

STIFEL NICOLAUS

**3rd Quarter 2006 Fiscal Year
Earnings Conference Call**

November 7, 2006

Forward Statements

This presentation may contain “forward-looking statements” that involve risks and uncertainties, including statements relating to the market opportunity and future business prospects of Stifel Financial Corp. and Stifel Nicolaus (“SF” or the “Company”).

Actual results may differ materially and reported results should not be considered as an indication of future performance. Factors that could cause actual results to differ are included in the Company’s Annual and Quarterly Reports and from time to time in other reports filed by the Company with the Securities and Exchange Commission.

To supplement our financial statements presented in accordance with GAPP, the management uses certain non-GAPP measures of financial performance and liquidity. These non-GAPP measures are in addition to results prepared by the Company in accordance with GAPP, and should only be considered together with the Company’s GAPP results.

Certain statements in the following presentation relate to future results that are forward- looking statements as defined in the Private Securities Litigation Reform Act of 1995.

3rd Quarter Update 2006

Third Quarter Highlights

- Our Private Client Group ("PCG"), Equity Capital Markets ("ECM"), and Fixed Income Capital Markets ("FICM") achieved record revenue and profits for quarter and nine-months ended September 30, 2006.
- Our third quarter revenue grew to a record \$115.2 million, a 76% increase over the prior year third quarter.
- Our nine month revenue grew to a record \$336.2 million, a 75% increase over the prior year.
- Our combined capital markets revenue (sales, trading, and investment banking) grew to a record \$56.7 million, up 383%, over the prior year third quarter. For the nine months, capital market revenue totaled \$155.2 million, up 296%, over the prior year.
- We continued our expansion of the PCG opening 3 branch offices during the quarter for a total of 100.
- Our number of PCG investment executives that we employ, including independent contractors, has increased to 680 at September 30, 2006.
- For the nine months ending September 30, 2006, utilizing Core earnings, pretax margin was 15% and annualized return on average equity totaled 19%.
- Asset management and service fees increased 27% to \$14.6 million over the prior year third quarter, and increased 36% for the nine months as compared to 2005.

Third Quarter 2006 Financial Results

Revenues/Earnings	Core Business	Acquisition Costs	GAAP	Q3 2005	vs. Q3 2005	
					Core	GAAP
Total Revenue	115,239	(1)	115,238	65,400	76%	76%
Interest Expense	5,422		5,422	1,541	252%	252%
Net Revenue	109,817	(1)	109,816	63,859	72%	72%
Compensation & Benefits	70,413	7,054	77,466	42,369	66%	83%
Operating Expenses	22,897	212	23,109	13,341	72%	73%
Pre Tax Income	16,507	(7,267)	9,239	8,149	103%	13%
Taxes	6,887	(3,070)	3,817	3,253	112%	17%
Net Income	9,621	(4,197)	5,423	4,896	96%	11%
Diluted EPS	0.69	(0.31)	0.39	0.39	77%	0%
Diluted Shares OS	13,931	13,931	13,931	12,544	11%	11%

YTD 2006 Financial Results

Revenues/Earnings	Core Business	Acquisition Costs	GAAP	Q3 2005	vs. Q3 2005	
					Core	GAAP
Total Revenue	\$336,340	(\$153)	\$336,187	\$191,905	75%	75%
Interest Expense	14,170	-	14,170	3,887	265%	265%
Net Revenue	322,170	(153)	322,017	188,018	71%	71%
Compensation & Benefits	206,224	32,321	238,545	124,651	65%	91%
Operating Expenses	68,409	1,066	69,475	38,649	77%	80%
Pre Tax Income	47,537	(33,540)	13,997	24,718	92%	-43%
Taxes	19,814	(14,015)	5,799	9,844	101%	-41%
Net Income	\$27,723	(\$19,525)	\$8,198	\$14,874	86%	-45%
Diluted EPS	\$1.99	(\$1.40)	\$0.59	\$1.19	67%	-51%
Diluted Shares OS	13,901	13,901	13,901	12,452	12%	12%

2006 Quarterly Impact of Acquisition Costs

	Actual Q1 2006	Actual Q2 2006	Actual Q3 2006	Actual YTD	Est Full Year
Compensation Charges	\$7,648	\$7,819	\$7,054	\$22,521	\$30,000
Private Placement FAS 123R Expense	9,800	\$0	\$0	\$9,800	\$9,800
Other	347	659	213	1,219	1,200
Pre Tax Acquisition Charges	<u>\$17,795</u>	<u>\$8,478</u>	<u>\$7,267</u>	<u>\$33,540</u>	<u>\$41,000</u>
Diluted EPS Impact (est for full year)	(\$0.79)	(\$0.34)	(\$0.30)	(\$1.40)	(\$1.62)

**Acquisition related charges will represent
the difference between GAAP and Core Earnings.**

Annual Income Statement Impact

	FY 2006E	FY 2007E	FY 2008E	FY 2009E	Total
Compensation Charges	\$30,000	\$25,000	\$25,000	\$0	\$80,000
Private Placement FAS 123R Expense .	9,800	\$0	\$0	\$0	\$9,800
Other Non Compensation	1,200	\$0	\$0	\$0	\$1,200
Pre Tax Acquisition Charges	<u>\$41,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$0</u>	<u>\$91,000</u>
Diluted EPS Impact	(\$1.62)	(\$0.99)	(\$0.99)	\$0.00	

**Acquisition related charges will represent
the difference between GAAP and Core Earnings.**

Brokerage Revenue

<u>Revenues</u>	Three Months Ended			<i>Amount Change From</i>		Nine Months Ended		<u>Change</u>
	<u>9/30/2006</u>	<u>6/30/2006</u>	<u>9/30/2005</u>	<u>6/30/2006</u>	<u>9/30/2005</u>	<u>9/30/2006</u>	<u>9/30/2005</u>	
Private Client Group Segment	36,554	36,897	34,721	-1%	5%	112,067	98,991	13%
Equity Capital Markets Segment	22,074	22,633	1,629	-2%	1255%	66,429	5,619	1082%
Fixed Income Capital Market Segment	11,412	9,288	1,200	23%	851%	30,164	5,335	465%
Total Brokerage Revenue	70,040	68,818	37,550	2%	87%	208,660	109,945	90%

Investment Banking

Quarterly

	<u>09/30/06</u>	<u>%</u>	<u>09/30/05</u>	<u>%</u>	% Change
Capital Raising	10,486,061	53%	9,835,449	84%	7%
Advisory Fees	<u>9,187,212</u>	47%	<u>1,881,375</u>	16%	388%
Total Investment Banking	19,673,273	100%	11,716,824	100%	68%

YTD

	<u>09/30/06</u>	<u>%</u>	<u>09/30/05</u>	<u>%</u>	% Change
Capital Raising	22,387,328	44%	35,551,010	121%	-37%
Advisory Fees	<u>28,942,863</u>	56%	<u>5,562,967</u>	19%	420%
Total Investment Banking	51,330,191	100%	29,397,150	100%	75%

Private Client Segment

<u>Revenues</u>	Three Months Ended			<i>Amount Change From</i>		Nine Months Ended		
	<u>9/30/2006</u>	<u>6/30/2006</u>	<u>9/30/2005</u>	<u>6/30/2006</u>	<u>9/30/2005</u>	<u>9/30/2006</u>	<u>9/30/2005</u>	<u>Change</u>
Commissions & principal transactions	36,555	36,897	34,891	-1%	5%	112,067	99,534	13%
Investment banking	2,651	2,154	2,936	23%	-10%	6,677	10,968	-39%
Asset management and service fees	14,553	14,205	11,442	2%	27%	42,250	31,028	36%
Other	197	(58)	111	na	78%	506	171	196%
Operating Revenues	53,956	53,198	49,380	1%	9%	161,501	141,701	14%
Interest Income	5,321	5,142	4,040	3%	32%	15,131	10,560	43%
Total Revenues	59,277	58,340	53,420	2%	11%	176,632	152,262	16%
Interest Expense	2,816	3,398	2,095	-17%	34%	9,170	5,140	78%
Net Revenues	56,461	54,942	51,325	3%	10%	167,461	147,121	14%
<u>Non-Interest Expenses</u>								
Employee compensation and benefits	34,704	34,880	31,194	-1%	11%	104,625	89,594	17%
Operating expenses	9,008	8,372	7,712	8%	17%	25,962	22,635	15%
Total non-interest expenses	43,712	43,252	38,906	1%	12%	130,587	112,229	16%
Income before income taxes	12,750	11,690	12,420	9%	3%	36,875	34,892	6%
<u>Ratios to Net Revenues</u>								
Compensation & Benefits	61.5%	63.5%	60.8%			62.5%	60.9%	
Operating expenses	77.4%	78.7%	75.8%			78.0%	76.3%	
Income before income taxes	22.6%	21.3%	24.2%			22.0%	23.7%	

Equity Capital Markets Segment

<u>Revenues</u>	Three Months Ended			<i>Amount Change From</i>		Nine Months Ended		<u>Change</u>
	<u>9/30/2006</u>	<u>6/30/2006</u>	<u>9/30/2005</u>	<u>6/30/2006</u>	<u>9/30/2005</u>	<u>9/30/2006</u>	<u>9/30/2005</u>	
Commissions & principal transactions	22,074	22,633	1,629	-2%	1255%	66,429	5,619	1082%
Investment banking	14,312	12,177	6,684	18%	114%	38,390	20,676	86%
Asset management and service fees	6	33	2	-81%	232%	44	10	344%
Other	210	383	38	-45%	453%	694	144	382%
Operating Revenues	36,603	35,226	8,353	4%	338%	105,558	26,449	299%
Interest Income	124	160	-	-23%	n/a	408	116	253%
Total Revenues	36,726	35,386	8,353	4%	340%	105,966	26,564	299%
Interest Expense	34	75	69	-54%	-50%	165	312	-47%
Net Revenues	36,692	35,311	8,284	4%	343%	105,801	26,252	303%
<u>Non-Interest Expenses</u>								
Employee compensation and benefits	20,898	19,267	4,528	8%	362%	59,862	13,531	342%
Operating expenses	7,671	8,112	1,412	-5%	443%	22,383	4,326	417%
Total non-interest expenses	28,569	27,379	5,940	4%	381%	82,244	17,856	361%
Income before income taxes	8,123	7,932	2,344	2%	247%	23,557	8,396	181%
<u>Ratios to Net Revenues</u>								
Compensation & Benefits	57.0%	54.6%	54.7%			56.6%	51.5%	
Operating expenses	20.9%	23.0%	17.0%			21.2%	16.5%	
Income before income taxes	22.1%	22.5%	28.3%			22.3%	32.0%	

Fixed Income Capital Markets Segment

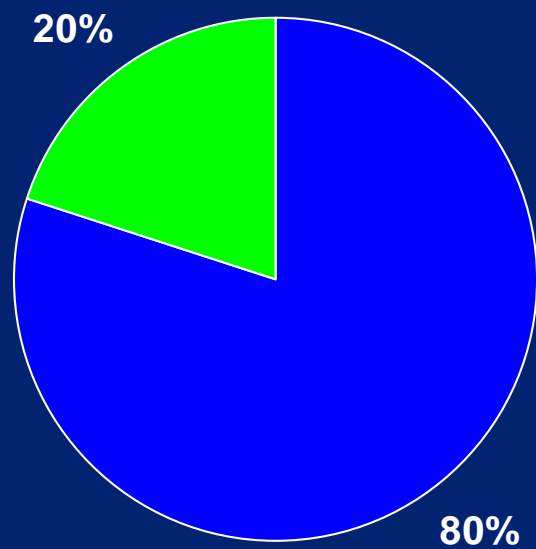
<u>Revenues</u>	Three Months Ended			<i>Amount Change From</i>		Nine Months Ended		Change
	9/30/2006	6/30/2006	9/30/2005	6/30/2006	9/30/2005	9/30/2006	9/30/2005	
Commissions & principal transactions	11,412	9,288	1,031	23%	1007%	30,164	4,791	530%
Investment banking	2,707	1,426	1,921	90%	41%	6,110	6,520	-6%
Asset management and service fees	1	1	1	0%	-19%	3	4	-24%
Other	-	-	-	n/a	n/a	-	6	-100%
Operating Revenues	14,120	10,715	2,953	32%	378%	36,277	11,321	220%
Interest Income	5,860	4,729	34	24%	17372%	12,910	122	10440%
Total Revenues	19,980	15,444	2,986	29%	569%	49,187	11,444	330%
Interest Expense	6,151	4,808	62	28%	9813%	13,253	206	6345%
Net Revenues	13,829	10,636	2,924	30%	373%	35,934	11,238	220%
<u>Non-Interest Expenses</u>								
Employee compensation and benefits	8,320	7,006	1,816	19%	358%	22,525	6,688	237%
Operating expenses	2,382	2,602	840	-8%	184%	7,534	2,568	193%
Total non-interest expenses	10,702	9,608	2,656	11%	303%	30,059	9,256	225%
Income before income taxes	3,127	1,028	268	204%	1067%	5,875	1,982	196%
<u>Ratios to Net Revenues</u>								
Compensation & Benefits	60.2%	65.9%	62.1%			62.7%	59.5%	
Operating expenses	17.2%	24.5%	28.7%			21.0%	22.9%	
Income before income taxes	22.6%	9.7%	9.2%			16.3%	17.6%	

Other Financial Data

Other Data	9/30/2006	6/30/2006	9/30/2005	VS Q2 2006	VS Q3 2005
Total Assets	1,134,194	1,060,953	842,001	7%	35%
Stockholders Equity	210,694	205,440	146,443	3%	44%
Book value Per Share	\$18.39	\$17.57	\$14.89	5%	24%
Investment Executives	500	485	434	3%	15%
Full Time Employees	1,690	1,662	1,189	2%	42%
Locations	124	121	90	2%	38%
Total Client Assets (000's)	\$29,580,000	\$29,462,000	\$23,466,000	0%	26%

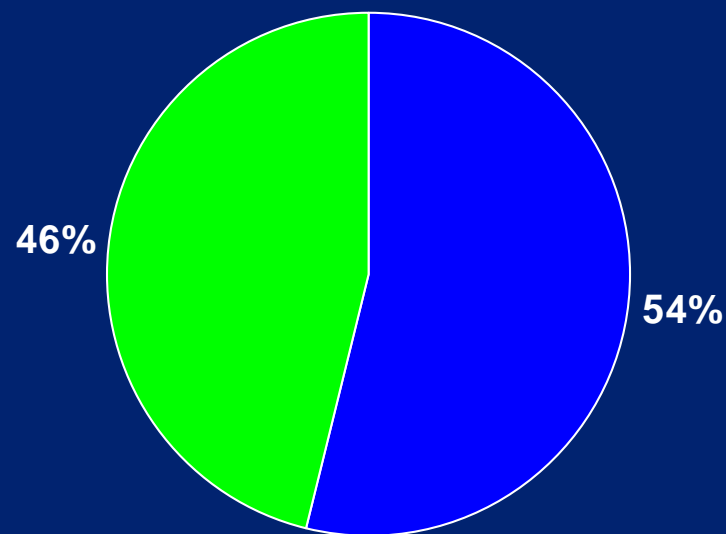
Business Mix

2005 YTD Mix



■ PCG ■ Capital Markets

2006 YTD Mix



■ PCG ■ Capital Markets

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Questions & Answers