

**For Immediate Release**

**Stifel Financial Corp.  
Reports Unaudited Second Quarter and Six-Month Results  
Record Six-Month Revenues**

**St. Louis, Missouri, July 23, 2002** - Stifel Financial Corp. (NYSE: "SF") today reported unaudited quarterly net income of \$2.0 million, or \$0.25 per diluted share on net revenues of \$49.5 million for the quarter ended June 30, 2002, compared to net income of \$794,000, or \$0.10 per diluted share, on net revenues of \$44.2 million for the comparable quarter of 2001. The prior year comparable quarter was adversely impacted by \$0.08 per share due to legal related expenses incurred primarily in connection with historical litigation arising out of the Company's former Oklahoma operations. Excluding the prior year charge, earnings per diluted share increased 39%.

For the six months ended June 30, 2002, net income was \$3.7 million or \$0.46 per diluted share, compared with \$2.4 million or \$0.30 per diluted share for the same period one year earlier, an increase in net income of 58%. Excluding the prior year charge, diluted earnings per share increased 21%. Net revenues for the first six months of 2002 were a record \$97.4 million, compared with \$89.1 million the previous year, an increase of 9%. At June 30, 2002, the Company's equity was \$82.4 million, resulting in book value per share of \$11.67.

Chairman and Chief Executive Officer, Ronald J. Kruszewski, commented, "Despite extremely difficult market conditions, especially during the second quarter, we are pleased with both our six-month and second quarter results. For the six months ending June 30, 2002, the Company posted record revenues while also recording its third highest first six-month net income. Our performance is indicative of the Company's balanced growth strategy. In particular, our Equity Capital Markets Group recorded outstanding results. Looking ahead, we will continue to communicate with our clients and serve their needs. We remain cautious about our near term outlook, due primarily to the uncertain financial markets and their potential to derail the economic recovery."

## **Second Quarter Discussion**

Net revenues for the quarter increased 12% to \$49.5 million from \$44.2 million in the prior year second quarter and increased 4% from the first quarter of 2002. Reflecting the difficult market conditions, which reduced Private Client activity, commission and principal transaction revenues decreased 1% to \$26.9 million from \$27.3 million in the same period last year and decreased 4% from the first quarter of 2002. Offsetting the decline in commissions and principal transactions, investment banking revenues increased 79% to \$13.7 million in the second quarter of 2002 from \$7.7 million in the prior year second quarter and increased 27% from the first quarter of 2002. Other income of \$6.8 million increased 4% from the second quarter of 2001 and increased 4% from the preceding first quarter of 2002. Net interest declined 22% to \$2.0 million from \$2.6 million in the prior year second quarter and decreased 15% from the first quarter of 2002.

Total non-interest expenses in the 2002 second quarter were \$46.1 million, up 7% from \$42.9 million in the same period of 2001, and up 3% from the first quarter of 2002. Employee compensation and benefits increased 12% to \$33.1 million from \$29.4 million in the prior year second quarter and were unchanged from the first quarter of 2002. As a percentage of net revenues, compensation totaled 66.7% in the second quarter of 2002, 66.5% in the 2001 comparable quarter, and 69.3% in the first quarter of 2002. A significant portion of the increase in compensation and benefits is due to transition amounts paid in connection with the Company's expansion efforts. Excluding these expenses, compensation as a percentage of net revenues totaled 62.4% in the second quarter of 2002, 60.9% in the 2001 comparable quarter, and 64.1% in the first quarter 2002. Excluding compensation and benefits and the prior year litigation charge, non-interest expenses increased 7% from the prior year second quarter, and increased 10% from the first quarter 2002.

## **Six-Month Discussion**

Year-to-date net revenues increased 9% to a record \$97.4 million from \$89.1 million in the prior year. Commission and principal transaction revenues increased slightly to \$54.9 million from \$54.8 million. Investment banking revenues increased 55% to \$24.6 million from \$15.9 million in the prior year. Other income of \$13.4 million increased 4%. Net interest declined 18% to \$4.4 million from \$5.4 million in the prior year.

Total non-interest expenses were \$91.1 million, up 7% from \$85.1 million in the same period of 2001. Employee compensation and benefits increased 11% to \$66.2 million from \$59.8 million. As a percentage of net revenues, compensation totaled 68.0% in 2002, compared to 67.1% in the same period one year earlier. A significant portion of the increase in compensation and benefits is due to transition amounts paid in connection with the Company's expansion efforts. Excluding these expenses, compensation as a percentage of net revenues totaled 63.2%, as compared to 62.0% in the previous year. Excluding compensation and benefits and the prior year litigation charge, non-interest expenses increased 4% from the prior year.

## **Business Segment Results for the Three Months Ended June 30, 2002:**

- Private Client Group ("PCG") net revenues for the second quarter of 2002 were \$34.7 million, an increase of 9% from the second quarter of 2001, and 1% below the first quarter of 2002. PCG operating contribution totaled \$5.0 million, a 29% increase from the second quarter of 2001 and a 2% decrease from the 2002 first quarter.

- Equity Capital Markets ("ECM") recorded net revenues of \$8.9 million, an increase of 69%, over the same quarter last year but remained unchanged from the previous quarter of 2002. ECM operating contribution totaled \$2.3 million, a 671% increase from the second quarter of 2001 and a 13.0% decrease from the 2002 first quarter. The Company lead or co-managed 15 equity or trust preferred offerings during the second quarter 2002, compared to five in the same period one year earlier and ten during the first quarter of 2002.
- Fixed Income Capital Markets ("FICM") posted net revenues of \$4.8 million, a decrease of 8% from the prior year second quarter and up 99% from the previous quarter of 2002. During the 2002 second quarter, FICM recorded an operating contribution of \$1.4 million, versus a contribution of \$1.8 million in the second quarter of 2001, and an operating loss of \$196,000 in the 2002 first quarter. The FICM senior or co-managed 37 offerings during the second quarter 2002, compared to 51 offerings in the same period one year earlier and 27 during the first quarter of 2002.

### **Business Segment Results for the Six-Months Ended June 30, 2002:**

- PCG net revenues for the first six months of 2002 were \$69.6 million, an increase of 8% from the same period of 2001. PCG operating contribution totaled \$10.1 million, a 29% increase from the same period one year earlier.
- ECM recorded net revenues of \$17.8 million, an increase of 61% over the same period last year. ECM operating contribution totaled \$4.9 million, a 233% increase from the first six months of 2001. During the first six months of 2002 ECM lead or co-managed 25 equity or trust preferred offerings, compared to eight in the first six-months of 2001.
- FICM posted net revenues of \$7.2 million, a decrease of 26% from the prior year's first six months. FICM recorded an operating contribution of \$1.2 million, a 62% decrease from the same period one year earlier. During the first six months of 2002, FICM senior or co-managed 64 offerings, down from the prior year first six months of 88 offerings.

Stifel Financial Corp. is a financial services holding company whose subsidiaries are engaged in general securities brokerage, investment banking, and money management with 78 locations in 15 states, primarily in the Midwest. To learn more about Stifel, please visit the Company's web site at [www.stifel.com](http://www.stifel.com).

Statements in this news release contain forward-looking statements within the meaning of federal securities laws. Actual results are subject to risks and uncertainties, including both those specific to the Company and those specific to the industry, which could cause results to differ materially from those contemplated. The risks and uncertainties include, but are not limited to, general economic conditions, actions of competitors, regulatory actions, changes in legislation, and technology changes. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date of this news release. The Company does not undertake any obligation to publicly update any forward-looking statements.

# Stifel Financial Corp., Consolidated

## Summary Of Results Of Operations (Unaudited)

(In Thousands, Except Per Share Amounts)

	Three Months Ended			Percent Change From		Six Months Ended		Percent Change
	6/30/2002	3/31/2002	6/30/2001	3/31/2002	6/30/2001	6/30/2002	6/30/2001	Percent
<b>Revenues</b>								
Commissions	\$ 18,601	\$ 19,438	\$ 18,498	-4%	1%	\$ 38,040	\$ 38,973	-2%
Principal transactions	8,317	8,522	8,825	-2%	-6%	16,838	15,812	6%
Investment banking	13,749	10,841	7,667	27%	79%	24,590	15,883	55%
Other	6,843	6,602	6,597	4%	4%	13,445	12,958	4%
<b>Total operating revenues</b>	<b>47,510</b>	<b>45,403</b>	<b>41,587</b>	<b>5%</b>	<b>14%</b>	<b>92,913</b>	<b>83,626</b>	<b>11%</b>
Interest revenue	3,842	3,684	6,062	4%	-37%	7,526	12,510	-40%
<b>Total revenues</b>	<b>51,352</b>	<b>49,087</b>	<b>47,649</b>	<b>5%</b>	<b>8%</b>	<b>100,439</b>	<b>96,136</b>	<b>4%</b>
Less: Interest expense	1,804	1,284	3,445	40%	-48%	3,088	7,084	-56%
<b>Net revenues</b>	<b>49,548</b>	<b>47,803</b>	<b>44,204</b>	<b>4%</b>	<b>12%</b>	<b>97,351</b>	<b>89,052</b>	<b>9%</b>
<b>Non-Interest Expenses</b>								
Employee compensation and benefits	33,057	33,109	29,392	0%	12%	66,167	59,772	11%
Occupancy and equipment rental	4,657	4,515	4,379	3%	6%	9,172	8,526	8%
Communication and office supplies	2,836	2,571	2,751	10%	3%	5,406	5,680	-5%
Commissions and floor brokerage	807	871	829	-7%	-3%	1,678	1,784	-6%
Other operating expenses	4,773	3,890	5,578	23%	-14%	8,663	9,381	-8%
<b>Total non-interest expenses</b>	<b>46,130</b>	<b>44,956</b>	<b>42,929</b>	<b>3%</b>	<b>7%</b>	<b>91,086</b>	<b>85,143</b>	<b>7%</b>
<b>Income before income taxes</b>	<b>3,418</b>	<b>2,847</b>	<b>1,275</b>	<b>20%</b>	<b>168%</b>	<b>6,265</b>	<b>3,909</b>	<b>60%</b>
Provision for income taxes	1,373	1,146	481	20%	185%	2,519	1,541	63%
<b>Net income</b>	<b>\$ 2,045</b>	<b>\$ 1,701</b>	<b>\$ 794</b>	<b>20%</b>	<b>158%</b>	<b>\$ 3,746</b>	<b>\$ 2,368</b>	<b>58%</b>

### Per Share Information

	Three Months Ended			Percent Change From		Six Months Ended		Percent
	6/30/2002	3/31/2002	6/30/2001	3/31/2002	6/30/2001	6/30/2002	6/30/2001	Percent
<b>Net Earnings Per Share:</b>								
Basic	\$ 0.29	\$ 0.24	\$ 0.11	21%	164%	\$ 0.52	\$ 0.33	58%
Diluted	\$ 0.25	\$ 0.21	\$ 0.10	19%	150%	\$ 0.46	\$ 0.30	53%
<b>Number of Shares for Earnings Per Share Computations:</b>								
Basic shares	7,123	7,229	7,176	-1%	-1%	7,176	7,165	0%
Diluted shares	8,226	8,104	8,044	2%	2%	8,202	8,021	2%

Note: Certain prior period amounts have been restated to conform to the current period presentation.

# Stifel Financial Corp., Consolidated

## Summary Of Segment Data & Statistical Information (Unaudited)

(In Thousands, Except Per Share Amounts)

### Preliminary Segment Data

	Three Months Ended			Percent Change From		Six Months Ended		Percent Change
	6/30/2002	3/31/2002	6/30/2001	3/31/2002	6/30/2001	6/30/2002	6/30/2001	Percent
<b>Net Revenues</b>								
Private client	\$ 34,663	\$ 34,972	\$ 31,877	-1%	9%	\$ 69,635	\$ 64,243	8%
Equity capital markets	8,930	8,895	5,290	0%	69%	17,825	11,088	61%
Fixed income capital markets	4,771	2,402	5,182	99%	-8%	7,173	9,658	-26%
Other	1,184	1,534	1,855	-23%	-36%	2,718	4,063	-33%
<b>Total net revenues</b>	<b>\$ 49,548</b>	<b>\$ 47,803</b>	<b>\$ 44,204</b>	<b>4%</b>	<b>12%</b>	<b>\$ 97,351</b>	<b>\$ 89,052</b>	<b>9%</b>
<b>Operating Contributions</b>								
Private client	\$ 4,975	\$ 5,095	\$ 3,845	-2%	29%	\$ 10,069	\$ 7,779	29%
Equity capital markets	2,260	2,598	293	-13%	671%	4,858	1,458	233%
Fixed income capital markets	1,391	(196)	1,752	n/a	-21%	1,195	3,119	-62%
Other / unallocated overhead	(5,208)	(4,650)	(4,615)	n/a	n/a	(9,857)	(8,447)	n/a
<b>Income before income taxes</b>	<b>\$ 3,418</b>	<b>\$ 2,847</b>	<b>\$ 1,275</b>	<b>20%</b>	<b>168%</b>	<b>\$ 6,265</b>	<b>\$ 3,909</b>	<b>60%</b>

### Statistical Information

	Three Months Ended			Percent Change From		Six Months Ended		Percent
	6/30/2002	3/31/2002	6/30/2001	3/31/2002	6/30/2001	6/30/2002	6/30/2001	Percent
Total Operating Revenues	\$ 47,510	\$ 45,403	\$ 41,587	5%	14%	\$ 92,913	\$ 83,626	11%
Net Operating Interest	2,709	2,600	2,821	4%	-4%	5,309	5,830	-9%
Non-Interest Expenses	43,550	41,876	40,117	4%	9%	85,426	79,731	7%
<b>EBITDA *</b>	<b>6,669</b>	<b>6,127</b>	<b>4,291</b>	<b>9%</b>	<b>55%</b>	<b>12,796</b>	<b>9,725</b>	<b>32%</b>
<i>* Earnings Before Interest, Taxes, Depreciation, and Amortization of intangibles and employment incentives</i>								
Amortization and Depreciation	2,580	3,080	2,812	-16%	-8%	5,660	5,412	5%
Interest on Long-Term Debt <sup>(1)</sup>	671	200	204	236%	229%	871	404	116%
<b>Income before income taxes</b>	<b>3,418</b>	<b>2,847</b>	<b>1,275</b>	<b>20%</b>	<b>168%</b>	<b>6,265</b>	<b>3,909</b>	<b>60%</b>
Provision for income taxes	1,373	1,146	481	20%	185%	2,519	1,541	63%
<b>Net income</b>	<b>\$ 2,045</b>	<b>\$ 1,701</b>	<b>\$ 794</b>	<b>20%</b>	<b>158%</b>	<b>\$ 3,746</b>	<b>\$ 2,368</b>	<b>58%</b>
<i>Net Earnings Per Share:</i>								
Diluted	\$ 0.25	\$ 0.21	\$ 0.10	19%	150%	\$ 0.46	\$ 0.30	53%
Stockholders' Equity	\$ 82,393	\$ 81,100	\$ 78,695	2%	5%			
Book Value Per Share	\$ 11.67	\$ 11.30	\$ 11.19	3%	4%			
Total Assets	\$ 476,850	\$ 460,695	\$ 494,414	4%	-4%			
Investment Executives	435	427	419	2%	4%			
Full-Time Employees	1,137	1,103	1,129	3%	1%			
Locations	78	77	75	1%	4%			
Total Client Assets	\$ 16,826,000	\$ 17,625,000	\$ 17,043,000	-5%	-1%			

<sup>(1)</sup> Long-term debt composed of: 9% \$34.5 million Trust Preferred at 6/30/02 and 8% \$10 million note to Western & Southern Life Insurance Company at 3/31/02 and 6/30/01.

Note: Certain prior period amounts have been restated to conform to the current period presentation.