client experience and increase account insight. The firm also installed a fully-integrated alternative investment program to help manage and report alternatives alongside traditional custody assets. The firm is committed to going further: enhancing reporting tools to satisfy client demand for deeper insight into their portfolios.

Investment in Our People

Much of the value of our franchise and brand is a direct result of the quality and effectiveness of our employees. Our ability to maintain our franchise and financial performance over the long-term depends upon our ability to continue to attract and retain high-quality employees.

Employee Development: In 2015, as in prior years, we have invested in cross-training and continuing education for our team.

Management Development: Several departments in 2015 established management development programs that identify and prepare leaders within our firm for wider institutional responsibilities. These programs are part of our formal annual performance appraisal process.

Succession Planning: The Board has established the Office of the President and developed a succession plan. The Board discusses succession planning in its executive sessions.

Diversity: Stifel nurtures a culture which values the diversity of its work force and encourages independent thinking by all our associates, regardless of background or role within our firm. By listening to our associates from our various acquisitions, Stifel integrates best practices and strengthens the firm.

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How Did We Respond to Shareholder Input?

Shareholders spoke and we acted.

- We improved our incentive decisions framework and more fully incorporated quantitative criteria.
- We introduced performance-based restricted stock units (PRSUs), a new deferred compensation vehicle for Executive Officers based on predefined future performance metrics.
- We retained an independent compensation consultant.
- We measured our pay and performance against identified peers.

Shareholder Outreach and Committee Action

Last year, our compensation program received majority support from shareholders. However, in contrast to stronger support in recent years say-on-pay advisory votes, the compensation program in 2015 was supported by 56% of votes cast. In response to this decrease in shareholder support, senior management and the Committee greatly expanded its shareholder outreach in 2015 and responded more directly to shareholder input. Our outreach to shareholders concerning our executive compensation has enabled us both to obtain fuller shareholder input and also to share the enhancements we have made to the program in the last year. Our outreach has encompassed over 25 institutional shareholders representing over 55% of outstanding shares. We also communicate regularly with our employees, who hold approximately 16% of outstanding shares, including by means of an annual State of Stifel address that over a thousand of our employees attend personally, with many more participating by streaming video. Our Committee has responded with commitment and action to shareholder feedback received through direct interactions and previous years say on pay advisory votes. Shareholder feedback has focused on our setting clear goals for executives in connection with their compensation, greater utilization of performance-based awards, and improved disclosure. We have listened and responded to each of these, with clearly articulated goals, the introduction of performance-based awards, and much fuller disclosure. (Shareholder feedback has naturally not been confined to pay matters and has included encouragement to declassify our board and increase the board s diversity. Our board has responded with a proposal to shareholders to declassify the board and with appointment of two deeply qualified women to succeed retiring directors and also named a lead independent director.) On matters of executive compensation, these actions also include follow through on each commitment our Committee made in its letter to shareholders on June 23, 2015.

Compensation Committee Commitment	Compensation Committee Actions	Cross-Reference
To better explain our compensation principles and goals	The Compensation Committee has adopted and communicated to	Page 35, Executive Pay Principles

	shareholders a formal statement of its compensation guiding principles and goals	
To enhance and describe more fully the particular quantitative and qualitative factors used in a specific year determining Executive Officer compensation	Developed incentive framework, incorporating quantitative and qualitative criteria used as a basis for compensation decisions	Page 40, The Committee s Process for Decision Making
To establish long-term component of Executive Officer compensation that is based on predetermined performance-based metrics	Newly adopted performance-based restricted stock units (PRSUs) earned over a 4-year period based on predetermined Non-GAAP ROE, Non-GAAP Pre-Tax Net Income, and Non-GAAP EPS goals	Page 53, Performance- Based Restricted Stock Units, PRSUs
To describe and enhance the formal process by which Executive Officer compensation is evaluated and determined	The Compensation Committee has adopted a formal process, including the incentive framework and individual goals for determining Executive Officer Compensation	Page 43, 2015 Incentive Framework Results in Summary Page 49 Named Executive Office Performance
To retain an independent compensation consultant to make recommendations	Compensation Advisory Partners LLC (CAP) engaged as of August 2015	Page 28, Retention of Compensation Committee Consultant
To continue to reach out to shareholders for feedback on executive compensation, to improve our disclosure process, and to address concerns raised	The Compensation Committee has solicited feedback from over 25 institutional shareholders, representing over 55% of shares outstanding, enhanced its disclosure process, and addressed an array of shareholder input regarding executive compensation. The Compensation Committee will continue this shareholder outreach.	Page 26, Shareholder Outreach and Committee Action Page 27, Responsiveness to Institutional Shareholder Guidance

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Responsiveness to Institutional Shareholder Guidance

A number of our institutional shareholders publish proxy voting guidelines. Below are some typical guidelines on executive compensation, our corresponding response, and a cross reference to the section of this CD&A in which we provide additional information.

Institutional Shareholder Guidelines	Stifel Response	Cross-Reference
Compensation committee should maintain significant flexibility in administering compensation programs utilizing the appropriate performance measures for the Company.	Our executive compensation program is overseen by our Committee with the overarching mandate of driving long-term value creation. Our executive compensation practices are designed to advance Stifel s goal of being a leading wealth management and investment banking company that is entrepreneurial and appropriately manages risk.	Page 35, Our Compensation Principles and Practices
Incentive plans should reflect strategy and incorporate long-term shareholder value drivers, including metrics and timeframes.	Our Committee has developed a facts-based, performance-focused framework by which it assesses Executive Officer performance and sets compensation against clearly stated and measured company and business goals. Our new equity vehicle Performance-Based Restricted Stock Units (PRSUs) are primarily based on three primary financial performance metrics: (1) non-GAAP ROE, (2) non-GAAP pre-tax net income, and (3) non-GAAP EPS.	Page 43, The Incentive Framework Page 53 Performance-Based Restricted Stock Units, PRSUs

Performance results should generally be achieved over a 3-5 year time horizon.	PRSUs will be measured over a 4-year period and vested over a 5-year period.	Page 53, Performance-Based Restricted Stock Units, PRSUs
Compensation structures that are significantly different from market practice require clear disclosure.	Our compensation structure and incentive mix is not significantly different from market and industry practices.	Page 31, Key Executive Compensation Elements
Peer group evaluation should be used to maintain awareness of pay levels and practices.	Our peer group was established by Compensation Advisory Partners LLC (CAP), our independent compensation consultant. CAP provided the Committee with market data on executive compensation trends and Executive Officer compensation levels, and assisted the Committee with evaluation of pay-for-performance alignment.	Page 28, Retention of Compensation Committee Consultant Page 28, Identification of Peer Group
Incentive plans should not encourage excessive risk taking.	Our incentive plans do not encourage excessive risk taking. Stifel is an entrepreneurial meritocracy that manages its risks conservatively. This philosophy translates into evaluating performance and making pay decisions.	Page 35, Executive Pay Principles
Disclose the rationale behind the selection of pay vehicles and how these fit with intended incentives.	Our key executive compensation program elements include fixed and variable compensation, and we have disclosed the rationale behind the selection of pay vehicles and how they fit with intended incentives in detail in the sections referenced to the right.	Page 31, Key Executive Compensation Program Elements Page 32, Committee s Perspective on Compensation Elements Page 41, Committee Determinations of 2015 Annual Incentive Compensation
Company s response to shareholder feedback.	Senior management and the Committee greatly expanded its shareholder outreach in 2015 and responded more directly to shareholder input.	Page 26, Shareholder Outreach and Committee Action

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Performance-Based Restricted Stock Units (PRSUs), New

The Committee has introduced Performance-based Restricted Stock Units (PRSUs) as a significant component of named executive officer compensation. This new equity vehicle will be earned over a four-year performance period based on achievement of pre-determined performance objectives. For the 2016-2019 performance cycle used for the 2015 awards of PRSUs, the performance criteria selected are Non-GAAP Net Revenue growth, Non-GAAP Pre-Tax Income growth and Non-GAAP EPS growth, equally weighted. These criteria were selected because they align with long-term shareholder objectives, accord with how the market assesses long-term performance of similar financial service firms and are consistent with our stated objectives. PRSUs are described in more detail beginning on page 53.

Retention of Compensation Committee Consultant

In August of 2015, the Committee retained Compensation Advisory Partners LLC (CAP) as the Committee s independent Compensation Consultant. CAP reports directly to the Committee, attends Committee meetings, and provides executive compensation related services. These services include reviewing this compensation discussion and analysis, advising on compensation program design such as the new PRSUs and peer company selection, providing market data on executive compensation trends and named executive officer compensation levels, and assisting Committee with evaluation of pay-for-performance alignment.

Prior to retaining CAP, the Committee considered the conflicts-of-interest related considerations for retention of a compensation consultant set out in the NYSE s listing standards.

Identification of Peer Group

In 2015, CAP identified and the Committee adopted a core peer group as a reference group for the Committee s review of pay and performance and market practices. Our core peer group is based on similarly-sized companies operating in the investment banking, brokerage and asset management businesses. In addition to the core peer group, the Committee reviewed executive compensation practices of a corporate peer group of select other financial services firms in reference to compensation decisions for Mr. Kruszewski, which included compensation information for similar positions in companies with characteristics comparable to Stifel. The following table lists the companies that make up each of those peer groups:

Core Peer Group	Corporate Peer Group
Affiliated Managers Group Inc.	Ameriprise Financial Inc.
Eaton Vance Corp.	Charles Schwab Corp.

Evercore Partners Inc.	Comerica
Greenhill & Co., Inc.	E Trade Financial Corp.
Lazard Ltd.	Edward Jones
Legg Mason Inc.	Franklin Resources Inc.
LPL Financial Holdings Inc.	Invesco Ltd.
Oppenheimer Holdings Inc.	Leucadia National Corp. (Jeffries)
Piper Jaffray Companies	Northern Trust Corp.
Raymond James Financial, Inc.	Robert W. Baird
T. Rowe Price Group, Inc.	State Street Corp.
	TD Ameritrade Holding Corp.

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The tables below set forth a summary of the financial attributes of each of our Core Peer Group and our Corporate Peer Group, (e.g., revenue, net income, earnings per shares, market capitalization and number of employees), and our relative positioning based upon those attributes.

Core Peer Group, Key Indicators, 2015:

	Net Revenues ($ millions)	Net Income ($ millions)	Market Capitalization ($ millions)	Number of Employees
25th Percentile	$ 1,416	$ 314	$ 5,805	2,979
Median	**$ 2,275**	**$ 324**	**$ 6,214**	**3,308**
75th Percentile	$ 3,700	$ 924	$ 16,783	8,326
Stifel	**$ 2,335**	**$ 193**	**$ 2,839**	**7,113**

Corporate Peer Group, Key Indicators, 2015:

	Net Revenues ($ millions)	Net Income ($ millions)	Market Capitalization ($ millions)	Number of Employees
25th Percentile	$ 4,416	$ 723	$ 15,108	11,207
Median	**$ 6,592**	**$ 1,019**	**$ 20,694**	**14,336**
75th Percentile	$ 9,691	$ 1,830	$ 31,317	26,778
Stifel	**$ 2,335**	**$ 193**	**$ 2,839**	**7,113**

How Do We Determine Pay and Assess Performance?

The Committee s determinations of pay and assessments of performance are governed by stated principles, a defined process and an objective framework.

We pay for performance, with a focus on long-term shareholder interests.

Our pay practices foster the entrepreneurial, meritocratic culture that attracts the talent to sustain our demonstrated success.

We provide pay decision transparency and alignment pay to a framework of internal and external facts.

Stated, objective criteria are the basis for assessing Company and named executive officer performance and making pay decisions.

Executive Summary

Our executive compensation strategy is designed to advance Stifel s goal of being a premier wealth management and investment banking company. Stifel is an entrepreneurial meritocracy that manages its risks conservatively. We take advantage of opportunities, whether they present themselves as organic growth prospects, as talent to attract or as businesses to acquire. Accordingly, the Committee s executive compensation program emphasizes compensation that is aligned with our company s performance.

Balancing Short- and Long-Term Incentives with Realized and At-Risk Compensation

The Committee recognizes importance of striking a balance between long-term incentives linked to shareholder returns and short-term incentives linked to the annual performance of the Company. The Committee considers such factors as the level of cash salary, stock-based salary, annual incentive compensation, long-term incentive compensation, and the overall equity ownership of the Company s CEO and other named executive officers. On balance, the Committee strives to emphasize long-term incentives linked to shareholder returns while recognizing the importance of annual performance compensation. In doing so, the Committee assesses each component of compensation as to its emphasis on short-term verses long-term incentives. In addition, when assessing the incentive of various components of compensation, the committee considers whether the compensation is Realized (meaning that it is not forfeitable) or At-Risk (meaning that it is potentially forfeitable because it is subject to time- or performance-based vesting).

The Importance of Stock Ownership

The Committee considers the overall level of equity ownership maintained by an executive officer as important indicia of the alignment of that individual with shareholders. The Committee understands the importance to shareholders of total stock returns and, therefore, takes into consideration the stock ownership of the CEO and the other named executive officers when determining the compensation system. More generally, the Committee views share ownership as an important factor that, even before compensation decisions for a particular year are made, aligns the senior management with shareholders.

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Key Executive Compensation Program Elements

The Committee seeks to utilize a balanced mix of compensation elements to achieve its goals, with total compensation for our executive officers heavily weighted towards variable elements that reward performance. The following table describes each component of our executive compensation program, how it is determined, and the purpose or purposes we believe it accomplishes. Realized compensation is paid (or vests) to the Executive Officer either during or on account of the year and is of fixed realizable value and ordinarily available to the Executive Officer. At-Risk compensation, by contrast, is delayed and subject to future conditions. The Executive Officer risks losing this compensation on account of these conditions not being met.

Element	Pay Impact	Type	How it is Determined	What it Does
Base Salary			Consistent with our compensation principles, Stifel maintains modest salary levels and provides most of its compensation in the form of variable incentive compensation Base salary for CEO and most Executive Officers has not increased in recent years	Provides a base level of fixed pay
Stock-Based Salary			Stock-based salary is the annually vesting portion of time-based RSUs with a 10-year vesting period (generally LTIAs) Periodically granted	Increases the level of salary, or fixed annual pay Vesting for LTIAs may accelerate to 5 years based on predetermined EPS goals, furthering alignment with shareholder interests
Cash Bonus			Varies annually based on Company and individual performance	Provides a competitive annual incentive
Debentures			Structured to better align total pay with overall Company performance	Aligns executive with shareholder interests in annual performance

	Tied to incentive framework, which includes key corporate, strategic and individual performance indications Decisions also based on individual goals and performance of business segment.	Aligns executive with shareholder interests in annual performance Encourages retention by vesting over 5 years
RSUs	Capped by the shareholder approved Executive Incentive Performance Plan (EIPP)	Aligns executive with shareholder interests in both annual performance and share value growth Encourages retention by vesting over 5 years
PRSUs	Performance based: directly tied to achievement of specific goals over a 4-year period Metrics are Non-GAAP Net Revenue, Non-GAAP Pre-Tax Income and Non-GAAP EPS	Aligns executive with shareholder interests in both annual performance and share value growth Performance depends on achievement of pre-set 4-year goals, thus further aligning executive with shareholder interests Encourages retention by vesting over 5 years
Retirement Plans	Named executive officers participate in the same retirement plans available to employees generally Profit sharing plan with a match of up to 50% of the first $2,000 in employee contribution to 401(k) plan Employee stock ownership plan and trust	401(k) facilitates tax-advantaged retirement savings
Other Benefits	Benefits provided to named executive officers are generally in line with those available to other employees Limited Executive Officer perquisites	Maintains alignment between named executive officers and other employees by limiting additional perquisites

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The Committee s Perspective on the Compensation Elements

The following section describes the Committee s views on how each element of compensation fits within the Committee s perspective on short-term vs. long-term incentives and within the Committee s framework of Realized vs. At-risk compensation.

Base Salary

The Committee views base salary as a short-term incentive and a component of Realized annual compensation. As such, we pay relatively low levels of base salary compared to the market due to our variable pay-for-performance philosophy. The Committee does not emphasize base salary as indicated by the fact that there has been no change to CEO s or to the other named executive officers base salary since the year in which each of them joined Stifel (Ronald J. Kruszewski in 1997, James M. Zemlyak in 1999, Victor J. Nesi in 2009, Thomas P. Mulroy in 2005 and Thomas B. Michaud in 2013). The following table presents the base salary of the named executive officers:

Named Executive Officers	2015 Base Salary	2014 Base Salary
Kruszewski, Ronald J.	$ 200,000	$ 200,000
Zemlyak, James M.	$ 175,000	$ 175,000
Nesi, Victor J.	$ 250,000	$ 250,000
Mulroy, Thomas P.	$ 250,000	$ 250,000
Michaud, Thomas B.	$ 250,000	$ 250,000

Stock-Based Salary

The Committee views stock-based salary as a long-term incentive that is both Realized (in the sense that it is not subject to further vesting in the year it is counted as stock-based salary) and At-Risk (in the sense that it is forfeitable between the date it is granted and the date on which it vests). Furthermore, the value of stock-based salary is tied to the performance of Stifel stock between the grant date and the vesting date, which serves the purpose of further aligning named executive officers incentives with shareholders. As such, this component of compensation balances the objectives of both short-term and long-term incentives. The amount of stock-based compensation in 2015 and 2014 are as follows:

Named Executive Officers	2015 Stock-Based Salary	2014 Stock-Based Salary
Kruszewski, Ronald J.	$ 600,000	$ 600,000
Zemlyak, James M.	$ 420,000	$ 420,000
Nesi, Victor J.	$ 400,000	$ 400,000

Mulroy, Thomas P.	$	400,000	$	400,000
Michaud, Thomas B.	$	150,000	$	150,000

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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 annual 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.

The Components of Annual Incentive Compensation are as follows:

- Cash, which the Committee views as a short-term incentive and a component of Realized annual compensation.

- Time-based deferred compensation, which the Committee views as a long-term incentive and a component of At-Risk annual compensation. Generally, time-based deferred compensation has been a combination of restricted stock units and debentures.

- Performance-based deferred compensation, which the Committee views as a long-term incentive and a component of At-Risk annual compensation. This third component is new to compensation in 2015.

Collectively, the above three compensation elements comprise Annual Incentive Compensation, which is the most important part of Compensation determined by the Committee each year. In making that annual determination, the Committee has developed a facts-based, performance-focused framework by which it assesses named executive officer performance and sets compensation against clearly stated and measured company and business goals. At the beginning of each year, the Committee identifies key objectives and goals that will be used to determine overall company performance as well as individual goals for our named executive officers.

For 2015, these objectives include the quantitative and qualitative criteria identified in the table on page 43 in the section 2015 Incentive Framework Results in Summary , which reflect financial performance, operating performance and strategic achievements. These criteria were informed by the Committee s review of overall progress for the firm periodically during the past year. The Committee made its final determinations at year-end when information for each factor was available. Individual performance for each named executive officer was also reviewed in this context of overall performance.

Primary goals achievement of revenue, pre-tax income, and EPS goals are generally more heavily weighted in the Committee s decisions. Taking into consideration all factors, the Committee then evaluated each major category primary, other considerations, strategic and assigned an overall evaluation to company performance in making final awards. The Committee understands the importance to shareholders of total stock returns and, therefore, takes into consideration the stock ownership of the CEO and the other named executive officers when determining the compensation system because the Committee views share ownership as an important factor that already aligns the senior management with shareholders. Accordingly, the Committee has determined that it is unnecessary to make total stock return one of the primary goals, because the Committee wants to strike the appropriate balance between short-term and long-term shareholder value.

Historically, CEO and other named executive officer compensation has closely tracked the performance of those primary goals. In 2015, the primary goals were, on average, down approximately 4% (non-GAAP Net Revenue was up 5.5%, non-GAAP Pre-Tax Net Income was down 6.2% and non-GAAP EPS was down 10.9%). Of the three primary goals, the Committee focused most upon the performance of non-GAAP Pre-Tax Net Income and non-GAAP EPS, which were down approximately 8.5% on average and determined that compensation for the CEO in respect of 2015 and other named executive officers in 2015 should be down approximately 15%. Simultaneously, the Committee determined that the mix of compensation elements should change significantly from the mix in prior years. In prior years, the Committee has paid approximately 70% of the annual incentive compensation to the CEO and other named executive officers in the form of cash. However, in 2015, 100% of the CEOs and approximately 86% of the other named executive officers annual incentive compensation was in the form of time-based deferred compensation or performance-based deferred compensation. The ability of the Committee to exercise its judgment to make those determinations is one benefit afforded by a structure that is not simply formula-driven, as described further in Our Compensation Principles and Practices Why We Don t Use a Formula .

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Benefits

The Committee provides executives with only limited perquisites and other personal benefits. The Committee periodically reviews the dollar amount of perquisites provided and may make adjustments as it deems necessary. Other benefits, including retirement plans and health and welfare plans, are made available to the CEO and other named executive officers on the same basis as they are made available to other employees.

Stock Ownership

The Committee considers the overall level of equity ownership maintained by an executive officer, both beneficial ownership and unvested units, as important indicia of the alignment of that individual with shareholders. In considering the overall level of equity ownership, the Committee noted that in 2015, the Company s stock price declined from $51.02 to $42.36. As of December 31, 2015, the amount of common stock beneficially owned, totaled approximately 2.25 million shares, including 1.02 million shares beneficially owned by the CEO.

The following table shows the change in value during 2015 to both the beneficially owned shares and to the granted but unvested shares held be each of the CEO and the other named executive officers.

	Beneficially Owned On Jan. 1, 2015	Shares Purchased or (Sold) in 2015	Units Vested in 2015	Shares or Units Traded for Taxes in 2015	Options Exercised in 2015	Beneficially Owned on Dec. 31, 2015	Unvested Units Dec. 31, 2015
Ronald J. Kruszewski	991,919		40,892	(9,710)		1,023,101	245,904
James M. Zemlyak	731,518	(230)	25,054	(5,332)		751,010	130,668
Victor J. Nesi	146,429		24,841	(7,083)		164,187	135,032
Thomas P. Mulroy	215,693	(50,000)	29,295	(5,989)		188,999	133,776
Thomas B. Michaud	175,069	(26,095)	5,663	(30,600)		124,007	84,626
Total	2,260,628	(76,325)	125,715	(58,714)		2,251,304	730,006

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Our Compensation Principles and Practices

Executive Pay Principles

Our executive compensation program is designed to attract and retain talented people in our highly competitive financial services industry. In order for us to achieve a strong relationship between pay and performance, we deliver over 85% of total compensation in form of annual and long-term incentive compensation based on company and individual performance. Our compensation program is designed to ensure that our executive officers establish and maintain a significant amount of stock ownership in the Company, encouraging our employees to think and act like long-term shareholders.

Guiding Principle	Impact on Compensation Design
Pay for Performance	Over 85% of named executive officer pay is based on performance and delivered through cash and equity vehicles tied to annual or multiple-year future performance that align our interests with the interests of our shareholders Over 65% of named executive officer pay is delivered in equity CEO pay reflects firm performance
Focus on Long-Term Shareholder Interests	Our program encourages share ownership and includes performance measures that enhance long-term shareholder value Since 1997, a significant portion of named executive officer pay is deferred and, in combination with our stock ownership guidelines, has led to significant share ownership (4.4% of total shareholding)
Pay to Retain and Attract	Financial services is a highly competitive industry; we work to configure and size pay prudently to attract and retain top talent The Committee reviews pay among competitors, but does not target a specific percentile when approving compensation for named executive officers
Maintain Compensation Governance	Committee is composed of five independent directors and met 6 times and held 2 telephonic meetings in 2015

Committee utilizes the services of an independent compensation consultant

Independent consultant gathers competitive information on pay and performance so that the Committee is aware of current market developments and practices

Committee monitors and assesses named executive officer performance in making year-end pay decisions

In evaluating executive compensation program, the Committee annually considers shareholder advisory vote and feedback from its meetings with shareholders

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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. We also describe certain disfavored compensation practices that we avoid.

What We Do	What We Don t Do
Emphasize annual incentive compensation tied to company and individual performance	x No Excise tax gross-ups
Encourage stock ownership by deferring a portion of annual compensation in the form of RSUs and awarding long-term incentives with multi-year vesting periods of three, five or ten years	x No CIC severance
	x No employment agreements
Maintain stock ownership guidelines; currently, all executives exceed guideline	x No SERPs
Focus Executive Officers on our long-term performance with the award of PRSUs based on ROE performance	x No hedging, short selling, or use of derivatives
	x Pledging by insiders requires Committee approval
Utilize a formal process and incentive framework to set Executive Officer compensation	x No excessive perquisites
Clawback policy	x No repricing of options
Double trigger on equity awards	x No option timing or pricing manipulation
Retain an independent consultant	

Conduct annual risk review

Engage with shareholders

Why We Don t Use a Formula

The Committee regularly reviews the Company s pay programs based on shareholder feedback, emerging practices, regulatory requirements, overall effectiveness and our own pay principles and commitments described in this section. In the last twelve months in particular, the Committee has considered the benefits that might be derived from a more formulaic approach with defined performance metrics and has implemented the metrics-based PRSUs as a significant component of Executive Officer compensation. This is in addition to our existing practice of looking to benchmarks such as Non-GAAP Net Revenue, Non-GAAP Pre-Tax Income and Non-GAAP EPS when setting executive compensation.

The Committee believes that PRSUs represent an important and positive addition to the Company s pay practices. Similarly, the Committee believes that the fuller description of its objective decision making process undertaken this year, including by use of the incentive framework described in this section, adds important discipline and transparency to the Committee s decision making process.

The Company s diverse business lines, balance of cultural values and opportunistic advancement is not consistent with a simplistic formulation that stands pat on any single number or outcome as representative of overall performance. That is why the Committee utilizes a balanced and disciplined approach that draws on a variety of pay factors and elements each common in the pay of financial services sector executives to reflect the Company s and each Executive Officer s performance over multiple years.

Overreliance on any formula can lead to misalignment between pay and performance. In recent years, the Company s record-setting performance has often outstripped the pay increases the Committee has approved for the Executive Officers. That is because the Committee is committed to applying sound business judgment in deciding appropriate compensation and because the Committee is determined to maintain the best alignment of pay decisions to shareholder interests, without ceding its independent review to the reductive and mechanical application of any single formula.

The Committee s Goals and Commitments

During 2015 the Committee reviewed its process for setting goals, evaluating performance and making pay decisions. The review and articulation of our pay purposes, commitments and process is in direct response to comments and other input from our shareholders that have asked us to provide greater transparency by describing in more detail the quantitative and qualitative factors and the evaluation process used to determine awards.

Our executive compensation practices are designed to advance Stifel s goal of being a leading wealth management and investment banking company that is entrepreneurial and appropriately manages risk. We grow and take advantage of opportunities, whether they present themselves as organic growth prospects, as talent to attract or as businesses to acquire. To this end, our executive compensation program emphasizes annual incentive compensation that aligns our executives compensation to Stifel s long-term performance. This program is overseen by the Committee. This overarching purpose of driving long-term value creation is supported by the following commitments:

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Committee Commitments	
Transparency	The Committee identifies the compensation principles that determine the compensation decision process and makes the specific decisions that result from that process. The Committee determines the forms and proportions of compensation to align named executive officer compensation to Stifel s long-term performance.
Alignment	The process by which the Committee makes its decisions includes consideration of the entire factual framework, including both: Quantitative factors, such as those used in the formula for realization of PRSUs and Non-quantitative factors such as stewardship of risk controls.
Orderly Decision-Making	The Committee s annual decision making process is structured to yield orderly, timely, individual executive compensation decisions. The Committee requires a full, enumerated factual basis be put before it prior to making its annual compensation decisions. The Committee consults with an outside compensation consultant to provide market data in connection with its compensation determinations for our CEO and other named executive officers and for other guidance in compensation process decision making. The Committee obtains data on peer practices and uses such data as reference material to assist it in maintaining a general awareness of industry compensation standards and trends. The market data does not formulaically determine the Committee s compensation decisions for any particular executive officer. The Committee does not target a particular percentile of the peer group with respect to total pay packages or any individual component of pay.

The Committee disciplines its exercise of judgement by use of these facts, principles and process and framework, in order to set compensation in the best interest of the Company and its stakeholders.

The Committee sets the mix of forms of compensation to be relevant to the role of each executive.

For example, a front-line financial professional is often paid primarily on revenue produced.

Balancing Role Relevance with Cultural Cohesion

By contrast, senior executives must also ensure conversion of revenues to net income, which the Committee takes into account for senior executive compensation.

But the Committee also strives to foster to the cohesive culture that remains essential to Stifel s success by constraining these role-prompted differences to those essential to maintain relevance.

To the extent role differences do not compel compensation differences, the mix of forms of compensation should be kept similar across the organization.

The Committee has ultimate responsibility for compensation decisions.

The Committee will not duck its responsibility, whether by excessive delegation or through simplistic weighting or excessively formulaic approaches, which can have unintended consequences, fail to capture vital non-quantitative factors, and lead to potential misalignment of interests between the firm and its executives.

Responsibility

No single metric or formula can substitute for the Committee s informed exercise of judgment.

The Committee s process for analyzing facts and making considered determinations, including its decision to introduce formula-based PRSUs as a component of compensation, has kept true to its responsibility to align executive pay with firm performance and foster long-term value creation, proper risk management and firm values.

Prudence	The Committee expects Stifel s executives to act prudently on behalf of shareholders and clients, regardless of day-to-day market conditions and other events. This expectation could be undermined by a strictly formulaic program, which could encourage executives to place excessive weight on achieving a narrow metric at the expense of other goals, and at the expense of balancing goals in tension. The Committee instead remains determined to set compensation informed both by quantifiable, formula-driven factors and by less quantifiable factors, such as risk management, disparities between absolute and relative performance levels and recognition of key individual achievements.

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How Did We Pay our CEO and other Named Executive Officers?

The Committee has determined to adjust the mix of compensation to emphasize variable over fixed compensation, deferred over current compensation, and At-Risk over Realized compensation

We paid our named executive officers compensation taking into consideration 2015 performance as well as the mix of compensation elements.

In comparison to prior years, annual incentive compensation was overwhelmingly in the form of At-Risk (deferred) compensation and not in the form of cash bonuses.

The mix of At-Risk (deferred) compensation was 40% RSUs and 60% PRSUs

Summary of Named Executive Officer Compensation for 2015

Our named executive officers for 2015 were:

Ronald J. Kruszewski	Chairman and Chief Executive Officer
James M. Zemlyak*	President and Chief Financial Officer
Victor J. Nesi*	President and Co-Director of the Institutional Group
Thomas P. Mulroy*	President and Co-Director of the Institutional Group
Thomas B. Michaud	President and Chief Executive Officer of our subsidiary, Keefe, Bruyette & Woods, Inc.

* Mr. Zemlyak, Mr. Nesi and Mr. Mulroy constitute the Office of the President.

Compensation granted for 2015 performance results and the year-over-year change in total compensation is stated below. A portion of the award was granted in PRSUs, a new component of compensation, whose value is based on achieving predetermined performance-based metrics. PRSUs are described beginning on page 28.

Executive Officer	Annual Incentive Compensation	Subtotal	% Change

	Fixed Compensation					At-Risk	2015 Total Comp.	% Total Comp.	2015 vs.
	Base Salary	Stock-Based Salary	Cash Bonus	RSUs	PRSUs			At-Risk	2014
Ronald J. Kruszewski	$ 200,000	$ 600,000	$ 0	$ 2,000,000	$ 3,000,000	$ 5,000,000	$ 5,800,000	86%	(15)%
James M. Zemlyak	$ 175,000	$ 420,000	$ 405,000	$ 880,000	$ 1,320,000	$ 2,200,000	$ 3,200,000	69%	(14)%
Victor J. Nesi	$ 250,000	$ 400,000	$ 350,000	$ 1,060,000	$ 1,590,000	$ 2,650,000	$ 3,650,000	73%	(15)%
Thomas P. Mulroy	$ 250,000	$ 400,000	$ 350,000	$ 880,000	$ 1,320,000	$ 2,200,000	$ 3,200,000	69%	(15)%
Thomas B. Michaud	$ 250,000	$ 150,000	$ 350,000	$ 840,000	$ 1,260,000	$ 2,100,000	$ 2,850,000	74%	(16)%
	Realized Compensation			At-Risk Compensation					

Note: Table excludes grants of future stock-based salary, which are described in more detail on page 55.

The table above describes compensation approved by the Committee for fiscal 2015 and is consistent with how the Committee viewed its compensation decisions for our Executive Officers, but is not a substitute for the Summary Compensation Table required by SEC rules, which differ substantially from this table. Among other differences, the table above includes stock-based salary in the column for the year in which it vested, rather than the year in which the grant date occurred. Further important information on the differences between this presentation and the SCT begins on page 62.

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The Committee s Process for Decision Making

The Committee s process in 2015 followed five steps:

Financial Objectives: growth in earnings; net income and revenue

Long-Term Objectives: increase ROE and book value; enhance return to shareholders

Strategic Objectives: integration of acquisitions; organic growth

Independent consultant assisted the Committee with:

- identifying peer companies;
- gathering peer and supplemental market pay data for Committee reference.

Periodic updates during the year from the CEO:

- firm performance;
- segment performance;
- individual Executive Officer performance.

Yearly updates from independent consultant:

- relative performance;
- competitive pay levels;
- alignment of pay and performance and market trends.

Committee decisions based on results of the incentive framework (see below) that include an in depth review of company, CEO and other Executive Officer performance across multiple factors.

Pay for Executive Officers other than the CEO recommended by CEO, subject to Committee approval.

Committee awarded 2015 annual incentive compensation in the form of cash and deferred bonus for CEO and other named executive officers.

For the CEO, no cash bonus.

For other named executive officers, Realized compensation of up to:

$1,000,000 in the form of base salary, stock-based salary and cash bonus for our other named executive officers who comprise the Office of the President;

$750,000 in the form of base salary, stock-based salary and cash bonus for our President and CEO of Keefe, Bruyette & Woods, Inc.

At-Risk Compensation: all annual incentive compensation in excess of Realized compensation will be 40% RSUs and 60% PRSUs, for both CEO and other named executive officers.

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Committee Determinations with Respect to

2015 Annual Incentive Compensation

Relative to 2014, the Committee has determined to emphasize At-Risk (deferred) compensation over Realized (current) compensation in determining the annual incentive compensation of the CEO the other named executive officers. Importantly, the Committee took into consideration both the 2015 performance of the CEO and other named executive officers as well as the changing mix of compensation in determining the total amount of compensation to be paid to the CEO and other named executive officers.

The Committee divides the various elements of compensation described above in Key Executive Compensation Program Elements into two categories: compensation that is Realized because it is not subject to forfeiture and compensation that is At-Risk because it is subject to forfeiture. As described above, the Committee considers At-Risk compensation to include grants of PRSUs, RSUs and debentures, which are all the forms of deferred compensation granted to named executive officers. The Committee considers Realized compensation to include all fixed compensation (base salary and stock-based salary), as well as variable compensation that is not deferred (namely, cash bonuses).

The Committee believes that At-Risk compensation is valuable as a retention tool for the straightforward reason that it is subject to time vesting. By contrast, cash does not have a retention component. The Committee believes that the retention component of variable compensation is important in the case of named executive officers, and particularly with respect to the CEO. Accordingly, the Committee has determined that the allocation of variable compensation among Realized and At-Risk compensation for the CEO and other named executive officers in respect of 2015 will be as shown in the following table:

Committee Allocation of Annual Incentive Compensation:

Named Executive Officer	Cash	At-Risk (Deferred) Compensation
CEO	None	All Annual Incentive Compensation
Executive Officers who constitute the office of the president	An amount of cash so that total Realized compensation equals $1,000,000	All Annual Incentive Compensation above cash amount
Executive Officer who is the President and CEO of KBW	Am amount of cash so that total Realized compensation equals $750,000	All Annual Incentive Compensation

		above cash amount
Committee Assessment:	**Realized and Not Retentive**	**At-Risk and Retentive**

The following charts show the relative mixes of cash and deferred compensation received by our CEO in respect of 2014 and 2015, which reflect the assessment by the Committee of the importance of emphasizing retentive compensation in its determination of 2015 compensation.

The 2015 Allocation of CEO Annual Incentive Compensation Emphasizes Retention:

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Committee Determinations with Respect to Allocation of

At-Risk Compensation among PRSUs, RSUs and Debentures

All deferred compensation is valuable as a retention tool for the straightforward reason that it is subject to time vesting. RSUs and PRSUs additionally align incentives because their value ultimately reflects fluctuations in the share price of Company stock. PRSUs reinforce this alignment because their value is linked not only to share price but also to the attainment of certain performance metrics.

The Committee believes that those attributes of RSUs and PRSUs make those awards more At-Risk from the perspective of the Executive Officer, with PRSUs being the most At-Risk. By comparison, the Committee determined that debentures are, by contrast, least At-Risk from the perspective of the Executive Officer because their value is determined at the grant date and does not vary based on the future performance of the firm. Accordingly, the Committee has determined that the allocation of deferred compensation among PRSUs, RSUs and debentures for the CEO and other Executive Officers in respect of 2015 will be as shown in the following table:

Committee Allocation of Deferred Compensation:

Named Executive Officer	PRSUs	RSUs	Debentures
CEO	60%	40%	0%
Other Executive Officers	60%	40%	0%
Committee Assessment:	**Most At-Risk**	**More At-Risk**	**At-Risk**

Note: the RSUs does not include grants of future stock-based salary.

Future stock-based salary grants are described in more detail on page 57.

The following charts show the relative mixes of PRSUs, RSUs and Debentures received by our CEO in respect of 2014 and 2015, which reflect the assessment by the Committee of the importance of emphasizing At-Risk compensation in its determination of 2015 compensation.

The 2015 Allocation of CEO Deferred Compensation Emphasizes At-Risk Compensation:

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2015 Incentive Framework Results in Summary

The incentives awarded for achievements in 2015 reflect strong performance in the primary goals of Non-GAAP Net Revenue, Pre-Tax Income and EPS, as well as positive and substantial year-over-year improvements in other considerations such as non-GAAP ROE, book value per share and stock price. Incentives awarded additionally reflect an extraordinarily strong year in completing acquisitions.

The Committee also considers each NEO s individual performance relative to their unique goals as well as their individual contribution to the overall company achievements, leadership, and other factors detailed beginning on page 49.

Based on these results, Committee s evaluation of the quality of performance of each of the Executive Officers and contributions made to furthering Stifel s long term objectives, the Committee determined that the company had exceeded its goals.

2015 Incentive Framework Results				
Primary Goals	**2015 Result**		**Year-Over-Year Change**	
Non-GAAP Net Revenue	$ 2.335bn		5.5% increase	
Non-GAAP Pre-Tax Net Income	$ 303M		6.2% decrease	
Non-GAAP EPS	$ 2.46		10.9% decrease	
Company Performance on Primary Goals		**Below**	**Meets**	**Exceeds**
Additional Considerations	**2015 Result**		**Year-Over-Year Change**	
Non-GAAP Return on Common Equity	7.9%		17.6% decrease	
Change in Stock Price/TSR	(17.0%)		23.5% decrease	
Non-GAAP Pre-Tax Margin on Net Revenues	13.0%		2.2% decrease	
Book Value Per Share	$ 37.19		6.3% increase	
Non-GAAP Comp to Revenue Ratio	63.0%		0.7% higher	

Total Capitalization of Stifel Financial Corp.	$ 3.325bn	9.7% increase

Company Performance on Additional Considerations		**Below**	**<u>Meets</u>**	**Exceeds**
Performance Categories	Achievements			
Financial Results	See pages 49 to 51 for detailed description of achievements in these four categories in relation to each named executive officer.			
Strategic Achievement				
Leadership				
Risk Management				
Company Performance on Strategic Goals		**Below**	**Meets**	**<u>Exceeds</u>**
Overall Company Performance		**Below**	**<u>Meets</u>**	**Exceeds**

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2015 Compensation of the CEO

After assessing the company s financial and strategic performance for fiscal 2015, and after further evaluating the individual performance of our named executive officers, as described above, the Committee exercised its discretion to award annual direct compensation for 2015 to our Executive Officers as set forth in the following tables.

		Fixed Compensation		Annual Incentive Compensation				Total
Name	Year	Base Salary	Stock-Based Salary	Cash Bonus	RSUs(1)	PRSUs	Subtotal At-Risk	Compensation(2)
Ronald J. Kruszewski	2015	$ 200,000	$ 600,000	$ 0	$ 2,000,000	$ 3,000,000	$ 5,000,000	$ 5,800,000
	2014	$ 200,000	$ 600,000	$ 4,200,000	$ 1,800,000	$ 0	$ 1,800,000	$ 6,800,000
	2013	$ 200,000	$ 1,000,000	$ 3,450,000	$ 1,550,000	$ 0	$ 1,550,000	$ 6,200,000
		Realized Compensation			At-Risk Compensation			

(1) RSUs includes debentures for 2014 and does not include grants of future stock-based salary, which are reflected under Stock-based salary.
(2) For differences between this table and the 2015 Summary Compensation Table, see page 58, Use of Non-GAAP Measures.

		Realized Compensation			At-Risk Compensation		
Name	Year	Amount	% of Total	Year-on-Year % Change	Amount	% of Total	Year-on-Year % Change
Ronald J. Kruszewski	2015	$ 800,000	14%	(84)%	$ 5,000,000	86%	178%
	2014	$ 5,000,000	74%	8%	$ 1,800,000	26%	16%
	2013	$ 4,650,000	75%		$ 1,550,000	25%	

In determining Mr. Kruszewski s variable compensation for 2015, the Committee specifically noted that:

Mr. Kruszewski s total compensation in 2014 had been at the 40th percentile in comparison to CEOs in the company s core peer group.

Mr. Kruszewski s Realized compensation in 2015 would be 84% lower than in 2014, consistent with the Committee s determination to strongly emphasize At-Risk compensation whose ultimate value would be tied to future company performance.

Historically, CEO compensation had closely tracked the performance of the three primary goals established by the Committee. In 2015, those primary goals were, on average, down approximately 4% (non-GAAP Net Revenue was up 5.5%, non-GAAP Pre-Tax Net Income was down 6.2% and non-GAAP EPS was down 10.9%). Of the three primary goals, the Committee focused most upon the performance of non-GAAP Pre-Tax Net Income and non-GAAP EPS, which were down approximately 8.5% on average.

The performance of the firm during the second half of the year, including the performance of the firm s stock price during that time, was weaker relative to the first half of the year.

Based on the above observations, the Committee determined that:

Compensation for the CEO should be down approximately 15% which was roughly twice the average decline of non-GAAP Pre-Tax Net Income and non-GAAP EPS.

It was appropriate this year to introduce performance-based awards and to strongly emphasize At-Risk compensation, building on the commitments the Committee made in its letter to shareholders on June 23, 2015. Accordingly, the Compensation Committee exercised its judgement to materially adjust the pay elements that comprise the CEO s 2015 compensation to set cash bonus at $0 and, instead, provide the CEO with 2015 At-Risk compensation in the form of PRSUs and RSUs. The ability of the Committee to exercise its judgment to make those determinations is one of the benefits afforded by a structure that is not simply formula-driven, as described above in Our Compensation Principles and Practices Why We Don t Use a Formula .

The following table shows the changing allocation of CEO compensation among the above compensation elements during 2014 and 2015. In determining the 2015 CEO compensation, the Committee believes the emphasis upon equity compensation aligns the CEO s incentives with shareholders and, in the case of the performance-based awards, achievement of the firm s strategic goals.

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CEO 2015 Compensation by Form and Type:

Form of Compensation	Type	2015	% of Comp.	2014	% of Comp.	% Change
Cash Salary		$ 200,000	3%	$ 200,000	3%	0%
Stock-Based Salary	Fixed	$ 600,000	10%	$ 600,000	9%	0%
Total Fixed Compensation		$ 800,000	14%	$ 800,000	12%	0%
Cash Bonus		0%	0%	$ 4,200,000	62%	(100)%
Time-Based Deferred (RSUs, Debentures)		$ 2,000,000	35%	$ 1,800,000	27%	11%
Performance-Based Deferred (PRSUs)	Variable	$ 3,000,000	52%	$ 0	0%	n/a
Total Variable Annual Incentive Comp		$ 5,000,000	86%	$ 6,000,000	88%	(17)%
Total Compensation		$ 5,800,000	100%	$ 6,800,000	100%	(15)%
Total Realized Compensation	Both	$ 800,000	14%	$ 5,000,000	74%	(84)%
Total At-Risk Compensation		$ 5,000,000	86%	$ 1,800,000	27%	178%

The CEO compensation shown below includes annual incentives (both cash and deferred components) granted for the performance years 2013-2015, together with base salary and the portion of previously-granted LTIA awards automatically vesting in the year. Beginning in the performance year 2015, the Committee has adopted a new equity vehicle Performance-Based Restricted Stock Units (PRSUs) as a key long-term incentive plan for the CEO and other named executive officers. The PRSUs granted in 2016 represent over 50% of the CEO s (and over 40% of other named executive officers) total compensation. For further description of PRSUs see page 53.

CEO 2015 Compensation by Year and Type:

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Alignment of CEO Compensation with Key Performance Measures

CEO pay increases are generally highly correlated with growth in non-GAAP pre-tax income, revenue and EPS. The below illustrates the growth in each component over the last 5 years. In determining the CEO s compensation, the Committee noted that CEO compensation had increased on average by less than 5% over the past 5-years. By contrast, the average growth over the past 5-years in non-GAAP pre-tax income, net revenue and EPS was over 8%, approximately 60% higher than the average growth in CEO compensation during that period.

Annual CEO Aggregate Income Changes and Changes in Non-GAAP Net Revenue, Non-GAAP Pre-Tax Income and Non GAAP EPS:

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2015 Compensation of Other Named Executive Officers

The table below shows compensation granted to named executive officers other than the CEO for the performance years 2013-15.

Name	Year	Fixed Compensation		Annual Incentive Compensation			Subtotal	Total
		Base Salary	Stock-Based Salary	Cash Bonus	RSUs[1]	PRSUs	At-Risk	Compensation [2]
James M. Zemlyak	2015	$ 175,000	$ 420,000	$ 405,000	$ 880,000	$ 1,320,000	$ 2,200,000	$ 3,200,000
	2014	$ 175,000	$ 420,000	$ 2,100,000	$ 1,025,000	$ 0	$ 1,025,000	$ 3,720,000
	2013	$ 175,000	$ 400,000	$ 1,800,000	$ 825,000	$ 0	$ 825,000	$ 3,200,000
Victor J. Nesi	2015	$ 250,000	$ 400,000	$ 350,000	$ 1,060,000	$ 1,590,000	$ 2,650,000	$ 3,650,000
	2014	$ 250,000	$ 400,000	$ 2,550,000	$ 1,100,000	$ 0	$ 1,100,000	$ 4,300,000
	2013	$ 250,000	$ 400,000	$ 1,875,000	$ 875,000	$ 0	$ 875,000	$ 3,400,000
Thomas P. Mulroy	2015	$ 250,000	$ 400,000	$ 350,000	$ 880,000	$ 1,320,000	$ 2,200,000	$ 3,200,000
	2014	$ 250,000	$ 400,000	$ 2,137,500	$ 962,500	$ 0	$ 962,500	$ 3,750,000
	2013	$ 250,000	$ 400,000	$ 1,875,000	$ 875,000	$ 0	$ 875,000	$ 3,400,000
Thomas B. Michaud [2]	2015	$ 250,000	$ 150,000	$ 350,000	$ 840,000	$ 1,260,000	$ 2,100,000	$ 2,850,000
	2014	$ 250,000	$ 150,000	$ 2,212,500	$ 770,500	$ 0	$ 770,500	$ 3,383,000
	2013	$ 250,000	$ 150,000	$ 1,962,500	$ 729,500	$ 0	$ 729,500	$ 3,092,000
		Realized Compensation			At-Risk Compensation			

For differences between this table and the 2015 Summary Compensation Table, see page 58, Use of Non-GAAP Measures.

(1) RSUs include debentures for 2014 and does not include grants of future stock-based salary, which are reflected under Stock-based salary.
(2) Mr. Michaud joined Stifel in February of 2013 as part of the merger of KBW with Stifel.

Name	Year	Realized Compensation			At-Risk Compensation		
		Amount	% of Total	Year-on-Year % Change	Amount	% of Total	Year-on-Year % Change
	2015	$ 1,000,000	31%	(63)%	$ 2,200,000	69%	115%
James M. Zemlyak	2014	$ 2,695,000	72%	13%	$ 1,025,000	28%	24%
	2013	$ 2,375,000	74%		$ 825,000	26%	
	2015	$ 1,000,000	27%	(69)%	$ 2,650,000	73%	141%
Victor J. Nesi	2014	$ 3,200,000	74%	27%	$ 1,100,000	26%	26%

	2013	$ 2,525,000	74%		$ 875,000	26%	
	2015	$ 1,000,000	31%	(64)%	$ 2,200,000	69%	129%
Thomas P. Mulroy	2014	$ 2,787,500	74%	10%	$ 962,500	26%	10%
	2013	$ 2,525,000	74%		$ 875,000	26%	
	2015	$ 750,000	26%	(71)%	$ 2,100,000	74%	173%
Thomas B. Michaud	2014	$ 2,612,500	77%	11%	$ 770,500	23%	6%
	2013	$ 2,362,500	76%		$ 729,500	24%	

In determining variable compensation for 2015 for the named executive officers other than the CEO, the Committee consulted with the CEO as to individual performance and reviewed compensation information for comparable positions in the company s core peer group. Mr. Kruszewski recommended to the Committee that the Committee take into consideration the importance of ensuring that the other named executive officers have the same incentives with respect to overall firm performance.

The Committee further noted Realized compensation for 2015 for the named executive officers other than the CEO would be 60%-70% lower than in 2014, consistent with the Committee s determination to strongly emphasize At-Risk compensation whose ultimate value would be tied to future company performance.

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Historically, other named executive officer compensation has closely tracked the performance of the primary goals established by the Committee. In 2015, those primary goals were, on average, down approximately 4% (non-GAAP Net Revenue was up 5.5%, non-GAAP Pre-Tax Net Income was down 6.2% and non-GAAP EPS was down 10.9%). Of the three primary goals, the Committee focused most upon the performance of non-GAAP Pre-Tax Net Income and non-GAAP EPS, which were down approximately 8.5% on average and determined that compensation for the named executive officers other than the CEO in respect of 2015 should be down approximately 15%, consistent with the Committee s compensation determinations with respect to the CEO.

The Committee further determined that it was appropriate this year to introduce performance-based awards and strongly emphasize At-Risk compensation. Accordingly, the Compensation Committee exercised its judgement to materially adjust the pay elements that comprise the named executive officers other than the CEO s 2015 compensation to limit cash bonuses to the amount of cash that would result in total Realized compensation equaling $1,000,000, in the case of Messrs. Zemlyak, Nesi and Mulroy, and $750,000 in the cash of Mr. Michaud. In addition, the Committee determined to provide the balance of those named executive officers 2015 variable compensation as At-Risk compensation in the form of PRSUs and RSUs.

The ability of the Committee to exercise its judgment to make those determinations is one of the benefits afforded by a structure that is not simply formula-driven, as described above in Our Compensation Principles and Practices Why We Don t Use a Formula .

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Individual Named Executive Officer Performance

Below is a summary of each named executive officer s goals and accomplishments for 2015 considered by the Committee in determining final incentive compensation. The Committee considered accomplishments in the following categories: financial results, strategic achievement, leadership, and risk management.

Ronald J. Kruszewski, Chairman and CEO

Ronald J. Kruszewski is Chairman of the Board of Stifel Financial Corp. and Stifel, Nicolaus & Company, Incorporated. He joined the firm as Chief Executive Officer in September 1997. Mr. Kruszewski serves on the Board of Directors of SIFMA (Securities Industry and Financial Markets Association) and was appointed by the St. Louis Federal Reserve Board of Directors to serve a one-year term on the Federal Advisory Council for 2016.

Financial Results	Strategic Achievements
20th consecutive year of record net revenues, $2.3 billion if 2015, up 6% over 2014.	Growing Stifel s Global Wealth Management platform through acquisition and integration of Barclays Wealth and Investment Management Americas.
Non-GAAP net income of $193.1 million, or $2.46 per diluted common share.	Augmenting Stifel s fixed income franchise and other divisions through acquisition and integration of Sterne Agee.
Net income decreased 48% to $92.3 million in 2015.	

Leadership	Risk Management
Strengthening our risk management, compliance and infrastructure in support of growing past $10 billion in assets.	Continued conservative management of balance sheet, capital, liquidity and overall risk in 2015.

Key direct recruitment and retention involvement with our Global Wealth Management team.

Oversaw significant strengthening of enterprise risk management, compliance and infrastructure in support of growing past $10 billion in assets.

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James M. Zemlyak, President and CFO

James M. Zemlyak has served as Chief Financial Officer of Stifel Financial Corp. since February 1999 and was named Co- President in June 2014. Mr. Zemlyak was Treasurer of Stifel Financial Corp. from February 1999 to January 2012. Mr. Zemlyak has been Chief Operating Officer of Stifel, Nicolaus & Company, Incorporated since August 2002 and Executive Vice President since December 2005. In addition, he served as Chief Financial Officer of Stifel, Nicolaus & Company, Incorporated from February 1999 to October 2006.

Financial Results:

Brokerage revenues up by 4% for the year, to $1.14 billion

Global wealth management brokerage up 2%, to $652.7 million

Strategic Achievement:

CLO management partnership between our subsidiary Ziegler Capital Management and Valcour Capital Management, further entrenching Ziegler in the bank loan and CLO marketplace.

Leadership:

Bolstering our subsidiary Ziegler Capital Management s Covered Call strategy and fixed income capabilities through key hires.

Victor J. Nesi, President and

Co-Director of the Institutional Group

Victor J. Nesi joined Stifel in 2009 and was named Co-President of Stifel Financial Corp. in 2014. In addition, he is Co- Director of the firm s Institutional Group and a member of the Board of Directors of Stifel Financial Corp. In his 25-year investment banking career, Mr. Nesi has worked closely with clients on strategic advisory projects totaling in excess of $200 billion, including exclusive sales, cross-industry mergers, restructurings, and domestic and cross-border acquisitions. On the financing side, Mr. Nesi has advised clients on investment-grade and non-investment-grade debt, as well as on numerous equity and equity-linked transactions, including the then largest

IPO in U.S. history, the AT&T $10.6 billion carve-out of AT&T Wireless.

Financial Results:

- Investment banking revenues of $503 million, a decrease of 10.6% for the year, but a strong result relative to a challenging market for IB services.

Strategic Achievements:

- Spearheading the acquisition (closed January 4, 2016) of Eaton Partners, bringing together Stifel s and Eaton s capital raising capabilities for middle market clients and bolstering Stifel s core advisory business.

- With Mr. Mulroy, conclusion of key investment banking joint ventures with Sidoti & Company, LLC and Leumi Partners of Bank Leumi le-Israel B.M.

Leadership:

- With Mr. Mulroy, overseeing recruitment of key additions to Stifel s Healthcare Equity Research Team.

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Thomas P. Mulroy, President and

Co-Director of the Institutional Group

Thomas P. Mulroy joined Stifel in 2005 as part of the firm s acquisition of Legg Mason Capital Markets. He was named Co- President of Stifel Financial Corp. in 2014 and has served as a Director of Stifel Financial Corp. and Executive Vice President and Director of Stifel, Nicolaus & Company, Incorporated since December 2005. As Co-Director of Stifel s Institutional Group, a position he s held since July 2009, Mr. Mulroy is responsible for overseeing institutional equity and fixed income sales, trading, and research. From December 2005 through July 2009, he served as Executive Vice President and Head of Equity Capital Markets. Mr. Mulroy is Chairman of the Board of Stifel Nicolaus Europe Limited.

Financial Results:

Investment banking revenues of $503 million, a decrease of 10.6% for the year, but a strong result relative to a challenging market for investment banking services.