

STIFEL FINANCIAL CORP
Form DEF 14A
April 29, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 240.14a-12

Stifel Financial Corp.

(Name of Registrant as Specified In Its Charter)

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

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Stifel Financial Corp.
One Financial Plaza | 501 North Broadway
St. Louis, Missouri 63102-2102
(314) 342-2000

April 29, 2016

Fellow Shareholders:

We cordially invite you to attend the 2016 Annual Meeting of Shareholders of Stifel Financial Corp., which will be held on **June 15, 2016 at 11 a.m., local time, at our corporate headquarters**. We hope that you will be able to attend.

Enclosed you will find a notice setting forth the business expected to come before the meeting. The Notice informs shareholders how to access this proxy statement and our Annual Report for the year ended December 31, 2015 on the Internet and how to submit their proxies online. The Notice also contains instructions on how to request a printed set of proxy materials.

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

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

I expand on our Company's performance, strategy, and outlook in the 2015 Annual Report Shareholder Letter, which I hope you will read.

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

Sincerely,

Ronald J. Kruszewski
Chairman of the Board

and Chief Executive Officer

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Stifel Financial Corp.

One Financial Plaza | 501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

Notice of Annual Meeting of Shareholders

- Date and Time:** Wednesday, June 15, 2016, at 11 a.m., Central Time
- Place:** Stifel Financial Corp. offices located at One Financial Plaza, 2nd Floor,
501 North Broadway, St. Louis, Missouri 63102
- Items of Business:**
- To elect six (6) Class III Directors, each as nominated by the Board of Directors;
 - To approve, on an advisory basis, the compensation of our named executive officers (say on pay);
 - To approve declassification of the Board of Directors;
 - To authorize amendments to 2001 Incentive Stock Plan (2011 Restatement) and to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement) to increase capacity by 3,000,000 shares and to permit net settlement of restricted stock units for equivalent cash, including for tax or other similar purposes;
 - To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016; and
 - To consider and act upon other business as may properly come before the meeting and any adjournment or postponement thereof.
- Record Date:** You are entitled to vote only if you were a Company shareholder at the close of business on April 18, 2016
- Voting by Proxy:** **Your vote is very important.** Whether or not you plan to attend the Annual Meeting, please vote your shares by proxy to ensure they are represented at the meeting. You may submit your proxy vote by telephone or Internet, as described in the Notice of Internet Availability of Proxy Materials and the following proxy statement, by no later than Tuesday, May 31, 2016. If you received a paper copy of the proxy card by mail, you may sign, date, and mail the proxy in the envelope provided. The envelope is addressed to our vote tabulator, Broadridge Financial Solutions, Inc., and no postage is required if mailed in the United States.

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

to be held on June 15, 2016

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Our proxy statement and 2015 annual report are available at:

www.investorvote.com/sf

By Order of the Board of Directors,

Mark P. Fisher, Corporate Secretary
April 29, 2016

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Proxy Statement

For Annual Meeting of Shareholders To Be

Held on Wednesday, June 15, 2016

Stifel Financial Corp.

One Financial Plaza | 501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

General

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Stifel Financial Corp. (the Company or the firm) for use at the Annual Meeting of Shareholders (Annual Meeting) to be held on Wednesday, June 15, 2016, at 11 a.m., on the 2nd Floor, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102, and any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of Annual Meeting of shareholders.

Beginning on April 29, 2016, the Notice of this proxy statement and the Annual Meeting was mailed to our shareholders of record as of the close of business on April 18, 2016. The Notice also contains instructions on how to obtain paper copies of these proxy materials and a proxy card.

All proxies, whether voted electronically online, by telephone, or by proxy card, will be voted in accordance with the instructions contained in the proxy. If no choice is specified, proxies will be voted in favor of the election of each of the nominees for director proposed by the Board of Directors in Item I, in favor of the advisory resolution related to the compensation of our named executive officers in Item II, in favor of declassification of the Board of Directors in Item III, in favor of authorizing amendments to 2001 Incentive Stock Plan (2011 Restatement) and to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement) to permit net settlement of restricted stock units for equivalent cash, including for tax or other similar purposes in Item IV, and in favor of the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016 in Item V, each as recommended by the Board of Directors. A shareholder who executes a proxy may revoke it at any time before it is voted by delivering another proxy to us bearing a later date, by casting a new vote by telephone, Internet, or Intranet, by submitting written notice of such revocation to Mark Fisher, our Corporate Secretary, or by personally appearing at the Annual Meeting and casting a vote in person.

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

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

the election of directors.

The affirmative vote of a majority of the shares of our common stock cast at the meeting in person or by proxy is required for the advisory approval of the compensation of our named executive officers, for the declassification of the Board of Directors, for authorizing amendments to 2001 Incentive Stock Plan (2011 Restatement) and to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement) to increase capacity by 3,000,000 shares and to permit net settlement of restricted stock units for equivalent cash, including for tax or other similar purposes, and for the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016.

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

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

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Executive Summary

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

Matters To Be Voted on at our 2015 Annual Meeting:

| Agenda Item | Board Recommendation | Page Reference (for more detail) |
|--|----------------------|-------------------------------------|
| I. Election of six (6) Class III Directors | | |
| <i>The Board of Directors believes the six nominees as a group have the experience and skills that are necessary to effectively oversee our Company.</i> | FOR each director | 7 |
| II. Advisory vote to approve executive compensation (say on pay) | | |
| <i>The Board of Directors is asking shareholders to provide advisory approval of the compensation of our named executive officers.</i> | FOR | 19 |
| III. Approval of declassification of our Board of Directors. | | |
| <i>The Board of Directors is asking shareholders to approve declassification of the Directors, who are presently divided into three classes.</i> | FOR | 70 |
| IV. Authorization of amendments to 2001 Incentive Stock Plan (2011 Restatement) and to the Equity Incentive Plan for Non-Employee Directors (2008 Restatement) to increase capacity by 3,000,000 shares and to permit net settlement of restricted stock units for equivalent cash, including for tax or other similar purposes | | |
| <i>The Board of Directors is asking shareholders to approve amendments that will permit payment of employee stock awards in equivalent cash, at the Company's option at the time of vesting.</i> | FOR | 71 |
| V. Ratification of selection of Ernst & Young LLP as our independent registered public accounting firm for 2015 | | |
| | FOR | 74 |

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Corporate Governance

Corporate Governance Principles

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

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

Director Independence

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

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

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

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

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

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

whichever is greater, of such other company's consolidated gross revenues;

Has no other material commercial, industrial, banking, consulting, legal, accounting, charitable, or familial relationship with the Company, either individually or as a partner, shareholder, or officer of an organization or entity having such a relationship with the Company, which relationship would adversely impact the director's independence in connection with the Company; and

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

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

The Board of Directors has determined that Mr. Beda, Ms. Brown, Mr. M. Brown, Mr. Dill, Mr. Dubinsky, Mr. Grady, Mr. Hanser, Mr. Irby, Ms. Markus, Mr. Oates, Mr. Westbrook, and Mr. Zimmerman qualify as independent directors. In making this determination, the Board of Directors considered the rules of the NYSE and the U.S. Securities and Exchange Commission (the "SEC"), including NYSE rules regarding the independence of the Compensation Committee, and reviewed information provided by the directors in questionnaires concerning the relationships that we may have with each director. In particular, with respect to Mr. Irby, the Board of Directors considered the related party transaction described on page 69 of this proxy statement and concluded that Mr. Irby's independence was not compromised.

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

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

Mr. Kruszewski currently serves as Chairman of the Board and Chief Executive Officer; the Board believes that this structure serves the Company well because it provides consistent leadership and accountability for managing Company operations. However, our Board of Directors also holds regularly scheduled executive sessions without management, at which a non-management director presides in compliance with the NYSE Corporate Governance Standards; such sessions occurred quarterly in 2015.

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

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

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

As described further below under Risk Management/Corporate Governance Committee Report , we have an Enterprise Risk Management program under the direction of our Chief Risk Officer, who coordinates with three management committees: the Asset Liability Management Committee, the Products Committee and the Conflicts of Interest Committee.

Meetings: During 2015, our Board of Directors met 7 times, including both regularly scheduled and special meetings. During the year, all of the incumbent directors attended at least 86% of all meetings held by the Board of Directors and all Committees on which they serve. It is our policy to encourage the members of our Board of Directors to attend the Annual Meeting of shareholders. At the last Annual Meeting, one-third of the then-current directors were in attendance.

Committees: The standing committees of our Board of Directors are the Audit Committee, Compensation Committee, Executive Committee, and Risk Management/Corporate Governance Committee. The Audit Committee, Compensation Committee, and Risk Management/Corporate Governance Committee each operates pursuant to a

written charter approved by the Board of Directors. The full text of each such charter and our corporate governance guidelines are available in the Corporate Governance section of our web site located at www.stifel.com, or may be obtained by any shareholder, without charge, upon request by contacting Mark Fisher, our Corporate Secretary, at (415) 364-2500 or by e-mail at investorrelations@stifel.com.

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

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

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

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

Each member of the Audit Committee is financially literate, knowledgeable, and qualified to review financial statements. The audit committee financial expert designated by our Board of Directors is Mr. Beda. The Audit Committee met 6 times during 2015.

Compensation Committee. Messrs. Oates (Chairman), Beda, Dill, Hanser, and Irby are the current members of the Compensation Committee, each of whom are independent directors as defined by the NYSE and as determined by our Board of Directors. The Compensation Committee met 8 times during 2015. The duties of the Compensation Committee include:

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

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

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

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

During 2015, there were no interlocks or insider participation on the part of the members of the Compensation Committee.

Risk Management/Corporate Governance Committee. Messrs. Grady (Chairman), Beda, Brown, Hanser, and Oates are the current members of the Risk Management/Corporate Governance Committee, each of whom is an independent director as defined by the NYSE and as determined by our Board of Directors. The Risk Management/Corporate Governance Committee met 6 times during 2015. The duties of the Risk Management/Corporate Governance Committee include:

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

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

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

Considering nominees for directors recommended by our shareholders; and

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

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

Shareholders may recommend individuals to the Risk Management/Corporate Governance Committee for consideration as potential director nominees by giving written notice to Mark Fisher, our Corporate Secretary, at least 90 days, but not more than 120 days, prior to the anniversary of our preceding year's annual meeting, along with the specific information required by our By-Laws, including, but not limited to, the name and address of the nominee; the number of shares of our common stock beneficially owned by the shareholder (including associated persons) nominating such nominee; and a consent by the nominee to serve as a director, if elected, that would be required for a nominee under the SEC rules. If you would like to receive a copy of the provisions of our By-Laws setting forth all of these requirements, please send a written request to Stifel Financial Corp., Attention: Mark P. Fisher, Corporate Secretary, One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102-2102. The Risk Management/Corporate Governance Committee has not adopted any specific procedures for considering the recommendation of director nominees by shareholders, but will consider shareholder nominees on the same basis as other nominees. Please also see the procedures described in the section entitled *Shareholder Proposals for the 2016 Annual Meeting* in this Proxy Statement.

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Executive Committee. Messrs. Kruszewski (Co-Chairman), Weisel (Co-Chairman), Beda, Dubinsky, Grady, and Oates are the current members of the Executive Committee. Except to the extent limited by law, between meetings of the full Board, the Executive Committee performs the same functions and has the same authority as the full Board. The Executive Committee met quarterly during 2015.

Code of Ethics and Corporate Governance

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

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

Compensation and Risk

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

We conducted an analysis of our incentive compensation programs by an interdisciplinary team led by our CRO and our outside independent compensation consultant. Other members of the team consisted of employees in risk management, accounting/payroll, legal, internal audit and human resources.

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

The team found that formula-based funding of bonus pools is utilized consistently across the firm. Those formulas varied; most are based on gross revenue, and allocation of the pools is aligned with the employee's span of control and level of potential contribution. The team also determined that most bonus pools are not distributed on a purely formula basis, but instead based on subjective factors, including longer term performance and ongoing consideration by the employee of the risks involved in the business.

The team also noted the risk mitigation effect of our stock bonus plan allocation formula, which imposes the requirement that a portion of bonus amounts be delivered not in cash but in the form of restricted stock units that vest over time. The equity proportion of these units increases as the size of the overall bonus rises.

In light of the above, our Board continues to conclude that our compensation policies in general, and our incentive programs in particular, remain well aligned with the interests of our shareholders and do not create risks that are reasonably likely to result in a material adverse impact on the Company.

Age

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

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Item I Election of Directors

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

Our Company's Board of Directors currently consists of 18 persons, divided into three classes. The nominees for election at the Annual Meeting are: six (6) Class III members. Currently, each class is elected for a term of three years, and the classes together are staggered so that one class term expires each year. However, if Item III is approved, all directors standing for election in future years will be elected for one year, rather than three years. Regardless of whether Item III is approved, all directors will complete their existing terms before standing for election for one year terms. This includes the two new directors appointed by the Board of Directors to succeed Messrs. Dill and Irby, Class II directors who have resigned effective June 15, 2016. If Item III is not approved, all directors standing for election in future years will continue to be elected for three year terms.

The Board of Directors, upon the recommendation of the Risk Management/Corporate Governance Committee, has nominated Michael W. Brown, John P. Dubinsky, Robert E. Grady, Thomas B. Michaud, James M. Oates and Ben A. Plotkin for election as Class III directors to hold office until the 2019 Annual Meeting of shareholders, until their respective successors are elected and qualified or until their earlier death, resignation, or removal. Each of the nominees is currently serving as a director of our Company.

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

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

applicable, the reasons for rejecting a resignation.

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Experience and Diversity

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

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

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

Insider Board Rationale

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

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Class III Director Nominees

Michael W. Brown

Director since 2010, age 70

Class III director nominee with term ending in 2019

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

Committee Service

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

Risk Management/Corporate Governance Committee

Career Highlights

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

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

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

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

Other Professional Experience and Community Involvement

Former Chairman, NASDAQ Stock Market Board of Directors

Former Governor, National Association of Securities Dealers

Experience and Qualifications

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

[John P. Dubinsky](#)

Director since 2003, age 72

Class III director nominee with term ending in 2019

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

Career Highlights

Committee Service

Audit Committee and Executive Committee

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

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

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

Chairman (2008 – present)

President and Chief Executive Officer (2003 – 2008)

President Emeritus, Firststar Bank (1999 – 2001)

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

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

Board Member, Drury Hotels

Other Professional Experience and Community Involvement

Trustee, Barnes-Jewish Hospital

Trustee, Washington University

Trustee and Chairman, St. Louis Public Library

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

Experience and Qualifications

Mr. Dubinsky is a leader in the financial consulting industry and has extensive experience in managing financial institutions. Mr. Dubinsky also has strong experience as a director of other publicly held and large private companies as well

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as not-for-profit entities.

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| | |
|---|---|
| Director since 2010, age 58 | Robert E. Grady |
| Class III director nominee with term ending in 2019 | <i>Other Current Public Company Directorships:</i> Maxim Integrated Products, Inc. (NASDAQ: MXIM) |
| Committee Service | <i>Other Public Company Directorships Within the Past 5 Years:</i> Thomas Weisel Partners Group, Inc. (NASDAQ: TWPG), AuthenTec, Inc. (NASDAQ: AUTH), and Blackboard, Inc. (NASDAQ: BBBB) |
| Audit Committee | |
| | Career Highlights |
| Executive Committee | Partner, Gryphon Investors, a private equity investment firm (2015 – present) |
| Risk Management/Corporate Governance Committee (Chairman) | Partner and Managing Director, Cheyenne Capital Fund, a private equity investment firm (2009 – 2014) |
| | Partner and Managing Director, Carlyle Group, a global alternative asset management firm (2000 – 2009) |
| | Member, Management Committee |
| | Chairman and Fund Head, Carlyle Venture Partners |
| | Member, Investment Committee (Carlyle Venture Partners, Carlyle Asia Growth Partners, and Carlyle Europe Technology Partners) |

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

Member, Management Committee

Other Professional Experience and Community Involvement

Director, Jackson Hole Mountain Resort

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

Steering Committee Member, Wyoming Business Alliance

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

Former Chairman, National Venture Capital Association (NVCA)

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

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

Former Lecturer in Public Management, Stanford Graduate School of Business

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

A.B., Harvard College

Experience and Qualifications

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

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Director since 2013, age 52

Thomas B. Michaud

Class III director nominee with
term ending in 2019

Senior Vice President of Stifel Financial Corp.

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

Career Highlights

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

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

Chairman and Chief Executive Officer (2011 present)

President (2006 present)

Director (1999 present)

KBW, Inc.

Chief Executive Officer and President (2011 2013)

Chief Operating Officer (2005 – 2011)

Vice Chairman (2005 – 2013)

Other Professional Experience and Community Involvement

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

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

Capital Campaign Committee, Middlebury College (2007 – 2015)

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

Member, Greenwich Town Meeting (1994-2001)

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

Bachelor of Arts, Middlebury College

Experience and Qualifications

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

industry.

[James M. Oates](#)

Director since 1996, age 69

Class III director nominee with term ending in 2019

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

Committee Service

Career Highlights

Audit Committee

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

Compensation Committee (Chairman)

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

Executive Committee

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

Risk Management/Corporate Governance Committee

Other Professional Experience and Community Involvement

Board Member, Virtus Funds

Chairman of the Board, John Hancock Funds

Chairman of the Board, Emerson Investment Management, Inc.

Trustee Emeritus of Middlesex School, Concord, Massachusetts

Chairman, Connecticut River Bank (2000 – 2014)

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

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

M.B.A., Harvard Business School

B.A , Harvard College

Experience and Qualifications

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

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Director since 2007, age 60

[Ben A. Plotkin](#)

Class III director nominee with
term ending in 2019

Vice Chairman and Senior Vice President of Stifel Financial Corp.

Career Highlights

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

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

Ryan Beck & Company, Inc., a broker-dealer

Chairman and Chief Executive Officer (1997 February 2007)

Executive Vice President and Director (1990 1997)

Director and Vice President Investment Banking Division (1987 1990)

Other Professional Experience and Community Involvement

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

Member, World Presidents Organization

Member, Chief Executives Organization

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

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

JD, Georgetown University Law Center

BBA, University of Florida

Experience and Qualifications

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

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Incoming Directors

Kathleen Brown

Director as of June 15,
2016, age 70

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

Class II director with
term ending in 2018

Career Highlights

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

Goldman Sachs, Inc. (2001 – 2013):

Chairman, Midwest Investment Banking (2010 – 2013)

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

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

State of California, State Treasurer (1990 – 1994)

Other Professional Experience and Community Involvement

Forestar Group, Director (2007 – 2016)

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

CALPERS, Trustee and CALSTRS, Trustee (1990 – 1995)

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

Los Angeles Board of Education, Member (1975 – 1980)

J.D., Fordham University Law School

B.A., Stanford University

Experience and Qualifications

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

[Maura A. Markus](#)

Director as of June 15,
2016,

age 58

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

Class II director with
term

ending in 2018

Career Highlights

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

Citigroup (1987 – 2009)

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

President, Citibank N.A. (2000 – 2009)

European Sales and Marketing Director (1994 – 1997)

Other Professional Experience and Community Involvement

College of Mount St. Vincent in New York, Trustee

Catholic Charities San Francisco, Board Member

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

Financial Services Roundtable, Former Member

M.B.A., Harvard Business School

B.A., Boston College, summa cum laude

Experience and Qualifications

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

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Continuing Directors

Richard J. Himelfarb

Director since 2005, age
74

Vice Chairman and Senior Vice President of Stifel Financial Corp.

Class II director with
term ending in 2018

Career Highlights

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

Stifel, Nicolaus & Company, Incorporated

Executive Vice President and Director (December 2005 present)

Chairman of Investment Banking (July 2009 present)

Director of Investment Banking (December 2005 July 2009)

Legg Mason, Inc.

Director (November 1983 July 2005)

Executive Vice President (July 1995 November 2005)

Senior Vice President (November 1983 – July 1995)

Legg Mason Wood Walker, Inc.

Executive Vice President (July 1995 – November 2005)

Senior Vice President (November 1983 – July 1995)

Other Professional Experience and Community Involvement

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

Member, Board of Directors, Greater Baltimore Committee

Member, Board of Directors, Kennedy Krieger Institute

Member, Board of Directors, University of Maryland Baltimore Foundation

Member, Executive Committee, Yale Law School Association

Experience and Qualifications

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

Victor J. Nesi

Director Since 2009, age
56

Office of the President of Stifel Financial Corp.

Class II director with
term

Career Highlights

ending in 2018

Stifel Financial Corp.

Office of the President (June 2014 – present)

Senior Vice President (July 2009 – June 2014)

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

Merrill Lynch, a global investment firm

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

Head, Americas Investment Banking (2005 – 2007)

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

Other Professional Experience and Community Involvement

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

Practiced corporate and securities law for 4 years

Experience and Qualifications

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

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James M. Zemlyak

Director since 2004, age
57

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

Class II director with
term

Career Highlights

ending in 2018

Stifel Financial Corp.

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

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

Treasurer (1999 – 2011)

Stifel, Nicolaus & Company, Incorporated

Executive Vice President (2005 – present)

Chief Operating Officer (2002 – present)

Chief Financial Officer (1999 – 2006)

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

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

Experience and Qualifications

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

Michael J. Zimmerman

Director since 2013, age 65

Class II director with term

ending in 2018

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

Career Highlights

Continental Grain Company, a diversified international agribusiness and investment firm

Vice Chairman (2012 - present)

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

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

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

Other Professional Experience and Community Involvement

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

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

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

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

Chairman, Investment Committee, U.S. Holocaust Memorial Museum

Experience and Qualifications

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

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[Bruce A. Beda](#)

Director since 1997, age
75

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

Class I director with term
ending

Career Highlights

in 2017

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

Committee Service

Audit Committee
(Chairman)

Held various management positions at two Fortune 200 companies for 15 years, including Treasurer of Domestic Operations for Kimberly-Clark Corporation from (1975-1979), and was Chief Financial Officer of a public company

Compensation
Committee

Other Professional Experience and Community Involvement

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

Executive Committee

B.B.A, Accounting, University of Michigan

Risk
Management/Corporate
Governance Committee

Experience and Qualifications

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

Frederick O. Hanser

Director since 2003, age 74

Career Highlights

Class I director with term ending

in 2017

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

Committee Service

Chairman of the Audit Committee (2010 – present)

Compensation Committee

Director and Vice Chairman (2007 – present)

Risk Management/Corporate Governance Committee

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

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

Attorney, Fordyce and Mayne, a law firm

Attorney, Armstrong, Teasdale LLP, a law firm

Other Professional Experience and Community Involvement

One of three principal organizers and Member, Board of Directors, of Mississippi Valley Bancshares, Inc., a bank holding company for Southwest Bank of St. Louis (NASDAQ: MVBI) (Purchased by Southwest Bank of St. Louis in 1984)

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

B.A., Yale University

J.D., Washington University

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

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

Experience and Qualifications

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

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Director since 1997, age 57

Ronald J. Kruszewski

Class I director with term ending
in 2017

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

Career Highlights

Committee Service

Executive Committee
(Co-Chairman)

Stifel Financial Corp.

Chairman (2001 – present)

Chief Executive Officer (September 1997 – present)

President (September 1997 – June 2014)

Stifel, Nicolaus & Company, Incorporated

Chairman (2001 – present)

President (April 2011 – present)

Chief Executive Officer (September 1997 – present)

Other Professional Experience and Community Involvement

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

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

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

Chairman of Downtown Now!

Member, Board of Directors, St. Louis Regional Chamber

Member, Board of Directors, Barnes-Jewish Hospital

Member, Regional Business Council in St. Louis

Member, World Presidents Organization - St. Louis Chapter

Former Chairman, Downtown St. Louis Partnership, Inc.

Experience and Qualifications

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

Thomas P. Mulroy

Director since 2005, age 54

Office of the President of Stifel Financial Corp.

Class I director with term ending

in 2017

Career Highlights

Stifel Financial Corp.

Office of the President (June 2014 – present)

Senior Vice President (December 2005 – June 2014)

Stifel, Nicolaus & Company, Incorporated

Executive Vice President (December 2005 – present)

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

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

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

Other Professional Experience and Community Involvement

Chairman of the Board of Stifel Nicolaus Europe Limited

B.S. in finance, Ithaca College

M.B.A. in finance, American University

Experience and Qualifications

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

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Thomas W. Weisel

Director since 2010, age 75

Chairman of the Board of Directors of Stifel Financial Corp.

Class I director with term ending in 2017

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

Committee Service

Career Highlights

Executive Committee (Co-Chairman)

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

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

Other Professional Experience and Community Involvement

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

Chairman, USA Cycling Foundation Board (2000 – present)

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

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

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

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

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

Board Member, NASDAQ (2002 – 2006)

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

Experience and Qualifications

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

Kelvin R. Westbrook

Director since 2007, age 60

Class I director with term ending in 2017

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

Committee Service

Audit Committee

Career Highlights

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

present)

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

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

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

Partner of a national law firm

Other Professional Experience and Community Involvement

Chairman, Board of Directors, BJC HealthCare

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

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

J.D., Harvard Law School

B.A. University of Washington

Experience and Qualifications

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

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

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Compensation Matters

Item II An Advisory Vote To Approve Executive Compensation (Say on Pay)

In deciding how to vote on this proposal, you are encouraged to consider the description of the Committee's executive compensation philosophy and its decisions in the *Compensation Discussion and Analysis* section of this proxy statement, including the CD&A Roadmap on page 20, and the 2015 Summary Compensation Tables beginning on page 62.

Our Board recognizes the fundamental interest our shareholders have in executive compensation. Our say on pay vote gives our shareholders the opportunity to cast an advisory vote to approve the compensation of all of our named executive officers. We will include this advisory vote on an annual basis, at least until the next advisory vote on the frequency of our say on pay votes (no later than our 2017 Annual Meeting of shareholders).

2015 Say on Pay Vote

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

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the proxy statement for the Company's Annual Meeting of shareholders to be held on June 15, 2016, pursuant to Item 402 of Regulation S-K (the compensation disclosure rules of the SEC), which disclosure includes the Compensation Discussion and Analysis, the compensation tables, and other related information.

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

Executive Summary

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

executive officers or Executive Officers).

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

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Compensation Discussion & Analysis

Roadmap

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

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

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

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

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

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

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

metrics.

We retained an independent compensation consultant.

We measured our pay and performance against identified peers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our 2015 performance was strong.

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

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

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How Did We Perform?

We continue to grow and invest in our future.

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

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

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

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

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

Highlights of 2015 Performance

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

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

20th consecutive annual increase in net revenues.

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

Non-GAAP net income per diluted common share of \$2.26, our second-strongest annual performance.
See Use of Non-GAAP Measures at page 58.

Segment, Balance Sheet and Infrastructure Highlights

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

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Key Financial Metrics and Long-Term Performance

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

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

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

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Relative performance of SF Common Stock

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

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

| | |
|-----------------------------|----------------|
| Relative Performance | 10-Year |
|-----------------------------|----------------|