

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

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

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ 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)

Payment of Filing Fee (Check the appropriate box):

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STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

April 30, 2015

Fellow Shareholders:

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

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

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

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

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

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

Sincerely,

Ronald J. Kruszewski

*Chairman of the Board and Chief Executive
Officer*

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STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date and Time: Wednesday, June 10, 2015, at 11:00 a.m., Central Time

Place: Stifel Financial Corp. offices located at One Financial Plaza, 2nd Floor,
501 North Broadway, St. Louis, Missouri 63102

Items of Business:

- To elect six (6) Class II Directors, each as nominated by the Board of Directors;
- To approve, on an advisory basis, the compensation of our named executive officers (say on pay);
- To approve the Executive Incentive Performance Plan;
- To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015; and
- To consider and act upon other business as may properly come before the meeting and any adjournment or postponement thereof.

Record Date: You are entitled to vote only if you were a Company shareholder at the close of business on April 14, 2015.

Voting by Proxy: Your vote is very important. Whether or not you plan to attend the Annual Meeting, please vote your shares by proxy to ensure they are represented at the meeting. You may submit your proxy vote by telephone or Internet, as described in the Notice of Internet Availability of Proxy Materials and the following proxy statement, by no later than Tuesday, June 9, 2015. If you received a paper copy of the proxy card by mail, you may sign, date, and mail the proxy in the envelope provided. The envelope is addressed to our vote tabulator, Broadridge Financial Solutions, Inc., and no postage is required if mailed in the United States.

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

to be held on June 10, 2015

Our proxy statement and 2014 annual report are available at:

www.investorvote.com/sf

By Order of the Board of Directors,

David M. Minnick, Corporate Secretary
April 30, 2015

YOUR VOTE IS VERY IMPORTANT

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

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STIFEL FINANCIAL CORP.

One Financial Plaza

501 North Broadway

St. Louis, Missouri 63102-2102

(314) 342-2000

PROXY STATEMENT

FOR ANNUAL MEETING OF SHAREHOLDERS TO BE

HELD ON WEDNESDAY, JUNE 10, 2015

GENERAL

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

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

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

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

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

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

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

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

Table of Contents**EXECUTIVE SUMMARY**

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

Matters to be Voted on at our 2015 Annual Meeting

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

Key Company Statistics

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

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

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

2014 Performance Highlights

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

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

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

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

2014 Annual Compensation

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

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

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

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

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

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

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

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

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CORPORATE GOVERNANCE

Corporate Governance Principles

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

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

Director Independence

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Considering nominees for directors recommended by our shareholders; and

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

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

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

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

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

Corporate Governance and Code of Ethics

In accordance with the requirements of the NYSE and the Sarbanes-Oxley Act of 2002, we have adopted Corporate Governance Guidelines as well as charters for the Audit Committee, Compensation Committee, and Risk Management/Corporate Governance Committee. These guidelines and charters are available for review under the Corporate Governance section of our web site at www.stifel.com. 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 David Minnick, our Corporate Secretary, at (314) 342-2000 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, consisting of employees in risk management, accounting/payroll, legal, internal audit and human resources.

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

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

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

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

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

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ITEM I ELECTION OF DIRECTORS

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

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

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

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

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

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

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

Experience and Diversity

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

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

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

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Class II Director Nominees

Charles A. Dill, 75

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

Committees: Compensation Committee

Career Highlights

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

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

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

Other Professional Experience and Community Involvement

Venture capital and private equity investor

Board Member, Walker School of Business, Webster University

Board Member, John Allan Love Charitable Foundation

M.B.A. Harvard Business School

B.S. Yale University

Experience and Qualifications

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

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

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Richard J. Himelfarb, 73

Vice Chairman and Senior Vice President of Stifel Financial Corp.

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

Career Highlights

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

Stifel, Nicolaus & Company, Incorporated

Executive Vice President and Director (December 2005 present)

Chairman of Investment Banking (July 2009 present)

Director of Investment Banking (December 2005 July 2009)

Legg Mason, Inc.