STIFEL FINANCIAL CORP
Form 424B3
January 08, 2013
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787 Seventh Avenue

New York, New York 10019

January 7, 2013

Dear Stockholder of KBW, Inc.:

You are cordially invited to attend a Special Meeting of Stockholders of KBW, Inc. (which we refer to as the Special Meeting) which will be held on February 12, 2013, at 10:00 a.m., Eastern time. KBW, Inc. (which we refer to as KBW) has entered into a merger agreement with Stifel Financial Corp. (which we refer to as Stifel). If the merger and the other transactions contemplated by the merger agreement are approved and consummated, KBW will become a wholly-owned subsidiary of Stifel and will no longer be a publicly held corporation. The KBW board of directors, acting upon the unanimous recommendation of its committee of independent directors, has unanimously determined that the merger and the merger agreement are advisable, and are fair to, and in the best interests of, KBW and its stockholders and has approved the merger agreement and the merger. The merger requires the approval of holders of a majority of the outstanding shares of KBW common stock, par value $0.01 per share, and we are asking you to vote to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, at the Special Meeting.

Holders of KBW common stock as of the close of business on December 24, 2012 will be entitled to vote at the Special Meeting. Each share of KBW common stock is entitled to one vote for each matter to be voted on at the Special Meeting. The holders of shares entitled to cast a majority of the total votes of the outstanding shares of KBW common stock on December 24, 2012, present in person or represented by proxy at the Special Meeting and entitled to vote, will constitute a quorum at the Special Meeting.

On December 24, 2012, there were 34,557,980 shares of KBW common stock outstanding and entitled to vote at the Special Meeting held by approximately 83 stockholders of record. KBW does not have cumulative voting.

Upon completion of the merger, each share of KBW common stock will be converted into the right to receive a combination of (i) cash consideration of $8.00 ($10.00 less the per share extraordinary dividend amount (as set forth in the merger agreement and summarized in this proxy statement/prospectus) of $2.00) (which we refer to as the cash consideration) and (ii) stock consideration of a fraction of a share of Stifel common stock equal to the exchange ratio, as described below (which we refer to as the stock consideration). On November 29, 2012, the KBW board of directors declared an extraordinary dividend of $2.00 per share of KBW s common stock, payable to stockholders of record on December 10, 2012, which was paid on December 17, 2012. The exchange ratio will depend on the average of the volume weighted average trading prices of Stifel common stock on each of the ten trading days ending on the trading day immediately prior to the closing date of the merger. If the average of the daily volume weighted average trading prices of Stifel common stock during this valuation period is between $29.00 and $35.00, then current KBW stockholders will receive a number of shares of Stifel common stock equal to a fraction, the numerator of which equals $7.50 and the denominator of which is the average of the daily volume weighted average trading prices of Stifel common stock during this valuation period, rounding the result to the nearest 1/10,000, as the stock consideration for each share of KBW common stock. If the average of the daily volume weighted average trading prices of Stifel common stock during the valuation period is less than or equal to $29.00, then current KBW stockholders will receive 0.2586 shares of Stifel common stock as the stock consideration for each share of KBW common stock. If the average of the daily volume weighted average trading prices of Stifel common stock during the valuation period is greater than or equal to $35.00, then current KBW stockholders will receive 0.2143 shares of Stifel common stock as the stock consideration for each share of KBW common stock. Based on the number of shares of KBW common stock and Stifel common stock outstanding as of December 31, 2012, current KBW stockholders are expected to own approximately 13% of the outstanding common stock of Stifel (without giving effect to any shares of Stifel common stock held by KBW stockholders prior to the merger).

Stifel common stock is traded on the New York Stock Exchange, or the NYSE, under the symbol SF . On November 2, 2012, the last trading day before public announcement of the merger agreement, its closing stock price on the NYSE was $31.91. Based on the volume weighted average trading price of Stifel common stock on the NYSE for the last ten trading days until November 2, 2012, the stock consideration represented $7.36 in market value for each KBW share. On December 31, 2012, the closing price for Stifel s common stock on the NYSE was $31.97. Based on the volume weighted average trading price of Stifel common stock for the last ten trading days until December 31, 2012, the stock consideration represented approximately $7.56 in market value for each KBW share.

At the Special Meeting, the KBW stockholders will be asked to vote on the following proposals:

1. To adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger;

2. To approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger; and

3. To approve the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, at the time of the Special Meeting.

The KBW board of directors, acting upon the unanimous recommendation of its committee of independent directors, recommends that you vote FOR the proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, and recommends that you vote FOR the proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger and FOR the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies in favor of the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger.

Your vote is very important. Regardless of the number of shares you own or whether or not you plan to attend the Special Meeting, it is important that your shares be represented and voted. Voting instructions are inside.

The obligations of Stifel and KBW to complete the merger are subject to several conditions set forth in the merger agreement and summarized in this proxy statement/prospectus. Important information about Stifel, KBW, the Special Meeting, the merger agreement, and the merger is contained in or incorporated by reference into this proxy statement/prospectus. I urge you to read the entire document, including any documents incorporated by reference into this proxy statement/prospectus and its annexes, carefully and in their entirety. **In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 45 of this proxy statement/prospectus.**

KBW stockholders will have the right to demand appraisal of their shares of KBW common stock and obtain payment in cash for the fair value of their shares, but only if they perfect their appraisal rights and comply with the applicable provisions of Delaware law. A copy of the Delaware statutory provisions related to appraisal rights is attached as **Annex D** to this proxy statement/prospectus, and a summary of these provisions can be found under Proposal One: The Merger Appraisal Rights beginning on page 99.

I look forward to seeing you at the Special Meeting.

Sincerely,

Thomas B. Michaud	Andrew M. Senchak
Chief Executive Officer	Chairman of the Board

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined that this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

YOUR VOTE IS IMPORTANT.

PLEASE PROMPTLY SUBMIT YOUR PROXY BY TELEPHONE, INTERNET OR MAIL.

This proxy statement/prospectus is first being distributed to the stockholders of KBW on or about January 8, 2013.

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Sources of Additional Information

This proxy statement/prospectus incorporates important business and financial information about Stifel and KBW from documents that are not included in or delivered with this proxy statement/prospectus. Documents incorporated by reference are available from the applicable company without charge, excluding all exhibits unless the applicable company has specifically incorporated by reference an exhibit in this proxy statement/prospectus. You may obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the applicable company at the following addresses and telephone numbers:

Stifel Financial Corp.	KBW, Inc.
Attention: Investor Relations	Attention: Alan Oshiki
501 North Broadway	c/o King Worldwide Investor Relations
St. Louis, Missouri 63102	48 Wall Street, 32nd Floor
(314) 342-2000	New York, NY 10005
	(866) 529-2339

To receive timely delivery of documents in advance of the Special Meeting, please make your request no later than February 5, 2013.

If you have any questions about the Special Meeting or if you need additional copies of this proxy statement/prospectus, you should contact:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Banks & Brokers: (212) 269-5550

Toll Free: (800) 207-3158

Email: kbw@dfking.com

To receive timely delivery of additional copies of this proxy statement/prospectus in advance of the Special Meeting, please make your request no later than February 5, 2013.

Stifel common stock is traded on the New York Stock Exchange under the symbol SF, and KBW common stock is traded on the New York Stock Exchange under the symbol KBW.

For a more detailed description of the information incorporated by reference into this proxy statement/prospectus and how you may obtain it, see Where You Can Find More Information on page 146 of this proxy statement/prospectus.

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KBW, Inc.

787 Seventh Avenue

New York, New York 10019

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Date:	February 12, 2013
Time:	10:00 a.m., Eastern time.
Location:	1271 Avenue of the Americas (Time Life Building), Luce Room, New York, New York.
Purposes:	1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of November 5, 2012 (as it may be amended from time to time, the merger agreement), among Stifel, SFKBW One, Inc. (which we refer to as Merger Sub), a wholly-owned subsidiary of Stifel, SFKBW Two, LLC (which we refer to as Successor Sub), a Delaware limited liability company, which is wholly owned by and disregarded from Stifel for U.S. federal income tax purposes, and KBW, a copy of which is attached as **Annex A** to the proxy statement/prospectus accompanying this notice, and thereby to approve the transactions contemplated by the merger agreement, including the merger of Merger Sub with and into KBW (the merger);
	2. To consider and vote on a proposal to approve, by a non-binding, advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger; and
	3. To approve the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, at the time of the Special Meeting.
Adjournments and Postponements:	The proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, may be considered at the Special Meeting at the time and on the date specified above or at any time and date to which the Special Meeting may be properly adjourned or postponed.

Who Can Vote:	KBW stockholders at the close of business on December 24, 2012.
Who May Attend:	You are entitled to attend the Special Meeting only if you were a KBW stockholder as of the close of business on December 24, 2012 or hold a valid proxy for the Special Meeting. You should be prepared to present photo identification (a driver s license or passport is preferred) for admittance.

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In addition, if you are a stockholder of record, your name is subject to verification against the list of stockholders of record on the record date prior to being admitted to the meeting.

If you are not a stockholder of record but hold shares through a broker or nominee (i.e., in street name), you should be prepared to provide proof of beneficial ownership on the record date, such as your most recent account statement or similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the Special Meeting.

The Special Meeting will begin promptly at 10:00 a.m., Eastern time. Check in will begin at 9:30 a.m., Eastern time, and you should allow ample time for check-in procedures.

How You Can Vote:

Your vote is very important. Whether or not you plan to attend the Special Meeting, we encourage you to read this proxy statement/prospectus and submit your proxy or voting instructions for the Special Meeting as soon as possible.

You may submit your proxy or voting instructions for the Special Meeting by completing, signing, dating and returning the proxy card or voting instruction card in the pre-addressed envelope provided, or, in most cases, by using the telephone or the Internet. For specific instructions on how to vote your shares, please refer to the section entitled The Special Meeting beginning on page 57 of this proxy statement/prospectus and the instructions on the proxy card or voting instruction card.

Inspection of List of Stockholders of Record:

A list of the stockholders of record as of December 24, 2012 will be available for inspection during ordinary business hours at the office of KBW s General Counsel and Corporate Secretary, 787 Seventh Avenue, New York, New York 10019, from January 11, 2013 to February 12, 2013, as well as at the Special Meeting, for any purpose germane to the Special Meeting.

Additional Information:

Important information about Stifel, KBW, the Special Meeting, the merger and the other proposals for consideration at the Special Meeting is contained in this proxy statement/prospectus. I urge you to read the entire document, including any documents incorporated by reference into this proxy statement/prospectus and its annexes, carefully and in their entirety. In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 45.

By Order of the board of directors,

Mitchell B. Kleinman

General Counsel and Corporate Secretary

January 7, 2013

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING

The following are some questions that you, as a KBW stockholder, may have regarding the merger and the other matters being considered at KBW s Special Meeting of Stockholders, which is referred to as the Special Meeting, and the answers to those questions. You are urged to carefully read this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety because the information in this section does not provide all of the information that might be important to you with respect to the merger and the other matters being considered at the Special Meeting. Additional important information is contained in the annexes to, and the documents incorporated by reference into, this proxy statement/prospectus. In this proxy statement/prospectus, unless stated to the contrary or the context requires otherwise, the terms the Company, we, our, ours, and us refer to KBW and its subsidiaries.

Q: Why am I receiving this proxy statement/prospectus?

A: Stifel and KBW have agreed to a merger. Under the terms of the merger agreement that is described in this proxy statement/prospectus, KBW will become a wholly-owned subsidiary of Stifel through the merger and the second-step merger (described below) and will no longer be a publicly held corporation. See Proposal One: The Merger and The Merger Agreement. A copy of the merger agreement is attached to this proxy statement/prospectus as **Annex A**. This proxy statement/prospectus contains important information about Stifel, KBW, the Special Meeting, the merger agreement, and the merger. This document is being delivered to you as both a proxy statement of KBW and a prospectus of Stifel in connection with the merger. It is the proxy statement by which the KBW board of directors is soliciting proxies from you to vote on a proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, and the other matters to be voted on at the Special Meeting or at any adjournment or postponement of the Special Meeting. It is also the prospectus pursuant to which Stifel will issue Stifel common stock to you in the merger.

You are receiving this proxy statement/prospectus because you have been identified as a stockholder of KBW and may be entitled to vote at the upcoming Special Meeting. To complete the merger, the holders of a majority of the outstanding shares of KBW common stock must vote to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, and all other conditions to the merger must be satisfied or waived. You should read this proxy statement/prospectus carefully.

Q: What will happen in the proposed merger?

A: In the merger, Merger Sub, a wholly-owned subsidiary of Stifel, will merge with and into KBW. As a result, KBW will become a wholly-owned subsidiary of Stifel and will no longer be a publicly held corporation. Following the merger, KBW, as a wholly owned subsidiary of Stifel, will be merged with and into the Successor Sub, whereupon the Successor Sub will be the surviving limited liability company as a direct wholly-owned subsidiary of Stifel. Such transaction is referred to in this proxy statement/prospectus as the second-step merger. See Proposal One: The Merger Structure of the Merger.

Q: What will I be entitled to receive in the merger?

A: If the merger is completed, for each share of KBW common stock (other than shares for which appraisal rights have been properly exercised and perfected under the General Corporation Law of the State of Delaware and certain shares of KBW common stock subject to continuing restricted share awards, continuing RSU awards and other equity awards (each as defined below)) that you own, you will have the right to receive a combination of (i) cash consideration of $8.00 ($10.00 less the per share extraordinary dividend amount of $2.00) and (ii) stock consideration of a fraction of a share of Stifel common stock equal to the exchange ratio, as described below. The number of shares of Stifel common stock you receive will depend on the average of the volume weighted average trading prices of Stifel common stock on each of the ten trading days ending on the trading day immediately prior to the closing date of the merger:

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You will receive a number of shares of Stifel common stock equal to a fraction, the numerator of which equals $7.50 and the denominator of which is the average of the daily volume weighted average trading prices of Stifel common stock during this valuation period, rounding the result to the nearest 1/10,000, as the stock consideration for each share of KBW common stock if the average of such daily volume weighted average trading prices of Stifel common stock during this valuation period is between $29.00 and $35.00.

If the average of the daily volume weighted average trading prices of Stifel common stock during the valuation period is less than or equal to $29.00, you will receive 0.2586 shares of Stifel common stock as the stock consideration for each share of KBW common stock.

If the average of the daily volume weighted average trading prices of Stifel common stock during the valuation period is greater than or equal to $35.00, you will receive 0.2143 shares of Stifel common stock as the stock consideration for each share of KBW common stock.

The merger agreement defines a per share extraordinary dividend amount, which reduces the cash consideration by an equal amount up to $2.00, to be equal to (i) the aggregate amount of all dividends paid by KBW after the date of the merger agreement and before the closing date of the merger (other than quarterly dividends consistent with past practice that are paid on or prior to December 31, 2012) (ii) divided by the number of issued and outstanding KBW shares immediately prior to the closing date of the merger. The merger agreement provides that extraordinary dividends will not exceed $2.00. On November 29, 2012, the KBW board of directors declared an extraordinary dividend of $2.00 per share of KBW s common stock, payable to stockholders of record on December 10, 2012, which was paid on December 17, 2012.

Q: How will the merger affect KBW equity awards?

A: The equity awards will be affected as follows:

Restricted Stock and RSU Awards. At or immediately prior to the effective time of the merger, all outstanding awards of KBW restricted stock and awards of restricted stock units (which we refer to as RSUs), other than continuing awards, as discussed below, to the extent not currently vested, will fully vest and convert into the right to receive the merger consideration for each KBW share granted pursuant to, or subject to, such awards, subject to any applicable tax withholding.

Continuing Restricted Stock and RSU Awards. At or immediately prior to the effective time of the merger, all outstanding awards of KBW restricted stock that are subject to a letter agreement providing for a waiver of certain vesting rights (which we refer to as a continuing restricted share award) and all outstanding awards of KBW restricted stock units for which the holder has made a change in control override election (which we refer to as a continuing RSU award) will convert into the right to receive the number of shares of Stifel common stock equal to the product (rounded up to the nearest whole number in case of continuing restricted share awards) of (i) the number of shares of KBW common stock subject to such continuing restricted share award or continuing RSU award, respectively, immediately prior to the effective time of the merger and (ii) the equity exchange ratio, subject to any applicable tax withholding (as discussed under Summary Treatment of KBW Equity-Based Awards below).

Other Awards. At the effective time of the merger, each other right of any kind, contingent or accrued, to acquire or receive shares of KBW common stock or benefits measured by the value of such shares, and each other award of any kind consisting of shares of KBW common stock that may be held, awarded, outstanding, payable or reserved for issuance under any stock-based or other incentive compensation plan or arrangement of KBW other than any restricted stock awards or restricted stock unit awards of KBW (which we refer to as any other equity award), shall be deemed to be converted into the right to acquire or receive benefits measured by the value of the number of shares of Stifel common stock equal to the product of (i) the number of shares of KBW common stock subject to such other equity award and (ii) the equity exchange ratio, subject to any applicable tax withholding. Following the completion of the merger, each such other equity award shall continue to be governed by the same terms and conditions as were applicable under such award immediately prior to the merger.

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Performance Share Awards. The outstanding KBW performance share awards will be forfeited pursuant to waiver agreements with the performance share award holders.

Q: When do you expect the merger to be completed?

A: Stifel and KBW are working toward completing the merger as quickly as possible. The merger is expected to close during the first quarter of 2013, subject to receipt of KBW stockholder approval, governmental and regulatory approvals and other usual and customary closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

Q: Are there conditions to completing the merger?

A: Yes. Stifel and KBW s respective obligations to complete the merger are subject to the satisfaction or waiver of certain specified closing conditions. See Proposal One: The Merger Agreement Conditions to Complete the Merger.

Q: What happens if the merger is not completed?

A: If the merger agreement is not adopted and the transactions contemplated thereby, including the merger, are not approved by KBW stockholders or if the merger is not completed for any other reason, you will not receive any payment for your shares of KBW common stock in connection with the merger. Instead, KBW will remain an independent public company and its common stock will continue to be listed and traded on the NYSE. If the merger agreement is terminated under specified circumstances, KBW may be required to pay Stifel a termination fee of $17,255,000 as described under Proposal One: The Merger Agreement Expenses and Fees Termination Fees Payable by KBW beginning on page 119.

Q: Am I entitled to appraisal rights?

A: KBW stockholders will have the right to demand appraisal of their shares of KBW common stock and obtain payment in cash for the fair value of their shares, but only if they perfect their appraisal rights and comply with the applicable provisions of Delaware law. A copy of the Delaware statutory provisions related to appraisal rights is attached as **Annex D** to the this proxy statement/prospectus, and a summary of these provisions can be found under Proposal One: The Merger Appraisal Rights beginning on page 99. Due to the complexity of the procedures for exercising the right to seek appraisal, KBW stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with the applicable DGCL provisions will result in the loss of the right of appraisal.

Q: What are the tax consequences of the merger to me?

A: The merger, together with the second-step merger, is intended to qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code), and will so qualify provided that the value of the shares of Stifel common stock delivered to KBW stockholders in the merger, valued as of the closing date, is sufficient to meet certain requirements more fully discussed below in Material United States Federal Income Tax Consequences of the Merger beginning on page 132. If the value of the shares of Stifel common stock delivered to KBW stockholders in the merger is not sufficient to meet these requirements, the transaction will not qualify as a reorganization under Section 368(a).

It will not be known at the time of the special meeting whether the transaction will qualify as a reorganization under Section 368(a) of the Code and, therefore, the U.S. federal income tax treatment of the transactions contemplated by the merger agreement will not be known at such time.

If the transaction qualifies as a reorganization under Section 368(a) of the Code, U.S. holders of KBW common stock receiving both Stifel common stock and cash pursuant to the merger agreement will

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generally recognize gain, but not loss, equal to the lesser of (i) the amount of cash treated as received in exchange for KBW common stock in the merger and (ii) the excess of the amount realized in the transaction (*i.e.*, the fair market value of the Stifel common stock at the effective time of the merger plus the amount of cash treated as received in exchange for KBW common stock in the merger) over their tax basis in their surrendered KBW common stock. In certain circumstances, such gain could be taxable as a dividend rather than capital gain.

To review the tax consequences to stockholders in greater detail, see Material United States Federal Income Tax Consequences of the Merger beginning on page 132.

You are encouraged to consult your tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Q: Are there any risks related to the proposed transaction or any risks related to owning Stifel common stock?

A: Yes. You should carefully review the risk factors beginning on page 45.

Q: What stockholder approvals are required for the merger?

A: To adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, the holders of a majority of the outstanding shares of KBW common stock must vote FOR the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement. Only holders of record of KBW common stock at the close of business on December 24, 2012, referred to in this proxy statement/prospectus as the record date, are entitled to notice of and to vote at the Special Meeting. As of the record date, there were 34,557,980 shares of KBW common stock outstanding and entitled to vote at the Special Meeting. Failure to vote your shares, abstentions and broker non votes will have the same effect as voting AGAINST the proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger. See The Special Meeting Quorum; Vote Required; Abstentions; Voting of Proxies by Holders of Record; Shares Held in Street Name beginning on page 57.

Q: What stockholder approvals are required for the proposal to approve, by non-binding advisory vote, certain compensation arrangements?

A: The affirmative vote of a majority of the shares of KBW common stock represented (in person or by proxy) at the Special Meeting and entitled to vote on the proposal is required for such proposal to pass. For the proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger, any share of KBW common stock represented in person or by proxy at the Special Meeting but abstaining from voting will have the same effect as a vote cast AGAINST this proposal. Shares of KBW common stock not represented in person or by proxy at the Special Meeting and broker non-votes will have no effect on the vote count for the KBW proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger.

Q: What stockholder approvals are required for the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies in favor of the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger?

A: The affirmative vote of a majority of the shares of KBW common stock represented (in person or by proxy) at the Special Meeting and entitled to vote on the proposal is required for such proposal to pass. For the proposal to adjourn the Special Meeting, any share of KBW common stock represented in person or by

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proxy at the Special Meeting but abstaining from voting will have the same effect as a vote cast AGAINST this proposal. Shares of KBW common stock not represented in person or by proxy at the Special Meeting and broker non-votes will have no effect on the proposal to adjourn the Special Meeting. See The Special Meeting Quorum; Vote Required; Abstentions beginning on page 57.

Q: Why am I being asked to consider and vote on a proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger?

A: The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (which we refer to as the Dodd-Frank Act) and the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act) rules require us to seek a non-binding, advisory vote with respect to the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger, which is referred to as golden parachute compensation.

Q: What will happen if KBW s stockholders do not approve the golden parachute compensation?

A: Approval of the compensation that may be paid or become payable to KBW s named executive officers that is based on or otherwise relates to the merger is not a condition to completion of the merger. The vote is an advisory vote and will not be binding on KBW or the surviving corporation. Therefore, if the merger agreement is adopted by KBW s stockholders and the merger is completed, this compensation, including amounts that KBW is contractually obligated to pay, could still be payable regardless of the outcome of the advisory vote.

Q: What do I need to do now?

A: Please carefully review this proxy statement/prospectus and vote the proxy card or voting instruction card you receive as soon as possible. Your proxy card or voting instruction card must be received, or you must vote using the telephone or the Internet if available, no later than 11:59 p.m., Eastern time, on February 11, 2013 in order for your shares to be voted at the Special Meeting, unless you attend and vote at the Special Meeting.

Q: How does the KBW board of directors recommend I vote on the merger and adjournment proposals?

A: After careful consideration, the KBW board of directors, acting upon the unanimous recommendation of its committee of independent directors, has unanimously determined that the merger and the merger agreement are advisable, and are fair to, and in the best interests of, KBW and its stockholders and approved the merger agreement and the merger. Accordingly, the KBW board of directors recommends that you vote **FOR** the proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, **FOR** the proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger, and **FOR** the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies in favor of the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger. See Proposal One: The Merger KBW s Reasons for the Merger; Recommendation of the KBW Board of Directors beginning on page 68.

Q: Why is it important for me to vote?

A: KBW and Stifel cannot complete the merger without the approval of holders of a majority of the outstanding shares of KBW common stock. Therefore, any shares that are not voted will have the same effect as a vote AGAINST the merger.

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Q: Do I need to send in my KBW stock certificates now?

A: No. If the merger is consummated, instructions will be sent to holders of physical KBW stock certificates regarding the exchange of your KBW stock certificates for the merger consideration payable to you in the merger.

Q: When and where will the Special Meeting be held?

A: The Special Meeting will take place on February 12, 2013, at 1271 Avenue of the Americas (Time Life Building), Luce Room, New York, New York, commencing at 10:00 a.m., Eastern time.

Q: What matters will be voted on at the Special Meeting?

A: You will be asked to vote on the following proposals:

1. To adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger;

2. To approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger; and

3. To approve the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, at the time of the Special Meeting.

Q: What vote is needed for each proposal?

A: The following are the vote requirements for the various proposals:

Adoption of the Merger Agreement and Thereby the Approval of the Transactions Contemplated by the Merger Agreement, Including the Merger: You may vote FOR, AGAINST or ABSTAIN with respect to the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger. To adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, the holders of a majority of the outstanding shares of KBW common stock must vote FOR the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger. Failure to vote your shares, broker non-votes and abstentions will have the same effect as voting AGAINST the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger.

Approval, by a Non-Binding Advisory Vote, of Certain Compensation Arrangements. You may vote FOR, AGAINST or ABSTAIN with respect to the compensation proposal at the Special Meeting. The affirmative vote of a majority of the shares of KBW common stock represented (in person or by proxy) at the Special Meeting and entitled to vote on the proposal is required for such proposal to pass. For the proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger any share of KBW common stock represented in person or by proxy at the Special Meeting but abstaining from voting will have the same effect as a vote cast AGAINST this proposal. Shares of KBW common stock not represented in person or by proxy at the Special Meeting and broker non-votes will have no effect on the vote count for the KBW proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger.

Approval of the Adjournment of the Special Meeting. You may vote FOR, AGAINST or ABSTAIN with respect to the adjournment proposal at the Special Meeting. The affirmative vote of a majority of the shares of KBW common stock represented (in person or by proxy) at the Special

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Meeting and entitled to vote on the proposal is required for such proposal to pass. For the proposal to adjourn the Special Meeting, any share of KBW common stock represented in person or by proxy at the Special Meeting but abstaining from voting will have the same effect as a vote cast AGAINST this proposal. Shares of KBW common stock not represented in person or by proxy at the Special Meeting and broker non-votes will have no effect on the proposal to adjourn the Special Meeting.

Q: Who can vote at the Special Meeting?

A: KBW stockholders of record at the close of business on the record date are entitled to vote at the Special Meeting.

Q: What is the record date for the Special Meeting?

A: The record date for the Special Meeting is December 24, 2012.

Q: What constitutes a quorum for purposes of the Special Meeting?

A: The holders of shares entitled to cast a majority of the total votes of the outstanding shares of KBW common stock on December 24, 2012, the record date, present in person or represented by proxy at the Special Meeting and entitled to vote, will constitute a quorum for the transaction of business at the Special Meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business.

Q: How can I vote?

A: If you are a stockholder of record, you may submit a proxy for the Special Meeting by: (1) completing, signing, dating and returning the proxy card in the pre-addressed envelope provided; (2) using the telephone; or (3) using the Internet. For specific instructions on how to use the telephone or the Internet to submit a proxy for the Special Meeting, please refer to the instructions on your proxy card.

If you hold your shares of KBW common stock in a stock brokerage account or if your shares are held by a bank or nominee (i.e., in street name), you must provide the stockholder of record of your shares with instructions on how to vote your shares. Please check the voting instruction card used by your broker or nominee to see if you may use the telephone or the Internet to provide instructions on how to vote your shares.

If you are a stockholder of record, you may also vote in person at the Special Meeting. If you hold shares in a stock brokerage account or if your shares are held by a bank or nominee (i.e., in street name), you may not vote in person at the Special Meeting unless you obtain a signed proxy from the stockholder of record giving you the right to vote the shares (i.e. a legal proxy). You will also need to present photo identification and comply with the other procedures described in The Special Meeting Date, Time and Place; Attending the Special Meeting on page 57. Giving a proxy will not affect your right to vote your KBW shares if you attend the Special Meeting and want to vote in person.

If you need assistance voting your shares, please contact KBW s proxy solicitor, D.F. King at (800) 207-3158 or kbw@dfking.com.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Many KBW stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. There are some important distinctions between shares held of record and shares beneficially owned.

Stockholder of Record: If your shares are registered directly in your name with KBW s transfer agent, you are considered the stockholder of record with respect to those shares and this proxy statement/prospectus is

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being sent directly to you by KBW. As a stockholder of record, you have the right to grant your proxy directly to KBW or to vote in person at the Special Meeting. KBW has enclosed a proxy card for your use.

Beneficial Owner: If your shares are held in a brokerage account, bank account or by another nominee, you are considered the beneficial owner of shares held in street name, and this proxy statement/prospectus is being forwarded to you by your broker, bank or nominee together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote and are also invited to attend the Special Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Special Meeting unless you obtain a legal proxy from the broker, bank or nominee that holds your shares, giving you the right to vote the shares instead of the broker, bank or nominee holding your shares. Your broker, bank or nominee has enclosed voting instructions for your use in directing your broker, bank or nominee how to vote your shares.

Q: What do I do if I receive more than one proxy statement/prospectus or set of voting instructions?

A: If you hold shares directly as a stockholder of record and also in street name, or otherwise through a nominee, you may receive more than one proxy statement/prospectus and/or set of voting instructions relating to the meeting. These should each be voted and/or returned separately in order to ensure that all of your shares are voted.

Q: What happens if I don t indicate how to vote on my proxy card?

A: If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be counted voted as the KBW board of directors recommends, which is:

- **FOR** the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger;
- **FOR** the approval, by non-binding advisory vote, of certain compensation arrangements for KBW s named executive officers in connection with the merger; and
- **FOR** the approval of the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger.

Q: What happens if I do not vote?

A: If you do not sign and send in your proxy card, vote using the telephone or the Internet or vote at the Special Meeting, or submit voting instructions, as applicable, it will have the effect of a vote AGAINST the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger. Shares of KBW common stock not represented in person or by proxy at the Special Meeting will have no effect on the vote count for the KBW proposal to approve certain compensation arrangements or the proposal to adjourn the Special Meeting. See The Special Meeting Quorum; Vote Required; Abstentions; Voting of Proxies by Holders of Record; Shares Held in Street Name beginning on page 57.

Q: What happens if I abstain?

A: Abstentions are counted as present and entitled to vote for purposes of determining a quorum. For each of the proposals to be considered at the meeting, including the proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, the proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger and the adjournment proposal, abstentions have the same effect as a vote AGAINST such proposals.

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Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: *No.* If your shares are held in an account at a broker, you must instruct the broker on how to vote your shares. If you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is called a broker non vote. In these cases, the broker can register your shares as being present at the meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required. Under the current rules of the NYSE, we believe that brokers do not have discretionary authority to vote on the proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, or to vote on the proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger or the adjournment of the Special Meeting. Accordingly, a broker non-vote will have the same effect as a vote AGAINST adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger. Broker non-votes will have no effect on the proposal to approve, by non-binding advisory vote, certain compensation arrangements or the proposal to adjourn the Special Meeting.

Q: Can I change my vote after I have voted?

A: Yes. KBW stockholders of record may revoke their proxies at any time prior to the time their proxies are voted at the Special Meeting. Proxies may be revoked by written notice to the corporate secretary of KBW, by a later-dated proxy signed and returned by mail, or by attending the Special Meeting and voting in person. However, attending the Special Meeting without voting will not revoke your previously submitted proxy. KBW stockholders of record may also revoke proxies by a later-dated proxy using the telephone or the Internet voting procedures described on their proxy cards.

KBW stockholders whose shares are held in the name of a broker or nominee may change their votes by submitting new voting instructions to their brokers or nominees. Those KBW stockholders may not vote their shares in person at the Special Meeting unless they obtain a signed proxy from the stockholder of record giving them the right to vote their shares.

Q: Who will count the votes?

A: KBW has retained Broadridge Financial Solutions, Inc. to receive and tabulate the votes in connection with the Special Meeting. KBW has also retained through Broadridge Financial Solutions, Inc. an election inspector that will certify the results and perform any other acts required by the Delaware General Corporation Law.

Q: What do I do if I have questions?

A: If you have any questions about the Special Meeting or if you need additional copies of this proxy statement/prospectus, you should contact:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, NY 10005

Banks & Brokers: (212) 269-5550

Toll Free: (800) 207-3158

Email: kbw@dfking.com

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This proxy statement/prospectus incorporates important business and financial information about Stifel and KBW that is not included in, or delivered with, this proxy statement/prospectus. The applicable company will provide you with copies of the information relating to such company, without charge, upon written or oral request to:

Stifel Financial Corp.	KBW, Inc.
Attention: Investor Relations	Attention: Alan Oshiki
501 North Broadway	c/o King Worldwide Investor Relations
St. Louis, Missouri 63102	48 Wall Street, 32nd Floor
(314) 342-2000	New York, NY 10005
	(866) 529-2339

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. You are encouraged to read carefully this entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the Special Meeting. See Where You Can Find More Information on page 146. The merger agreement is attached as ***Annex A*** *to this proxy statement/prospectus and is incorporated herein by reference. You are encouraged to read it, as it is the most important legal document that governs the merger. Page references are included in parentheses to direct you to a more complete description contained elsewhere in this proxy statement/prospectus of the topics presented in this summary.* ***In addition, Stifel and KBW encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about Stifel and KBW that has been filed with the Securities and Exchange Commission, which is referred to as the SEC in this proxy statement/prospectus. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section titled Where You Can Find More Information beginning on page 146 of this proxy statement/prospectus.***

The Companies

Stifel Financial Corp.

501 North Broadway

St. Louis, Missouri 63102

(314) 342-2000

Stifel (NYSE: SF) is a financial services holding company headquartered in St. Louis. Stifel operates 339 offices in 45 states, the District of Columbia and in certain foreign countries. Its principal subsidiary is Stifel, Nicolaus & Company, Incorporated, a full-service retail and institutional brokerage and investment banking firm. Stifel, with operations in two business segments: Global Wealth Management and Institutional Group, provides securities brokerage, investment banking, trading, investment advisory, and related financial services, primarily, to individual investors, professional money managers, businesses, and municipalities. Stifel Bank & Trust, a Missouri retail and commercial bank, offers a full range of consumer and commercial lending solutions.

The Global Wealth Management segment consists of two businesses, the private client group and Stifel Bank. The private client group includes branch offices and independent contractor offices of Stifel s broker-dealer subsidiaries located throughout the United States, primarily in the Midwest and Mid-Atlantic regions with a growing presence in the Northeast, Southeast and Western United States. These branches provide securities brokerage services, including the sale of equities, mutual funds, fixed income products, and insurance, as well as offering banking products to their private clients through Stifel Bank, which provides residential, consumer, and commercial lending, as well as FDIC-insured deposit accounts to customers of Stifel s broker-dealer subsidiaries and to the general public.

The Institutional Group segment includes institutional sales and trading. It provides securities brokerage, trading, and research services to institutions with an emphasis on the sale of equity and fixed income products. This segment also includes the management of and participation in underwritings for both corporate and public finance (exclusive of sales credits, which are included in the Global Wealth Management segment), merger and acquisition, and financial advisory services.

Additional information about Stifel and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information beginning on page 146.

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KBW, Inc.

787 Seventh Avenue

New York, New York 10019

(212) 887-7777

KBW (NYSE: KBW) is a full service investment bank specializing in the financial services industry. KBW s principal activities are: (i) investment banking, including mergers and acquisitions, and other strategic advisory services, equity and fixed income securities offerings, and mutual thrift conversions, (ii) equity and fixed income sales and trading, and (iii) research that provides fundamental, objective analysis that identifies investment opportunities and helps our investor customers make better investment decisions.

Within KBW s full service business model, its focus includes bank and thrift holding companies, banks, thrifts, insurance companies, broker-dealers, mortgage banks, asset management companies, real estate investment trusts, consumer and specialty finance firms, financial processing companies and securities exchanges. As of January 3, 2013, KBW s research department covered an aggregate of 556 financial services companies, including 443 companies in the United States and Canada, and 113 in Europe.

Additional information about KBW and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information beginning on page 146.

SFKBW One, Inc.

SFKBW One, Inc., sometimes referred to in this proxy statement/prospectus as Merger Sub, is a newly-formed and wholly-owned subsidiary of Stifel. If Stifel and KBW complete the merger, Merger Sub will be merged with and into KBW, with KBW becoming a wholly-owned subsidiary of Stifel. Merger Sub was organized solely for use in the merger. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

SFKBW Two, LLC

SFKBW Two, LLC, sometimes referred to in this proxy statement/prospectus as Successor Sub, is a Delaware limited liability company that is wholly owned by and disregarded from Stifel for U.S. federal income tax purposes. As described above, following the merger, KBW, as a wholly-owned subsidiary of Stifel, will be merged with and into the Successor Sub, whereupon the Successor Sub will be the surviving limited liability company as a direct wholly-owned subsidiary of Stifel. Successor Sub was organized solely for use in the second-step merger. Successor Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

Recent Developments

On December 21, 2012, Stifel issued $150,000,000 aggregate principal amount of its 5.375% Senior Notes due December 2022 (Senior Notes). Interest on the Senior Notes accrues from December 21, 2012 and will be paid quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on April 15, 2013. The Senior Notes will mature on December 31, 2022. Stifel may redeem the Senior Notes in whole or in part on or after December 31, 2015 at its option at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest to the date of redemption. Proceeds from such notes issuance of $145 million, after discounts, commissions and expenses, will be used for general corporate purposes.

The Merger

(see page 104)

Stifel and KBW agreed to the acquisition of KBW by Stifel under the terms of the merger agreement that is described in this proxy statement/prospectus. Pursuant to the merger agreement, Merger Sub will merge with and into KBW, with KBW continuing as a wholly-owned subsidiary of Stifel. Following the merger, KBW, as a wholly-owned subsidiary of Stifel, will be merged with and into the Successor Sub, whereupon the Successor Sub will be the surviving limited liability company as a direct wholly-owned subsidiary of Stifel.

Stifel and KBW have attached the merger agreement as **Annex A** to this proxy statement/prospectus. Stifel and KBW encourage you to read carefully the merger agreement in its entirety because it is the legal document that governs the merger.

Effects of the Merger; Merger Consideration

(see page 104)

In the merger, each issued and outstanding share of KBW common stock (other than shares owned by KBW as treasury stock, shares of KBW common stock owned by Stifel, shares for which appraisal rights have been properly exercised and perfected under the General Corporation Law of the State of Delaware and certain shares of KBW common stock subject to continuing restricted share awards, continuing RSU awards and other equity awards, as described under Treatment of KBW Equity-Based Awards below) will be automatically converted into the right to receive a combination of (i) cash consideration of $8.00 ($10.00 less the per share extraordinary dividend amount of $2.00) and (ii) stock consideration of a fraction of a share of Stifel common stock equal to the exchange ratio, as described below.

The merger agreement defines a per share extraordinary dividend amount, which reduces the cash consideration by an equal amount up to $2.00, to be equal to (i) the aggregate amount of all dividends paid by KBW after the date of the merger agreement and before the closing date of the merger (other than quarterly dividends consistent with past practice that are paid on or prior to December 31, 2012) (ii) divided by the number of issued and outstanding KBW shares immediately prior to the closing date of the merger. The merger agreement provides that extraordinary dividends will not exceed $2.00. On November 29, 2012, the KBW board of directors declared an extraordinary dividend of $2.00 per share of KBW s common stock, payable to stockholders of record on December 10, 2012, which was paid on December 17, 2012.

The number of shares of Stifel common stock KBW stockholders (other than those holders described above) receive will depend on the average of the volume weighted average trading prices of Stifel common stock on each of the ten trading days ending on the trading day immediately prior to the closing date of the merger. If the average of the daily volume weighted average trading prices of Stifel common stock during this valuation period is between $29.00 and $35.00, then current KBW stockholders will receive a number of shares of Stifel common stock equal to a fraction, the numerator of which equals $7.50 and the denominator of which is the average of the daily volume weighted average trading prices of Stifel common stock during this valuation period, rounding the result to the nearest 1/10,000, as the stock consideration for each share of KBW common stock. If the average of the daily volume weighted average trading prices of Stifel common stock during the valuation period is less than or equal to $29.00, then current KBW stockholders will receive 0.2586 shares of Stifel common stock as the stock consideration for each share of KBW common stock. If the average of the daily volume weighted average trading prices of Stifel common stock during the valuation period is greater than or equal to $35.00, then current KBW stockholders will receive 0.2143 shares of Stifel common stock as the stock consideration for each share of KBW common stock.

Holders of KBW common stock will receive cash in lieu of any fractional shares of Stifel common stock they otherwise would have received in the merger. Each KBW stockholder who would otherwise have been entitled to receive a fraction of a share of Stifel common stock will receive an amount in cash (without interest and subject to

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withholding taxes) equal to the product obtained by multiplying (1) the fractional share interest to which such holder (after taking into account all fractional share interests then held by such holder) would otherwise be entitled (rounded to the nearest one-hundredth of a share) by (2) the average of the daily volume weighted average trading prices of Stifel common stock on each of the ten trading days prior to the closing date of the merger.

The $8.00 in cash ($10.00 less the per share extraordinary dividend amount of $2.00) and the number of shares of Stifel common stock to be received by holders of KBW common stock in the merger are referred to collectively as the merger consideration .

The merger agreement provides that the exchange ratio will be appropriately adjusted to reflect the effect of any stock split, reverse stock split, stock dividend, reclassification or other similar change with respect to Stifel common stock or KBW common stock, or securities convertible or exchangeable into or exercisable into Stifel common stock or KBW common stock, with a record date occurring on or after the date of the merger agreement and prior to the effective time of the merger.

The exchange ratio will be determined shortly before completion of the merger. On December 31, 2012, the latest practicable date before the date of this proxy statement/prospectus, Stifel common stock closed on the New York Stock Exchange (the NYSE), at $31.97. The average of the daily volume weighted average trading price per share of Stifel common stock on the last ten trading days before December 31, 2012, was $31.6984. If this were the volume weighted average trading price per share of Stifel common stock used to calculate the exchange ratio, the exchange ratio would be 0.2366, which would result in total consideration of $15.56. The actual exchange ratio and, accordingly, the actual number of shares of Stifel common stock issued in respect of each share of KBW common stock in the merger, may differ from this example and will not be known at the Special Meeting because the valuation period will not be complete until after the Special Meeting.

For a full description of the merger consideration, see Proposal One: The Merger Agreement Merger Consideration beginning on page 104 of this proxy statement/prospectus.

Treatment of KBW Equity-Based Awards

(see page 106)

Restricted Stock and RSU Awards. At or immediately prior to the effective time of the merger, all outstanding awards of KBW restricted stock and awards of restricted stock units, other than continuing awards, as discussed below, to the extent not currently vested, will fully vest and convert into the right to receive the merger consideration for each KBW share granted pursuant to, or subject to, such awards, subject to any applicable tax withholding.

Continuing Restricted Stock and RSU Awards. At or immediately prior to the effective time of the merger, all outstanding continuing restricted share awards and all outstanding continuing RSU awards will convert into the right to receive the number of shares of Stifel common stock equal to the product (rounded up to the nearest whole number in case of continuing restricted share awards) of (i) the number of shares of KBW common stock subject to such continuing restricted share award or continuing RSU award immediately prior to the effective time of the merger and (ii) the equity exchange ratio, subject to any applicable tax withholding (as described below).

Other Awards. At the effective time of the merger, each other equity award shall be deemed to be converted into the right to acquire or receive benefits measured by the value of the number of shares of Stifel common stock equal to the product of (i) the number of shares of KBW common stock subject to such other equity award and (ii) the equity exchange ratio, subject to any applicable tax withholding. Following the completion of the merger, each such other equity award shall continue to be governed by the same terms and conditions as were applicable under such award immediately prior to the merger.

The equity exchange ratio will depend on the average of the volume weighted average trading prices of Stifel common stock on each of the ten trading days ending on the trading day immediately prior to the closing date of the merger. The equity exchange ratio is a fraction, the numerator of which equals $15.50 ($17.50 less the per share extraordinary dividend amount of $2.00) (as discussed above) and the denominator of which equals (i) $29.00, if the average of such daily volume weighted average trading prices of Stifel common stock during the valuation period is less than or equal to $29.00, (ii) the average of such daily volume weighted average trading prices of Stifel common stock during the valuation period, if such average is greater than $29.00 and less than $35.00 and (iii) $35.00, if the average of such daily volume weighted average trading prices of Stifel common stock during the valuation period is greater than or equal to $35.00, in each case rounding the result to the nearest 1/10,000.

Performance Shares. The outstanding KBW performance share awards will be forfeited pursuant to waiver agreements with the performance share award holders.

Risk Factors

(see page 45)

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, you should carefully consider the factors discussed under the caption entitled Risk Factors beginning on page 45 in deciding whether to vote in favor of the proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger.

This proxy statement/prospectus (including the documents incorporated by reference into this proxy statement/prospectus) contains forward-looking statements that involve risks, uncertainties and assumptions, such as statements of Stifel s, KBW s and the combined company s plans, objectives, expectations and intentions. When used in this proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus, the words as may , might , should , expects , anticipates , believes , estimates , intends , plans , seek would , projects , predicts , continues and similar expressions or the negatives of these terms and other comparable terminology are intended to identify certain of these forward-looking statements. Because these forward-looking statements involve risks, uncertainties and assumptions, including those discussed under the caption entitled Risk Factors , the actual results of Stifel, KBW and the combined company could differ materially from those expressed or implied by the forward-looking statements in this proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus.

The Special Meeting; KBW Stockholders Entitled to Vote; Required Vote

(see page 57)

The Special Meeting of KBW stockholders will be held on February 12, 2013 at 10:00 a.m., Eastern time, at 1271 Avenue of the Americas (Time Life Building), Luce Room, New York, New York. At the Special Meeting, KBW stockholders will be asked to:

1. consider and vote on a proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger;

2. approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger; and

3. approve the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, at the time of the Special Meeting.

The close of business on December 24, 2012 was the record date for the Special Meeting. Only KBW stockholders on the record date are entitled to notice of and to vote at the Special Meeting. Each share of KBW common stock will be entitled to one vote on each matter to be acted upon at the Special Meeting. On the record date, there were 34,557,980 shares of KBW common stock outstanding and entitled to vote at the Special Meeting.

The approval of holders of a majority of the outstanding shares of KBW common stock is required to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger. Approval of the affirmative vote of a majority of the shares of KBW common stock represented (in person or by proxy) at the Special Meeting and entitled to vote on such proposal is required for the proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger; and for the proposal to approve the adjournment of the Special Meeting.

Recommendation of the KBW Board of Directors and KBW s Reasons for the Merger

(See page 68)

Acting upon the unanimous recommendation of its committee of independent directors, and after careful consideration of the numerous factors described in the section entitled Proposal One: The Merger KBW s Reasons for the Merger; Recommendation of the KBW Board of Directors beginning on page 68 of this proxy statement/prospectus, the KBW board of directors has unanimously determined that the merger and the merger agreement are advisable, and are fair to, and in the best interests of, KBW and its stockholders. Accordingly, the KBW board of directors recommends that you vote **FOR** the proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger.

In addition, the KBW board of directors recommends that you vote **FOR** the proposal to approve, by non-binding advisory vote, certain compensation arrangements for KBW s named executive officers in connection with the merger.

Finally, the KBW board of directors recommends that you vote **FOR** the adjournment of the Special Meeting, if necessary, for any purpose, including to solicit additional proxies in favor of the adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger.

Opinions of KBW s Financial Advisors

(See page 71)

In connection with the transaction, each of KBW s financial advisors, Merrill Lynch, Pierce, Fenner & Smith Incorporated (which we refer to as BofA Merrill Lynch) and Keefe, Bruyette & Woods, Inc. (which we refer to as Keefe, Bruyette & Woods), delivered a written opinion, dated November 4, 2012, to KBW s board of directors as to the fairness, from a financial point of view and as of such date, of the merger consideration to be received pursuant to the merger agreement by holders of KBW common stock. For purposes of the opinions of KBW s financial advisors and the descriptions of such opinions in this proxy statement/prospectus, the cash portion of the merger consideration was inclusive of the extraordinary dividend amount permitted to be paid as of the date of such opinions, which dividend amount subsequently was paid on December 17, 2012. The full text of BofA Merrill Lynch s written opinion and Keefe, Bruyette & Woods s written opinion, each dated November 4, 2012, to KBW s board of directors, which describe, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, are attached to this proxy statement/prospectus as **Annex B** and **Annex C**, respectively. **BofA Merrill Lynch and Keefe, Bruyette & Woods delivered their respective opinions to KBW s board of directors for the benefit and use of KBW s board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the merger consideration from a financial point of view. Neither BofA Merrill Lynch s opinion nor Keefe, Bruyette & Woods s opinion addressed any other aspect of the transaction and no opinion or view was expressed as to**

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the relative merits of the transaction in comparison to other strategies or transactions that might be available to KBW or in which KBW might engage or as to the underlying business decision of KBW to proceed with or effect the transaction. Neither BofA Merrill Lynch nor Keefe, Bruyette & Woods expressed an opinion or recommendation as to how any stockholder should vote or act in connection with the transaction or any related matter.

No Stifel Stockholder Approval

(See page 97)

Stifel stockholders are not required to adopt the merger agreement or approve the merger or the issuance of shares of Stifel common stock as part of the merger consideration.

Interests of Certain Persons in the Merger

(See page 89)

When considering the recommendation by the KBW board of directors to vote FOR the proposal to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger, you should be aware that directors and executive officers of KBW have interests in the merger, including financial interests, that may be different from, or in addition to, your interests. Stifel currently anticipates that the senior management of KBW, including several of its executive officers, will be executive officers and/or key employees of Stifel following the merger. Mr. Thomas B. Michaud, Chief Executive Officer, President and Vice Chairman of KBW, Mr. John G. Duffy, Vice Chairman of KBW, and Mr. Andrew M. Senchak, Chairman of KBW, have each entered into an employment agreement or offer letter with Stifel that is conditioned on completion of the merger and provides certain retention and/or severance benefits as discussed below. Messrs. Michaud, Duffy and Senchak have agreed to waive all rights under their existing employment agreements with KBW, waive the change in control vesting provisions of their outstanding restricted share awards and forfeit their outstanding performance share and cash incentive awards. Directors, officers or employees of KBW who hold restricted stock awards or vested restricted stock units pursuant to existing plans may receive certain benefits upon the merger, including accelerated vesting of those restricted stock awards or delivery of those restricted stock units, as well as other retention or special awards in connection with the merger. Additionally, some officers and employees of KBW may, pursuant to employment or change of control agreements with KBW, be entitled to the payment of severance obligations upon certain qualifying terminations of employment that may occur in connection with or following the merger. KBW directors and officers will also receive indemnification from Stifel, and Stifel has agreed to provide and pay for liability insurance benefits for members of the KBW board of directors and KBW officers. The committee of independent directors of the KBW board of directors was aware of these interests and considered them in its recommendation to approve the merger agreement and the merger. The KBW board of directors was aware of these interests and considered them in approving the merger agreement and the merger.

Security Ownership by Directors and Executive Officers of KBW

(See page 142)

As of the record date for the Special Meeting, the directors and executive officers of KBW and their affiliates, as a group, beneficially owned and were entitled to vote approximately 3.11% of the outstanding shares of KBW common stock entitled to vote at the Special Meeting. The approval of the holders of a majority of the outstanding shares of KBW common stock is required to adopt the merger agreement and thereby to approve the transactions contemplated by the merger agreement, including the merger.

Ownership of Stifel Following the Merger

(See page 97)

If the merger is completed, holders of KBW common stock collectively will receive up to approximately 8.3 million shares of Stifel common stock in the merger.

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Based on the number of shares of Stifel common stock and KBW common stock outstanding as of December 31, 2012, current KBW stockholders are expected to own up to approximately 13% of the outstanding common stock of Stifel following the merger (without giving effect to any shares of Stifel common stock held by KBW stockholders prior to the merger).

Listing of Stifel Common Stock and Delisting and Deregistration of KBW Common Stock

(See page 103)

Application will be made to have the shares of Stifel common stock issued in the merger approved for listing on the NYSE. If the merger is completed, KBW common stock will no longer be listed on the NYSE and will be deregistered under the Exchange Act, and KBW will no longer file periodic reports with the SEC.

Regulatory Approvals

(See page 99)

Stifel and KBW have both agreed to use their reasonable best efforts to apply for and obtain all regulatory approvals necessary or advisable in connection with the transactions contemplated by the merger agreement. They have made applications for regulatory approvals from the Financial Industry Regulatory Authority and the United Kingdom Financial Services Authority, among others.

The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, prohibits Stifel and KBW from completing the merger until Stifel and KBW have furnished certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and the required waiting period has expired or been terminated. Stifel and KBW each filed the required notification and report forms on November 15, 2012. On November 23, 2012, the Federal Trade Commission granted early termination of the waiting period under the HSR Act.

Appraisal Rights

(See page 99)

KBW stockholders will have the right to demand appraisal of their shares of KBW common stock and obtain payment in cash for the fair value of their shares, but only if they perfect their appraisal rights and comply with the applicable provisions of Delaware law. A copy of the Delaware statutory provisions related to appraisal rights is attached as **Annex D** to the this proxy statement/prospectus, and a summary of these provisions can be found under Proposal One: The Merger Appraisal Rights beginning on page 99. Due to the complexity of the procedures for exercising the right to seek appraisal, KBW stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with the applicable DGCL provisions will result in the loss of the right of appraisal.

Conditions to Complete The Merger

(See page 116)

Each of Stifel s, Merger Sub s and KBW s obligation to effect the merger is subject to the satisfaction (or, to the extent permissible, waiver) of a number of conditions, including:

- adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger, by KBW s stockholders in accordance with applicable law;

- the absence of any applicable law that prohibits the merger, makes the merger illegal or enjoins the consummation of the merger;

authorizations, consents, orders, declarations or approvals of, or filings with, or terminations or expirations of waiting periods imposed by, various governmental authorities to the extent required by applicable law;

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- listing on the NYSE of the shares of Stifel common stock issuable to KBW stockholders in the merger and effectiveness of the registration statement of which this proxy statement/prospectus forms a part;

- the accuracy of representations and warranties of KBW or Stifel, as applicable, contained in the merger agreement, subject to certain exceptions, without regard to any materiality qualification, except to the extent that the failure of any such representation and warranty, individually or in the aggregate does not have, and would not reasonably be likely to have, a material adverse effect on KBW or Stifel, as applicable; and

- subsequent to the date of the merger agreement, there not having occurred any event, occurrence, revelation or development of a state of circumstances or facts that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on KBW or Stifel, as applicable.

Expected Timing of the Merger

(See page 3)

Stifel and KBW are working toward completing the merger as quickly as possible. The merger is expected to close during the first quarter of 2013, subject to receipt of KBW stockholder approval, governmental and regulatory approvals and the satisfaction of other usual and customary closing conditions. However, no assurance can be given as to when, or if, the merger will occur.

Termination

(See page 117)

Stifel and KBW may mutually agree to terminate the merger agreement before completing the merger, even after KBW stockholder approval. In addition, either of Stifel or KBW may terminate the merger agreement under certain circumstances, including:

- the merger has not been completed by March 31, 2013, which is referred to as the termination date (except that this right is not available to any party whose breach of the merger agreement resulted in failure of the merger to be completed);

- there is any applicable law that (A) makes consummation of the merger illegal or otherwise prohibited or (B) enjoins KBW or Stifel from consummating the merger and such law has become final and nonappealable; or

- at the KBW stockholder meeting (including any adjournment or postponement thereof), adoption of the merger agreement and thereby the approval of the transactions contemplated by the merger agreement, including the merger, by the KBW stockholders is not obtained.

Stifel may also terminate the merger agreement if:

- the board of directors of KBW has changed or withdrawn its recommendation or the board of directors fails to publicly confirm the recommendation of the board of directors of KBW to proceed with the merger within five business days of a written request by Stifel made before adoption of the merger agreement by KBW s stockholders that it do so;

- KBW breaches its representations and warranties, covenants or agreements under the merger agreement such that the applicable closing conditions will not have been satisfied (and such condition is incapable of being satisfied prior to the termination date); or all of the conditions to the closing of the merger (other than conditions that by their nature are to be satisfied at closing, provided that any such conditions are capable of satisfaction as of the date on which the closing otherwise would have occurred) have been satisfied or waived and KBW has failed to consummate the closing of the merger within the required time period.

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KBW may terminate the merger agreement if:

- the board of directors of KBW authorizes KBW, subject to complying with the terms of the merger agreement, to enter into a written agreement concerning a superior proposal, as defined in the merger agreement, but only if KBW pays any amounts due as described under Proposal One: The Merger Agreement Expenses and Fees Termination Fees Payable by KBW and prior to any such termination:
  - KBW notifies Stifel in writing of its intention to terminate the merger agreement and to enter into a binding written agreement concerning an acquisition proposal that constitutes a superior proposal, attaching the most current version of such agreement (or a description of all material terms and conditions thereof), and
  - Stifel does not make, within four days of receipt of such written notification (subject to certain extensions), an offer that is at least as favorable to the stockholders of KBW as such superior proposal;
- Stifel or Merger Sub breaches its representations and warranties, covenants or agreements such that certain closing conditions will not have been satisfied (and such conditions are incapable of being satisfied prior to the termination date); or
- All of the conditions to the closing of the merger (other than conditions that by their nature are to be satisfied at closing, provided that any such conditions are capable of satisfaction as of the date on which the closing otherwise would have occurred) have been satisfied or waived and Stifel has failed to consummate the closing of the merger within the required time period.

Termination Fees

(See page 119)

Termination Fees Payable by KBW

Under the terms of the merger agreement, KBW would be obligated to pay Stifel a $17,255,000 cash termination fee if:

- the board of directors of KBW authorizes KBW, subject to complying with the terms of the merger agreement, to enter into a written agreement concerning a superior proposal;
- an adverse recommendation change occurs or the board of directors of KBW fails to publicly confirm the recommendation by the board of directors of KBW to proceed with the merger within five business days of a written request by Stifel that it do so, provided that if such adverse recommendation change or the failure by the board of directors of KBW to publicly confirm such recommendation was, in whole or in part, the result of the occurrence of a material adverse effect on Stifel, both (A) after the date of the merger agreement and prior to the Special Meeting, or the date of termination, as the case may be, an acquisition proposal must have been made, and (B) within 12 months following the date of such termination: (1) KBW merges with or into, or is acquired by, the person making such acquisition proposal; (2) such person acquires more than 50% of the total assets of KBW and its subsidiaries, taken as a whole; or (3) such person acquires more than 50% of the outstanding shares of capital stock of KBW (or in the case of (1) through (3) above, if KBW has entered into any contract or agreement providing for such action, in which case such cash termination fee shall be paid on the later date on which such action is completed); or
- the merger is not completed before the termination date (if stockholder approval is not obtained at the KBW stockholder meeting (including any adjournment)) but only if, both (A) prior to KBW stockholder meeting, or the date of termination, as the case may be,

an acquisition proposal has been made, and (B) within 12 months following the date of such termination: (1) KBW merges with or into, or is acquired by, the person making such acquisition proposal; (2) such person acquires more than 50% of the total assets of KBW and its subsidiaries, taken as a whole; or (3) such person acquires more than 50% of the outstanding shares of capital stock of KBW (or in the case of (1) through (3) above, if KBW has entered into any contract or agreement providing for such action, in which case such cash termination fee shall be paid on the later date on which such action is completed).

Material United States Federal Income Tax Consequences of the Merger

(See page 132)

The merger, together with the second-step merger, is intended to qualify as a reorganization under Section 368(a) of the Code, and will so qualify provided that the value of the shares of Stifel common stock delivered to KBW stockholders in the merger, valued as of the closing date, is sufficient to meet certain requirements more fully discussed below in Material United States Federal Income Tax Consequences of the Merger beginning on page 132. If the value of the shares of Stifel common stock delivered to KBW stockholders in the merger is not sufficient to meet these requirements, the transaction will not qualify as a reorganization under Section 368(a) of the Code.

It will not be known at the time of the special meeting whether the transaction will qualify as a reorganization under Section 368(a) of the Code and, therefore, the U.S. federal income tax treatment of the transactions contemplated by the merger agreement will not be known at such time.

If the transaction qualifies as a reorganization under Section 368(a) of the Code, U.S. holders of KBW common stock receiving both Stifel common stock and cash pursuant to the merger agreement will generally recognize gain, but not loss, equal to the lesser of (i) the amount of cash treated as received in exchange for KBW common stock in the merger and (ii) the excess of the amount realized in the transaction (*i.e.*, the fair market value of the Stifel common stock at the effective time of the merger plus the amount of cash treated as received in exchange for KBW common stock in the merger) over their tax basis in their surrendered KBW common stock. In certain circumstances, such gain could be taxable as a dividend rather than capital gain.

To review the tax consequences to stockholders in greater detail, see Material United States Federal Income Tax Consequences of the Merger beginning on page 132.

You are encouraged to consult your tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

The U.S. federal income tax consequences described above may not apply to all holders of KBW common stock. Your tax consequences will depend on your individual situation. Accordingly, you are urged to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Accounting Treatment

(See page 98)

In accordance with accounting principles generally accepted in the United States, Stifel will account for the merger using the acquisition method of accounting for business combinations.

Comparison of Rights of KBW Stockholders and Stifel Stockholders

(See page 121)

KBW s certificate of incorporation and by-laws and Delaware corporate law govern the rights of KBW stockholders. Stifel s certificate of incorporation and by-laws and Delaware corporate law will govern your rights as a stockholder of Stifel following the merger. Your rights under Stifel s certificate of incorporation and by-laws will differ in some respects from your rights under KBW s certificate of incorporation and by-laws.

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STIFEL FINANCIAL CORP. SELECTED HISTORICAL FINANCIAL INFORMATION

The following Stifel selected consolidated financial data (presented in thousands, except per share amounts) is provided to aid your analysis of the financial aspects of the merger. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Stifel or the combined company. When you read this historical consolidated financial data, it is important that you also read Stifel s historical consolidated financial statements and related notes, as well as the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations , each included in Stifel s Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information on page 146.