ST. LOUIS, MO—March 12, 2009. Today we were informed of an action brought by the Secretary of State against Stifel and a number of individual employees relating to auction rate securities. Henceforth, I will refer to auction rate securities as “ARS.”

First and foremost, I am shocked and dismayed that individual employees of Stifel were named as defendants. These people are hardworking, dedicated professionals who did nothing wrong. In fact, many of the named employees are victims of the collapse of the ARS market, just like our clients. Today, Stifel employees own over $10 million of ARS in their own accounts. To suggest they had knowledge of an impending market collapse is just plain wrong.

Many of you may not be aware of Stifel’s position in the matter. Simply put, we did not manufacture or issue these products, we were primarily a distributor. We now know that the companies that created the ARS product and ran the auction had direct knowledge of pending problems in the market-- some individuals in these firms even sold their positions in advance of the collapse. This did not happen at Stifel. As we have said all along, neither Stifel nor its clients had access to the information available to the major market participants--the firms that created the ARS product--regarding the impending collapse of the ARS market. Had the major market participants disclosed to the entire marketplace the material facts known by them, Stifel would never have offered ARS to its clients.

That’s why we don’t understand this lawsuit. You don’t sue the salesperson or the store if you buy a product that was manufactured in a defective way—you sue the manufacturer of that product. In this case, the government is suing the local merchant and the salesperson who did not have knowledge of the potential defect. Unfortunately, the government is not pursuing the manufacturer of the product who we know today had prior knowledge of the defect in its product.

Despite the fact we did nothing wrong, we have been actively working with regulators and other market participants to provide liquidity to this frozen market. In fact, Stifel has announced a voluntary program which would provide significant, immediate liquidity and, ultimately, complete liquidity. Unfortunately, the preemptive and unwarranted action by the Secretary of State, including the unnecessary naming of individuals, has put our voluntary repurchase plan in jeopardy.

Finally, I do not understand the motivation of bringing this action. As I stand here today, we are the only firm which has announced a voluntary repurchase program that the Secretary of State has chosen to sue. I just don’t understand this.

In conclusion, we will vigorously defend our wrongly accused employees and our firm. When all the facts are considered, we are confident we will prevail.
About Stifel Financial
Stifel Financial Corp. operates 203 offices in 36 states and the District of Columbia through its principal subsidiary, Stifel, Nicolaus & Company, Incorporated, and three European offices through Stifel Nicolaus Limited. Stifel Nicolaus provides securities brokerage, investment banking, trading, investment advisory, and related financial services, primarily, to individual investors, professional money managers, businesses, and municipalities. Stifel Financial Corp. is listed on the New York Stock Exchange under the symbol “SF.” To learn more about Stifel, please visit the Company’s Web site at www.stifel.com.

Forward-Looking Statements
This press release contains certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this press release not dealing with historical results are forward-looking and are based on various assumptions. The forward-looking statements in this press release are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. Forward-looking statements speak only as to the date they are made. Stifel does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. Stifel disclaims any intent or obligation to update these forward-looking statements.

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