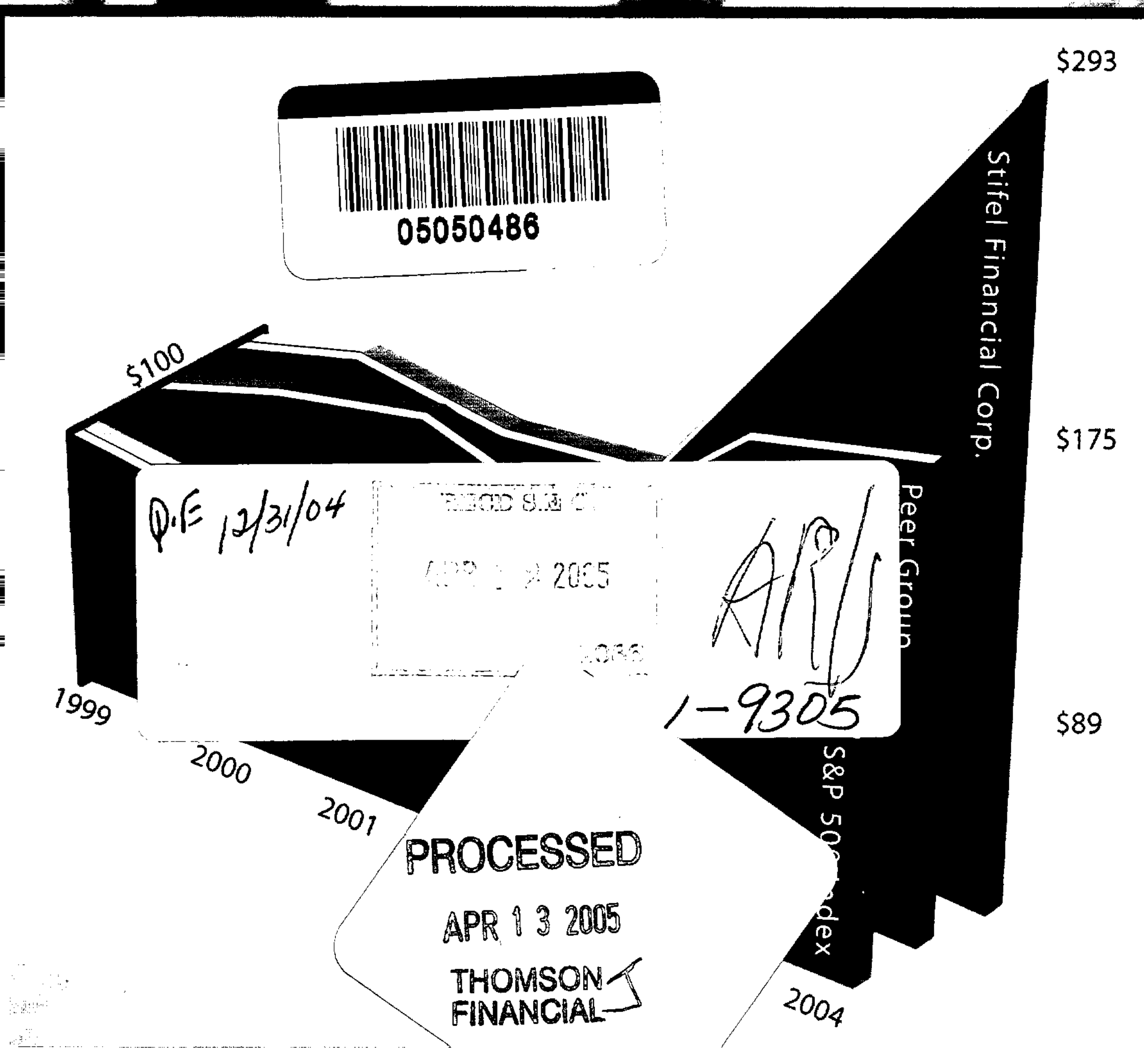


Stifel Financial Corp. ~ 2004 Annual Report

Company Description

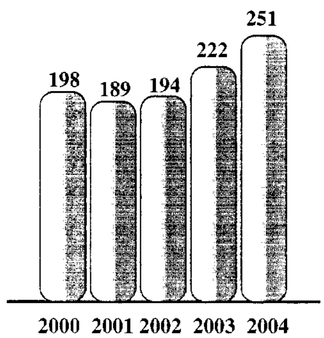
Stifel Financial Corp. is the holding company for Stifel, Nicolaus & Company, Incorporated, a full-service regional brokerage and investment banking firm established in 1890 and headquartered in St. Louis, Missouri. The Company provides securities brokerage, investment banking, trading, investment advisory,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

Stockholder Return Performance Graph

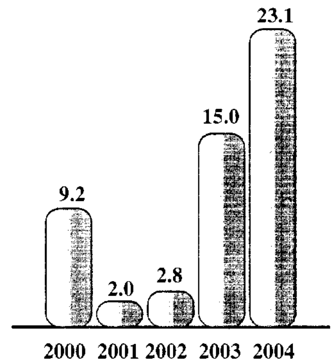
The cover chart compares the cumulative stockholder returns, including the reinvestment of dividends, of our common stock on an indexed basis with a Peer Group Index and the Standard & Poor's 500 ("S&P 500") Index for the period beginning December 31, 1999 and ending December 31, 2004. The Peer Group Index consists of six companies, including us, that serve the same markets as us and which compete with us in one or more markets.

This illustration assumes $100 invested on December 31, 1999, in Stifel Financial Corp. common stock, Peer Group Index, and S&P 500 Index.

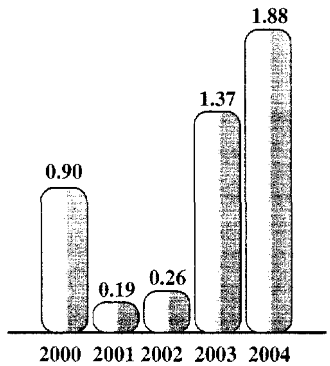
Financial Highlights



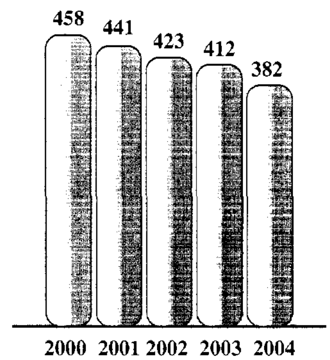
Total Revenues (in millions of dollars)



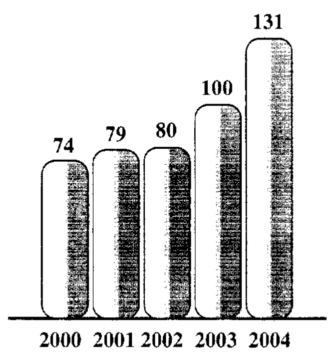
Net Income (in millions of dollars)



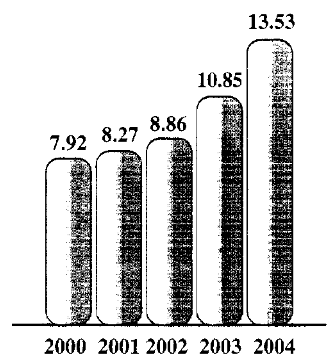
*Diluted EPS (in dollars)**



Total Assets (in millions of dollars)



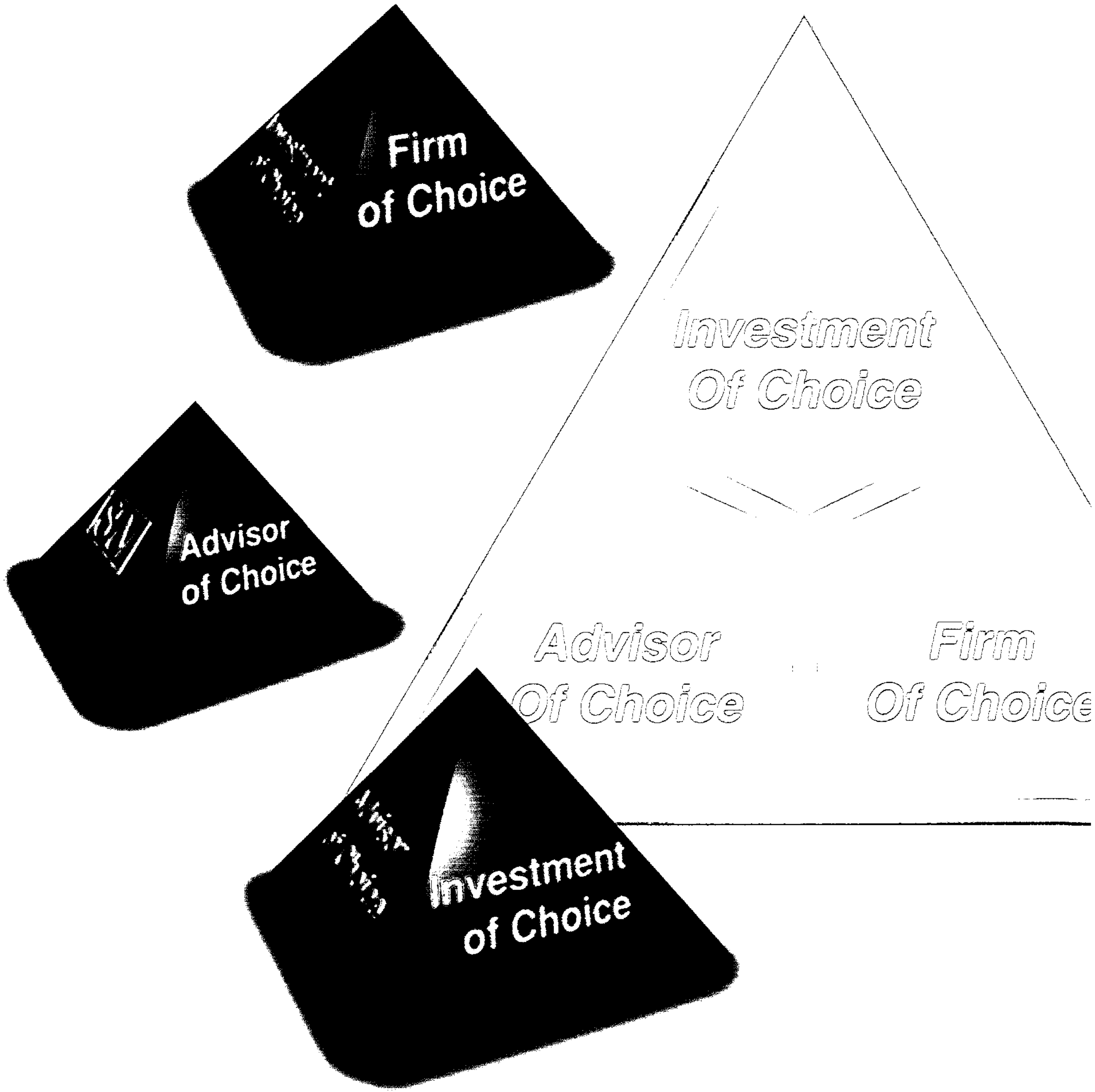
Stockholders' Equity (in millions of dollars)



*Book Value Per Share (in dollars)**

(in thousands, except per share amounts)	2000	2001	2002	2003	2004
Operating Results					
Total Revenues	$197,848	$188,990	$194,113	$221,620	$251,189
Net Income	$9,203	$2,010	$2,780	$15,007	$23,148
Diluted Earnings Per Share*	$0.90	$0.19	$0.26	$1.37	$1.88
Financial Position					
Total Assets	$458,312	$440,559	$422,976	$412,239	$382,314
Stockholders' Equity	$74,178	$78,622	$79,990	$100,045	$131,312
Book Value Per Share*	$7.92	$8.27	$8.86	$10.85	$13.53

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



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

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

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

How Can a Good Company Become a Great Company?

This is a key question posed in a book, titled *Good to Great,* written by Jim Collins. At Stifel Financial Corp., we believe that companies shouldn't be content with being just good. Companies should strive to be great — and embark upon a process of continued improvement thereafter.

Going from Good to Great

Putting Clients First.

We truly believe that the success of our firm is dependent upon the success of our clients; therefore, we believe in offering only the most personalized, dedicated service and guidance that places the needs and goals of our clients first. By introducing an innovative "inverted" organization chart concept a few years ago, Stifel put clients, and the associates who most closely serve them, first.

Creating an Atmosphere of Entrepreneurial Spirit and Meritocracy.

We're passionate about our business and about the services we provide. Our Investment Executives are encouraged to conduct their business in a fashion that is natural for them and beneficial to their clients. Investment Executives are not forced to promote specific or proprietary products. Instead, they promote the products that they feel will best help their clients in reaching long-term goals. Our associates understand the importance of meritocracy in a corporate environment and have embraced the strategic initiatives the firm has set forth, which has been key to our organization's growth and development.

Understanding Trends.

Having a solid understanding of what the economy is doing now and where future trends may take us is a key component to becoming a great company. At Stifel, we understand the consumption patterns of the aging baby boomer generation and the impact those patterns will have on our economy. Due to the increased amount of wealth transfer in the years to come, investment firms who make a commitment to their clients today will be in a better position to succeed tomorrow.

Having Discipline.

Becoming a great company doesn't happen without discipline. Our discipline shows through in our associates, who are continuing to learn, on a daily basis, the information needed to help meet the goals of today's investor. That discipline shows through even further in the associates who are keeping the lines of communication open with existing clients and committing themselves to bringing in new clients and business through consistent, proactive measures.

Not Settling for "Good."

At Stifel, we don't settle for mediocrity. We don't believe in doing "just enough" to satisfy our clients, shareholders, or associates. We realize that the investment industry is constantly changing, and companies that become complacent and fail to explore new opportunities, innovations, and technology will be surpassed by the companies that stay a step ahead of their competition. Stifel's entrepreneurial spirit encourages associates to strive for the best for clients and themselves.

Putting clients first. An entrepreneurial spirit and meritocracy. Understanding trends. Discipline. And not settling for "good." That's what will set Stifel apart from our competition and makes us not just a good company, but a great company.

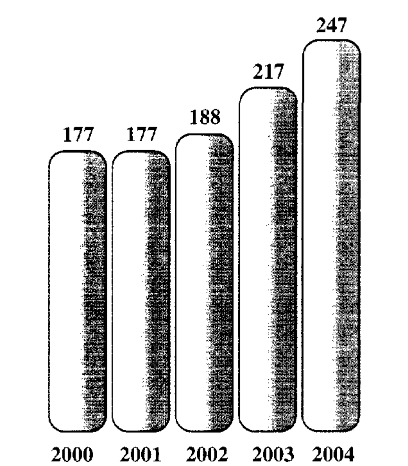
Dear Fellow Shareholders, Clients, and Associates:

In 1997, we developed a platform for future growth that communicated our *"Of Choice"* philosophy and set forth strategic initiatives for our Company. This strategy focused our Company on the goal of becoming the *Advisor of Choice* to our clients. We recognized that, in order to achieve this objective, we had to become the *Firm of Choice* that attracts and retains experienced, entrepreneurial, and talented associates. We emphasized the importance of first achieving *Advisor* and *Firm of Choice* in order to attain the third goal of delivering superior returns to our shareholders as *Investment of Choice.*

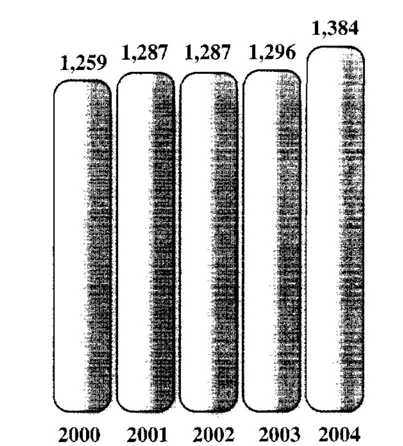
In short, 2004 was a great year, confirming our *Of Choice* strategy. Our Company's record annual net revenues, achieved for a ninth consecutive year, are reflective of our ongoing success in being selected as *Advisor of Choice* to individuals, institutions, corporations, and municipalities alike. This growth has been fueled by the net addition of over 525 talented associates who have made Stifel their *Firm of Choice* since 1997. As a result, and as reflected on the chart displayed on the cover of this Annual Report, your Company has outperformed both its peer group and the S&P 500 Index over the past one-, three-, and five-year time frames, thereby delivering as *Investment of Choice.*

While we measure success over the long term, our Company experienced a number of noteworthy accomplishments during 2004:

- Record net revenues of $246.8 million, up 14% from 2003. 2004 marked the ninth consecutive year of record net revenues, an impressive achievement considering the difficult market conditions during 2001 and 2002.
- Record annual net income of $23.1 million, up 54% over 2003. Diluted earnings per share of $1.88 also set a new record.
- Return on average equity totaled 20%, and pre-tax margins were 15%, both measures which are near the top of industry peer results.
- Equity capital totaled $131.3 million at year-end, resulting in book value per share of $13.53. The Company repurchased 472,872 shares, under existing Board authorization, at an average cost of $19.38.



Net Revenues (in millions of dollars)



Stifel Associates

- Our Company's Private Client Group posted record net revenue of $186.8 million, up 15% from 2003, and a record operating contribution of $47.1 million, a 32% increase from 2003.

- We opened six new offices in Cape Girardeau, Missouri; Sarasota, Florida; Lake Forest, Illinois; Raleigh, North Carolina; Nashville, Tennessee; and Upper Arlington, Ohio.

- Our Equity Capital Markets Group posted record net revenues of $38.9 million, an increase of 9% over 2003, and a record operating contribution of $12.7 million, a 17% increase from 2003. Stifel served as lead or co-manager in 87 equity, debt, or trust preferred offerings, compared to 69 in 2003, helping issuing clients raise over $18.4 billion. Importantly, these transactions performed well for our investing clients, returning 5.1% on average from the offering date through the end of 2004.

- Research performance was strong, with an overall gain, based on absolute returns, of 12.4% for the research universe, consisting of 302 companies.

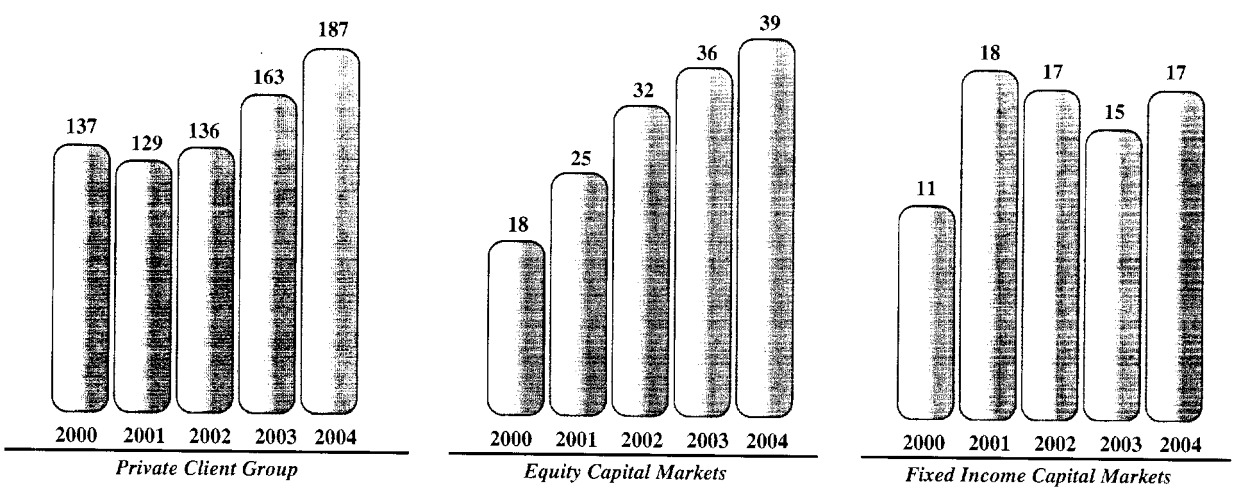
- Our Fixed Income Capital Markets Group posted net revenues of $16.6 million and an operating contribution of $3.0 million, both up 8% from 2003. During the past year, our Company was involved as sole manager, senior manager, or co-manager on 143 offerings totaling $4.8 billion.

- In June, Stifel Financial Corp. was added to the Russell 2000 Index. We believe that the inclusion in the Russell 2000 Index is a reflection of our past performance and future development as a leading regional brokerage and investment banking firm.

- In September, Stifel offered shareholders a four-for-three stock split to add liquidity and a broader investor base, which we believe will enhance long-term shareholder value. In December, Stifel stock hit a high of $24.68 ($32.91 on a pre-split basis), which was up 213% and 210% over the past three and five years, respectively.

- In just two short years, *Digital Dashboard* has become an integral resource to the Private Client Group and continues to be a valuable recruiting tool. Designed and continually refined with input from our Investment Executives, this desktop technology provides our Investment Executives with the competitive edge they need to manage their business.

Net Revenues (in millions of dollars)



- This past year, Stifel implemented an entirely new technology platform throughout the firm. New desktop computers, enhanced client web tools and capabilities, and redesigned market data were made available to our associates. In addition, improved account access and a new trading system were introduced for clients in *Stifel @ccess*, our state-of-the-art, web-based platform.

- In response to new industry regulations, several key processes of our Operations group have been upgraded and improved. Improvements included new supervisor controls, account opening procedures, and mutual fund processing functions. Fortunately, our Operations area is comprised of professionals who understand the importance of these new controls and procedures and take a leadership role in responding to industry change.

The introduction to this Annual Report addressed the question, "How does a company go from good to great?" There are many firms in the investment industry, and many of them are good ones. At Stifel, however, we are not content with good. We're determined to be a great firm for our clients, associates, and shareholders alike.

A great firm is ...

- Dedicated to providing clients with the highest quality products, services, and ethics. Stifel Nicolaus has been doing this since 1890 and will continue to excel in this endeavor in the years to come, remaining the *Advisor of Choice* for our clients.

- Committed to empowering its associates with the latest technology available and the resources they need to succeed. Stifel will continue to reward our associates for their dedication and entrepreneurial spirit and will continue to be the *Firm of Choice* for investment professionals.

- Judicious to its shareholders. By continuing to provide top-notch advice to our clients, while attracting quality associates and encouraging them to have a personal stake in the firm, and by being diligent on costs, Stifel will maintain its status as the *Investment of Choice* for our shareholders.

As we look forward in 2005, we realize that our outlook is the same as it has been for the past several years — cautious about the short-term and very optimistic about our long-term prospects. We believe a great company should always be cautious about the short term, exercising discipline and restraint, while optimistic about the long term. In other words, decisions should not be based on reacting to short-term market advances or declines but rather with a vision toward the long-term enhancement of shareholder value.

Curtis Carlson, a successful business person, once said, "I consider a goal as a journey rather than a destination." At Stifel, we believe that being a great firm is a constant journey and a continuous process, not a destination. We are continually looking for enhancements to our firm, our associates, our services, and our technology.

In closing, we offer our sincere thanks for your support in helping Stifel realize its goal to be a great company for clients, shareholders, and associates.

Ronald J. Kruszewski
Chairman, President, and Chief Executive Officer
March 17, 2005

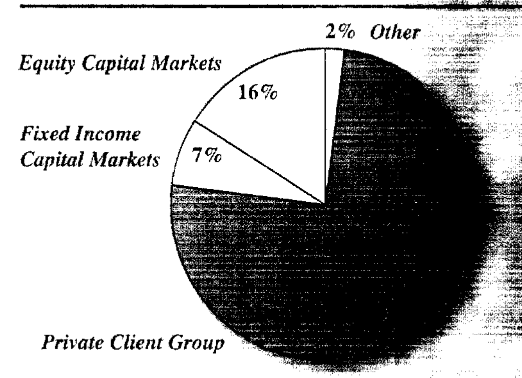
In today's complex business environment, there are a number of issues that must be addressed not only by the investment industry, but also by corporate America in general. In a recent interview with *The Wall Street Transcript*, Ronald J. Kruszewski, Chairman, President, and CEO of Stifel Financial Corp., addressed some of the issues facing investment firms today, as well as Stifel's own goals for the future.

Q: Please tell us about Stifel Financial and its structure.

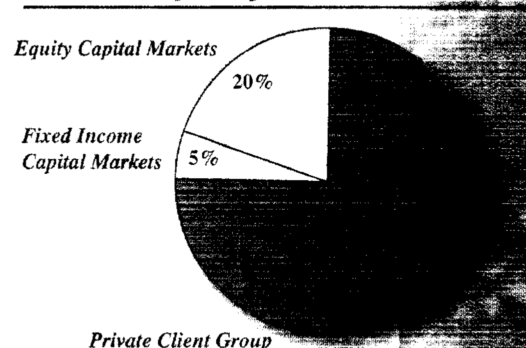
A: First of all, I'm pleased to have the opportunity to speak with you today about our firm. Before we get started, I would like to mention that what we cover here is subject to forward-looking statement disclosures, which can be found in our Form 10-K, which follows. Also, Stifel Financial is the publicly traded holding company, whereas Stifel Nicolaus is the operating company. Therefore, for the rest of this interview, I'll refer to Stifel Nicolaus.

Stifel Nicolaus is a full-service, regional brokerage and investment banking firm, founded in 1890 and headquartered in St. Louis, Missouri. In fact, somewhat noteworthy, Stifel Nicolaus has been based on the same street in downtown St. Louis, Missouri for almost 115 years. The firm operates in three basic businesses: private client services, which is the majority of the firm's net revenue, approximately 75%; and then equity capital markets (about 16%); and fixed income capital markets (about 7%). Stifel operates 88 offices in 17 states, primarily in the Midwest — west to east from Colorado to the Carolinas, and north to south from Minnesota to Texas. We have approximately 1,400 associates, of whom approximately 600 are Investment Executives.

Net Revenues



Operating Contributions



Q: Let's first talk a little bit about what you see as some of the issues and trends that broker-dealers are facing today and how those issues may impact your own goals and strategies inside the company.

A: The securities business is but a thin slice of the financial services segment of business. As it relates to this thin slice of financial services, we believe that the biggest issue impacting the traditional brokerage firm, whether it is national or regional, is the consolidation that's occurring in the industry. The banks, including the large consolidated financial service providers such as Citigroup, certainly have been acquiring brokerage firms. These large banks have had a major impact on the traditional securities industry. So today, banks like J.P. Morgan and Citigroup are formidable competitors, primarily due to their ability and willingness to use their balance sheets. As it relates to regional brokerage firms, the regional firms have substantially all been acquired by banks, and so, from a competitive landscape, that's the biggest thing that I think has been occurring within the brokerage industry.

As it relates to Stifel Nicolaus, while there are numerous challenges, the primary challenges are twofold. First is managing or understanding investor expectations. Over the past several years, investors have developed high expectations with respect to market returns — higher than probably what can be expected. The second challenge is the regulatory framework that the industry is working under, which is very difficult.

Questions and Answers

Q: What do you feel is the economic backdrop that would be most advantageous to your company at this point, or what might be some of the risks in the economy that you would have to perhaps attend to more than others?

A: In the short run, it's very difficult to anticipate what's going to happen, say, next year. The securities industry is very cyclical, in many ways a leading indicator type of industry in terms of economic activity. Therefore, I make it a practice to never try to predict any market moves one way or another or short-term moves in the economy. Stifel Nicolaus will, and the industry will, perform well in a good economy and not so well in a down economy, which generally relates to a good market or a bad market. However, if you lengthen your perspective out over the next couple of years, the long-term prospects for our industry are excellent. Simply, we believe the demographics are very positive.

We've all read about the baby boomers and the consumption by baby boomers of homes and automobiles and other durable goods. We believe the baby boomers' next big impact is going to be on the amount of savings or, in other words, the baby boomers' need to plan and save for retirement. The first of the baby boomer generation turned 58 in 2004. So that entire group, as potential clients of a financial services firm such as ours, bodes very well for the overall prospects for this business over the next several years. Furthermore, the barriers of entry into our business are very high. So we are in a growth market with high barriers of entry. While the competition is certainly intense, it's very difficult to start a brokerage firm and get it up to any kind of scale. Consequently, while I will not venture a guess about our business prospects over the next year, I am confident that over the long term, it's going to be a great next ten years overall.

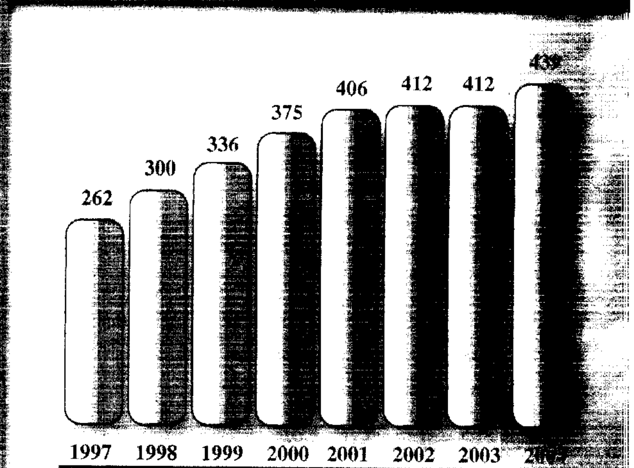
Q: What do you have to do as far as capital resources, personnel resources, and areas of expertise in order to meet that growth opportunity or at least address the market opportunity?

A: The firm is very well capitalized. Stifel Financial has approximately $166 million of capital, including our trust preferred, which supports an asset base of around $400 million. As such, we are not an overly leveraged firm, and we have sufficient capital to finance our growth initiatives. However, taking advantage of the market opportunity requires an ability to attract and retain qualified people. We believe that our target market is best served not by technology or web pages alone, but instead through trusted relationships. We are not looking at capturing the "do it yourself" segment of the market, i.e., the people who use the discounters or the online brokers. We are in the business of providing service to people who want comprehensive financial advice, and we deliver this service through our Investment Executives. Therefore, our ability to take advantage of the positive demographic trends over the next decade will be dependent on our ability to attract and retain quality Investment Executives. We have been successful at this in the past, and we remain confident about our ability to do so in the future.

($ in thousands, except per share amounts)	*1997*	*2004*	*% Growth*
Net Revenues	$122,828	$246,823	101%
Net Income	$5,671	$23,148	308%
Stockholders' Equity	$50,081	$131,312	162%
Book Value	$5.70	$13.53	137%
Associates	856	1,384	62%
Private Client Group Branches	39	86	121%
Investment Executives	262	439	68%
Capital Markets Net Revenues	$21,800	$55,486	155%

Q: What are the priorities for the next 12 to 24 months? What has to occur in order for that time frame to be a success?

A: I think it is instructive to understand our firm in that we do not set our goals only in quantitative measures. For example, if we would set a goal to hire 100 Investment Executives, we would do that. Or, if we've said we were going to do 100 investment banking deals, we could accomplish that. Quantitative goals, believe it or not, are relatively easy to achieve in this business. Quantitative goals are easy to measure, somewhat easy to attain, and are easy to mention in an interview like this. However, the true test is quality, not quantity. Therefore, we set goals qualitatively. We want to hire as many quality people and do as many quality transactions as we can, but to give you something that you could measure that on is very difficult to do. So, to not completely duck your question, we will continue to do what we have done in the past, which is grow and add as many quality people as we can. And in the past, we have grown from 262 investment executives to 439. In addition, we have another 182 independent contractors, so we've grown significantly the last few years, and we believe we'll continue to do so.



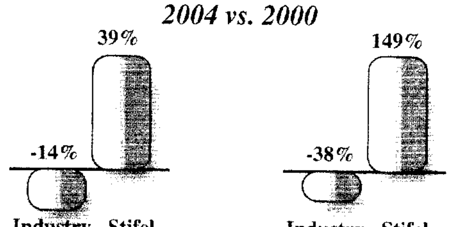
Investment Executives

The real question, I think, is how are we able to grow and why. The answer to this question is that traditional brokerage firms like Stifel Nicolaus are few and far between. Most of our brethren have been acquired. There are few traditional firms like Stifel Nicolaus that have the culture we do and where people want to work. Simply, there are very few firms like ours left, and so we have a tremendous backlog of people who we are talking to who want to join our firm.

Q: How strong financially are you? As you look at the top line and bottom line, what are the priorities there as far as items for improvement?

A: Again, everything is relative. I have just given an internal talk to our associates, where I illustrated that, when comparing the industry performance for 2004 as compared to 2000, the industry's net revenues were down 14%. However, at Stifel Nicolaus, net revenues over that same time frame were up 39%. Pretax profits for the industry over that same time frame were down 38%, while our profitability increased 149%. Again, on a relative basis, we've performed very well as compared to the industry. Consequently, from a financial perspective, we've done quite well. Our return on average equity over the last 12 months is approximately 20%, which compares very favorably even to the largest firms in our industry. Our margins are also very acceptable, with pretax margins of about 15%. So our financial performance has been very good, about any way you want to look at it.

2004 vs. 2000



Net Revenues

Pretax Profits

Questions and Answers

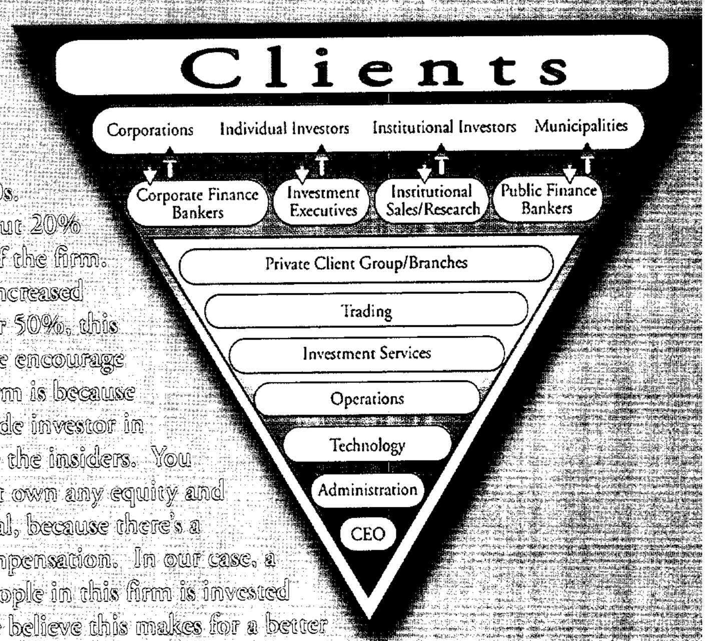
Q: Introduce us to your top-level management team, two or three of the key individuals.

A: The President of Stifel Nicolaus is a gentleman by the name of Scott McCuaig. Scott has more than 25 years of experience in the securities industry. He was a broker and branch manager, so he understands this business at its core level. He has been in the management side for probably 20 years. Scott runs our Private Client Group and is a very experienced and dedicated, hardworking individual. He is also Co-Chief Operating Officer with Jim Zemlyak, who, in addition to being Co-Chief Operating Officer, serves as Stifel's Chief Financial Officer. Jim has been in the securities business for approximately 20 years. So at the top level of the administrative side, we have very strong people. But the strength of the firm is how we view our functional organization chart. Clients, and the associates who serve our clients, are at the top of our organizational chart. Because we serve our clients through our brokers, not around them, the broker is essentially the primary client of Stifel. This is probably the most significant differentiating feature of our firm. We also have a very experienced group of brokers. We do not have, nor do we want, a tremendous amount of bureaucracy between the brokers and the top management of the firm, and that's also true on the capital markets side.

Scott McCuaig Jim Zemlyak

Q: What historically has been the shareholder base? Has that base undergone any changes or transition?

A: It has. I joined the firm in 1997, and the company has been public since the early 1980s. In 1997, the associates of the firm owned about 20% of the firm. Today, the associates own 55% of the firm. So the most significant change has been the increased ownership of the firm by the insiders. At over 50%, this ownership stake is significant. The reasons we encourage a significant ownership by associates of the firm is because we believe that if you are going to be an outside investor in a securities firm, you want to invest alongside the insiders. You don't want a situation where the insiders don't own any equity and the outside shareholders supply the risk capital, because there's a natural conflict that occurs — risk versus compensation. In our case, a sizable portion of the net worth of the key people in this firm is invested in the common equity of Stifel Nicolaus. We believe this makes for a better run securities firm.



Q: What, if any, misperceptions do you encounter as you speak with the investment community?

A: We don't speak much with the investment community. We don't have any analysts who follow our stock. Furthermore, we do not give earnings guidance. So maybe any misperceptions are caused, in part, by our lack of analyst coverage. That said, for the past several years, the biggest misperception was that people didn't understand the value in our stock. Instead, they looked at it as being not liquid. By the way, our stock is not very liquid. During 2004, our stock traded an average of approximately 14,000 shares a day. This lack of liquidity causes many people to miss the fundamental value of our firm. However, our lack of liquidity, caused in large part by the large insider ownership, provides the foundation for an excellent long-term investment. At least, I certainly hope so. We are not a stock you can trade in and out of very easily. However, in the past year, investors have begun to recognize the value inherent in our stock. At the beginning of 2004, our stock was approximately $14 per share. During 2004 our stock traded as high as $24.68. So that misperception in terms of valuation, I think, has been corrected somewhat. However, being a small-cap financial services firm, we do not receive the market multiples afforded our peers, unjustifiably so, in my opinion. That all said, we believe if we execute our business plan, the stock price will take care of itself.

Q: How might mergers and acquisitions impact your own abilities to grow as you look perhaps to find acquisitions, and where does that situate your company as far as its being attractive as an acquisition? There seems to be a trend toward bigger is better.

A: First of all, we're a publicly traded company. Our stock trades on the New York Stock Exchange, and as a publicly traded company, we always will strive to maximize shareholder value. Of course, when, how, and what is truly maximizing shareholder value is always up for debate. But our goal is to maximize shareholder value. As I said, since the associates own the majority of the company, we all share that common goal.

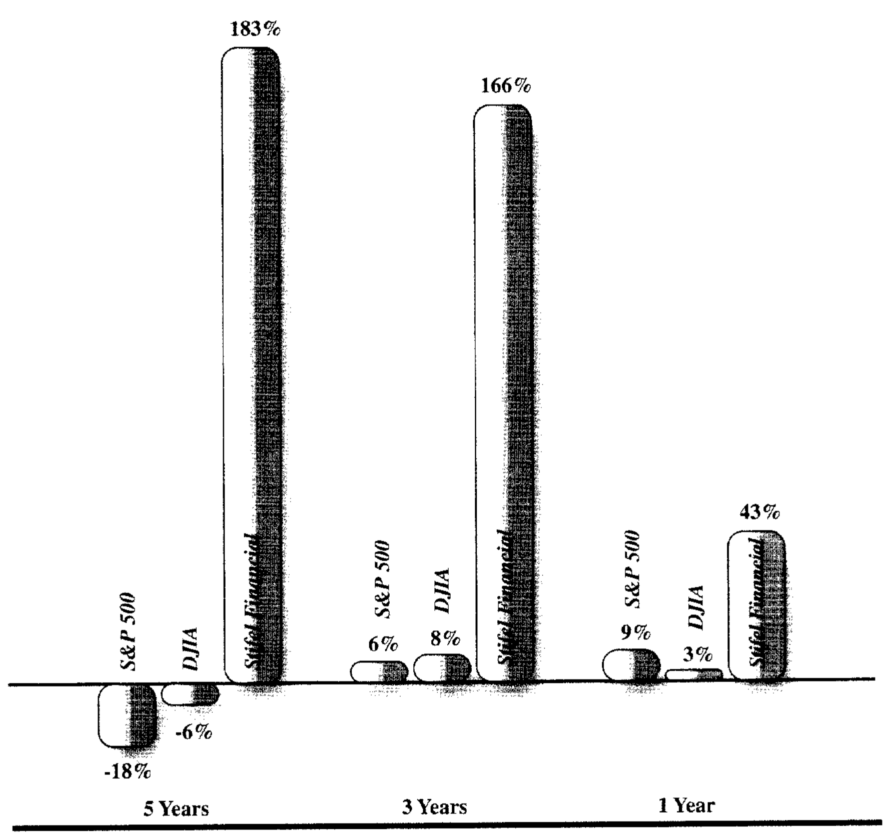
As it relates to acquisitions, we do not believe that bigger is better. If that were true, then economies of scale, which one would believe are driving the consolidation trend, should be a competitive advantage for the acquiring firms. You should have firms with much better financial performance. Yet I would argue that our financial metrics, such as return on equity, are as good as any of the consolidated firms, and the reason for that is that economies of scale do not exist in our primary product. Our primary product, or our primary asset, is the client relationship. We service clients, not with computers, not with a web page, but by personal touch. It's almost the antithesis to the belief that you can improve a client relationship through economies of scale. In fact, we steadfastly believe that you cannot. If you try, you will diminish service, and you will diminish the value that the client perceives, almost by definition.

So the long-winded answer to your question is that we believe that we are ideally situated to continue to grow and outgrow the market by adding people who want to be part of this environment. We do not see a need to combine for economies of scale. However, if the right opportunity came along that would maximize shareholder value, we would certainly look at it. Also, we are always looking to acquire or merge with firms that share our culture and outlook.

Questions and Answers

Q: What would compel investors to review Stifel, its performance to date, the opportunities ahead, but then include it in their longer-term investment strategies?

A: If you were to pull a five-, three- and one-year chart on our stock, I think it would speak for itself. In terms of the reasons that you would own a company like ours, first is that we are a small-cap company. When you consider our fully diluted shares of approximately 12 million against our growth prospects and our ability to significantly grow faster than the industry, this alone makes Stifel a compelling investment opportunity. And the premise that the securities industry will grow faster than the economy as a whole because of the long-term demographics (i.e., the baby boomers becoming more focused on savings) bodes extremely well for our firm. Because of our unique position, being one of the few remaining independent regional firms, we believe we can outgrow the industry. And, if you put that all in a bowl and mix in some good luck and some market cooperation, investors can make their own determination. But I certainly believe that is the mix for an excellent investment.



S&P 500 Index and Dow Jones Industrial Average vs. Stifel Financial

Stifel Financial Corp. – Board of Directors and Officers

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

Robert J. Baer*
President Emeritus
UniGroup, Inc.

Bruce A. Beda*
Chief Executive Officer
Orion Partners, LLC

Charles A. Dill*
General Partner
Two Rivers Advisors

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

Richard F. Ford*
General Partner
Gateway Associates

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

Walter F. Imhoff*
Managing Director

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

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

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

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

David M. Minnick
Senior Vice President and General Counsel

David D. Sliney
Senior Vice President

Marcia J. Kellams
Corporate Secretary

*Director

Stifel, Nicolaus & Company, Incorporated – Board of Directors

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

Scott B. McCuaig
President
Co-Chief Operating Officer

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

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

J. Jeffery Fowlds
Senior Vice President
Director, Research and Institutional Equity Sales

Michael F. Imhoff
Senior Vice President
Director, Institutional Fixed Income Underwriting and Trading

Thomas R. Kendrick IV
Senior Vice President
Director, Syndicate

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

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

Annual Meeting

The 2005 annual meeting of stockholders will be held at Stifel's headquarters, One Financial Plaza, 501 North Broadway, 2nd Floor, St. Louis, Missouri, on Wednesday, May 11, 2005, at 11:00 a.m.

Stock Listings

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

	*Stock Price** *High - Low*
Year 2004 By Quarter	
First	$22.31 - 13.74
Second	21.15 - 16.20
Third	21.30 - 17.48
Fourth	24.68 - 19.04
Year 2003 By Quarter	
First	$ 9.17 - 8.21
Second	9.77 - 8.55
Third	10.39 - 8.93
Fourth	14.84 - 9.96

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

Transfer Agent

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

Number of Stockholders

The approximate number of stockholders of record on March 1, 2005, was 4,300.

Dividends

On May 9, 2002, the Company announced the elimination of future dividends on common stock.

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

Memberships

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

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

Principal Subsidiaries

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

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2004

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to ________________ .

Commission file number 1-9305

STIFEL FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

DELAWARE	43-1273600
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
501 North Broadway St. Louis, Missouri	63102-2188
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	314-342-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, Par Value $.15 per share	New York Stock Exchange Chicago Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report) and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes ☒ No ☐

The aggregate market value of the voting and non-voting common equity held by non-affiliates on June 30, 2004 (the last business day of the registrant's second fiscal quarter), was approximately $190.8 million, based on the closing sale price of the Common Stock on the New York Stock Exchange on that date.

Shares of Common Stock outstanding at February 28, 2005: 10,040,003 shares, par value $.15 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement filed with the Securities and Exchange Commission (the "SEC") in connection with the Company's Annual Meeting of Stockholders to be held May 11, 2005, are incorporated by reference in Part III hereof.
Exhibit Index located on pages 58 and 59.

CAUTIONS ABOUT FORWARD-LOOKING INFORMATION

This Form 10-K and the information incorporated by reference in this Form 10-K contain certain forward-looking statements that are based upon our current expectations and projections about current events. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of these safe harbor provisions. You can identify these statements from our use of the words "may," "will," "should," "could," "would," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," and similar expressions. These forward-looking statements include statements relating to:

- Our goals, intentions, and expectations;
- Our business plans and growth strategies; and
- Estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks, assumptions, and uncertainties, including, among other things, changes in general economic and business conditions.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. In addition, our past results of operations do not necessarily indicate our future results. You should not place undue reliance on any forward-looking statements, which speak only as of the date they were made. We will not update these forward-looking statements, even though our situation may change in the future, unless we are obligated to do so under federal securities laws. We qualify all of our forward-looking statements by these cautionary statements.

PART I

ITEM 1. BUSINESS

Stifel Financial Corp. ("Financial" or the "Company"), a Delaware corporation and a holding company for Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus") and other subsidiaries, was organized in 1983. Stifel Nicolaus is the successor to a partnership founded in 1890. Unless the context requires otherwise, the term "Company" as used herein means Stifel Financial Corp. and its subsidiaries.

The Company offers securities-related financial services through its wholly owned operating subsidiaries, Stifel Nicolaus and Century Securities Associates, Inc. ("CSA"). These subsidiaries provide brokerage, trading, investment banking, investment advisory, and related financial services primarily to customers throughout the United States from 135 locations. The Company's customers include individuals, corporations, municipalities, and institutions. Although the Company has customers throughout the United States, its major geographic area of concentration is in the Midwest and, to a lesser extent, the Rocky Mountain Region.

Business Segments

The Company's business has four segments: Private Client Group, Equity Capital Markets, Fixed Income Capital Markets, and Other. Financial information for each of the three years ended December 31, 2004, 2003, and 2002 is included in the consolidated financial statements and notes thereto (see Note R of Notes to Consolidated Financial Statements). Such information is hereby incorporated by reference.

Narrative Description of Business

As of February 28, 2005, the Company employed 1,204 individuals. Of these, Stifel Nicolaus employed 1,195, of which 466 were employed as private client and institutional sales people. In addition, 174 investment executives were affiliated with CSA as independent contractors. Through its broker-dealer subsidiaries, the Company provides securities services to approximately 176,000 client accounts. No single client accounts for a material percentage of any segment of the Company's business.

PRIVATE CLIENT GROUP

The Company provides securities transaction and financial planning services to its private clients through Stifel Nicolaus' branch system and its independent contractor firm, CSA. Management has made significant investments in personnel, technology, and market data platforms to grow the Private Client Group over the past five years. At February 28, 2005, the Private Client Group employed 818 individuals.

Stifel Nicolaus Private Client

Stifel Nicolaus had 86 private client branches located in 17 states, primarily in the Midwest. Its 442 investment executives provide a broad range of services and financial products to their clients. While an increasing number of clients are electing asset-based fee alternatives to the traditional commission schedule, in most cases Stifel Nicolaus charges commissions on both stock exchange and over-the-counter transactions, in accordance with Stifel Nicolaus' commission schedule. In certain cases, varying discounts from the schedule are granted. In addition, Stifel Nicolaus distributes equity securities, through initial public offerings and secondary markets, and taxable and tax-exempt fixed income products to its private clients, including municipal, corporate, government agency, and mortgage-backed securities, preferred stock, and unit investment trusts. In addition, Stifel Nicolaus distributes insurance and annuity products and investment company shares. Stifel Nicolaus has dealer-sales agreements with numerous distributors of investment company shares. These agreements generally provide for dealer discounts ranging up to 5.75% of the purchase price, depending upon the size of the transaction.

CSA Private Client

CSA had affiliations with 174 independent contractors in 47 branch offices and 91 satellite offices in 30 states. CSA's independent contractors provide the same types of financial products and services to its private clients as does Stifel Nicolaus. Under their contractual arrangements, these independent contractors may also provide accounting services, real estate brokerage, insurance, or other business activities for their own account. However, all securities transactions must be transacted through CSA. Independent contractors are responsible for all of their direct costs and are paid a larger percentage of commissions to compensate them for their added expenses. CSA is an introducing broker-dealer and, as such, clears its transactions through Stifel Nicolaus.

Customer Financing

Client securities transactions are effected on either a cash or margin basis. The customer deposits less than the full cost of the security when securities are purchased on a margin basis. The Company makes a loan for the balance of the purchase price. Such loans are collateralized by the securities purchased. The amounts of the loans are subject to the margin requirements of Regulation T of the Board of Governors of the Federal Reserve System, The New York Stock Exchange, Inc. ("NYSE") margin requirements, and the Company's internal policies, which usually are more restrictive than Regulation T or NYSE requirements. In permitting customers to purchase securities on margin, the Company is subject to the risk of a market decline, which could reduce the value of its collateral below the amount of the customers' indebtedness.

EQUITY CAPITAL MARKETS

The Equity Capital Markets segment includes corporate finance, research, syndicate, over-the-counter equity trading, and institutional sales and trading. At February 28, 2005, the Equity Capital Markets segment employed 109 individuals.

Corporate Finance

The corporate finance group consisted of 32 professionals and support associates, located in St. Louis, Chicago, Denver, and Louisville, and is involved in public and private equity and preferred underwritings for corporate clients, merger and acquisition advisory services, fairness opinions, and evaluations. Stifel Nicolaus focuses on small and mid-cap companies, primarily financial institutions.

Research

The research department consisted of 31 analysts and support associates, located in St. Louis, Kansas City, and Denver, who publish research on 306 companies. Proprietary research reports are provided to private and institutional clients at no charge and are supplemented by research purchased from outside vendors.

Syndicate

The syndicate department, which consisted of five professionals and support associates, coordinates the marketing, distribution, pricing, and stabilization of the Company's lead and co-managed underwritings. In addition, the syndicate department coordinates the firm's syndicate and selling group activities managed by other investment banking firms.

Over-the-Counter Equity Trading

The Company trades as principal and agency in the over-the-counter market. The over-the-counter equity trading group, which consisted of six professionals and support associates, acts as both principal and agent to facilitate the execution of customers' orders. The Company makes a market in various securities of interest to its customers through buying, selling, and maintaining an inventory of these securities. At February 28, 2005, Stifel Nicolaus made a market in 329 equity issues in the over-the-counter market. The Company does not engage in a significant amount of trading for its own account.

Institutional Sales and Trading

The institutional equity sales and trading group consisted of 35 professionals and support associates who provide equity products to its institutional accounts in both the primary and secondary markets. Primary equity issues are generally underwritten by Stifel Nicolaus' corporate finance group. At February 28, 2005, the institutional equity sales and trading department had 635 institutional accounts.

FIXED INCOME CAPITAL MARKETS

The Fixed Income Capital Markets segment includes public finance, institutional sales and competitive underwriting, and trading. At February 28, 2005, the Fixed Income Capital Markets segment employed 78 individuals.

Public Finance

Public finance consists of 45 professionals and support associates, with offices in St. Louis, Denver, Orlando, Wichita, and Milwaukee. Stifel Nicolaus acts as an underwriter and dealer in bonds issued by states, cities, and other political subdivisions and may act as manager or participant in offerings managed by other firms. The majority of the Company's municipal bond underwritings are originated through these offices.

Institutional Sales and Competitive Underwriting and Trading

Institutional sales, consisting of 33 professionals and support associates, is comprised of taxable and tax-exempt sales departments located in St. Louis, Brookfield, Wisconsin, and Denver. Stifel Nicolaus buys both tax-exempt and taxable products, primarily municipal, corporate, government agency, and mortgage-backed securities for its own account, maintains an inventory of these products, and resells from that inventory to its institutional accounts. The institutional fixed income sales group maintained relationships with approximately 1,527 accounts at February 28, 2005.

OTHER SEGMENT

In addition to its private client segment and capital markets segments, Stifel Nicolaus clears transactions for another independent introducing broker-dealer. Revenues and costs associated with clearing these transactions are included in the Other segment. The Company also includes unallocated interest expense, interest income from stock borrow activities, and interest income and gains and losses on investments held in the Other segment revenue. The Company includes in the Other segment the unallocated overhead cost associated with the execution of orders; processing of securities transactions; custody of client securities; receipt, identification, and delivery of funds and securities; compliance with regulatory and legal requirements; internal financial accounting and controls; and general administration. At February 28, 2005, the Company employed 199 persons in this segment.

BUSINESS CONTINUITY

The Company has developed a business continuity plan that is designed to permit continued operation of business critical functions in the event of disruptions to its St. Louis headquarters facility. All business critical functions can be supported without the St. Louis headquarters either through our redundant computer capacity in our Denver location or from our branch locations directly to our third-party securities processing vendor through its primary or redundant facilities. Systems have been designed so that the Company can route all mission critical processing activity through Denver to alternate locations, which can be staffed with relocated personnel as appropriate.

COMPETITION

The Company competes with other securities firms, some of which offer their customers a broader range of brokerage services, have substantially greater resources, and may have greater operating efficiencies. In addition, the Company faces increasing competition from other financial institutions, such as commercial banks, online service providers, and other companies offering financial services. The Financial Modernization Act, signed into law in late 1999, lifted restrictions on banks and insurance companies, permitting them to provide financial services once dominated by securities firms. In addition, recent consolidation in the financial services industry may lead to increased competition from larger, more diversified organizations. Some of these firms generally charge lower commission rates to their customers without offering services such as portfolio valuation, investment recommendations, and research. Trading on the Internet has increased significantly.

Management relies on the expertise acquired in its market area over its 114-year history, its personnel, and its equity capital to operate in the competitive environment.

REGULATION

The securities industry in the United States is subject to extensive regulation under federal and state laws. The SEC is the federal agency charged with the administration of the federal securities laws. Much of the regulation of broker-dealers, however, has been delegated to self-regulatory organizations ("SRO"), principally the National Association of Securities Dealers, Inc. ("NASD"), the Municipal Securities Rulemaking Board, and the national securities exchanges, such as the NYSE. SROs adopt rules (which are subject to approval by the SEC) that govern the industry and conduct periodic examinations of member broker-dealers. Securities firms are also subject to regulation by state securities commissions in the states in which they are registered.

As a result of federal and state registration and SRO memberships, broker-dealers are subject to overlapping schemes of regulation which cover all aspects of their securities businesses. Such regulations cover matters including capital requirements; uses and safekeeping of clients' funds; conduct of directors, officers, and employees; recordkeeping and reporting requirements; supervisory and organizational procedures intended to assure compliance with securities laws and to prevent improper trading on material nonpublic information; employee-related matters, including qualification and licensing of supervisory and sales personnel; limitations on extensions of credit in securities transactions; clearance and settlement procedures; requirements for the registration, underwriting, sale, and distribution of securities; and rules of the SROs designed to promote high standards of commercial honor and just and equitable principles of trade. A particular focus of the applicable regulations concerns the relationship between broker-dealers and their customers. As a result, many aspects of the broker-dealer customer relationship are subject to regulation, including, in some instances, "suitability" determinations as to certain customer transactions, limitations on the amounts that may be charged to customers, timing of proprietary trading in relation to customers' trades, and disclosures to customers.

Additional legislation, changes in rules promulgated by the SEC and by SROs, and changes in the interpretation or enforcement of existing laws and rules often directly affect the method of operation and profitability of broker-dealers. The SEC and the SROs may conduct administrative proceedings, which can result in censures, fines, suspension, or expulsion of a broker-dealer, its officers, or employees. The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets rather than the protection of creditors and stockholders of broker-dealers.

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The Sarbanes-Oxley Act represents a comprehensive revision of laws affecting corporate governance, accounting obligations, and corporate reporting. The Sarbanes-Oxley Act is applicable to all companies with equity or debt securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In particular, the Sarbanes-Oxley Act establishes: (1) new requirements for audit committees, including independence, expertise, and responsibilities; (2) the implementation of an internal control structure and procedures for financial reporting; (3) additional responsibilities regarding financial statements for the Chief Executive Officer and Chief Financial Officer of the reporting company and their assessment of the company's internal controls over financial statement reporting; (4) new standards for auditors and regulation of audits; (5) increased disclosure and reporting obligations for the reporting company and its directors and executive officers; (6) increased work by the company's independent auditors to audit management's assessment of internal controls; and (7) new and increased civil and criminal penalties for violations of the securities laws. Compliance with these aspects of the Sarbanes-Oxley Act, particularly Section 404, has significantly increased our costs.

In 2003, the NASD required certain member firms, including Stifel Nicolaus and CSA, to conduct a self-assessment of compliance with the requirement to provide breakpoint discounts in certain mutual fund sales transactions where customers were eligible to receive them. Stifel Nicolaus and CSA voluntarily expanded the scope of the required self-assessment to include all trades over $2,500 for years 2001 through 2003. Based upon the results of the self-assessment review, the NASD required that firms either conduct a trade-by-trade analysis or participate in a mail notification process. Stifel Nicolaus and CSA were subsequently required to do the following: 1) reimburse, with interest, any customers identified in the self-assessment process that did not receive appropriate breakpoint discounts, 2) establish reserves for other customers who may make claims for reimbursement, and 3) send notice by no later than January 15, 2004, to all customers who made purchases of Class A mutual fund shares since January 1, 1999, that they may be entitled to similar refunds. The Company has responded to all claim forms received to date and reimbursed customers for discounts not previously provided. The Company has determined that the vast majority of potential claims have been resolved and any future claims submitted through this process will not have a material adverse effect on its results of operations.

In 2004, similar to the review of breakpoints, the Company began a review of potential discounts under mutual fund Net Asset Value (NAV) transfer programs. Generally, NAV transfer programs offer clients an opportunity to transfer funds from one mutual fund to another without incurring a fee, or load. The firm has completed a review of potential NAV transfers for years 2003 and 2004 and determined that payments made to date and any potential future payments will not have a material adverse effect on its results of operations. The NASD is currently reviewing the Company's process of evaluating transactions for NAV transfer discounts and providing reimbursement to customers.

Also in 2003, the SEC and the NASD began inquiries throughout the industry of late trading and market timing activity in connection with the sales of mutual funds. The SEC has asked firms, including Stifel Nicolaus, that use the National Securities Clearing Corporation's Fund/SERV system to submit and clear mutual fund orders, to review systems and controls for mutual fund orders intended to prevent late trading, and to review all mutual fund orders for a year to determine whether late trading in mutual funds occurred. As a result of prior internal reviews and the SEC-requested reviews of systems and controls, Stifel Nicolaus has changed certain policies and procedures relating to the receipt and supervision of mutual fund orders. Stifel Nicolaus has provided information to the SEC and the NASD in conjunction with their industry-wide review of mutual fund trading practices. In 2004, Stifel, Nicolaus & Company, Incorporated was fined $125,000 by the NASD for potential weaknesses relating to mutual fund order processing. Prior to the examination conducted by the NASD, the Company identified these potential weaknesses through its own internal review and implemented appropriate changes on or about September 15, 2003. It is important to note that our review did not identify any instances of late trading of mutual funds and that the NASD's findings relate to supervisory systems and written procedures, not actual instances of late trading.

As broker-dealers, Stifel Nicolaus and CSA are subject to the Uniform Net Capital Rule (Rule 15c3-1) promulgated by the SEC, which provides that a broker-dealer doing business with the public shall not permit its aggregate indebtedness (as defined) to exceed 15 times its net capital (as defined) or, alternatively, that its net capital shall not be less than two percent of aggregate debit balances (primarily receivables from customers and broker-dealers) computed in accordance with the SEC's Customer Protection Rule (Rule 15c3-3). The Uniform Net Capital Rule is designed to measure the general financial integrity and liquidity of a broker-dealer and the minimum net capital deemed necessary to meet the broker-dealer's continuing commitments to its customers and other broker-dealers. Both methods allow broker-dealers to increase their commitments to customers only to the extent their net capital is deemed adequate to support an increase. Management believes that the alternative method, which is utilized by most full-service securities firms, is more directly related to the level of customer business. Therefore, Stifel Nicolaus computes its net capital under the alternative method. CSA computes its net capital under the aggregate indebtedness method.

Under SEC rules, a broker-dealer may be prohibited from expanding its business and declaring cash dividends. A broker-dealer that fails to comply with the Uniform Net Capital Rule may be subject to disciplinary actions by the SEC and self-regulatory agencies, such as the NYSE and NASD, including censures, fines, suspension, or expulsion. Stifel Nicolaus had net capital of approximately $86.5 million at December 31, 2004, which was approximately 38.0% of aggregate debit balances and approximately $82.0 million in excess of required net capital. CSA had net capital of approximately $2.4 million at December 31, 2004, which was approximately $2.3 million in excess of the required net capital.

AVAILABLE INFORMATION

The Company files annual, quarterly and current reports, proxy statements, and other information with the SEC.

The Company's web site is http://www.stifel.com. The Company makes available free of charge on its web site its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Forms 3, 4, and 5 filed on behalf of directors and executive officers, and any amendments to such reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Also posted on the Company's web site are the Company's Executive Committee, Audit/Finance Committee charter, Compensation Committee charter, and Nominating/Corporate Governance Committee charter. Copies of the Corporate Governance Guidelines, Complaint Reporting Process, and the Code of Ethics governing our directors, officers, and employees are also posted on the Company's web site within the "Corporate Governance" section under the heading "Investor Relations" and are available in print upon request of any stockholder to the Chief Financial Officer or requested on the Company's web site. Within the time period required by the SEC and the New York Stock Exchange, Inc. (the "NYSE"), the Company will post on its web site any modifications to any of the available documents. The Chief Financial Officer can be contacted at Stifel Financial Corp., One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102, telephone: (314) 342-2000.

The public may read and copy the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. This information may also be obtained from the SEC's web site at http://www.sec.gov.

ITEM 2. PROPERTIES

The Company's headquarters, Stifel Nicolaus' headquarters and operations, and CSA's headquarters are located in 96,000 square feet of leased office space in St. Louis. The Company leases a total of 88 office locations, of which the Private Client segment maintains 86 leased offices in 17 states, primarily in the Midwest. The Fixed Income Capital Markets segment resides in seven leased locations. The Equity Capital Markets segment occupies leased space in seven locations. The Company's management believes that, at the present time, the facilities are suitable and adequate to meet its needs and that such facilities have sufficient productive capacity and are appropriately utilized.

The Company also leases communication and other equipment. Aggregate annual rental expense, for office space and equipment, for the year ended December 31, 2004, was approximately $11.0 million. Further information about the lease obligations of the Company is provided in Note E of the Notes to Consolidated Financial Statements filed with and made a part hereof.

ITEM 3. LEGAL PROCEEDINGS

See Note J of the Notes to Consolidated Financial Statements filed with and made a part hereof.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to vote of securities holders during the fourth quarter of 2004.

ITEM 4a. EXECUTIVE OFFICERS OF THE REGISTRANT

The following information is furnished pursuant to General Instruction G (3) of Form 10-K with respect to the executive officers of Financial:

Name	*Age*	*Positions or Offices With the Company and Stifel Nicolaus*
Ronald J. Kruszewski	46	Chairman of the Board of Directors, President, and Chief Executive Officer of the Company and Chairman of the Board of Directors and Chief Executive Officer of Stifel Nicolaus
Scott B. McCuaig	55	Senior Vice President and Director of the Company and President, Co-Chief Operating Officer, and Director of Stifel Nicolaus
James M. Zemlyak	45	Senior Vice President, Chief Financial Officer, and Treasurer of the Company and Senior Vice President, Co-Chief Operating Officer, Chief Financial Officer, and Director of Stifel Nicolaus
Walter F. Imhoff	73	Senior Vice President of Stifel Nicolaus and Director of the Company
David D. Sliney	35	Senior Vice President of the Company and Senior Vice President and Director of Stifel Nicolaus
David M. Minnick	48	Senior Vice President and General Counsel of the Company and Stifel Nicolaus

Ronald J. Kruszewski has been President and Chief Executive Officer of the Company and Stifel Nicolaus since September 1997 and Chairman of the Board of Directors of the Company and Stifel Nicolaus since April 2001. Prior thereto, Mr. Kruszewski served as Managing Director and Chief Financial Officer of Baird Financial Corporation and Managing Director of Robert W. Baird & Co. Incorporated, a securities broker-dealer firm, from 1993 to September 1997. Mr. Kruszewski has been a Director of the Company since September 1997.

Scott B. McCuaig has been Senior Vice President and President of the Private Client Group of the Company and Stifel Nicolaus and Director of Stifel Nicolaus since January 1998 and President and Co-Chief Operating Officer of Stifel Nicolaus since August 2002. Prior thereto, Mr. McCuaig served as Managing Director, head of marketing, and regional sales manager of Robert W. Baird & Co. Incorporated from June 1988 to January 1998. Mr. McCuaig has been a Director of the Company since April 2001.

James M. Zemlyak joined Stifel Nicolaus in February 1999. Mr. Zemlyak has been Senior Vice President, Chief Financial Officer, and Treasurer of the Company and Senior Vice President, Chief Financial Officer, and a member of the Board of Directors of Stifel Nicolaus since February 1999 and Co-Chief Operating Officer of Stifel Nicolaus since August 2002. Prior to joining the Company, Mr. Zemlyak served as Managing Director and Chief Financial Officer of Baird Financial Corporation from 1997 to 1999 and Senior Vice President and Chief Financial Officer of Robert W. Baird & Co. Incorporated from 1994 to 1999.

Walter F. Imhoff has served as Senior Vice President of Stifel Nicolaus and a Director of the Company since January 12, 2000. Prior thereto, Mr. Imhoff served as Chairman, President, and Chief Executive Officer of Hanifen, Imhoff Inc., a Colorado-based broker-dealer, from 1979 until it was integrated into the Company on January 12, 2000.

David D. Sliney has been a Senior Vice President of the Company since May 2003. In 1997, Mr. Sliney began a Strategic Planning and Finance role with Stifel Nicolaus and has served as a Director of Stifel Nicolaus since May 2003. Mr. Sliney is also responsible for the Company's Operations and Technology departments. Mr. Sliney joined Stifel Nicolaus in 1992, and between 1992 and 1995, Mr. Sliney worked as a fixed income trader and later assumed responsibility for the firm's Equity Syndicate Department.

David M. Minnick has served as Senior Vice President and General Counsel of the Company and Stifel Nicolaus since October 2004. Prior thereto, Mr. Minnick served as Vice President and Counsel for A. G. Edwards & Sons, Inc. from August 2002 through October 2004, Senior Regional Attorney for NASD Regulation, Inc. from November 2000 through July 2002, as an attorney in private law practice from September 1998 through November 2000, and as General Counsel and Managing Director of Morgan Keegan & Company, Inc. from October 1990 through August 1998.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

a. Market Information

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

	*Stock Price** *High - Low*
Year 2004 By Quarter	
First	$22.31 - 13.74
Second	21.15 - 16.20
Third	21.30 - 17.48
Fourth	24.68 - 19.04
Year 2003 By Quarter	
First	$ 9.17 - 8.21
Second	9.77 - 8.55
Third	10.39 - 8.93
Fourth	14.84 - 9.96

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

b. Holders

The approximate number of stockholders of record on March 1, 2005, was 4,300.

c. Dividends

On May 9, 2002, the Company announced the elimination of future cash dividends on common stock.

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

See restrictions related to the payment of dividends in "Liquidity and Capital Resources" contained in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and made part hereof.

d. Securities Authorized for Issuance Under Equity Compensation Plans

Information regarding securities authorized for issuance under equity compensation plans is contained in "Equity Compensation Plan Information," included in the Registrant's Proxy Statement for the 2005 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Issuer Purchases of Equity Securities

The following table summarizes the Company's repurchase activity of its common stock during the fourth quarter ended December 31, 2004:

Periods	*Total Number of Shares Purchased*	*Average Price Paid Per Share*	*Total Number of Shares Purchased as Part of Publicly Announced Plans*	*Maximum Number of Shares That May Yet Be Purchased Under the Plans*
October 1, 2004 - October 31, 2004	45,376	$ 19.77	45,376	552,356
November 1, 2004 - November 30, 2004	2,460	19.30	2,460	549,896
December 1, 2004 - December 31, 2004	10,100	22.95	10,100	539,796
Total	57,936	$ 20.31	57,936	

The Company has an ongoing authorization, as amended, from the Board of Directors to repurchase its common stock in the open market or in negotiated transactions. The Company is authorized to purchase up to 1,800,000 shares, which includes the most recent authorization in May 2002 to purchase an additional 1,000,000 shares.

Five-Year Financial Summary

	(in thousands, except per share amounts)	*Years Ended December 31,* 2004	2003	2002	2001	2000
Revenues	Commissions	$ 95,692	$ 82,127	$ 68,327	$ 70,439	$ 84,423
	Investment banking	57,818	49,705	45,918	37,068	21,700
	Principal transactions	46,163	47,419	39,453	34,089	28,733
	Asset management and service fees	35,504	28,021	25,098	24,769	24,189
	Interest	13,051	12,243	14,544	21,866	35,479
	Other	2,961	2,105	773	759	3,324
	Total revenues	251,189	221,620	194,113	188,990	197,848
	Less: Interest expense	4,366	5,108	6,319	11,722	20,594
	Net revenues	246,823	216,512	187,794	177,268	177,254
Non-interest Expenses	Employee compensation and benefits	157,314	140,973	126,726	120,889	117,229
	Occupancy and equipment rental	21,445	19,278	18,631	17,673	15,120
	Communications and office supplies	10,330	10,740	10,737	10,799	10,879
	Commissions and floor brokerage	3,658	3,263	3,373	3,269	3,059
	Other operating expenses	17,459	17,198	23,533	21,251	16,278
	Total non-interest expenses	210,206	191,452	183,000	173,881	162,565
	Income before income taxes	36,617	25,060	4,794	3,387	14,689
	Provision for income taxes	13,469	10,053	2,014	1,377	5,486
	Net income	$ 23,148	$ 15,007	$ 2,780	$ 2,010	$ 9,203
Per Share Data	Basic earnings	$ 2.39	$ 1.63	$ .30	$ .21	$ .98
	Diluted earnings	$ 1.88	$ 1.37	$ .26	$ .19	$ .90
	Cash dividends	- -	- -	$ .05	$ .09	$ .09
Statement of Financial Condition and Other Data	Total assets	$382,314	$412,239	$422,976	$440,559	$458,312
	Long-term obligations	$ 61,767	$ 61,541	$ 63,227	$ 38,512	$ 36,469
	Stockholders' equity	$131,312	$100,045	$ 79,990	$ 78,622	$ 74,178
	Net income as % average equity	19.72%	17.09%	3.44%	2.58%	13.33%
	Net income as % total revenues	9.22%	6.77%	1.43%	1.06%	4.65%
	Average common shares and share equivalents used in determining earnings per share:					
	Basic	9,702	9,233	9,377	9,549	9,343
	Diluted	12,281	10,971	10,892	10,653	10,225

All shares and earnings per share amounts reflect the four-for-three stock split distributed in September 2004.
Where appropriate, prior years' financial information has been reclassified to conform with the current year presentation.

See "Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations," made part hereof.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Environment

Stifel Financial Corp. (the "Parent"), through its wholly-owned subsidiaries, principally Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus"), collectively referred to as the "Company," is principally engaged in retail brokerage, securities trading, investment banking, investment advisory, and related financial services throughout the United States. Although the Company has offices throughout the United States, its major geographic area of concentration is in the Midwest and, to a lesser extent, the Rocky Mountain Region. The Company's principal customers are individual investors, with the remaining client base composed of corporations, municipalities, and institutions.

The Company's operating results for the year ended December 31, 2004, correlated to the equity markets performance, which fluctuated throughout the year. The year began where the prior year ended, as investors' confidence in the equity markets remained high during the first quarter. However, investors became more tentative during the second and third quarters over concerns about the continuing war in Iraq, uncertainty about the outcome of the Presidential election and the resultant economic and taxing policies of the new administration, increased oil prices, and the decreased value of the dollar. However, during the fourth quarter, the markets responded favorably to the results of the Presidential election.

The three major equity indices, key indicators of investors' confidence, the Dow Jones Industrial Average, the Standard & Poor's 500 Index, and the Nasdaq Composite, closed the year up 3.1%, 9.0%, and 8.6%, respectively, over their December 31, 2003, closing.

During the latter half of 2004, the Federal Reserve Board raised the fed funds rate five times, increasing the rate from its 45-year low of 1% in 2003 to 2.25% at December 31, 2004.

The rate increases had a dramatic effect on mortgage-backed securities issuance industry-wide, which fell by nearly one-half from the record volume in the previous year. Excluding mortgage-backed securities, total bond issuance declined less than one percent from the previous year.

The Company continued to execute its growth strategy. During 2004, the Company opened 6 offices, for a total of 88 in 17 states.

Results of Operations for the Company

The following table presents major categories of revenue and expenses for the Company for the respective periods.

(in thousands)	*December 31, 2004* Amount	% of Net Revenue	% Increase / (Decrease)	*December 31, 2003* Amount	% of Net Revenue	% Increase / (Decrease)	*December 31, 2002* Amount	% of Net Revenue
Revenues								
Commissions and principal transactions	$141,855	58%	10%	$129,546	60%	20%	$107,780	57%
Investment banking	57,818	23	16	49,705	23	8	45,918	24
Asset management and service fees	35,504	14	27	28,021	13	12	25,098	13
Interest	13,051	5	7	12,243	5	(16)	14,544	8
Other	2,961	2	41	2,105	1	172	773	1
Total revenues	251,189	102	13	221,620	102	14	194,113	103
Less: Interest expense	4,366	2	(15)	5,108	2	(19)	6,319	3
Net revenues	246,823	100	14	216,512	100	15	187,794	100
Non-interest expenses:								
Employee compensation and benefits	157,314	64	12	140,973	65	11	126,726	67
Occupancy and equipment rental	21,445	9	11	19,278	9	3	18,631	10
Communication and office supplies	10,330	4	(4)	10,740	5	0	10,737	6
Commissions and floor brokerage	3,658	1	12	3,263	2	(3)	3,373	2
Other operating expenses	17,459	7	2	17,198	7	(27)	23,533	12
Total non-interest expenses	210,206	85	10	191,452	88	5	183,000	97
Income before income taxes	$ 36,617	15%	46%	$ 25,060	12%	423%	$ 4,794	3%

2004 as Compared to 2003 — Total Company

The Company's total revenues increased $29.6 million, a 13% increase over 2003, and recorded its ninth consecutive annual increase in net revenues (total revenues less interest expense) of $30.3 million, a 14% increase over 2003.

The favorable market conditions experienced industry-wide, particularly in the first and fourth quarters, contributed to the strong performance of the Private Client Group as individual investors gained confidence in the markets. As a result, commissions and principal transactions increased 10% to $141.9 million. Investment banking revenues increased 16%, as the market for equity underwriting remained strong during 2004 in conjunction with improved municipal finance underwriting.

Asset management and service fees increased 27% to $35.5 million, principally due to increased asset management fees for wrap accounts, which are billed based upon the value of the assets maintained in the account (See Assets under management in 2004 compared to 2003 - Private Client), as well as increased account service fees and increased distribution fees for money market funds, which increased due to increased number of customer trades and increased money market balances.

Net interest increased 22% or $1.6 million, principally as a result of increased interest revenue on customer margin accounts, which increased 6% to $10.3 million, resulting from increased rates charged to those customers. Interest expense decreased 15% to $4.3 million primarily as a result of decreased stock loan activity during the year in conjunction with decreased bank borrowings.

Other revenues increased 41% to $2.9 million as a result of increased gains on investments.

Total non-interest expenses increased 10% to $210.2 million, primarily as a result of increased employee compensation and benefits and increased occupancy and equipment rental.

Employee compensation and benefits, which comprises 64% of net revenues, down from 65% in 2003, increased 12% to $157.3 million in conjunction with increased productivity and profitability. A portion of compensation and benefits includes transition pay, principally in the form of upfront notes and accelerated payout, in connection with the Company's expansion efforts. The upfront notes are amortized over a five- to ten-year period. Excluding transition pay of $8.9 million and $8.2 million from 2004 and 2003, respectively, compensation as a percentage of net revenues totaled 60% compared to 61% in 2003.

Occupancy and equipment rental increased 11% to $21.4 million due to increased number of leased offices resulting from continued expansion and increased statement and trades processing by third-party vendors due to increased volume.

Communication and office supplies decreased 4% to $10.3 million, resulting primarily from improved vendor pricing for network and frame relay services.

Commission and floor brokerage increased 12% due to increased production.

Other operating expenses increased 2% to $17.5 million. The prior year other operating expenses include the reversal of a $2.0 million charge from the favorable settlement of an arbitration award. Excluding the prior year reversal, other operating expenses decreased 9% from $19.2 million.

The effective tax rate decreased to 36.8% from 40.1% in 2003 as a result of $1.0 million tax benefit resulting from the settlement of a state tax matter covering a number of years.

The current year net income increased 54% to $23.1 million or $1.88 per diluted share from $15,007 or $1.37 per diluted share. The current year results include a first quarter $1.0 million tax benefit or approximately $0.08 per diluted share discussed above. The prior year results include a third quarter reversal of a $1.2 million charge net of tax, or approximately $0.11 per diluted share, resulting from a favorable settlement of an arbitration award.

2003 as Compared to 2002 — Total Company

The Company's total revenues increased $27.5 million, a 14% increase over 2002, and it posted the eighth consecutive annual increase in net revenues of $28.7 million, a 15% increase over the prior year. The increase in net revenues can be attributed principally to the Company's strong performance of its Private Client Group and improved market conditions as the individual investor returned to the equity markets. As a result, commissions and principal transactions revenues increased 20% to $129.5 million. In addition, investment banking revenues increased 8% to $49.7 million, resulting from improved market conditions for equity underwritings, which offset a decline in municipal finance revenues.

Asset management and service fees increased 12% to $28.0 million from $25.1 million, principally due to increased, asset management fees for wrap accounts (See Assets under management in 2004 compared to 2003-Private Client), as well as increased account service fees and increased distribution fees for money market funds, which increased due to increased number of customer trades and increased money market balances.

Net interest declined 13% to $7.1 million. Interest revenue from customer margin accounts decreased 17% to $9.7 million, principally resulting from decreased borrowings and decreased rates charged to those customers. Interest expense decreased $1.2 million, resulting principally from decreased short-term borrowings from banks by the Company to finance customer borrowings on margin accounts along with lower rates charged on those borrowings. The decrease was offset by an increase in interest expense on long-term debt as a result of a full year of interest paid on the $34.5 million 9% debenture to Stifel Financial Capital Trust I (the "Trust") issued in April 2002 compared to a partial year of interest paid in 2002 on the debenture along with a partial year of interest paid on the $10.0 million long-term note to Western and Southern Life Insurance Company, a significant shareholder, bearing interest of 8% per annum.

Other revenues increased 172% to $2.1 million as a result of an increase in cash surrender value of life insurance for outside directors and an increase in gain on investments resulting from improved market conditions.

Total non-interest expenses increased $8.5 million to $191.5 million, principally due to increased employee compensation and benefits, offset by a decrease in other expenses.

Employee compensation and benefits, which comprises 65% of net revenues, down from 67% in 2002, increased 11% to $141.0 million in conjunction with increased productivity and profitability. A portion of compensation and benefits includes transition pay in connection with the Company's expansion efforts. Excluding transition pay of $8.2 million and $8.8 million from 2003 and 2002, respectively, compensation as a percentage of net revenues totaled 61% compared to 63% in 2002.

Other expense decreased $6.3 million to $17.2 million, resulting principally from the 2002 $6.5 million charge relating to an arbitration award and other matters which arose primarily in connection with the activities of a former Stifel Nicolaus broker. The 2003 other expense includes a reversal of $2.0 million due to the favorable settlement of that award. Excluding the prior year charge and the current year reversal, other expenses increased $2.1 million, resulting principally from increased litigation settlement and legal fees of $1.9 million due to the increased costs to defend and settle claims against the Company.

The effective tax rate decreased to 40% in 2003 from 42% in 2002 as a result of a non-taxable gain on cash surrender value in 2003 as compared to a non-taxable loss in 2002.

The current year net income increased 440% over the prior year net income to $15.0 million or $1.37 per diluted share from $2,780 or $0.26 per diluted share.

The current year results include a third quarter reversal of a $1.2 million charge, net of tax, or approximately $0.11 per diluted share, resulting from the favorable settlement of an arbitration award. The prior year results include a third quarter after-tax charge of $3.5 million, or $0.33 per diluted share, related to that arbitration award and other legal matters as discussed in other expense.

Segment Analysis

The Company's reportable segments include the Private Client Group, Equity Capital Markets, Fixed Income Capital Markets, and Other. The Private Client Group segment includes branch offices and independent contractor offices of the Company's broker-dealer subsidiaries located throughout the U.S., primarily in the Midwest. These branches provide securities brokerage services, including the sale of equities, mutual funds, fixed income products, and insurance, to their private clients. The Equity Capital Markets segment includes corporate finance management and participation in underwritings (exclusive of sales credits, which are included in the Private Client Group segment), mergers and acquisitions, institutional sales, trading, research, and market making. The Fixed Income Capital Markets segment includes public finance, institutional sales, and competitive underwriting and trading. The "Other" segment includes clearing revenue, interest income from stock borrow activities, unallocated interest expense, interest income and gains and losses from investments held, and all unallocated overhead cost associated with the execution of orders; processing of securities transactions; custody of client securities; receipt, identification, and delivery of funds and securities; compliance with regulatory and legal requirements; internal financial accounting and controls; and general administration.

Results of Operations for Private Client Group

The following table present consolidated information for the Private Client Group segment for the respective periods.

	December 31, 2004			December 31, 2003			December 31, 2002	
(in thousands)	*Amount*	*% of Net Revenue*	*% Increase / (Decrease)*	*Amount*	*% of Net Revenue*	*% Increase / (Decrease)*	*Amount*	*% of Net Revenue*
Revenues								
Commissions and principal transactions	$130,788	70%	11%	$117,441	72%	23%	$ 95,356	70%
Investment banking	13,709	7	17	11,684	7	14	10,208	7
Asset management and service fees	35,486	19	27	27,961	17	13	24,672	18
Interest	10,290	6	6	9,751	6	(20)	12,168	9
Other	448	--	--	--	--	--	--	--
Total revenues	190,721	102	14	166,837	102	17	142,404	104
Less: Interest expense	3,920	2	5	3,742	2	(38)	5,995	4
Net revenues	186,801	100	15	163,095	100	20	136,409	100
Non-interest expenses								
Employee compensation and benefits	107,777	58	13	95,249	58	16	82,394	60
Occupancy and equipment rental	11,994	6	11	10,822	7	5	10,319	8
Communication and office supplies	5,730	3	(9)	6,274	4	(2)	6,416	5
Commissions and floor brokerage	2,609	1	17	2,237	1	3	2,174	2
Other operating expenses	11,580	7	(10)	12,930	8	(28)	17,995	12
Total non-interest expenses	139,690	75	10	127,512	78	7	119,298	87
Income before income taxes	$ 47,111	25%	32%	$ 35,583	22%	106%	$ 17,111	13%

2004 Compared to 2003 — Private Client Group

During the year, the Private Client Group continued to grow its sales force by adding 27 investment executives and 27 independent contractors. Additionally the Company continued to upgrade its investment executive sales force by terminating low producers. The average production for the Company's investment executives increased 8% over the 2003 production.

	December 31, 2004	December 31, 2003	December 31, 2002
Investment Executives	439	412	412
Independent Contractors	182	155	131

Private Client Group total revenues increased 14% to $190.7 million, principally due to the increase in commissions and principal transactions, which increased 11% to $130.8 million, resulting from improved market conditions for retail investors. In addition, commissions from investment banking increased due principally to the increased number of lead or co-managed transactions (see 2004 compared to 2003 - Equity Capital Markets and 2004 compared to 2003 Fixed Income Capital Markets).

Asset management and service fees increased principally due to increased wrap fees resulting from improved market conditions in conjunction with an increase in the number of accounts along with increased account service fees and distribution fees received for money market accounts.

Assets Under Management	December 31, 2004	December 31, 2003	December 31, 2002
Value	$1,379,128,000	$1,000,656,000	$680,547,000
Number of Accounts	7,616	6,452	5,919

Interest revenue increased as a result of increased rates charged on customer borrowings' to finance securities transactions. Interest expense increased as a result of increased rates from banks to finance customer borrowings.

Other revenue increased principally due to gains on investments held for investment executives' deferred compensation.

Employee compensation and benefits increased due to increased production by investment executives. As a percentage of net revenues, employee compensation and benefits remained unchanged from the prior year. Employee compensation and benefits includes transition pay in connection with the Company's expansion efforts. Excluding transition pay of $8.2 million and $7.7 million from 2004 and 2003, respectively, compensation as a percentage of net revenues decreased slightly to 53% from 55%.

Occupancy and equipment rental increased due to an increase in the number of leased offices and increased statement and trade processing by third-party vendors due to increased production.

Communication and office supplies decreased 9% to $5.7 million, resulting primarily from improved vendor pricing for network and frame relay services.

Commissions and floor brokerage increased with increased production.

Other operating expenses decreased due to decreased legal settlements and bad debt expense. Year-to-year comparisons of other operating expenses were impacted by the prior year $2.0 million reversal of an arbitration award previously discussed (see 2004 Compared to 2003 — Total Company).

Primarily as a result of the increased production, income before income taxes for the Private Client Group increased 32% to $47.1 million.

2003 Compared to 2002 — Private Client Group

Private Client Group total revenues increased 17% to $166.8 million, principally due to the increase in commissions and principal transactions resulting from improved market conditions attributable to retail investors who had been reluctant to invest during 2002 returning to the securities markets, particularly in the last ten months of 2003. In addition, commissions from investment banking increased due to the increased number of lead or co-managed transactions (see 2003 Compared to 2002 — Equity Capital Markets).

Asset management and service fees increased principally due to increased wrap fees, which are billed based upon the value of the assets maintained in the account (See Assets under management in 2004 compared to 2003 Private Client), as well as increased account service fees and distribution fees received for money market accounts.

Interest revenue and interest expense for the Private Client Group declined as a result of decreased borrowings by customers along with decreased rates charged for those borrowings. Interest expense declined due to decreased borrowings from banks to finance customer borrowings along with decreased rates charged on those borrowings and an increased utilization of stock loan to finance customer borrowings, which bears a lower interest rate than bank borrowings.

Employee compensation and benefits increased, principally due to increased production by investment executives. As a percentage of net revenues, employee compensation and benefits decreased to 58% from 60% in the prior year. Employee compensation and benefits includes transition pay in connection with the Company's expansion efforts. Excluding transition pay of $7.7 million and $8.2 million from 2003 and 2002, respectively, compensation and benefits as a percentage of net revenues decreased to 54% from 55%.

Income before income taxes for the Private Client Group increased due to the increase in revenue production in conjunction with a decrease in other non-interest expenses. Year-to-year comparisons of "other non-interest expenses" were impacted by the $2.0 million reversal of an arbitration award in 2003. In 2002, "other expenses" include a $6.5 million charge related to that arbitration award and other legal matters (see 2003 Compared to 2002 — Total Company).

Results of Operations for Equity Capital Markets

The following table presents consolidated information for the Equity Capital Markets Group segment for the respective periods.

(in thousands)	*December 31, 2004* Amount	*December 31, 2004* % of Net Revenue	% Increase / (Decrease)	*December 31, 2003* Amount	*December 31, 2003* % of Net Revenue	% Increase / (Decrease)	*December 31, 2002* Amount	*December 31, 2002* % of Net Revenue
Revenues								
Commissions and principal transactions	$ 9,281	24%	13 %	$ 8,250	23%	4%	$ 7,969	25%
Investment banking	29,047	75	10	26,465	75	16	22,907	71
Other	758	2	(29)	1,068	3	(25)	1,427	5
Total revenues	39,086	101	9	35,783	101	11	32,303	101
Less: Interest expense	230	1	(8)	250	1	(14)	292	1
Net revenues	38,856	100	9	35,533	100	11	32,011	100
Non-interest expenses:								
Employee compensation and benefits	21,336	55	5	20,289	57	6	19,079	60
Occupancy and equipment rental	1,203	3	- -	1,206	3	9	1,109	3
Communication and office supplies	1,951	5	(1)	1,964	6	(7)	2,114	7
Commissions and floor brokerage	913	2	- -	910	3	(14)	1,064	3
Other operating expenses	795	2	112	376	1	113	176	1
Total non-interest expenses	26,198	67	6	24,745	70	5	23,542	74
Income before income taxes	$12,658	33%	17%	$10,788	30%	27%	$ 8,469	26%

2004 Compared to 2003 — Equity Capital Markets

The Equity Capital Markets Group ("ECM Group") posted a 9% increase in net revenues to a record $38.9 million over the 2003 record performance.

Increased underwriting activity during 2004 resulted in increased investment banking revenues and increased commissions and principal transactions revenue, which increased 10% and 13%, respectively. During the year, the ECM Group lead or co-managed 87 equity, debt, closed-end funds, or trust preferred offerings compared to 69 in 2003.

Other revenue decreased due to decreased Exchange floor membership leases and floor commissions earned.

Non-interest expenses increased 6%, primarily as a result of the increase in employee compensation and benefits, principally variable compensation, which increased in conjunction with increased production. Employee compensation and benefits as a percentage of net revenues decreased to 55%, primarily as a result of increased productivity.

Other operating expenses increased principally due to increased travel and entertainment. All other expense categories remained relatively unchanged. As a result, income before income taxes increased 17% to $12.7 million.

2003 Compared to 2002 — Equity Capital Markets

Net revenues increased 11% to a record $35.5 million over the 2002 record performance.

Income before income taxes increased $2.3 million or 27%, principally due to increased underwriting activity. During the year, the ECM Group lead or co-managed 69 equity, debt, or trust preferred offerings compared to 47 in 2002 due to improved equity markets, particularly in the second half of the year. As a result, investment banking revenues and commissions and principal transactions revenue increased 16% and 4%, respectively. Total non-interest expenses increased $1.2 million due to increased employee compensation and benefits, principally variable compensation as a result of improved productivity and profitability. As a percentage of net revenues, employee compensation and benefits declined to 57% from 60% in the prior year. Excluding employee compensation and benefits, non-interest expenses as a percentage of net revenues declined slightly to 13% from 14% in the prior year.

Results of Operations for Fixed Income Capital Markets

The following table presents consolidated information for the Fixed Income Capital Markets Group segment for the respective periods.

	December 31, 2004			*December 31, 2003*			*December 31, 2002*	
(in thousands)	*Amount*	*% of Net Revenue*	*% Increase / (Decrease)*	*Amount*	*% of Net Revenue*	*% Increase / (Decrease)*	*Amount*	*% of Net Revenue*
Revenues								
Commissions and principal transactions	$ 6,697	40%	(4)%	$ 6,944	45%	(10)%	$ 7,707	46%
Investment banking	10,026	60	18	8,478	55	(7)	9,099	54
Interest	754	5	(12)	859	6	3	834	5
Other	32	- -	19	27	- -	(38)	44	1
Total revenues	17,509	105	7	16,308	106	(8)	17,683	106
Less: Interest expense	879	5	(5)	924	6	(1)	934	6
Net revenues	16,630	100	8	15,384	100	(8)	16,749	100
Non-interest expenses:								
Employee compensation and benefits	11,093	67	8	10,293	67	(5)	10,861	65
Occupancy and equipment rental	746	4	7	700	5	(3)	722	4
Communication and office supplies	870	5	(11)	975	6	(6)	1,034	6
Commissions and floor brokerage	136	1	17	116	1	(15)	136	1
Other operating expenses	807	5	47	550	3	18	466	3
Total non-interest expenses	13,652	82	8	12,634	82	(4)	13,219	79
Income before income taxes	$ 2,978	18%	8%	$ 2,750	18%	(22)%	$ 3,530	21%

2004 Compared to 2003 — Fixed Income Capital Markets

During the year, the Fixed Income Capital Markets Group (FICM Group) senior or co-managed 143 deals, down slightly from 145 deals in 2003. However, the underwriter's discount earned on those transactions in 2004 increased, resulting in increased investment banking fees and principal transactions, which increased to $10.0 million and $5.3 million, respectively. Principal transaction revenues for corporate debt securities and mortgage-backed securities decreased approximately $1.2 million as a result of the poor interest rate environment attributed to the increase in the fed funds rate by the Federal Reserve Board. As a result, net revenues increased 8% to $16.6 million in 2004 for the FICM Group.

Non-interest expense increased 8%, principally due to increased employee compensation and benefits resulting from increased productivity and profitability. Employee compensation and benefits as a percentage of net revenue remained unchanged. Other operating expenses increased, resulting principally from increased travel and promotion. As a result, income before income taxes increased 8% to $3.0 million.

2003 Compared to 2002 — Fixed Income Capital Markets

FICM Group recorded income before income taxes of $2.8 million, down 22% from 2002. While the number of senior or co-managed deals decreased slightly, from 147 in 2002 to 145 in 2003, the amount of underwriter's discount earned on those transactions declined more significantly, resulting in decreased investment banking fees and institutional commissions. As a result, total revenues declined $1.4 million, offset by a decrease in non-interest expenses of $585,000, principally employee compensation and benefits, which declined due to decreased productivity and profitability. As a percentage of net revenues, employee compensation and benefits increased to 67% from 65%.

Results of Operations for Other Segment

The following table presents consolidated information for Other segment for the respective periods.

(in thousands)	December 31, 2004 Amount	December 31, 2004 % of Net Revenue	% Increase / (Decrease)	December 31, 2003 Amount	December 31, 2003 % of Net Revenue	% Increase / (Decrease)	December 31, 2002 Amount	December 31, 2002 % of Net Revenue
Net revenues	$ 4,536	100 %	82%	$ 2,500	100 %	(5)%	$ 2,625	100 %
Non-interest expenses:								
Employee compensation and benefits	17,109	377	13	15,142	606	5	14,391	548
Other operating expenses	13,557	299	19	11,419	457	(9)	12,550	478
Total non-interest expenses	30,666	676	16	26,561	1,062	(1)	26,941	1,026
Loss before income taxes	$(26,130)	(848)%	- -	$(24,061)	(962)%	- -	$(24,316)	(926)%

2004 Compared to 2003 — Other Segment

Net revenues increased 82% as a result of increased gain on investments and increased net interest resulting from decreased interest charged on bank borrowings.

Total non-interest expenses increased 16% as a result of increased employee compensation, primarily due to increased incentive compensation, which increased with Company profitability. Other operating expenses increased primarily as a result of increased trade processing and increased litigation settlement charges.

2003 Compared to 2002 — Other Segment

Net revenues decreased 5%, principally due to increased interest expense offset by gains on investments and increased cash surrender value for certain outside directors. Interest expense in the Other segment represents interest charged by banks and interest accrued on the debenture securities less an internal allocation to the Private Client and Capital Markets segments for use of capital. Total non-interest expenses decreased 1%, resulting from a decrease in litigation settlement charges, offset by an increase in employee compensation and benefits, principally in incentive compensation, which increased with total Company profitability.

Liquidity and Capital Resources

The Company's assets are principally highly liquid, consisting mainly of cash or assets readily convertible into cash. These assets are financed primarily by the Company's equity capital, debenture to Trust, customer credit balances, short-term bank loans, proceeds from securities lending, and other payables. Changes in securities market volumes, related customer borrowing demands, underwriting activity, and levels of securities inventory affect the amount of the Company's financing requirements.

The Company's short-term financing is generally obtained through the use of bank loans and securities lending arrangements. Stifel Nicolaus borrows from various banks on a demand basis with company-owned and customer securities pledged as collateral. Available ongoing credit arrangements with banks totaled $205 million at December 31, 2004, of which $205 million was unused. There are no compensating balance requirements under these arrangements. There were no short-term borrowings at December 31, 2004. At December 31, 2003, short-term borrowings were $5.7 million at an average rate of 1.38%, of which $3.7 million were collateralized by customer-owned securities of $13.9 million. The value of the customer-owned securities is not reflected in the consolidated statement of financial condition. The remaining short-term borrowings of $2.0 million were collateralized by company-owned securities valued at $9.7 million. The average bank borrowing was $3.6 million, $8.0 million, and $49.0 million in 2004, 2003, and 2002, respectively, at weighted average daily interest rates of 1.74%, 1.66%, and 2.25%, respectively. At December 31, 2004 and 2003, Stifel Nicolaus had a stock loan balance of $33.2 million and $116.9 million, respectively, at weighted average daily interest rates of 2.12% and 1.05%, respectively. The average outstanding securities lending arrangements utilized in financing activities were $81.6 million, $119.5 million, and $118.5 million in 2004, 2003, and 2002, respectively, at weighted average daily effective interest rates of 1.37%, 1.17%, and 1.71%, respectively. Customer securities were utilized in these arrangements.

On April 25, 2002, the Trust, a Delaware Trust and wholly owned subsidiary of the Company, completed the offering of 1,380,000 shares of 9% Cumulative Trust Preferred Securities ("trust preferred securities") for $34.5 million (net proceeds of approximately $32.9 million after offering expenses and underwriting commissions). The trust preferred securities represent an indirect interest in a junior subordinated debenture (the "debenture") purchased from the Company by the Trust. The debenture bears the same terms as the trust preferred securities. The trust preferred securities may be redeemed by the Company, and in turn, the Trust would call the debenture no earlier than June 30, 2007, but no later than June 30, 2032. The interest payments on the debenture will be made quarterly, and undistributed payments will accumulate interest of 9% per annum compounded quarterly. At December 31, 2004, the fair value of the trust preferred securities was $37.7 million, which also equals the fair value of the debenture, as it has the same terms as the trust preferred securities. The Company has also provided a guarantee to the Trust to pay all non-interest expenses of the Trust until the Trust is liquidated.

As of December 31, 2003, the Company elected to apply the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities ("FIN 46R") to the Trust. The adoption resulted in the deconsolidation of the Trust, and the trust preferred securities are now presented as "Debenture to Stifel Financial Capital Trust I" in the consolidated statements of financial condition.

The Company paid $6.3 million, $3.8 million, and $3.5 million for the issuance of upfront notes to investment executives for transition pay for the years ended December 31, 2004, 2003, and 2002, respectively. The Company amortizes these notes over a five- to ten-year period. Compensation expense related to the amortization of these notes was $5.8 million, $7.9 million, and $5.3 million for the years ended December 31, 2004, 2003, and 2002, respectively.

On February 19, 2002, the Company entered into a $4.0 million sale-leaseback arrangement for certain office furniture and equipment. The Company made quarterly payments of approximately $320,000. At the time of the original sale, the Company's recorded net book value for the equipment was $2.9 million, resulting in a deferred gain of $1.1 million, which was amortized ratably over the life of the lease. The transaction is accounted for as an operating lease. The lease expired in February 2005, and the Company exercised its option to purchase the equipment at 15% of the original purchase price.

On May 9, 2002, the Company's board of directors authorized the repurchase of up to 1,000,000 additional shares on top of the existing authorization of 800,000 shares. These purchases may be made on the open market or in privately negotiated transactions, depending upon market conditions and other factors. Repurchased shares may be used to meet obligations under the Company's employee benefit plans and for general corporate purposes. Further, the Company announced on May 9, 2002, the elimination of future cash dividends on its common stock.

The board of directors of the Company authorized a tender offer to purchase up to 1,133,333 shares of Stifel Financial Corp., or approximately 12% of its outstanding common stock (including associated preferred stock purchase rights), at a price of $9.94 per share. The tender offer commenced on September 5, 2003, and expired on October 10, 2003. On September 4, 2003, the last trading day prior to the commencement of the offer, the closing price per share reported on The New York Stock Exchange was $9.41. Based on the final count by the depositary for the tender offer, the Company purchased 116,628 shares, representing approximately 1.2% of outstanding shares, at a purchase price of $9.94 per share. The aggregate purchase price of the shares purchased by the Company through the tender offer, including fees and expenses associated with the tender offer, was approximately $1.2 million.

Exclusive of the tender offer, the Company repurchased 472,872, 107,017, and 760,165 shares for the years ending December 31, 2004, 2003, and 2002, respectively, using existing board authorizations, at average prices of $19.38, $9.19, and $9.04 per share, respectively, to meet obligations under the Company's employee benefit plans and for general corporate purposes. The Company reissued 942,615, 388,423, and 261,144 shares for the years ending December 31, 2004, 2003, and 2002, respectively, for employee benefit plans. Under existing board authorizations, the Company is permitted to buy an additional 539,796 shares.

The Company purchased $3.7 million, $2.4 million, and $3.2 million in fixed assets during 2004, 2003, and 2002, respectively, consisting of information technology equipment, leasehold improvements, and furniture and fixtures.

Management believes that funds from operations, available informal short-term credit arrangements, long-term borrowings, and its ability to raise additional capital will provide sufficient resources to meet its present and anticipated financing needs and fund the Company's continued expansion for the next 12 months.

Stifel Nicolaus and Century Securities Associates, Inc. ("CSA") are subject to certain requirements of the SEC with regard to liquidity and capital requirements. At December 31, 2004, Stifel Nicolaus had net capital of approximately $86.5 million, which exceeded the minimum net capital requirements by approximately $82.0 million, and CSA had net capital of $2.4 million, which was $2.3 million in excess of minimum required net capital. Stifel Nicolaus and CSA may not be able to pay cash dividends from its equity capital without prior regulatory approval if doing so would jeopardize their ability to satisfy minimum net capital requirements.

Inflation

The Company's assets are primarily monetary, consisting of cash, securities inventory, and receivables from customers and brokers and dealers. These monetary assets are generally liquid and turn over rapidly and, consequently, are not significantly affected by inflation. However, the rate of inflation affects various expenses of the Company, such as employee compensation and benefits, communications, and occupancy and equipment, which may not be readily recoverable in the price of its services.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Note A to the Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2004, describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The following critical accounting policies and estimates are impacted significantly by judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements.

Legal Reserves

The Company records reserves related to legal proceedings resulting from lawsuits and arbitrations, which arise from its business activities. Some of these lawsuits and arbitrations claim substantial amounts, including punitive damage claims. Management has determined that it is likely that ultimate resolution in favor of the claimant will result in losses to the Company on certain of these claims. The Company has, after consultation with outside legal counsel and consideration of facts currently known by management, recorded estimated losses to the extent they believe certain claims are probable of loss and the amount of the loss can be reasonably estimated. Factors considered by management in estimating the Company's liability are the loss and damages sought by the claimant/plaintiff, the merits of the claim, the amount of loss in the client's account, the possibility of wrongdoing on the part of the employee of the Company, the total cost of defending the litigation, the likelihood of a successful defense against the claim, and the potential for fines and penalties from regulatory agencies. Results of litigation and arbitration are inherently uncertain, and management's assessment of risk associated therewith is subject to change as the proceedings evolve. After discussion with outside counsel, management, based on its understanding of the facts, reasonably estimates a range of loss and accrues what they consider appropriate to reserve against probable loss for certain claims, which is included in the consolidated statement of financial condition under the caption "Accounts payable and accrued expenses."

Reserve for Doubtful Receivables From Former Employees

The Company offers transition pay, principally in the form of upfront loans, to investment executives and certain key revenue producers as part of the Company's overall growth strategy. These loans are generally forgiven over a five- to ten-year period if the individual satisfies certain conditions, usually based on continued employment and certain performance standards. If the individual leaves before the term of the loan expires or fails to meet certain performance standards, the individual is required to repay the balance. In determining the allowance for doubtful receivables from former employees, management considers the facts and circumstances surrounding each receivable, including the amount of the unforgiven balance, the reasons for the terminated employment relationship, and the former employees' overall financial positions.

Valuation of Securities and Investments

Securities not readily marketable, held for investment by the Parent and certain subsidiaries, of $9.1 million and $11.1 million at December 31, 2004 and 2003, respectively, which consist primarily of investments in private equity partnerships, start-up companies, and other venture capital investments, are included under the caption "Investments" and carried at fair value. Investment securities of registered broker-dealer subsidiaries are carried at fair value or amounts that approximate fair value. The fair value of investments, for which a quoted market or dealer price is not available, is based on management's estimates. Among the factors considered by management in determining the fair value of investments are the cost of the investment, terms and liquidity, developments since the acquisition of the investment, the sales price of recently issued securities, the financial condition and operating results of the issuer, earnings trends and consistency of operating cash flows, the long-term business potential of the issuer, the quoted market price of securities with similar quality and yield that are publicly traded, and other factors generally pertinent to the valuation of investments. The fair value of these investments is subject to a high degree of volatility and may be susceptible to significant fluctuation in the near term.

Income Tax Matters

The provision for state income taxes and related tax reserves is based on management's consideration of known liabilities and tax contingencies. Known liabilities are amounts that will appear on current tax returns, amounts that have been agreed to in revenue agent revisions as the result of examinations by the state taxing authorities, and amounts that will follow from such examinations but affect years other than those being examined. Tax contingencies are liabilities that might arise from a successful challenge by the state taxing authorities taking a contrary position or interpretation regarding the application of tax law to the Company's tax return filings. Factors considered by management in estimating the Company's liability are results of state tax audits, historical experience, and consultation with tax attorneys and other experts.

Accounting and Reporting Developments

In June 2003, the Securities and Exchange Commission ("SEC") adopted final rules under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Commencing with the Company's 2004 Annual Report, the Company is required to include a report of management on the Company's internal control over financial reporting. The internal control report must include a statement of management's responsibility for establishing and maintaining adequate internal control over financial reporting for the Company; of management's assessment of the effectiveness of the Company's internal control over financial reporting as of year end; of the framework used by management to evaluate the effectiveness of the Company's internal control over financial reporting; and that the Company's independent accounting firm has issued an attestation report on management's assessment of the Company's internal control over financial reporting, which report is also required to be filed as part of the Annual Report on Form 10-K.

Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 was immediately effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 were to originally be applied as of July 1, 2003. However, the FASB subsequently issued numerous FASB Staff Positions attempting to clarify and improve the application of FIN 46, one of which deferred the effective date of FIN 46 to the fourth quarter of 2003. In December 2003, the FASB issued FASB Interpretation No. 46 (Revised December 2003), Consolidation of Variable Interest Entities ("FIN 46R"), which clarifies the definition of a variable interest, exempts entities that are businesses from its scope, and partially delays the effective date of FIN 46 for certain entities. The delay notwithstanding, public companies were required to apply either FIN 46 or FIN 46R to special purpose entities ("SPEs"), as defined, no later than the first reporting period ending after December 15, 2003 (December 31, 2003 for the Company). FIN 46R was required to be applied to all variable interest entities that are not SPEs no later than the end of the first reporting period ending after March 15, 2004.

The Company's wholly owned subsidiary, the Trust, is considered an SPE. As of December 31, 2003, the Company elected to apply the provisions of FIN 46R to the Trust. The adoption resulted in the deconsolidation of the Trust and the retroactive reclassification of the obligation from the preferred trust offering from the caption "Guaranteed preferred beneficial interest in subordinated debt securities" to "Debenture to Stifel Financial Capital Trust I" in the consolidated statements of financial condition. Other than the retroactive reclassification, the adoption of FIN 46R did not have an impact on the Company's consolidated statements of operations, stockholders' equity, or cash flows. For the interim period ending March 31, 2004, the Company adopted FIN 46R for its remaining variable interest entities that are not SPEs, which did not have an impact on the Company's consolidated financial statements.

In May 2003, the FASB issued Statement of Financial Accounting Standards Board ("SFAS") No. 150, "Accounting for Certain Financial Instruments With Characteristics of Both Liabilities and Equity." This statement established standards for how an issuer classifies and measures in its statement of financial condition certain financial instruments with characteristics of both liabilities and equity. In accordance with the standard, a financial instrument that embodies an obligation for the issuer is required to be classified as a liability (or an asset in some circumstances). SFAS No. 150 was effective for financial instruments entered into or modified after May 31, 2003, and for all other instruments for periods beginning after June 15, 2003. On November 7, 2003, the FASB staff issued FASB Staff Position No. 150-3 ("FSP No. 150-3"), which deferred certain provisions of SFAS No. 150. The Company has adopted the provisions of SFAS No. 150 and FSP No. 150-3. The adoption of these provisions did not have an impact on the Company's consolidated financial statements.

In December 2004, the FASB revised Statement No. 123 (SFAS No. 123R), "Share-Based Payment," which requires companies to expense the estimated fair value of employee stock options and similar awards. The accounting provisions of SFAS No. 123R will be effective for the Company for the quarter ended September 30, 2005. The Company will adopt the provisions of SFAS No. 123R, effective July 1, 2005, using a modified prospective application. Under the modified prospective application, SFAS No. 123R, which provides certain changes to the method for valuing stock-based compensation among other changes, will apply to new awards and to awards that are outstanding on the effective date and are subsequently modified or cancelled. Compensation expense for outstanding awards for which the requisite service had not been rendered as of the effective date will be recognized over the remaining service period using the compensation cost calculated for pro forma disclosure purposes under SFAS No. 123. For option grants outstanding at December 31, 2004, the Company expects compensation expense, as determined in accordance with SFAS No. 123, to be approximately $345,000 before income taxes during the second half of 2005. The Company will incur additional expense during 2005 related to new awards granted that cannot yet be quantified. The Company is in the process of determining how the new method of valuing stock-based compensation as prescribed in SFAS No. 123R will be applied to valuing stock-based awards granted after the effective date and the related impact on the consolidated financial statements.

Off-Balance Sheet Arrangements

See Note K of Notes to Consolidated Financial Statements for off-balance sheet arrangements.

Contractual Obligations

The following table sets forth the Company's contractual obligations to make future payments as of December 31, 2004.

(in thousands)	*Total*	*2005*	*2006*	*2007*	*2008*	*2009*	*Thereafter*
Debenture to Stifel Financial Capital Trust I [1]	$ 34,500	- -	- -	- -	- -	- -	$ 34,500
Interest on debenture [1]	85,388	3,105	3,105	3,105	3,105	3,105	69,863
LLC non-interest bearing notes [2]	24,598	- -	- -	- -	4,600	10,600	9,398
Liabilities subordinated to general creditors	4,347	634	779	720	914	1,300	- -
Operating leases	36,890	8,171	6,860	5,409	4,503	3,928	8,019
Capital leases	41	41	- -	- -	- -	- -	- -
Communication and quote minimum commitments	7,611	4,487	2,004	845	169	106	- -
Total	$193,375	$16,438	$12,748	$10,079	$13,291	$19,039	$121,780

[1] Debenture to Stifel Financial Capital Trust I is callable at par no earlier than June 30, 2007, but no later than June 30, 2032.

[2] The Company invested in zero coupon U.S. Government securities in the amount sufficient to accrete to the repayment amount of the notes, and these securities are placed in an irrevocable trust. At December 31, 2004, these securities had a carrying value of $18,184 and are included under the caption "Investments" on the statement of financial condition.

Risk Management

Risks are an inherent part of the Company's business and activities. Management of these risks is critical to the Company's soundness and profitability. Risk management at the Company is a multi-faceted process that requires communication, judgment, and knowledge of financial products and markets. The Company's senior management takes an active role in the risk management process and requires specific administrative and business functions to assist in the identification, assessment, monitoring, and control of various risks. The principal risks involved in its business activities are: market, credit, operational, and regulatory and legal.

Market Risk

The potential for changes in the value of financial instruments owned by the Company is referred to as "market risk." Market risk is inherent to financial instruments, and accordingly, the scope of the Company's market risk management procedures includes all market risk-sensitive financial instruments.

The Company trades tax-exempt and taxable debt obligations, including U.S. Treasury bills, notes, and bonds; U.S. Government agency and municipal notes and bonds; bank certificates of deposit; mortgage-backed securities; and corporate obligations. The Company is also an active market-maker in over-the-counter equity securities. In connection with these activities, the Company may maintain inventories in order to ensure availability and to facilitate customer transactions.

Changes in value of the Company's financial instruments may result from fluctuations in interest rates, credit ratings, equity prices, and the correlation among these factors, along with the level of volatility.

The Company manages its trading businesses by product and has established trading departments that have responsibility for each product. The trading inventories are managed with a view toward facilitating client transactions, considering the risk and profitability of each inventory position. Position limits in trading inventory accounts are established and monitored on a daily basis. Management monitors inventory levels and results of the trading departments, as well as inventory aging, pricing, concentration, and securities ratings. The following table primarily represents trading inventory associated with our customer facilitation and market-making activities and includes net long and short fair values, which is consistent with the way risk exposure is managed.

	December 31, 2004		*December 31, 2003*	
Securities, at fair value	*Owned*	*Sold, But Not Yet Purchased*	*Owned*	*Sold, But Not Yet Purchased*
U.S. Government obligations	$ 1,379	$ 911	$ 2,246	$ 1,047
State and municipal bonds	13,659	411	13,707	257
Corporate obligations	3,619	942	3,130	385
Corporate stocks	9,363	10,054	5,332	4,350
	$28,020	$12,318	$24,415	$ 6,039

The Company is also exposed to market risk based on its other investing activities. These investments consist of investments in private equity partnerships, start-up companies, venture capital investments, and zero coupon U.S. Government Securities and are included under the caption "Investments" on the consolidated statement of financial condition.

Interest Rate Risk

The Company is exposed to interest rate risk as a result of maintaining inventories of interest rate-sensitive financial instruments and from changes in the interest rates on its interest-earning assets (including client loans, stock borrow activities, investments, and inventories) and its funding sources (including client cash balances, stock lending activities, and bank borrowings), which finance these assets. The collateral underlying financial instruments at the broker-dealer is repriced daily, thus requiring collateral to be delivered as necessary. Interest rates on client balances and stock borrow and lending produce a positive spread to the Company, with the rates generally fluctuating in parallel.

The Company manages its inventory exposure to interest rate risk by setting and monitoring limits and, where feasible, hedging with offsetting positions in securities with similar interest rate risk characteristics. While a significant portion of the Company's securities inventories have contractual maturities in excess of five years, these inventories, on average, turn over several times per year.

Equity Price Risk

The Company is exposed to equity price risk as a consequence of making markets in equity securities. The Company attempts to reduce the risk of loss inherent in its inventory of equity securities by monitoring those security positions constantly throughout each day.

The Company's equity securities inventories are repriced on a regular basis, and there are no unrecorded gains or losses. The Company's activities as a dealer are client-driven, with the objective of meeting clients' needs while earning a positive spread.

Credit Risk

The Company is engaged in various trading and brokerage activities, with the counterparties primarily being broker-dealers. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. The Company manages this risk by imposing and monitoring position limits for each counterparty, monitoring trading counterparties, conducting regular credit reviews of financial counterparties, reviewing security concentrations, holding and marking to market collateral on certain transactions, and conducting business through clearing organizations, which guarantee performance.

The Company's client activities involve the execution, settlement, and financing of various transactions on behalf of its clients. Client activities are transacted on either a cash or margin basis. Credit exposure associated with the Company's private client business consists primarily of customer margin accounts, which are monitored daily and are collateralized. The Company monitors exposure to industry sectors and individual securities and performs analysis on a regular basis in connection with its margin lending activities. The Company adjusts its margin requirements if it believes its risk exposure is not appropriate based on market conditions.

At December 31, 2004, securities, primarily from customer margin and securities borrowing transactions, of approximately $279 million were available to the Company to utilize as collateral on various borrowings or other purposes. The Company had utilized a portion of these available securities as collateral for stock loans ($24.3 million), Options Clearing Corporation ("OCC") margin requirements ($31.5 million), and customer short sales ($7.3 million).

The Company is subject to concentration risk if it holds large positions, extends large loans to, or has large commitments with a single counterparty, borrower, or group of similar counterparties or borrowers (i.e., in the same industry). Receivables from and payables to clients and stock borrow and lending activities are both with a large number of clients and counterparties, and any potential concentration is carefully monitored. Stock borrow and lending activities are executed under master netting agreements, which gives the Company right of offset in the event of counterparty default. Inventory and investment positions taken and commitments made, including underwritings, may involve exposure to individual issuers and businesses. The Company seeks to limit this risk through careful review of counterparties and borrowers and the use of limits established by senior management, taking into consideration factors including the financial strength of the counterparty, the size of the position or commitment, the expected duration of the position or commitment, and other positions or commitments outstanding.

Operational Risk

Operational risk generally refers to the risk of loss resulting from the Company's operations, including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in the Company's technology or financial operating systems, and inadequacies or breaches in the Company's control processes. The Company operates different businesses in diverse markets and is reliant on the ability of its employees and systems to process a large number of transactions. These risks are less direct than credit and market risk, but managing them is critical, particularly in a rapidly changing environment with increasing transaction volumes. In the event of a breakdown or improper operation of systems or improper action by employees, the Company could suffer financial loss, regulatory sanctions, and damage to its reputation. In order to mitigate and control operational risk, the Company has developed and continues to enhance specific policies and procedures that are designed to identify and manage operational risk at appropriate levels throughout the organization and within such departments as Accounting, Operations, Information Technology, Legal, Compliance, and Internal Audit. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that the Company's various businesses are operating within established corporate policies and limits. Business continuity plans exist for critical systems, and redundancies are built into the systems as deemed appropriate.

Regulatory and Legal Risk

Legal risk includes the risk of large numbers of Private Client Group customer claims for sales practice violations, a potentially sizable adverse legal judgment, and non-compliance with applicable legal and regulatory requirements. The Company is generally subject to extensive regulation by the SEC, the NASD, the NYSE, and state securities regulators in the different jurisdictions in which it conducts business. The Company has comprehensive procedures addressing issues such as regulatory capital requirements, sales and trading practices, use of and safekeeping of customer funds, credit granting, collection activities, money laundering, and record keeping. The Company acts as an underwriter or selling group member in both equity and fixed income product offerings. Particularly when acting as lead or co-lead manager, the Company has legal exposure. To manage this exposure, a committee of senior executives reviews proposed underwriting commitments to assess the quality of the offering and the adequacy of due diligence investigation.

The Compliance departments are responsible for monitoring compliance with regulatory requirements in the home office and at the respective branch offices of the broker-dealer. In addition, there are compliance officers concentrating on Fixed Income, Equity Capital Markets, and Asset Management who focus on the regulations specific to those businesses.

The Company experienced an increase in the number of Private Client Group claims beginning in fiscal year 2001 as a result of the downturn in the equity markets. While these claims may not be the result of any wrongdoing, the Company does, at a minimum, incur costs associated with investigating and defending against such claims. See further discussion on the Company's legal reserves policy under "Critical Accounting Policies and Estimates"; see also "Legal Proceedings."

Stifel Financial Corp.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Stifel Financial Corp. and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on its assessment, management believes that, as of December 31, 2004, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm has audited management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, as stated in their report, appearing on page 29, which expresses unqualified opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting as of December 31, 2004.

March 11, 2005

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Stifel Financial Corp.
St. Louis, Missouri

We have audited the accompanying consolidated statements of financial condition of Stifel Financial Corp. and Subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15. We also have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that the Company maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements and financial statement schedule, an opinion on management's assessment, and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Deloitte & Touche LLP

Deloitte

March 11, 2005
St. Louis, Missouri

Consolidated Statements of Financial Condition

	(dollars in thousands)	December 31, 2004	December 31, 2003
Assets	Cash and cash equivalents	$ 21,145	$ 12,236
	Cash segregated under federal and other regulations	6	5
	Receivable from brokers and dealers:		
	Securities failed to deliver	977	1,782
	Deposits paid for securities borrowed	15,887	22,983
	Clearing organizations	21,559	10,213
		38,423	34,978
	Receivable from customers, net of allowance for doubtful receivables of $47 and $82, respectively	201,303	255,499
	Securities owned, at fair value	28,020	14,725
	Securities owned and pledged, at fair value	- -	9,690
		28,020	24,415
	Investments	34,824	33,427
	Memberships in exchanges	300	328
	Office equipment and leasehold improvements, at cost, net of allowances for depreciation and amortization of $22,894 and $20,694, respectively	9,116	8,320
	Goodwill	3,310	3,310
	Loans and advances to investment executives and other employees, net of allowance for doubtful receivables from former employees of $782 and $1,397, respectively	16,455	15,902
	Deferred tax asset	7,637	5,525
	Other assets	21,775	18,294
	TOTAL ASSETS	$382,314	$412,239

See Notes to Consolidated Financial Statements.

Consolidated Statements of Financial Condition (continued)

	(in thousands, except share amounts)	December 31, 2004	December 31, 2003
Liabilities and Stockholders' Equity	Drafts payable	$ 21,963	$ 20,596
	Short-term borrowings from banks	- -	5,650
	Payable to brokers and dealers:		
	Securities failed to receive	1,842	1,688
	Deposits received from securities loaned	33,225	116,986
	Clearing organizations	6,873	6,043
		41,940	124,717
	Payable to customers	61,368	44,103
	Securities sold, but not yet purchased, at fair value	12,318	6,039
	Accrued employee compensation	28,599	26,034
	Obligations under capital leases	41	192
	Accounts payable and accrued expenses	23,047	23,514
	Debenture to Stifel Financial Capital Trust I	34,500	34,500
	Other	24,598	24,598
		248,374	309,943
	Liabilities subordinated to claims of general creditors	2,628	2,251
	Stockholders' equity:		
	Preferred stock —$1 par value; authorized 3,000,000 shares; none issued		
	Common stock —$.15 par value; authorized 30,000,000 shares; issued 10,234,200 and 7,675,781 shares, respectively	1,152	1,152
	Additional paid-in capital	64,419	56,939
	Retained earnings	73,525	51,168
		139,096	109,259
	Less:		
	Treasury stock, at cost, 342,202 and 608,640 shares, respectively	6,012	7,235
	Unearned employee stock ownership plan shares, at cost, 184,371 and 154,545 shares, respectively	1,772	1,979
		131,312	100,045
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$382,314	$412,239

See Notes to Consolidated Financial Statements.

Consolidated Statements of Operations

	(in thousands, except per share amounts)	Years Ended December 31, 2004	2003	2002
Revenues	Commissions	$ 95,692	$ 82,127	$ 68,327
	Investment banking	57,818	49,705	45,918
	Principal transactions	46,163	47,419	39,453
	Asset management and service fees	35,504	28,021	25,098
	Interest	13,051	12,243	14,544
	Other	2,961	2,105	773
	Total revenues	251,189	221,620	194,113
	Less: Interest expense	4,366	5,108	6,319
	Net revenues	246,823	216,512	187,794
Non-interest Expenses	Employee compensation and benefits	157,314	140,973	126,726
	Occupancy and equipment rental	21,445	19,278	18,631
	Communications and office supplies	10,330	10,740	10,737
	Commissions and floor brokerage	3,658	3,263	3,373
	Other operating expenses	17,459	17,198	23,533
	Total non-interest expenses	210,206	191,452	183,000
	Income before income taxes	36,617	25,060	4,794
	Provision for income taxes	13,469	10,053	2,014
	Net income	$ 23,148	$ 15,007	$ 2,780
*Earnings Per Common Share and Share Equivalents**	Net income per share:			
	Basic earnings per share	$ 2.39	$ 1.63	$ 0.30
	Diluted earnings per share	$ 1.88	$ 1.37	$ 0.26

**All shares and earnings per share amounts reflect the four-for-three stock split distributed in September 2004.*

See Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

(in thousands, except share amounts)	*Common Stock* *Shares*	*Common Stock* *Amount*	*Additional Paid-In Capital*	*Retained Earnings*	*Treasury Stock and Unearned Employee Stock Ownership Plan* *Shares*	*Treasury Stock and Unearned Employee Stock Ownership Plan* *Amount*	*Unamortized Expense of Restricted Stock Awards*	*Total*
Balance at January 1, 2002	7,675,781	$1,152	$ 49,595	$ 33,929	(545,035)	$(6,025)	$(29)	$ 78,622
Cash dividends —common stock ($.12 per share)	- -	- -	- -	(463)	- -	- -	- -	(463)
Purchase of treasury shares	- -	- -	- -	- -	(570,124)	(6,862)	- -	(6,862)
Employee stock ownership plan	- -	- -	(10)	- -	16,264	208	- -	198
Employee benefit plans	- -	- -	403	(85)	155,910	1,581	- -	1,899
Stock options exercised	- -	- -	(112)	- -	39,802	441	- -	329
Units and restricted stock awards amortization	- -	- -	3,461	- -	- -	- -	24	3,485
Dividend reinvestment	- -	- -	- -	- -	146	2	- -	2
Net income for the year	- -	- -	- -	2,780	- -	- -	- -	2,780
Balance at December 31, 2002	7,675,781	1,152	53,337	36,161	(903,037)	(10,655)	(5)	79,990
Purchase of treasury shares	- -	- -	- -	- -	(80,263)	(984)	- -	(984)
Tender offer	- -	- -	- -	- -	(87,471)	(1,158)	- -	(1,158)
Employee stock ownership plan	- -	- -	(12)	- -	16,264	208	- -	196
Employee benefit plans	- -	- -	(266)	- -	195,633	2,262	- -	1,996
Stock options exercised	- -	- -	(414)	- -	95,684	1,112	- -	698
Units and restricted stock awards amortization	- -	- -	4,294	- -	- -	- -	5	4,299
Dividend reinvestment	- -	- -	- -	- -	5	1	- -	1
Net income for the year	- -	- -	- -	15,007	- -	- -	- -	15,007
Balance at December 31, 2003	7,675,781	1,152	56,939	51,168	(763,185)	(9,214)	- -	100,045
Purchase of treasury shares	- -	- -	- -	- -	(370,478)	(9,166)	- -	(9,166)
Employee stock ownership plan	- -	- -	184	- -	17,623	208	- -	392
Employee benefit plans	- -	- -	2,310	(603)	481,252	6,434	- -	8,141
Stock options exercised	- -	- -	(1,378)	(185)	244,460	3,953	- -	2,390
Units amortization	- -	- -	6,364	- -	- -	- -	- -	6,364
Dividend reinvestment	- -	- -	- -	- -	5	1	- -	1
4-for-3 stock split	2,558,419	- -	- -	(3)	(136,250)	- -	- -	(3)
Net income for the year	- -	- -	- -	23,148	- -	- -	- -	23,148
Balance at December 31, 2004	10,234,200	$1,152	$ 64,419	$73,525	(526,573)	$(7,784)	- -	$131,312

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	(in thousands)	Years Ended December 31, 2004	2003	2002
Cash Flows From Operating Activities	**Net income**	$ 23,148	$ 15,007	$ 2,780
	Noncash items included in earnings:			
	Depreciation and amortization	4,151	3,266	3,390
	Loans and advances amortization	5,799	7,860	5,298
	Deferred items	(876)	736	502
	Amortization of units and stock benefit	6,756	4,491	3,485
	(Gain) losses on investments	(1,123)	(247)	927
		37,855	31,113	16,382
	Decrease (increase) in operating receivables:			
	Customers	54,196	9,147	(491)
	Brokers and dealers	(9,646)	9,169	14,102
	(Decrease) increase in operating payables:			
	Customers	17,265	(66,399)	66,425
	Brokers and dealers	89	(6,101)	(22,535)
	Decrease (increase) in assets:			
	Cash segregated under federal and other regulations	(1)	25	161
	Securities owned, including those pledged	(3,605)	4,126	(7,895)
	Loans and advancements to investment executives and other employees	(6,352)	(3,785)	(3,542)
	Other assets	(3,599)	(4,476)	1,200
	(Decrease) increase in liabilities:			
	Securities sold, not yet purchased	6,279	2,175	1,312
	Drafts payable, accounts payable and accrued expenses, and accrued employee compensation	4,037	5,959	2,687
	Cash From Operating Activities	$ 96,518	$(19,047)	$ 67,806

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows (continued)

	(in thousands)	2004	2003	2002
		Years Ended December 31,		
	Cash From Operating Activities — From Previous Page	$ 96,518	$(19,047)	$ 67,806
Cash Flows From Financing Activities	Net payments for short-term borrowings from banks	(5,650)	(37,750)	(23,400)
	Securities loaned, net of securities borrowed	(76,665)	60,749	(65,584)
	Proceeds from:			
	Issuance of stock	8,722	2,700	2,308
	Sale/lease back of office equipment	- -	- -	3,951
	Issuance of debentures to Stifel Financial Capital Trust I	- -	- -	34,500
	Payments for:			
	Purchases of stock for treasury	(9,166)	(2,142)	(6,862)
	Settlement of long-term debt	- -	- -	(10,000)
	Offering cost associated with issuing preferred securities	- -	- -	(1,577)
	Principal payments under capital lease obligation	(151)	(314)	(795)
	Reduction of subordinated debt	(698)	(796)	- -
	Cash dividends	- -	- -	(463)
	Cash From Financing Activities	(83,608)	22,447	(67,922)
Cash Flows From Investing Activities	Proceeds from sale of investments	3,623	2,683	905
	Payments for:			
	Acquisition of office equipment and leasehold improvements	(3,729)	(2,383)	(3,183)
	Acquisition of investments	(3,895)	(5,349)	(35)
	Cash From Investing Activities	(4,001)	(5,049)	(2,313)
	Increase (decrease) in cash and cash equivalents	8,909	(1,649)	(2,429)
	Cash and cash equivalents —beginning of year	12,236	13,885	16,314
	Cash and cash equivalents —end of year	$ 21,145	$ 12,236	$ 13,885

	2004	2003	2002
Supplemental disclosures of cash flow information:			
Interest payments	$ 4,460	$ 5,015	$ 4,418
Income tax payments	$ 15,817	$ 8,998	$ 3,078
Schedule of Noncash Investing and Financing Activities:			
Units, net of forfeitures	$ 6,908	$ 6,840	$ 4,368
Employee stock ownership shares	$ 208	$ 208	$ 197
Liabilities subordinated to claims of general creditors	$ 1,300	$ 918	$ 1,067

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

(in thousands, except share and per share amounts)

NOTE A — Summary of Significant Accounting and Reporting Policies

Nature of Operations

Stifel Financial Corp. (the "Parent"), through its wholly owned subsidiaries, principally Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus"), collectively referred to as "the Company," is principally engaged in retail brokerage, securities trading, investment banking, investment advisory, and related financial services throughout the United States. Although the Company has offices throughout the United States, its major geographic area of concentration is in the Midwest and, to a lesser extent, the Rocky Mountain region. The Company's principal customers are individual investors, with the remaining client base composed of corporations, municipalities, and institutions.

Basis of Presentation

The consolidated financial statements include the accounts of the Parent and its wholly owned subsidiaries, principally Stifel Nicolaus. Stifel Nicolaus is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and is registered as a futures commission merchant with the Commodity Futures Trading Commission. All material intercompany balances and transactions are eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management considers its significant estimates, which are most susceptible to change, to be the fair value of investments and the accrual for litigation. Actual results could differ from those estimates.

Where appropriate, prior years' financial information has been reclassified to conform with the current year presentation.

Common Stock Split

On August 23, 2004, Stifel Financial Corp. announced a four-for-three stock split in the form of a stock dividend. The additional shares were distributed on September 15, 2004, to shareholders on record as of September 1, 2004. Each shareholder received one additional share for every three shares owned. Cash was distributed in lieu of fractional shares. The number of shares outstanding and amounts per share in the condensed consolidated statements of operations and the notes to condensed consolidated financial statements have been restated to give retroactive effect to the stock split.

Cash and Cash Equivalents

The Company defines cash equivalents as short-term, highly liquid investments with original maturities of 90 days or less, other than those held for sale in the ordinary course of business.

Security Transactions

Securities owned, and securities sold, but not yet purchased, are carried at fair value, and unrealized gains and losses are included in principal transaction revenues. Interest and dividends for trading securities owned and securities sold, but not yet purchased, are included in principal transaction revenues.

Securities failed to deliver and receive represent the contract value of securities that have not been delivered or received by settlement date.

Receivable from customers includes amounts due on cash and margin transactions. The value of securities owned by customers and held as collateral for these receivables is not reflected in the Consolidated Statements of Financial Condition.

Customer security transactions are recorded on a settlement date basis, with related commission revenues and expenses recorded on a trade date basis. Principal securities transactions are recorded on a trade date basis.

NOTE A — Summary of Significant Accounting and Reporting Policies (continued)

Securities Borrowing and Lending Activities

Securities borrowed and securities loaned are recorded at the amount of cash collateral advanced or received. Securities borrowed transactions require the Company to deposit cash with the lender generally in excess of the market value of securities borrowed. With respect to securities loaned, the Company receives collateral in the form of cash in an amount generally in excess of the market value of securities loaned. The Company monitors the market value of securities borrowed and loaned generally on a daily basis, with additional collateral obtained or refunded as necessary. Substantially all of these transactions are executed under master netting agreements, which give the Company right of offset in the event of counterparty default; however, such receivables and payables with the same counterparty are not set off in the Company's Statements of Financial Condition.

Fair Value

Substantially all of the Company's financial instruments are carried at fair value or amounts that approximate fair value. Securities owned and securities sold, but not yet purchased are valued using quoted market or dealer prices. Customer receivables, primarily consisting of floating-rate loans collateralized by customer-owned securities, are charged interest at rates similar to other such loans made throughout the industry. Other than those separately discussed in the Notes to Consolidated Financial Statements, the Company's remaining financial instruments are generally short-term in nature, and their carrying values approximate fair value.

Investments

The "Investments" caption on the Consolidated Statement of Financial Condition contains the Company's investments in securities that are marketable and securities that are not readily marketable. Marketable securities are carried at either fair value, based on quoted market or dealer prices, or accreted cost. The fair value of investments, for which a quoted market or dealer price is not available, is based on management's estimates. Among the factors considered by management in determining the fair value of investments are the cost of the investment, terms and liquidity, developments since the acquisition of the investment, the sales price of recently issued securities, the financial condition and operating results of the issuer, earnings trends and consistency of operating cash flows, the long-term business potential of the issuer, the quoted market price of securities with similar quality and yield that are publicly traded, and other factors generally pertinent to the valuation of investments. The fair value of these investments is subject to a high degree of volatility and may be susceptible to significant fluctuation in the near term. These investments were valued at $9,071 and $11,121 at December 31, 2004 and 2003, respectively. The marketable investments carried at fair value were $7,569 and $5,181 at December 31, 2004 and 2003 respectively. Investments carried at accreted cost were $18,184 and $17,125 at December 31, 2004 and 2003, respectively (See Note O).

Loans and Advances

The Company offers transition pay, principally in the form of upfront loans, to investment executives and certain key revenue producers as part of the Company's overall growth strategy. These loans are generally forgiven over a five- to ten-year period if the individual satisfies certain conditions, usually based on continued employment and certain performance standards. If the individual leaves before the term of the loan expires or fails to meet certain performance standards, the individual is required to repay the balance. Management monitors and compares individual investment executive production to each loan issued to ensure future recoverability.

Deferred Compensation

Deferred compensation costs are amortized on a straight-line basis over a three- to five-year deferral period.

Investment Banking

Investment banking revenue is recorded at the time the related transaction is completed. Investment banking revenues include advisory fees, management fees, underwriting fees, net of reimbursable expenses, and sales credits, earned in connection with the distribution of the underwritten securities. Expenses associated with such transactions are deferred until the related revenue is recognized or the engagement is otherwise concluded.

Asset Management and Service Fees

Asset management and service fees are recorded when earned and consist of customer account service fees, per account fees (such as IRA fees), and wrap fees on managed accounts.

Notes to Consolidated Financial Statements

(in thousands, except share and per share amounts)

NOTE A — Summary of Significant Accounting and Reporting Policies (continued)

Stock-Based Compensation

The Company applies the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB Opinion No. 25), and related interpretations to account for its employees' participation in the Company's stock plans. Based on the provisions of the plans, no compensation expense has been recognized for options issued under these plans. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under the Fixed Stock Option and the Employee Stock Purchase Plans consistent with the method of SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	Years Ended December 31,		
	2004	*2003*	*2002*
Net income			
As reported	$23,148	$15,007	$2,780
Stock-based employee compensation expense determined under a fair value method for all awards, net of income taxes [1]	(545)	(1,108)	(935)
Pro forma	$22,603	$13,899	$1,845
Basic earnings per share			
As reported	$ 2.39	$ 1.63	$ 0.30
Pro forma	$ 2.33	$ 1.51	$ 0.20
Diluted earnings per share			
As reported	$ 1.88	$ 1.37	$ 0.26
Pro forma	$ 1.85	$ 1.27	$ 0.17

[1] In 2004, the Company amended its Employee Stock Purchase Plan ("ESPP"), and under the provisions of FASB Statement No. 123, the amended plan is considered non-compensatory. In 2003 and 2002, the ESPP was considered compensatory, and a pro forma expense of $488 and $251, respectively, was included above.

Income Taxes

Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial reporting and income tax bases of assets and liabilities. Valuation allowances are established when necessary to reduce deferred taxes to amounts expected to be realized.

Comprehensive Income

The Company had no other comprehensive income items; accordingly, net income and other comprehensive income are the same.

Goodwill

The Company accounts for goodwill under the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" (see Note G). In accordance with this guidance, the Company does not amortize goodwill over their useful lives. Goodwill is tested at least annually for impairment, and identifiable intangible assets are tested for potential impairment whenever events or changes in circumstances suggest that the carrying value of an asset or asset group may not be fully recoverable in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

Other

Amortization of assets under capital lease is computed on a straight-line basis over the estimated useful life of the asset. Leasehold improvements are amortized over the remaining term of the lease. Depreciation of office equipment is provided over estimated useful lives of three to seven years using accelerated methods.

Basic earnings per share of common stock is computed by dividing income available to shareholders by the weighted average number of common shares outstanding during the periods. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Diluted earnings per share include dilutive stock options and stock units under the treasury stock method.

NOTE A — Summary of Significant Accounting and Reporting Policies (continued)

Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 was immediately effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 were to originally be applied as of July 1, 2003. However, the FASB subsequently issued numerous FASB Staff Positions attempting to clarify and improve the application of FIN 46, one of which deferred the effective date of FIN 46 to the fourth quarter of 2003. In December 2003, the FASB issued FASB Interpretation No. 46 (Revised December 2003), Consolidation of Variable Interest Entities ("FIN 46R"), which clarifies the definition of a variable interest, exempts entities that are businesses from its scope, and partially delays the effective date of FIN 46 for certain entities. The delay notwithstanding, public companies were required to apply either FIN 46 or FIN 46R to special purpose entities ("SPEs"), as defined, no later than the first reporting period ending after December 15, 2003 (December 31, 2003 for the Company). FIN 46R was required to be applied to all variable interest entities that are not SPEs no later than the end of the first reporting period ending after March 15, 2004.

The Company's wholly owned subsidiary, Stifel Financial Capital Trust I (the "Trust"), is considered an SPE. As of December 31, 2003, the Company elected to apply the provisions of FIN 46R to the Trust. The adoption resulted in the deconsolidation of the Trust and the retroactive reclassification of the obligation from the preferred trust offering from the caption "Guaranteed preferred beneficial interest in subordinated debt securities" to "Debenture to Stifel Financial Capital Trust I" in the consolidated statements of financial condition (see Note L). Other than the retroactive reclassification, the adoption of FIN 46R did not have an impact on the Company's consolidated statements of operations, stockholders' equity, or cash flows. At March 31, 2004, the Company adopted FIN 46R for its remaining variable interest entities that are not SPEs, which did not have an impact on the Company's consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement established standards for how an issuer classifies and measures in its Statement of Financial Condition certain financial instruments with characteristics of both liabilities and equity. In accordance with the standard, a financial instrument that embodies an obligation for the issuer is required to be classified as a liability (or an asset in some circumstances). SFAS No. 150 was effective for financial instruments entered into or modified after May 31, 2003, and for all other instruments for periods beginning after June 15, 2003. On November 7, 2003, the FASB staff issued FASB Staff Position No. 150-3 ("FSP No. 150-3"), which deferred certain provisions of SFAS No. 150. In 2003, the Company adopted the effective provisions of SFAS No. 150. In 2004, the Company adopted the deferred provisions of SFAS No. 150. The adoption of SFAS No. 150 did not have an impact on the Company's consolidated financial statements.

In December 2004, the FASB revised SFAS No. 123 (SFAS No. 123R), "Share-Based Payment," which requires companies to expense the estimated fair value of employee stock options and similar awards. The accounting provisions of SFAS No. 123R will be effective for the quarter ended September 30, 2005. The Company will adopt the provisions of SFAS No. 123R, effective July 1, 2005, using a modified prospective application. Under the modified prospective application, SFAS No. 123R, which provides certain changes to the method for valuing stock-based compensation among other changes, will apply to new awards and to awards that are outstanding on the effective date and are subsequently modified or cancelled. Compensation expense for outstanding awards for which the requisite service had not been rendered as of the effective date will be recognized over the remaining service period using the compensation cost calculated for pro forma disclosure purposes under SFAS No. 123. For option grants outstanding at December 31, 2004, the Company expects compensation expense, as determined in accordance with SFAS No. 123, to be approximately $345, before income taxes, during the second half of 2005. The Company will incur additional expense during 2005 related to new awards granted that cannot yet be quantified. The Company is in the process of determining how the new method of valuing stock-based compensation as prescribed in SFAS No. 123R will be applied to valuing stock-based awards granted after the effective date and the related impact on the consolidated financial statements.

(in thousands, except share and per share amounts)

NOTE B — Cash Segregated Under Federal and Other Regulations

At December 31, 2004, cash of $6 has been segregated in a special reserve bank account for the exclusive benefit of customers pursuant to Rule 15c3-3 under the Exchange Act. Stifel Nicolaus performs a weekly reserve calculation for proprietary accounts of introducing brokers. At December 31, 2004, no deposit was required.

NOTE C — Securities Owned and Securities Sold, But Not Yet Purchased

The components of securities owned and securities sold, but not yet purchased at December 31, 2004 and 2003, are as follows:

	December 31, 2004		*December 31, 2003*	
Securities, at fair value	*Owned*	*Sold, But Not Yet Purchased*	*Owned*	*Sold, But Not Yet Purchased*
U.S. Government obligations	$ 1,379	$ 911	$ 2,246	$ 1,047
State and municipal bonds	13,659	411	13,707	257
Corporate obligations	3,619	942	3,130	385
Corporate stocks	9,363	10,054	5,332	4,350
	28,020	$12,318	24,415	$ 6,039
Less: Securities owned and pledged	- -		(9,690)	
Total	$28,020		$ 14,725	

The Company pledges securities owned as collateral to counterparties, who have the ability to repledge the collateral; therefore, the Company has reported the pledged securities under the caption "Securities owned and pledged" in the Consolidated Statements of Financial Condition.

NOTE D — Short-Term Financing

The Company's short-term financing is generally obtained through the use of bank loans and securities lending arrangements. The Company borrows from various banks on a demand basis with company-owned and customer securities pledged as collateral. Available ongoing credit arrangements with banks totaled $205,000 at December 31, 2004, of which $205,000 was unused. There are no compensating balance requirements under these arrangements. There were no short-term borrowings at December 31, 2004. At December 31, 2003, short-term borrowings were $5,650 at an average rate of 1.38%, of which $3,650 was collateralized by customer-owned securities of $13,858. The value of the customer-owned securities is not reflected in the consolidated statement of financial condition. The remaining short-term borrowings of $2,000 were collateralized by Company-owned securities valued at $9,690. The average bank borrowing was $3,672, $8,003, and $48,971 in 2004, 2003, and 2002, respectively, at a weighted average daily interest rate of 1.74%, 1.66%, and 2.25%, respectively. At December 31, 2004 and 2003, the Company had a stock loan balance of $33,225 and $116,986, respectively, at weighted average daily interest rates of 2.12% and 1.05%, respectively. The average outstanding securities lending arrangements utilized in financing activities were $81,635, $119,528, and $118,498 in 2004, 2003, and 2002, respectively, at weighted average daily effective interest rates of 1.37%, 1.17%, and 1.71%, respectively. Customer securities were utilized in these arrangements.

Notes to Consolidated Financial Statements

(in thousands, except share and per share amounts)

NOTE E — Commitments and Contingencies

In the normal course of business, the Company enters into underwriting commitments. Settlement of transactions relating to such underwriting commitments, which were open December 31, 2004, had no material effect on the consolidated financial statements.

In connection with margin deposit requirements of The Options Clearing Corporation, the Company had pledged customer-owned securities valued at $31,525 at December 31, 2004. The amounts on deposit satisfied the minimum margin deposit requirement of $24,405.

In connection with margin deposit requirements of the National Securities Clearing Corporation, the Company had pledged $3,642 in cash at December 31, 2004. The amounts on deposit satisfied the minimum margin deposit requirement of $1,497.

The Company also provides guarantees to securities clearing houses and exchanges under their standard membership agreement, which requires members to guarantee the performance of other members. Under the agreement, if another member becomes unable to satisfy its obligations to the clearing house, other members would be required to meet shortfalls. The Company's liability under these agreements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, the potential requirement for the Company to make payments under these arrangements is remote. Accordingly, no liability has been recognized for these transactions.

The future minimum rental and third-party vendor service commitments at December 31, 2004, with initial or remaining non-cancelable terms in excess of one year, some of which contain escalation clauses and renewal options, are as follows:

Year Ending December 31,	*Capital Leases*	*Operating Leases and Service Agreements*
2005	$ 41	$12,658
2006	- -	8,864
2007	- -	6,254
2008	- -	4,672
2009	- -	4,034
Thereafter	- -	8,019
Minimum Commitments	$ 41	$44,501

Rental expense for the years ended December 31, 2004, 2003, and 2002 approximated $11,025, $10,135, and $9,907, respectively. The Company amortizes office lease incentives on a straight-line basis over the life of the lease.

Office equipment, under capital leases, with a recorded cost of approximately $332, net of amortization of $294, and $883, net of amortization of $704, at December 31, 2004 and 2003, respectively, collateralizes the above capital lease obligations and is included in the Consolidated Statements of Financial Condition under the caption of "Office equipment and leasehold improvements."

Amortization and depreciation expense of assets under capital lease and owned furniture and equipment for 2004, 2003, and 2002 was $2,931, $3,053, and $3,390, respectively.

On February 19, 2002, the Company entered into a $4,000 sale-leaseback arrangement for certain office furniture and equipment. The Company made quarterly principal payments of approximately $320, included in the previous table. At the time of the original sale, the Company's recorded net book value for the equipment was $2.9 million, resulting in a deferred gain of $1.1 million, which was amortized ratably over the life of the lease. The transaction was accounted for as an operating lease. The lease expired in February 2005, and the Company exercised its option to purchase the equipment at 15% of the original purchase price.

(in thousands, except share and per share amounts)

NOTE F — Net Capital Requirements

As a registered broker-dealer, Stifel Nicolaus is subject to the Uniform Net Capital Rule, Rule 15c3-1 under the Exchange Act (the "rule"), which requires the maintenance of minimum net capital, as defined. Stifel Nicolaus has elected to use the alternative method permitted by the rule that requires maintenance of minimum net capital equal to the greater of $250 or 2% of aggregate debit items arising from customer transactions, as defined. The rule also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than 5% of aggregate debit items. Another subsidiary, Century Securities Associates, Inc. ("CSA"), is also subject to minimum capital requirements that may restrict the payment of cash dividends and advances to the Company. CSA has consistently operated in excess of their capital adequacy requirements. The only restriction with regard to the payment of cash dividends by the Company is its ability to obtain cash through dividends and advances from its subsidiaries, if needed.

At December 31, 2004, Stifel Nicolaus had net capital of $86,508, which was 38.03% of aggregate debit items and $81,958 in excess of minimum required net capital. CSA had net capital of $2,428, which was $2,291 in excess of minimum required net capital.

NOTE G — Goodwill

Goodwill represents the cost of acquired businesses in excess of the fair value of the related net assets acquired. Goodwill is tested for impairment at least annually or whenever indications of impairment exist. In testing for the potential impairment of goodwill, management estimates the fair value of each of the Company's reporting units (generally defined as the Company's businesses for which financial information is available reviewed regularly by management) and compares it to their carrying value. If the estimated fair value of a reporting unit is less than its carrying value, management is required to estimate the fair value of all assets and liabilities of the reporting unit, including goodwill. If the carrying value of the reporting unit's goodwill is greater than the estimated fair value, an impairment charge is recognized for the excess. The Company has elected July 31 as its annual impairment testing date.

The carrying amount of goodwill attributable to each of the Company's reportable segments is presented in the following table:

	December 31, 2004	*December 31, 2003*
Private Client Group	$ 454	$ 454
Equity Capital Markets	1,676	1,676
Fixed Income Capital Markets	1,180	1,180
Total	$3,310	$3,310

NOTE H — Employee Benefit Plans

The Company has a profit sharing 401(k) plan (the "PSP") covering qualified employees as defined in the plan. Contributions to the PSP were based upon a company match of 50% of the employees' first one thousand dollars in annual contributions. Additional contributions by the Company are discretionary. Under the PSP, participants can purchase up to 333,333 shares of the Company's common stock. The amounts charged to employee compensation and benefits for the PSP were $419, $418, and $425 for 2004, 2003, and 2002, respectively.

The Company has an employee stock ownership plan (the "ESOP") covering qualified employees as defined in the plan. Employer contributions are made to the ESOP as determined by the Compensation Committee of the Board of Directors of the Parent on behalf of all eligible employees based upon the relationship of individual compensation (up to a maximum of $170) to total compensation. In 1997, the Company purchased 330,750 shares for $3,178 and contributed these shares to the ESOP. The unallocated shares are being released for allocation to the participants based upon employer contributions to fund an internal loan between the Company and the ESOP. At December 31, 2004, the plan held 497,748 shares, of which 184,371 shares, with a fair value of $3,863, were unallocated. The Company charged to employee compensation and benefits $392, $196, and $198 for the ESOP contributions for 2004, 2003, and 2002, respectively.

(in thousands, except share and per share amounts)

NOTE I — Stock-Based Compensation Plans

The Company has several stock-based compensation plans, which are described below. All option plans are administered by the Compensation Committee of the Board of Directors of the Parent, which has the authority to interpret the Plans, determine to whom options may be granted under the Plans, and determine the terms of each option.

Stock Option/Incentive Award Plans

The Company has four fixed stock option plans and four incentive stock award plans. Under the Company's 1983 and 1985 Incentive Stock Option Plans, the Company granted options up to an aggregate of 600,000 shares to key employees. Under the Company's 1987 non-qualified stock option plan, the Company granted options up to an aggregate of 133,333 shares. Under the Company's 1997 and 2001 Incentive Stock Plan, the Company may grant incentive stock options, stock appreciation rights, restricted stock, performance awards, and stock units up to an aggregate of 4,266,667 shares. Options under these plans are generally granted at market value at the date of the grant and expire ten years from the date of grant. The options generally vest ratably over a three- to five-year vesting period. The Company has also granted stock options to external board members under a non-qualified plan and the "Equity Incentive Plan for Non-Employee Directors." Under the Equity Incentive Plan for Non-Employee Directors, the Company may grant stock options and stock units up to 200,000 shares. The exercise price of the option is equal to market value at the date of the grant and are exercisable six months to one year from date of grant and expire ten years from date of grant. Under the Stifel, Nicolaus & Company, Incorporated Wealth Accumulation Plan ("SWAP"), a deferred compensation plan for Investment Executives, the Company may grant stock units up to 933,333 shares.

For our proforma computation, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model, with the following weighted-average assumptions used for grants in 2004, 2003, and 2002, respectively: dividend yield of 0.00%, 0.00%, and 0.00%; expected volatility of 28.4%, 25.8%, and 32.6%; risk-free interest rates of 3.41%, 3.05%, and 3.82%; and expected lives of 5.66 years, 5.00 years, and 5.00 years.

The summary of the status of the Company's fixed stock option plans as of December 31, 2004, 2003, and 2002, and changes during the years ending on those dates, is presented below:

	2004		*2003*		*2002*	
Fixed Options	*Shares*	*Weighted-Average Exercise Price*	*Shares*	*Weighted-Average Exercise Price*	*Shares*	*Weighted-Average Exercise Price*
Outstanding at beginning of year	2,204,187	$ 8.50	2,067,377	$ 7.92	1,824,580	$ 7.80
Granted	55,164	19.24	322,000	10.98	391,333	8.18
Exercised	(317,795)	8.09	(127,606)	5.48	(53,069)	5.66
Forfeited	(72,435)	9.56	(57,584)	7.93	(95,467)	8.02
Outstanding at end of year	1,869,121	8.85	2,204,187	$ 8.50	2,067,377	$ 7.92
Options exercisable at year-end	1,195,395		1,196,725		997,973	
Weighted-average fair value of options granted during the year	$6.54		$3.11		$2.72	

(in thousands, except share and per share amounts)

NOTE I — Stock-Based Compensation Plans (continued)

The following table summarizes information about fixed stock options outstanding at December 31, 2004:

	Options Outstanding			*Options Exercisable*	
Range of Exercise Prices	*Number Outstanding*	*Weighted-Average Remaining Contractual Life*	*Weighted-Average Exercise Price*	*Number Exercisable*	*Weighted-Average Exercise Price*
\$ 3.70 - \$ 7.46	331,968	3.84	\$ 6.82	331,968	\$ 6.82
7.50 - 7.80	338,666	6.42	7.77	173,874	7.76
7.83 - 8.25	382,120	5.06	8.01	324,174	8.03
8.29 - 8.78	323,981	7.39	8.56	132,448	8.52
8.81 - 11.48	336,728	5.55	9.75	212,519	9.84
13.89 - 20.95	155,658	9.26	16.21	20,412	14.62
\$ 3.70 - \$20.95	1,869,121	5.93	\$ 8.84	1,195,395	\$ 8.14

Employee Stock Purchase Plan

Under the 1998 Employee Stock Purchase Plan, which was in effect through 2002, and the 2003 Employee Stock Purchase Plan (collectively the "ESPP"), the Company is authorized to issue up to 200,000 and 266,667 shares of common stock, respectively, to its full-time employees, nearly all of whom are eligible to participate. Under the terms of the ESPP, employees could choose each year to have a specified percentage of their compensation withheld in 1% increments not to exceed 10%. The participant could also specify a maximum dollar amount to be withheld. At the beginning of every year, each participant was granted an option to purchase up to 1,333 shares of common stock at a price equal to the lower of 85% of the beginning-of-year or end-of-year fair market value of the common stock. In 2004, the 2003 ESPP was amended, and the employees elected monthly to purchase a minimum of 5 shares to a maximum of 1,333 shares, not to exceed 1,333 shares for the calendar year. At the beginning of every month, each participant is granted an option to purchase up to 1,333 shares of common stock at a price equal to the lower of 5% of the beginning-of-month or end-of-month fair market value of the common stock. Approximately 32% to 36% of eligible employees have participated in the ESPP in the last three years. Under the ESPP, the Company granted 266,661, 252,144, and 199,789 shares to employees in 2004, 2003, and 2002, respectively.

Under the provisions of SFAS No. 123, the amended 2003 ESPP is considered non-compensatory. In 2003 and 2002, the ESPP was considered compensatory, and the fair value of each employee's purchase rights was estimated using the Black-Scholes option-pricing model, with the following weighted-average assumptions used for grants in 2003 and 2002, respectively: dividend yield of 0.00% and 0.49%; expected volatility of 23.7% and 32.6%; risk-free interest rates of 1.23% and 2.00%; and expected lives of one year. The weighted-average fair value of those purchase rights granted in 2003 and 2002 was \$1.10 and \$1.41, respectively.

Stock Units

A stock unit represents the right to receive a share of common stock from the Company at a designated time in the future without cash payment by the employee and is issued in lieu of cash incentive. A deferred compensation plan is provided to certain revenue producers, officers, and key administrative employees, whereby a certain percentage of their incentive compensation is deferred as defined by the plan into Company stock units with a 25% matching contribution by the Company. Participants may elect to defer up to an additional 15% of their incentive compensation with a 25% matching contribution by the Company. Units generally vest over a three- to five-year period and are distributable upon vesting or at future specified dates. Deferred compensation costs are amortized on a straight-line basis over the vesting period. As of December 31, 2004, there were 1,341,104 units outstanding under this deferred compensation plan. The Company charged \$2,766, \$1,981, and \$1,940 to employee compensation and benefits relating to units granted under this plan for 2004, 2003, and 2002, respectively.

NOTE I — Stock-Based Compensation Plans (continued)

Stifel Nicolaus has a deferred compensation plan for its investment executives ("I.E.s") who achieve certain levels of production, whereby a certain percentage of their earnings is deferred as defined by the plan, of which 50% is deferred into Company stock units with a 25% matching contribution and 50% earns a return based on optional investments chosen by the I.E.s. I.E.s may choose to base their return on the performance of an index mutual fund as designated by the Company or a fixed income option. I.E.s have no ownership in the mutual funds. Included on the consolidated Statement of Financial Condition under the caption "Investments" are $4,308 in 2004 and $3,528 in 2003 in mutual funds that were purchased by the Company to economically hedge its liability to the I.E.s that choose to base the performance of their return on the index mutual fund option. I.E.s may elect to defer an additional 1% of earnings into Company stock units with a 25% matching contribution. In addition, certain I.E.s, upon joining the firm, may receive Company stock units in lieu of transition cash payments. Deferred compensation for both plans cliff vests over a five-year period. Deferred compensation costs are amortized on a straight-line basis over the deferral period. As of December 31, 2004, there were 1,905,663 units outstanding under this deferred compensation plan. Charges to employee compensation and benefits related to these plans were $4,300, $2,243, and $1,988 for 2004, 2003, and 2002, respectively.

Under the Equity Incentive Plan for Non-Employee Directors, the Company granted stock units to non-employee directors that elected to defer their director compensation. Participants that elected to defer their compensation were given a 25% matching contribution by the Company. Beginning in May 2004, all directors' compensation is deferred without a matching contribution by the Company. These units are 100% vested and are distributable after five full calendar years. Directors' fees are expensed on the grant date. As of December 31, 2004, there were 59,036 units outstanding under this plan. The Company charged $259, $156, and $121 to directors' fees relating to units granted under this plan for 2004, 2003, and 2002, respectively.

NOTE J — Legal Proceedings

The Company is named in and subject to various proceedings and claims incidental to its securities business activities, including lawsuits, arbitration claims, and regulatory matters. While the ultimate outcome of pending litigation, claims, and regulatory matters cannot be predicted with certainty, based upon information currently known, management does not believe that the resolution of such litigation and claims will have a material adverse effect on the Company's consolidated financial statements. It is reasonably possible that certain of these lawsuits and arbitrations could be resolved in the next year, and management does not believe such resolutions will result in losses materially in excess of the amounts previously provided.

On November 3, 2003, the Company announced the favorable settlement of claims that had initially resulted in a $4.5 million arbitration award in October 2002 against Stifel Nicolaus. The claims arose in connection with the activities of a former Stifel Nicolaus broker in its Pikeville, Kentucky office. The arbitration award was vacated in part and affirmed in part by a U.S. District Court judgment entered in August 2003. The District Court's judgment was on appeal to the U.S. Court of Appeals for the Sixth Circuit. The settlement resulted in a reversal of the original charge of approximately $1.2 million after tax, or $0.11 per diluted share, to the 2003 third quarter earnings.

NOTE K — Off-Balance Sheet Credit Risk

The Company clears and executes transactions for one introducing broker-dealer. Pursuant to the clearing agreement, the introducing broker-dealer guarantees the performance of its customers to the Company. To the extent the introducing broker-dealer is unable to satisfy its obligations under the terms of the clearing agreement, the Company would be secondarily liable. However, the potential requirement for the Company to fulfill these obligations under this arrangement is remote. Accordingly, no liability has been recognized for these transactions.

In the normal course of business, the Company executes, settles, and finances customer and proprietary securities transactions. These activities expose the Company to off-balance sheet risk in the event that customers or other parties fail to satisfy their obligations.

In accordance with industry practice, securities transactions settle generally three business days after trade date. Should a customer or broker fail to deliver cash or securities as agreed, the Company may be required to purchase or sell securities at unfavorable market prices.

NOTE K — Off-Balance Sheet Credit Risk (continued)

The Company borrows and lends securities to finance transactions and facilitate the settlement process, utilizing customer margin securities held as collateral. The Company monitors the adequacy of collateral levels on a daily basis. The Company periodically borrows from banks on a collateralized basis utilizing firm and customer margin securities in compliance with SEC rules. Should the counterparty fail to return customer securities pledged, the Company is subject to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company controls its exposure to credit risk by continually monitoring its counterparties' positions, and, where deemed necessary, the Company may require a deposit of additional collateral and/or a reduction or diversification of positions. The Company sells securities it does not currently own (short sales) and is obligated to subsequently purchase such securities at prevailing market prices. The Company is exposed to risk of loss if securities prices increase prior to closing the transactions. The Company controls its exposure to price risk for short sales through daily review and setting position and trading limits.

The Company manages its risks associated with the aforementioned transactions through position and credit limits and the continuous monitoring of collateral. Additional collateral is required from customers and other counterparties when appropriate.

At December 31, 2004, securities, primarily from customer margin and securities borrowing transactions, of approximately $279,000 were available to the Company to utilize as collateral on various borrowings or other purposes. The Company had utilized a portion of these available securities as collateral for stock loans ($24,287), OCC margin requirements ($31,525), and customer short sales ($7,289).

Concentrations of Credit Risk

The Company maintains margin and cash security accounts for its customers located throughout the United States. The majority of the Company's customer receivables are serviced by branch locations in Missouri and Illinois.

NOTE L — Debenture to Stifel Financial Capital Trust I

On April 25, 2002, Stifel Financial Capital Trust I (the "Trust"), a Delaware Trust and nonconsolidated wholly owned subsidiary of the Company, completed the offering of 1,380,000 shares of 9% Cumulative Trust Preferred Securities ("trust preferred securities") for $34.5 million (net proceeds of approximately $32.9 million after offering expenses and underwriting commissions). The trust preferred securities represent an indirect interest in a junior subordinated debenture (the "debenture") purchased from the Company by the Trust. The debenture bears the same terms as the trust preferred securities. The trust preferred securities may be redeemed by the Company, and in turn, the Trust would call the debenture no earlier than June 30, 2007, but no later than June 30, 2032. The interest payments on the debenture will be made quarterly, and undistributed payments will accumulate interest of 9% per annum compounded quarterly. At December 31, 2004, the fair value of the trust preferred securities was $37,674, which also equals the fair value of the debenture, as it has the same terms as the trust preferred securities. The Company has also provided a guarantee to the Trust to pay all non-interest expenses of the Trust until the Trust is liquidated.

As of December 31, 2003, the Company elected to apply the provisions of FIN 46R to the Trust. The adoption resulted in the deconsolidation of the Trust, and the trust preferred securities are now presented as "Debenture to Stifel Financial Capital Trust I" in the Consolidated Statements of Financial Condition.

NOTE M — Long-Term Debt

On April 30, 2002, the Company extinguished the $10.0 million principal amount, as allowed by the agreement, of long-term debt to Western and Southern Life Insurance Company, a significant shareholder, due June 30, 2004, bearing interest of 8.0% per annum.

Notes to Consolidated Financial Statements

(in thousands, except share and per share amounts)

NOTE N — Liabilities Subordinated to Claims of General Creditors

The Company has a deferred compensation plan available to I.E.s who achieve a certain level of production, whereby a certain percentage of their earnings is deferred as defined by the plan, a portion of which is deferred in stock units and the balance into optional investment choices. The Company obtained approval from the New York Stock Exchange to subordinate the liability for future payments to I.E.s for that portion of compensation not deferred in stock units. The Company issued cash subordination agreements to participants in the plan pursuant to provisions of Appendix D of Exchange Act Rule 15c3-1 and included in its computation of net capital the following:

Plan Year	*Distribution January 31,*	*Amount*
1999	2005	$ 634
2000	2006	779
2001	2007	720
2002	2008	914
2003	2009	1,300
		$ 4,347
	Unamortized expense	(1,719)
		$ 2,628

At December 31, 2004, the fair value of the liabilities subordinated to claims of general creditors using interest rates commensurate with borrowings of similar terms was $3,554.

NOTE O — Investments in Qualified Missouri Businesses

The Company formed two Limited Liability Corporations, referred to collectively as "the LLC," to be certified capital companies under the statutes of the State of Missouri, which provide venture capital for qualified Missouri businesses, as defined. The LLC issued $4,600 non-interest bearing notes due May 15, 2008, $10,600 non-interest bearing notes due February 15, 2009, $8,417 non-interest bearing notes due February 15, 2010, and $981 non-interest bearing participating debentures due December 31, 2010, which are included in the Company's consolidated Statement of Financial Condition under the caption "Other" liabilities. Proceeds from the notes are first invested in zero coupon U.S. Government securities in an amount sufficient to accrete to the repayment amount of the notes and are placed in an irrevocable trust. These securities, carried at accreted cost of $18,184 and $17,125 at December 31, 2004 and 2003, respectively, are held to maturity and are included under the caption "Investments." The fair value of the securities is $20,265 and $19,624 at December 31, 2004 and 2003, respectively. The remaining proceeds were invested in qualified Missouri businesses.

The LLC invests in qualified Missouri businesses in the form of debt, preferred, and/or common equity. These securities, valued at approximately $3,607 and $3,962 at December 31, 2004 and 2003, respectively, are included under the caption "Investments." Due to the structure of the LLC and under the statutes of the State of Missouri, the Company participates in a portion of the appreciation of these investments. Management monitors these investments on a continuous basis.

NOTE P — Preferred Stock Purchase Rights

On July 23, 1996, the Company's Board of Directors authorized and declared a dividend distribution of one preferred stock purchase right for each outstanding share of the Company's common stock, par value $0.15 per share. The dividend was distributed to stockholders of record on August 12, 1996. Each right will entitle the registered holder to purchase one one-hundredth of a share of a Series A Junior Participating Preferred Stock, par value $1.00 per share, at an exercise price of $35 per right. The rights become exercisable on the tenth day after public announcement that a person or group has acquired 15% or more of the Company's common stock or upon commencement of announcement of intent to make a tender offer for 15% or more of the outstanding shares of common stock without prior written consent of the Company. If the Company is acquired by any person after the rights become exercisable, each right will entitle its holder to purchase shares of common stock at one-half the then current market price and, in the event of a subsequent merger or other acquisition of the Company, to buy shares of common stock of the acquiring entity at one-half of the market price of those shares. The rights may be redeemed by the Company prior to becoming exercisable by action of the Board of Directors at a redemption price of $.01 per right. These rights will expire, if not previously exercised, on August 12, 2006.

(in thousands, except share and per share amounts)

NOTE Q — Income Taxes

The Company's provision (benefit) for income taxes consists of:

	Years Ended December 31,		
	2004	*2003*	*2002*
Current:			
Federal	$ 12,669	$ 7,827	$1,548
State	2,912	1,799	356
	15,581	9,626	1,904
Deferred:			
Federal	(1,717)	347	89
State	(395)	80	21
	(2,112)	427	110
	$ 13,469	$10,053	$2,014

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before income taxes for the following reasons:

	Years Ended December 31,		
	2004	*2003*	*2002*
Federal tax computed at statutory rates	$ 12,816	$ 8,772	$1,630
State income taxes, net of federal income tax benefit	1,514	1,237	264
Settlement of a state tax matter	(1,000)	- -	- -
Other, net	139	44	120
Provision for income taxes	$ 13,469	$10,053	$2,014

The effective tax rates for the years ended December 31, 2004, 2003, and 2002 were 36.8%, 40.1%, and 42.0%, respectively. The change is due to a $1.0 million tax benefit recorded in 2004 resulting from the settlement of a state tax matter covering a number of years. Excluding the $1.0 million tax benefit, the Company's effective tax rate for the year ending December 31, 2004 was 39.5%. The 2003 effective tax rate decreased from 2002 as a result of a non-taxable gain on cash surrender value in 2003 as compared to a non-taxable loss in 2002.

(in thousands, except share and per share amounts)

NOTE Q — Income Taxes (continued)

The net deferred tax asset consists of the following temporary differences:

		December 31, 2004	December 31, 2003
Deferred Tax Asset	Accruals not currently deductible	$ 1,131	$ 1,846
	Deferred compensation	4,525	1,159
	Acquired net operating loss	624	830
	Deferred revenue	58	- -
	Office equipment and leasehold improvements	- -	585
	Investment valuation	1,970	739
	Reserve for bad debt	324	574
	Deferred Tax Asset	8,632	5,733
Deferred Tax Liability	Customer and employee receivable	- -	(30)
	Office equipment and leasehold improvements	(325)	- -
	Prepaid expenses	(565)	- -
	Intangible assets, principally tax over book amortization	(105)	(178)
	Deferred Tax Liability	(995)	(208)
	Net Deferred Tax Asset	$ 7,637	$ 5,525

The Company has a capital loss carry forward of $4,200 relating to its investment portfolio. This capital loss carry forward consists of $1,900 that expires in December 2006 and $2,300 that expires December 2007. The Company also has acquired a net operating loss that is being used for tax purposes over ten years and will expire in 2010.

The Company believes that a valuation allowance with respect to the realization of the total gross deferred tax asset is not necessary. Based on the Company's historical earnings and taxes previously paid, future expectations of taxable income, and the future reversals of gross deferred tax liability, management believes it is more likely than not that the Company will realize the gross deferred tax asset.

NOTE R — Segment Reporting

The Company's reportable segments include the Private Client Group, Equity Capital Markets, Fixed Income Capital Markets, and Other. Prior years' financial information has been reclassified to conform with the current year presentation. The Private Client Group segment includes branch offices and independent contractor offices of the Company's broker-dealer subsidiaries located throughout the U.S., primarily in the Midwest. These branches provide securities brokerage services, including the sale of equities, mutual funds, fixed income products, and insurance, to their private clients. The Equity Capital Markets segment includes corporate finance management and participation in underwritings (exclusive of sales credits, which are included in the Private Client Group segment), mergers and acquisitions, institutional sales, trading, research, and market making. The Fixed Income Capital Markets segment includes public finance, institutional sales and competitive underwriting, and trading. The "Other" segment includes clearing revenue, interest income from stock borrow activities, unallocated interest expense, interest income and gains and losses from investments held, and all unallocated overhead cost associated with the execution of orders; processing of securities transactions; custody of client securities; receipt, identification, and delivery of funds and securities; compliance with regulatory and legal requirements; internal financial accounting and controls; and general administration.

Intersegment revenues and charges are eliminated between segments. The Company evaluates the performance of its segments and allocates resources to them based on various factors, including prospects for growth, return on investment, and return on revenues.

(in thousands, except share and per share amounts)

NOTE R — Segment Reporting (continued)

Information concerning operations in these segments of business is as follows:

	Years Ended December 31,		
	2004	2003	2002
Net Revenues			
Private Client Group	$ 186,801	$ 163,095	$ 133,452
Equity Capital Markets	38,856	35,533	32,011
Fixed Income Capital Markets	16,630	15,384	16,749
Other	4,536	2,500	5,582
Total net revenues	246,823	216,512	187,794
Operating Contributions			
Private Client Group	47,111	35,583	14,154
Equity Capital Markets	12,658	10,788	8,469
Fixed Income Capital Markets	2,978	2,750	3,530
Other/Unallocated Overhead	(26,130)	(24,061)	(21,359)
Income before income taxes	$ 36,617	$ 25,060	$ 4,794

NOTE S — Earnings Per Share

The following table reflects a reconciliation between Basic Earnings Per Share and Diluted Earnings Per Share.

	Years Ended December 31,								
	2004			2003			2002		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
Basic Earnings Per Share									
Income available to shareholders	$23,148	9,701,699	$2.39	$15,007	9,232,858	$1.63	$2,780	9,377,591	$0.30
Effect of Dilutive Securities									
Employee benefits plans	- -	2,579,794	- -	- -	1,738,468	- -	- -	1,514,661	- -
Diluted Earnings Per Share									
Income available to common stockholders and assumed conversions	$23,148	12,281,493	$1.88	$15,007	10,971,326	$1.37	$2,780	10,892,252	$0.26

(in thousands, except share and per share amounts)

NOTE T - Share Repurchases

On May 9, 2002, the Company's board of directors authorized the repurchase of up to 1,000,000 additional shares on top of an existing authorization of 800,000 shares. These purchases may be made on the open market or in privately negotiated transactions, depending upon market conditions and other factors. Repurchased shares may be used to meet obligations under the Company's employee benefit plans and for general corporate purposes.

In 2003 the Board of Directors of the Company authorized a tender offer to purchase up to 1,133,333 shares of Stifel Financial Corp., or approximately 12% of its outstanding common stock (including associated preferred stock purchase rights), at a price of $9.94 per share. The tender offer commenced on September 5, 2003, and expired on October 10, 2003. On September 4, 2003, the last trading day prior to the commencement of the offer, the closing price per share reported on the New York Stock Exchange was $9.41. Based on the final count by the depositary for the tender offer, the Company purchased 116,628 shares, representing approximately 1.2% of outstanding shares, at a purchase price of $9.94 per share. The aggregate purchase price of the shares purchased by the Company through the tender offer, including fees and expenses associated with the tender offer, was approximately $1,200.

Exclusive of the tender offer, the Company repurchased 472,872, 107,017, and 760,165 shares for the years ending December 31, 2004, 2003, and 2002, respectively, using existing board authorizations, at average prices of $19.38, $9.19, and $9.04 per share, respectively, to meet obligations under the Company's employee benefit plans and for general corporate purposes. The Company reissued 942,615, 388,423, and 261,144 shares for the years ending December 31, 2004, 2003, and 2002, respectively, for employee benefit plans. Under existing board authorizations, the Company is permitted to buy an additional 539,796 shares.

* * * * * *

Quarterly Results

Quarterly Operating Results (Unaudited)

(in thousands, except per share amounts)	*Revenue*	*Net Revenues*	*Earnings Before Income Taxes*	*Net Income*	*Basic Earnings Per Share**	*Diluted Earnings Per Share**
Year 2004 By Quarter						
First [1]	$68,535	$67,450	$ 9,800	$6,874	$.71	$.57
Second	60,470	59,411	8,322	5,035	.51	.41
Third	56,818	55,695	7,037	4,257	.44	.35
Fourth	65,366	64,267	11,458	6,982	.72	.56
Year 2003 By Quarter						
First	$44,096	$42,733	$ 1,205	$ 722	$.08	$.07
Second	53,546	52,252	4,188	2,498	.27	.23
Third [2]	61,184	59,925	8,569	5,124	.56	.46
Fourth	62,794	61,602	11,098	6,663	.72	.59

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

[1] First quarter results include a $1.0 million tax benefit resulting from the settlement of a state tax matter covering a number of years.

[2] Third quarter results include a reversal of approximately $1.2 million, net of tax, due to a favorable settlement of claims that had initially resulted in a $4.5 million arbitration award in the third quarter of 2002 in connection with the activities of a former Stifel Nicolaus broker.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

As of December 31, 2004, the management of the Company, including Mr. Ronald J. Kruszewski as Chief Executive Officer and Mr. James M. Zemlyak as Chief Financial Officer, evaluated the Company's disclosure controls and procedures as specified in the SEC's rules and forms. Under rules promulgated by the SEC, disclosure controls and procedures are defined as those "controls or other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms." Based on the evaluation of the Company's disclosure controls and procedures, Messrs. Kruszewski and Zemlyak determined that such controls and procedures were effective (see Management's Report On Internal Control Over Financial Reporting).

Further, there were no significant changes in the Company's internal controls over financial reporting during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding directors and the Company's Code of Ethics is contained in "Election of Directors," included in the Registrant's Proxy Statement for the 2005 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Information regarding the executive officers is contained in "Item 4a. Executive Officers of the Registrant," hereof. There is no family relationship between any of the directors or named executive officers.

Under Section 303A.12(a) NYSE Listed Company Manual, the CEO certification was submitted to the NYSE after the 2004 Annual Meeting of Stockholders.

The Company has adopted a code of business conduct that applies to the directors, officers, and associates that is referred to as the Code of Ethics. The Company makes the Code of Ethics and Corporate Governance Guidelines available free of charge, through its Internet site (http://www.stifel.com). These documents are also available without charge in print upon written request to Stifel Financial Corp., Attn: Investor Relations, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102. Any amendment to, or waiver of, the Code of Ethics and Corporate Governance Guidelines will be posted on its Internet site within the time period required by the SEC and the NYSE.

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is contained in "Section 16(a) Beneficial Ownership Reporting Compliance" in the Registrant's Proxy Statement for the 2005 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding compensation of certain executive officers and directors is contained in "Executive Compensation," included in the Registrant's Proxy Statement for the 2005 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management is contained in "Voting Securities and Principal Holders Thereof," included in the Registrant's Proxy Statement for the 2005 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions is contained in "Certain Relationships and Related Transactions," included in the Registrant's Proxy Statement for the 2005 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services is contained in "Independent Auditors," included in the Registrant's Proxy Statement for the 2005 Annual Meeting of Stockholders, which information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Consolidated Financial Statements are contained in Item 8 and made part hereof.

(2) Consolidated Financial Statement Schedules:

	Page
Schedule II - Valuation and Qualifying Accounts	57

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(3) Exhibits: See Exhibit Index on pages 58 and 59 hereof.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of St. Louis, State of Missouri, on the 15th day of March 2005.

STIFEL FINANCIAL CORP.
(Registrant)

By /s/ Ronald J. Kruszewski
Ronald J. Kruszewski
Chairman of the Board, President,
Chief Executive Officer, and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant on March 15, 2005, in the capacities indicated.

/s/	Ronald J. Kruszewski Ronald J. Kruszewski	Chairman of the Board, President, Chief Executive Officer, and Director (Principal Executive Officer)
/s/	James M. Zemlyak James M. Zemlyak	Senior Vice President, Chief Financial Officer, Treasurer, and Director (Principal Financial and Accounting Officer)
/s/	Robert J. Baer Robert J. Baer	Director
/s/	Bruce A. Beda Bruce A. Beda	Director
/s/	Charles A. Dill Charles A. Dill	Director
/s/	John P. Dubinsky John P. Dubinsky	Director
/s/	Richard F. Ford Richard F. Ford	Director
/s/	Frederick O. Hanser Frederick O. Hanser	Director
/s/	Walter F. Imhoff Walter F. Imhoff	Director
/s/	Robert E. Lefton Robert E. Lefton	Director
/s/	Scott B. McCuaig Scott B. McCuaig	Director
/s/	James M. Oates James M. Oates	Director

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
STIFEL FINANCIAL CORP. AND SUBSIDIARIES

(in thousands) *Description*	*Balance at Beginning of Period*	*Additions Charged to Costs and Expenses*	*Deductions*[1]	*Balance at End of Period*
Year Ended December 31, 2004				
Deducted from asset account:				
Allowances for doubtful accounts	$ 82	$ 41	$ 76	$ 47
Deducted from asset account:				
Allowances for doubtful notes receivables	1,397	142	757	782
Year Ended December 31, 2003				
Deducted from asset account:				
Allowances for doubtful accounts	144	82	144	82
Deducted from asset account:				
Allowances for doubtful notes receivables	677	1,233	513	1,397
Year Ended December 31, 2002				
Deducted from asset account:				
Allowances for doubtful accounts	229	- -	85	144
Deducted from asset account:				
Allowances for doubtful notes receivables	526	581	430	677

[1] Uncollected notes written off and recoveries

EXHIBIT INDEX

STIFEL FINANCIAL CORP. AND SUBSIDIARIES
ANNUAL REPORT ON FORM 10-K
YEAR ENDED DECEMBER 31, 2004

Exhibit No.		Description
3.	(a)	Restated Certificate of Incorporation and as amended of Financial filed with the Secretary of State of Delaware on May 31, 2001, incorporated herein by reference to Exhibit 3.(a) to Financial's Quarterly Report on Form 10-Q (File No. 001-9305) for the quarterly period ended June 30, 2001.
	(b)	Amended and Restated By-Laws of Financial, incorporated herein by reference to Exhibit 3. (b)(1) to Financial's Annual Report on Form 10-K (File No. 1-9305) for fiscal year ended July 30, 1993.
4.	(a)	Preferred Stock Purchase Rights of Financial, incorporated herein by reference to Financial's Registration Statement on Form 8-A (File No. 1-9305) filed July 30, 1996.
10.	(a)	Form of Indemnification Agreement with directors dated as of June 30, 1987, incorporated herein by reference to Exhibit 10.2 to Financial's Current Report on Form 8-K (date of earliest event reported - June 22, 1987) filed July 14, 1987.
	(b)	1983 Incentive Stock Option Plan of Financial, incorporated herein by reference to Exhibit 4.(a) to Financial's Registration Statement on Form S-8 (Registration File No. 2-94326) filed November 14, 1984.*
	(c)	1985 Incentive Stock Option Plan of Financial, incorporated herein by reference to Exhibit 28C to Financial's Registration Statement on Form S-8, as amended (Registration File No. 33-10030) filed November 7, 1986.*
	(d)	1987 Non-qualified Stock Option Plan of Financial, incorporated herein by reference to Exhibit 10.(h) to Financial's Annual Report on Form 10-K (File No. 1-9305) for the fiscal year ended July 31, 1987.*
	(e)	Amendment to 1983 Incentive Stock Option Plan, 1985 Incentive Stock Option Plan, and 1987 Non-Qualified Stock Option Plan, incorporated herein by reference to Exhibit 10.(f) to Financial's Annual Report on Form 10-K (File No. 1-9305) for the fiscal year ended July 28, 1989.*
	(f)	Dividend Reinvestment and Stock Purchase Plan of Financial, incorporated herein by reference to Financial's Registration Statement on Form S-3 (Registration File No. 33-53699) filed May 18, 1994.
	(g)	Amended and Restated 1997 Incentive Plan of Financial, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-84717) filed on August 6, 1999.*
	(h)	1998 Employee Stock Purchase Plan of Financial, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-37807) filed October 14, 1997.*
	(i)(1)	Employment Letter with Ronald J. Kruszewski, incorporated herein by reference to Exhibit 10.(l) to Financial's Annual Report on Form 10-K (File No. 1-9305) for the year ended December 31, 1997.*
	(i)(2)	Stock Unit Agreement with Ronald J. Kruszewski, incorporated herein by reference to Exhibit 10.(j)(2) to Financial's Annual Report on Form 10-K (File No. 1-9305) for the year ended December 31, 1998.*
	(j)	Amendment of Loan Agreement with Western & Southern Life Insurance Company dated February 24, 1999, incorporated herein by reference to Exhibit 10.(a) to Financial's Quarterly Report on Form 10-Q (File No. 001-9305) for the quarterly period ended June 30, 2001.
	(k)	1999 Executive Incentive Performance Plan of Financial, incorporated herein by reference to Annex B of Financial's Proxy Statement for the 1999 Annual Meeting of Stockholders filed March 26, 1999. *
	(l)	Equity Incentive Plan for Non-Employee Directors of Financial, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-52694) filed December 22, 2000.*
	(m)	Stifel, Nicolaus & Company, Incorporated Wealth Accumulation Plan, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-60506) filed May 9, 2001.*
	(m)(1)	Stifel, Nicolaus & Company, Incorporated Wealth Accumulation Plan Amendment No. 1, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-105759) filed June 2, 2003.*

(n) Stifel Nicolaus Profit Sharing 401(k) Plan, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-60516) filed May 9, 2001.*

(o) Stifel Financial Corp. 2001 Incentive Plan, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-82328) filed February 7, 2002.*

(o)(1) Stifel Financial Corp. 2001 Incentive Plan Amendment No. 1, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-105756) filed June 2, 2003.

(p) Promissory Note dated August 1, 1999, from Tom Prince payable to Stifel, Nicolaus & Company, Incorporated, incorporated herein by reference to Financial's Annual Report on Form 10-K (File No. 001-9305) for the year ended December 31, 2001, filed on March 27, 2002.*

(q) Promissory Note dated March 5, 2002, from Tom Prince payable to Stifel, Nicolaus & Company, Incorporated, incorporated herein by reference to Financial's Annual Report on Form 10-K (File No. 001-9305) for the year ended December 31, 2001, filed on March 27, 2002.*

(r) Stock Unit Agreement with James M. Zemlyak dated January 11, 2000, incorporated herein by reference to Exhibit 10.(s) to Financial's Annual Report on Form 10-K / A Amendment No. 1(File No. 1-9305) for the year ended December 31, 2001, filed on April 9, 2002.*

(s) Stock Unit Agreement with Scott B. McCuaig dated December 20, 1998, incorporated herein by reference to Exhibit 10.(t) to Financial's Annual Report on Form 10-K / A Amendment No. 1(File No. 1-9305) for the year ended December 31, 2001, filed on April 9, 2002.*

(t) Amended and Restated Promissory Note dated December 21, 1998, from Ronald J. Kruszewski payable to Financial, incorporated herein by reference to Exhibit 10.(u) to Financial's Annual Report on Form 10-K / A Amendment No. 1 (File No. 1-9305) for the year ended December 31, 2001, filed on April 9, 2002.*

(u) Third Amendment to Lease by and among EBS Building, L.L.C., Stifel Financial Corp., and Stifel, Nicolaus & Company, Incorporated, dated September 1, 1999, incorporated herein by reference to EBS Building, L.L.C.'s Annual Report on Form 10-K (File No. 000-24167) for the year ended December 31, 2001.

(v) Fourth Amendment to Lease by and among EBS Building, L.L.C., Stifel Financial Corp., and Stifel, Nicolaus & Company, Incorporated, dated November 1, 1999, incorporated herein by reference to EBS Building, L.L.C.'s Annual Report on Form 10-K (File No. 000-24167) for the year ended December 31, 2001.

(w) Fifth Amendment to Lease by and among EBS Building, L.L.C., Stifel Financial Corp., and Stifel, Nicolaus & Company, Incorporated dated June 11, 2001, incorporated herein by reference to EBS Building, L.L.C.'s Annual Report on Form 10-K (File No. 000-24167) for the year ended December 31, 2001.

(x) Stifel Financial Corp. 2003 Employee Stock Purchase Plan, incorporated herein by reference to Financial's Registration Statement on Form S-8 (Registration File No. 333-100414) filed October 8, 2002.*

21. List of Subsidiaries of Stifel Financial Corp., filed herewith.

23. Consent of Independent Registered Public Accounting Firm, filed herewith.

31(i).1 Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.

31(i).2 Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.

32. Certification pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This exhibit is furnished to the SEC.

*Management contract or compensatory plan or arrangement.

EXHIBIT 21

STIFEL FINANCIAL CORP. AND SUBSIDIARIES
SUBSIDIARIES OF STIFEL FINANCIAL CORP.[1]

NAME	STATE OF INCORPORATION	NAMES UNDER WHICH SUBSIDIARY DOES BUSINESS
Stifel, Nicolaus & Company, Incorporated	Missouri	Stifel, Nicolaus & Company, Incorporated
Alliance Realty Corp.	Missouri	Alliance Realty Corp.
Century Securities Associates, Inc.	Missouri	Century Securities Associates, Inc.
Stifel, Nicolaus Insurance Agency, Inc.[2]	Arkansas	Stifel, Nicolaus Insurance Agency, Inc.
S-N Capital Corp.[2]	Missouri	S-N Capital Corp.
Stifel Insurance Agency - Ohio, Inc.[3]	Ohio	Stifel Insurance Agency - Ohio, Inc.
Stifel Venture Corp.	Missouri	Stifel Venture Corp.
Stifel Asset Management Corp.	Missouri	Stifel Asset Management Corp.
Stifel CAPCO, L.L.C.	Missouri	Stifel CAPCO, L.L.C.
Stifel CAPCO II, L.L.C.	Missouri	Stifel CAPCO II, L.L.C.
Hanifen, Imhoff Inc.	Colorado	Hanifen, Imhoff Inc.
Stifel Nicolaus Insurance Agency of Missouri [2]	Missouri	Stifel Nicolaus Insurance Agency of Missouri
CSA Insurance Agency, Incorporated	Missouri	CSA Insurance Agency, Incorporated

[1] Does not include corporations in which registrant owns 50% or less of the stock.

[2] Wholly owned subsidiary of Stifel, Nicolaus & Company, Incorporated.

[3] Majority owned subsidiary of Stifel, Nicolaus & Company, Incorporated.

Stifel Financial Capital Trust I is a wholly owned subsidiary of Stifel Financial Corp; however, it is considered a Special Purpose Entity under the provisions of the Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003), Consolidation of Variable Interest Entities, and has been deconsolidated effective December 31, 2003.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements of Stifel Financial Corp. and Subsidiaries on Form S-8 (File Numbers 2-94326, 33-10030, 33-20568, 333-37805, 333-37807, 333-84717, 333-52694, 333-60506, 333-60516, 333-82328, 333-100414, 333-105756, and 333-105759) and on Form S-3 (File Numbers 33-53699, 333-41304, and 333-84952) of our reports dated March 11, 2005, relating to the consolidated financial statements and financial statement schedule of Stifel Financial Corp. and Subsidiaries and management's report of the effectiveness of the internal control over financial reporting, appearing in the Annual Report on Form 10-K of Stifel Financial Corp. and Subsidiaries for the year ended December 31, 2004.

/s/ Deloitte & Touche LLP

March 14, 2005
St. Louis, Missouri

EXHIBIT 31(i).1
CERTIFICATION

I, Ronald J. Kruszewski, certify that:

1. I have reviewed this annual report on Form 10-K of Stifel Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant, and we have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2005

By /s/ Ronald J. Kruszewski
Ronald J. Kruszewski
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31(i).2
CERTIFICATION

I, James M. Zemlyak, certify that:

1. I have reviewed this annual report on Form 10-K of Stifel Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant, and we have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2005

By /s/ James M. Zemlyak
James M. Zemlyak
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 *

In connection with the Annual Report of Stifel Financial Corp. and subsidiaries on Form 10-K for the year ending December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

STIFEL FINANCIAL CORP.
(Registrant)

Date: March 15, 2005

By /s/ Ronald J. Kruszewski
Ronald J. Kruszewski
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 15, 2005

By /s/ James M. Zemlyak
James M. Zemlyak
Chief Financial Officer
(Principal Financial Officer)

*A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Registrant and will be retained by the Registrant and furnished to the Commission or its staff upon request.

Stifel Nicolaus Private Client Group Locations

Alton, Illinois
322 State Street, Suite 100
(618) 463-4697

Belleville, Illinois
One Bronze Pointe
(618) 233-5685

Beloit, Wisconsin
400 East Grand Avenue
(608) 363-8402

Brookfield, Wisconsin
18000 West Sarah Lane
Suite 180
(262) 794-1000

Camdenton, Missouri
155 East Highway 54
(573) 346-4242

Cape Girardeau, Missouri
2849 Independence Street
(573) 335-8454

Champaign, Illinois
Galleria Office Park
2502 Galen Drive, Suite 102
(217) 359-4686

Chesterfield, Missouri
500 Chesterfield Center
Suite 250
(636) 530-6600

Chicago, Illinois
227 West Monroe
Suite 1850
(312) 454-3800

Cincinnati, Ohio
Towers of Kenwood
8044 Montgomery, Suite 436
(513) 794-0030

Clayton, Missouri
8182 Maryland Avenue
(314) 862-8800

Colorado Springs, Colorado
1365 Garden of the Gods Road
Suite 100
(719) 442-2646

Columbia, Missouri
501 Cherry Street, Suite 101
(573) 874-2199

Columbus, Ohio
21 East State Street, Suite 200
(614) 463-9360

Dallas, Texas
5956 Sherry Lane, Suite 875
(214) 706-9450

Dayton, Ohio
7777 Washington Village Drive
Suite 280
(937) 312-0610

Decatur, Illinois
445 North Franklin
(217) 429-4290

Denver, Colorado
1125 17th Street, Suite 1500
(303) 534-1180

Dublin, Ohio
655 Metro Place South
Suite 200
(614) 789-9354

Eau Claire, Wisconsin
3603 North Hastings Way
Suite 200
(715) 552-8003

Edina, Minnesota
Centennial Lakes
7701 France Avenue South
Suite 475
(952) 831-0160

Edwardsville, Illinois
110 Rottingham Court, Suite A
(618) 659-3780

Fort Collins, Colorado
Preston Center
2809 East Harmony Road
Suite 330
(970) 267-9666

Fort Wayne, Indiana
7221 Engle Road, Suite 115
(260) 459-3989

Fremont, Michigan
25 West Main
(231) 924-0250

Geneva, Illinois
7 West State Street, Suite E
(630) 845-7900

Glenwood Springs, Colorado
302 Eighth Street, Suite 325
(970) 945-5275

Grand Haven, Michigan
One South Harbor Avenue
(616) 846-3620

Grand Rapids, Michigan
2100 Raybrook, S.E.
Suite 200
(616) 942-1717

Green Bay, Wisconsin
River Walk Plaza
200 South Washington Street
Suite 400
(920) 437-2555

Greenwood Village, Colorado
MCI Plaza
6312 South Fiddlers Green
Circle, Suite 320N
(303) 290-1040

Gulfport, Mississippi
2304 14th Street
(228) 864-4460

Indianapolis, Indiana
8888 Keystone Crossing
Suite 825
(317) 706-1420

Jackson, Mississippi
LeFleurs Bluff Tower
4780 I-55 North, Suite 125
(601) 366-7890

Jefferson City, Missouri
222 Madison Street
(573) 635-7997

Joplin, Missouri
401 Main Street
(417) 781-6161

Kansas City, Missouri
Plaza Center Building
800 West 47th Street, Suite 600
(816) 531-7777

Kimberly, Wisconsin
Fox Cities Location
740 Ford Street, Suite B
(920) 991-1415

Kirkwood, Missouri
1001 South Kirkwood Road
Suite 130
(314) 909-0238

Lake Forest, Illinois
100 North Field Drive
Suite 340
(847) 615-0677

Louisville, Kentucky
4969 U.S. Highway 42
Suite 1000
(502) 425-1230

Madison, Wisconsin
525 Junction Road
Suite 2900
(608) 664-5890

Madison, Wisconsin (East)
10 Terrace Court, Suite 100
(608) 241-9516

Manhattan, Kansas
323 Poyntz Avenue
(785) 776-1066

Mansfield, Ohio
156 Sherman Avenue
(419) 524-4009

Mattoon, Illinois
1601 Lafayette
(217) 235-0353

Merrill, Wisconsin
910 East Main Street
(715) 536-0073

Milwaukee, Wisconsin
330 East Kilbourn Avenue
Suite 250
(414) 276-5014

Minnetonka, Minnesota
11100 Wayzata Boulevard
Suite 230
(763) 732-1300

Mound City, Kansas
14 N.W. Sugar Lake
Drive West
(913) 795-3159

Nashville, Tennessee
3322 West End Avenue
9th Floor
(615) 277-7000

New Albany, Indiana
3122 Blackiston Mill Road
(812) 945-8598

New Orleans, Louisiana
1010 Common Street
Suite 1900
(504) 525-7711

Olympia Fields, Illinois
20000 Governors Drive
Suite 101
(708) 748-4500

Omaha, Nebraska
One Pacific Place
1125 South 103rd Street
Suite 300
(402) 955-1033

Oshkosh, Wisconsin
1819 Witzel Avenue
(920) 303-1686

Overland Park, Kansas
9393 West 110th Street
Suite 450
Corporate Woods
Building 51
(913) 345-4200

Pikeville, Kentucky
209 Second Street, Suite 300
(606) 432-5520

Quincy, Illinois
3800 East Lake Centre Drive
Suite 200
(217) 228-9488

Racine, Wisconsin
5439 Durand Avenue
Suite 240
(262) 554-4660

Raleigh, North Carolina
3605 Glenwood Avenue
Suite 310
(919) 645-5900

Rochester, Minnesota
305 Alliance Place, N.E.
(507) 292-9760

Rockford, Illinois
4343 East State Street
Suite 3
(815) 229-2699

Rolla, Missouri
100 South Bishop, Suite A
(573) 364-8930

Sandusky, Ohio
205 West Water Street
(419) 625-5432

Sarasota, Florida
235 North Orange Avenue
Suite 201
(941) 366-5443

Shelbyville, Kentucky
500 Main Street
(502) 633-7170

South Bend, Indiana
Key Bank Tower Building
202 South Michigan Street
Suite 1150
(574) 288-3040

Southlake, Texas
180 State Street, Suite 225
(817) 912-3310

Springfield, Missouri
1935 East Battlefield Road
Suite C
(417) 886-2855

St. Louis, Missouri
One Financial Plaza
501 North Broadway
(314) 342-2000

St. Paul, Minnesota
332 Minnesota Street
Suite N-201
(651) 291-8552

St. Peters, Missouri
114 Piper Hill Drive, Suite 201
(636) 939-2676

Stevens Point, Wisconsin
601 Main Street, Suite 202
(715) 343-5688

Texarkana, Texas
2010 Moores Lane, Suite 120
(903) 792-3305

Traverse City, Michigan
603 Bay Street
(231) 946-4975

Upper Arlington, Ohio
5025 Arlington Centre Boulevard
Suite 240
(614) 459-1438

Waterloo, Illinois
300 North Market Street
(618) 939-9400

Wayzata, Minnesota
315 East Lake Street, Suite 200
(952) 473-6010

West Bend, Wisconsin
1702 West Washington
(262) 338-0880

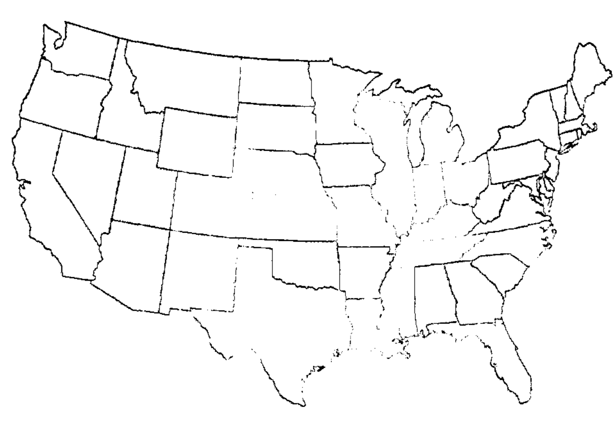
Westlake, Ohio
1650-F Crossings Parkway
(440) 835-4170

Wichita, Kansas
301 North Main, Suite 1800
(316) 264-6321

Wilmette, Illinois
1100 Central
(847) 920-2000

Woodbury, Minnesota
Woodhill Office Park
2155 Woodlane Drive
Suite 101
(651) 735-0900

Youngstown, Ohio
970 Windham Court, Suite 9
(330) 965-6929



Stifel Financial Corp.
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