

STIFEL FINANCIAL CORP
Form 424B2
January 19, 2012
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Filed Pursuant to Rule 424(b)(2)

Registration No. 333-178969

CALCULATION OF REGISTRATION FEE(1)

	Title of each class of Securities to be Registered	Amount to be Registered	Amount of registration fee(2)
Debt Securities		\$175,000,000(1)	\$20,055

- (1) The information in this Calculation of Registration Fee Table updates, with respect to the securities offered hereby, the information set forth in the Calculation of Registration Fee Table included in the Registrant's Registration Statement on Form S-3 (Registration No. 333-178969), originally filed with the Commission on January 11, 2012.
- (2) The registration fee of \$20,055 is calculated in accordance with Rule 457(r) and shall be paid on a deferred basis in accordance with Rule 456(b).

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PROSPECTUS SUPPLEMENT

(To prospectus dated January 11, 2012)

\$175,000,000

STIFEL FINANCIAL CORP.

6.70% Senior Notes due January 2022

The Company: We are a financial holding company that conducts its banking, securities and financial services business through several wholly owned subsidiaries. Our broker-dealer affiliates provide securities brokerage, investment banking, trading, investment advisory and related financial services to individual investors, professional money managers, businesses and municipalities.

The Offering: We are offering \$175,000,000 principal amount of 6.70% Senior Notes due 2022 (the "notes"). Interest on the notes will accrue from January 23, 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, 2012. The notes will mature on January 15, 2022. We may redeem the notes in whole or in part on or after January 15, 2015 at our option at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest to the date of redemption, as described under "Description of Notes - Optional Redemption." The notes will be issued in denominations of \$25 and in integral multiples thereof.

The notes will be our general unsecured senior obligations, will rank equally with all of our existing and future senior unsecured indebtedness and will be senior to any other indebtedness expressly made subordinate to the notes. The notes will be effectively subordinated to all of our existing and future secured indebtedness (to the extent of the value of the assets securing such indebtedness) and structurally subordinated to all existing and future liabilities of our subsidiaries, including trade payables.

Investing in our notes involves risks that are described in the **Risk Factors** section beginning on page S-6 of this prospectus supplement, and the documents incorporated by reference herein.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

We intend to apply to list the notes on the New York Stock Exchange (NYSE) and expect trading in the notes to begin within 30 days of January 23, 2012, the original issue date.

	Per Note	Total
Public offering price(1)	100.00%	\$ 175,000,000
Underwriting discount	3.00%	\$ 5,250,000
Proceeds, before expenses, to us(1)	97.00%	\$ 169,750,000

(1) Plus accrued interest from January 23, 2012, if settlement occurs after that date.

The underwriters expect to deliver the notes to purchasers in book-entry only form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about January 23, 2012.

Stifel Nicolaus Weisel

BofA Merrill Lynch

Morgan Stanley

UBS Investment Bank

Credit Suisse

US Bancorp

The date of this prospectus supplement is January 18, 2012.

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Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this notes offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus or any

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document incorporated by reference therein filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

Unless we indicate otherwise, the words we, our, us and Company refer to Stifel Financial Corp. (Stifel), and its wholly-owned subsidiaries, including Stifel, Nicolaus & Company, Incorporated (Stifel Nicolaus) and Stifel Bank & Trust (Stifel Bank).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in it contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), that are based upon our current expectations and projections about future events. We intend for these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of these safe harbor provisions. You can identify these statements from our use of the words may, will, should, could, would, plan, potential, estimate, project, believe, intend, a similar expressions. These forward-looking statements cover, among other things, statements made about the general economic, political, regulatory, and market conditions, the investment banking and brokerage industries, our objectives and results, and also may include our belief regarding the effect of various legal proceedings, management expectations, our liquidity and funding sources, counterparty credit risk, or other similar matters. All statements in this prospectus and the information incorporated by reference in it not dealing with historical results are forward-looking and are based on various assumptions. The forward-looking statements in this prospectus and the information incorporated by reference in it are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. In addition, our past results of operations do not necessarily indicate our future results. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include: a material adverse change in our financial condition; the risk of borrower, depositor and other customer attrition; a change in general business and economic conditions; changes in the interest rate environment, deposit flows, loan demand, real estate values and competition; changes in accounting principles, policies or guidelines; changes in legislation and regulation; other economic, competitive, governmental, regulatory, geopolitical and technological factors affecting our operations, pricing and services; and the risks and other factors set forth in Risk Factors beginning on page S-5 of this prospectus supplement. Forward-looking statements speak only as to the date they are made. We do not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. We disclaim any intent or obligation to update these forward-looking statements.

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SUMMARY

The following information about this offering summarizes, and should be read in conjunction with, the information contained in this prospect supplement and in the accompanying prospectus, and the documents incorporated therein by reference.

About Stifel Financial Corp.

We are a financial holding company headquartered in St. Louis. Our principal operating subsidiaries are Stifel Nicolaus, a full-service retail and institutional brokerage and investment bank, which operates under both the Stifel Nicolaus and Stifel Nicolaus Weisel names, and Stifel Bank, a retail and commercial bank.

With our century-old operating history, we have built a diversified business serving private clients, institutional investors and investment banking clients located across the country. Our principal activities are:

- Private client services, including securities transaction and financial planning services;
- Institutional equity and fixed income sales, trading and research, and municipal finance;
- Investment banking services, including mergers and acquisitions, public offerings and private placements; and
- Retail and commercial banking, including personal and commercial lending programs.

Our core philosophy is based upon a tradition of trust, understanding, and studied advice. We attract and retain experienced professionals by fostering a culture of entrepreneurial, long-term thinking. We provide our private, institutional and corporate clients quality, personalized service, with the theory that if we place clients' needs first, both our clients and our company will prosper. Our unwavering client and employee focus have earned us a reputation as one of the leading brokerage and investment banking firms off Wall Street.

We have grown our business both organically and through opportunistic acquisitions, including our acquisition of the capital markets business of Legg Mason from Citigroup in 2005; our acquisitions of Ryan Beck & Co., Inc. in February 2007 and FirstService Bank in April 2007; our acquisition of ButlerWick & Co., Inc. in 2008; our acquisition of 56 branches from the UBS Wealth Management Americas branch network in 2009; our acquisition of Thomas Weisel Partners Group, Inc. in July 2010; and our acquisition of Stone & Youngberg in October 2011. Throughout the course of the integration of these businesses, our highly variable cost structure has enabled us to achieve consistent core earnings profitability while growing net revenue for 15 consecutive years.

We primarily operate our business through two segments, Global Wealth Management and Institutional Group. Our Global Wealth Management segment consists of two businesses, the Private Client Group and Stifel Bank. The Private Client Group provides securities brokerage services, including the sale of equities, mutual funds, fixed income products, and insurance, as well as offering banking products to our clients through Stifel Bank. Stifel Bank provides residential, consumer, and commercial lending, as well as FDIC-insured deposit accounts to customers of our broker-dealer subsidiaries and to the general public.

Our 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

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both corporate and public finance (exclusive of sales credits generated through the private client group, which are included in the Global Wealth Management segment), merger and acquisition, and financial advisory services.

For the year ended December 31, 2010, Global Wealth Management net revenues increased 41.5% to \$843.3 million from \$596.0 million in 2009. For the nine months ended September 30, 2011, Global Wealth Management net revenues increased 12.6% to a record \$683.6 million from \$606.8 million for the comparable period in 2010. For the year ended December 31, 2010, Institutional Group net revenues increased 9.8% to \$541.8 million from \$494.1 million in 2009. For the nine months ended September 30, 2011, Institutional Group net revenues decreased 0.7% to \$373.2 million from \$375.9 million for the comparable period in 2010.

We believe that our Global Wealth Management segment provides balance with respect to our Institutional Group segment and creates a stable base of revenue that helps us achieve consistent profitability through market cycles.

Our customers include individuals, corporations, municipalities, and institutions. Although we have customers throughout the United States, our major geographic areas of concentration are in the Midwest and Mid-Atlantic regions, with a growing presence in the Northeast, Southeast, and Western United States. No single client accounts for a material percentage of any segment of our business. Our inventory, which we believe is of modest size and intended to turn over quickly, exists to facilitate order flow and support the investment strategies of our clients. Although we do not engage in significant proprietary trading for our own account, the inventory of securities held to facilitate customer trades and our market-making activities are sensitive to market movements. Furthermore, our balance sheet is highly liquid, without material holdings of securities that are difficult to value or remarket, and the majority of customer assets we manage are held at third parties. We do not hold sovereign debt of countries that are part of the European Union. We believe that our broad platform, fee-based revenues, and strong distribution network position us well to take advantage of current trends within the financial services sector.

Recent Developments

On January 16, 2012, we and our primary broker-dealer subsidiary, Stifel Nicolaus, were named as defendants in a suit filed in Wisconsin state court with respect to Stifel Nicolaus' role as initial purchaser in a \$50 million bond offering under Rule 144A in January 2008. The bonds were issued by the Lake of the Torches Economic Development Corporation ("EDC") in connection with certain new financing for the construction of a proposed new casino, as well as refinancing of indebtedness involving Lac Du Flambeau Band of Lake Superior Chippewa Indians (the "Tribe"), who are also defendants in the action, together with Godfrey & Kahn, S.C. ("G&K") who served as both issuer's counsel and bond counsel in the transaction. In an earlier action in federal court in Wisconsin related to the transaction, EDC was successful in its assertion that the bond indenture was void as an unapproved management contract under National Indian Gaming Commission regulations, and that accordingly the waiver of sovereign immunity contained in the indenture was void.

Saybrook Tax Exempt Investors LLC, a qualified institutional buyer and the sole bondholder through its special purpose vehicle LDF Acquisition LLC (collectively, "Saybrook"), and Wells Fargo Bank, NA ("Wells Fargo"), indenture trustee for the bonds (collectively, "plaintiffs") brought the Wisconsin state court suit against EDC, Stifel and G&K, based on alleged misrepresentations about the enforceability of the indenture and the bonds and the waiver of sovereign immunity. The plaintiffs allege that G&K represented in various legal opinions issued in the transaction, as well as in other documents associated with the transaction, that (i) the bonds and indenture were legally enforceable obligations of EDC and

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(ii) EDC's waivers of sovereign immunity were valid. The claims asserted against us are for breaches of implied warranties of validity and title, securities fraud and statutory misrepresentation under Wisconsin state law, intentional and negligent misrepresentations relating to those matters. To the extent EDC does not fully perform its obligations to Saybrook pursuant to the bonds, the plaintiffs seek a judgment for rescission, restitutionary damages, including the amounts paid by the plaintiffs for the bonds, and costs; alternatively, the plaintiffs seek to recover damages, costs and attorneys' fees from us. We believe we have meritorious defenses to the matter. We intend to defend the claims vigorously, although there can be no assurance that such defense will be successful.

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The summary below describes the principal terms of the notes. Some of the terms and conditions described below are subject to important limitations and exceptions. See Description of Notes for a more detailed description of the terms and conditions of the notes. All capitalized terms not defined herein have the meanings specified in Description of Notes.

Issuer	Stifel Financial Corp., a Delaware corporation.
Notes Offered	\$175,000,000 aggregate principal amount of 6.70% notes due 2022.
Offering Price	100% of the principal amount.
Maturity	The notes will mature on January 15, 2022, unless redeemed prior to maturity.
Interest Rate and Payment Dates	We will pay 6.70% interest per annum on the principal amount of the notes, payable quarterly in arrears on January 15, April 15, July 15 and October 15, beginning April 15, 2012, and at maturity.
Ranking	The notes will be our general unsecured senior obligations, will rank equally in right of payment with all of our existing and future senior unsecured indebtedness and will be senior to any other indebtedness expressly made subordinate to the notes. The notes will be effectively subordinated in right of payment to all of our existing and future secured obligations to the extent of the value of the assets securing such indebtedness. The notes will be structurally subordinated to all existing and future indebtedness and liabilities of our subsidiaries.
Optional Redemption	We may redeem the notes, in whole or in part, on or after January 15, 2015 at our option, at any time and from time to time, prior to maturity at a price equal to 100% of their principal amount, plus accrued and unpaid interest to the date of redemption. See Description of Notes Optional Redemption for additional details.
Use of Proceeds	We will use the net proceeds from this offering for general corporate purposes. For additional information, see Use of Proceeds.
Further Issuances	We may create and issue further notes ranking equally and ratably with the notes in all respects, so that such further notes shall constitute and form a single series with the notes and shall have the same terms as to status, redemption or otherwise as the notes.
Listing	We intend to apply to list the notes on the NYSE. We expect trading in the notes to begin within 30 days of January 23, 2012, the original issue date.
Form and Denomination	The notes will be issued in fully registered form in denominations of \$25 and integral multiples thereof.
Trustee and Paying Agent	U.S. Bank National Association.
Governing Law	The indenture and the notes will be governed by the laws of the State of New York.

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Conflicts of Interest

Stifel Nicolaus, a broker-dealer subsidiary of the issuer, is a member of the Financial Industry Regulatory Authority (FINRA) and will participate in the distribution of the notes. Stifel Nicolaus and one or more of its affiliates, as defined in FINRA Rule 5121, will have a conflict of interest as defined in Rule 5121(f)(5)(c)(ii) due to the receipt of more than 5% of the net offering proceeds. Accordingly, this offering will be conducted in accordance with Rule 5121. In accordance with that rule, no qualified independent underwriter is required because the securities offered are investment grade rated or are securities in the same series that have equal rights and obligations as investment grade rated securities. To comply with Rule 5121, the underwriters will not confirm sales of the securities to any account over which Stifel Nicolaus exercises discretionary authority without the prior written approval of the customer. See Underwriting (Conflicts of Interest) Conflicts of Interest.

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RISK FACTORS

Before you invest in our notes, you should know that making such an investment involves significant risks, including the risks described below. You should carefully consider the following information about these risks, together with the other information contained in this prospectus and the information incorporated by reference, including risk factors contained in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2010, before purchasing shares the notes offered pursuant to this prospectus supplement. The risks that we have highlighted here are not the only ones that we face. For example, additional risks presently unknown to us or that we currently consider immaterial or unlikely to occur could also impair our operations. If any of the risks actually occurs, our business, financial condition or results of operations could be negatively affected.

Increased leverage as a result of this offering may harm our financial condition and results of operations.

As of September 30, 2011, our total long-term debt was approximately \$82.5 million. As of September 30, 2011, we had approximately \$310.6 million of consolidated secured, short-term indebtedness, all of which is held at our subsidiaries.

Our level of indebtedness could have important consequences to you, because:

- it could affect our ability to satisfy our financial obligations, including those relating to the notes;
- a substantial portion of our cash flows from operations will have to be dedicated to interest and principal payments and may not be available for operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;
- it may impair our ability to obtain additional financing in the future;
- it may limit our ability to refinance all or a portion of our indebtedness on or before maturity;
- it may limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- it may make us more vulnerable to downturns in our business, our industry or the economy in general.

Our operations may not generate sufficient cash to enable us to service our debt. If we fail to make a payment on the notes, we could be in default on the notes, and this default could cause us to be in default on our other outstanding indebtedness. Conversely, a default on our other outstanding indebtedness may cause a default under the notes. In addition, we may incur additional indebtedness in the future, and, as a result, the related risks that we now face, including those described above, could intensify. The indenture for the notes will not restrict our ability to incur additional indebtedness.

The notes are our obligations and not obligations of our subsidiaries and will be effectively subordinated to the claims of our subsidiaries' creditors.

The notes are exclusively our obligations and not those of our subsidiaries. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, depend upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to pay our obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us would be subject to regulatory or contractual restrictions. Payments to us by our subsidiaries also will be contingent upon our subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and, therefore, the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including senior and subordinated debtholders and general trade creditors. As of September 30, 2011, we had approximately \$310.6 million of consolidated secured, short-term indebtedness, all of which is held at our subsidiaries. In the event of any such distribution of assets of Stifel Bank, the claims of depositors and other general or subordinated creditors would be entitled to priority over the

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claims of holders of the notes. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of those subsidiaries and any indebtedness of those subsidiaries senior to that held by us.

We have made only limited covenants in the indenture governing the notes, and these limited covenants may not protect your investment.

The indenture governing the notes does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;
- limit our subsidiaries' ability to incur indebtedness which would effectively rank senior to the notes;
- limit our ability to incur secured indebtedness or indebtedness that is equal in right of payment to the notes;
- restrict our subsidiaries' ability to issue securities that would be senior to the common stock of our subsidiaries held by us;
- restrict our ability to repurchase our securities;
- restrict our ability to pledge our assets or those of our subsidiaries; or
- restrict our ability to make investments or to pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

Furthermore, the indenture for the notes contains only limited protections in the event of a change in control and does not require us to repurchase the notes upon a change of control. We could engage in many types of transactions, such as acquisitions, refinancings or recapitalizations, that could substantially affect our capital structure and the value of the notes. For these reasons, you should not consider the covenants in the indenture or the repurchase features of the notes as a significant factor in evaluating whether to invest in the notes.

We may redeem the notes before maturity, and you may be unable to reinvest the proceeds at the same or a higher rate of return.

We may redeem all or a portion of the notes at any time after January 15, 2015. The redemption price will equal the principal amount being redeemed, plus accrued and unpaid interest to the redemption date. See "Description of the Notes—Optional Redemption." If a redemption does occur, you may be unable to reinvest the money you receive in the redemption at a rate that is equal to or higher than the rate of return on the notes.

If an active trading market does not develop for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.

The notes are a new issue of securities for which there is currently no public market. Although we intend to apply to list the notes on the NYSE, we cannot assure you that the notes will be approved for listing. The notes have not been approved for listing as of the date of this prospectus supplement. We have been informed by the underwriters that they intend, but are not obligated, to make a market for the notes should the notes not be approved for listing. If such a market were to develop, on the NYSE or otherwise, the notes could trade at prices which may be higher or lower than the initial offering price depending on many factors independent of our creditworthiness, including, among other things:

- the time remaining to the maturity of the notes;
- their subordination to the existing and future liabilities of our company and our subsidiaries;
- the outstanding principal amount of the notes; and
- the level, direction and volatility of market interest rates generally.

An adverse rating of the notes may cause their trading price to fall.

We expect that the notes will be rated, and a rating agency may assign a rating to the notes that is lower than the ratings assigned to our other debt. A rating agency may also lower ratings on the notes in the future. If a

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rating agency assigns a lower-than-expected rating or reduces, or indicates that it may reduce, its ratings in the future, the trading price of the notes could significantly decline.

Our credit rating may not reflect all risks of an investment in the notes and there is no protection in the indenture for holders of the notes in the event of a ratings downgrade.

Our credit rating is an assessment by a rating agency of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit rating will generally affect the market value of the notes. The credit rating may not reflect the potential impact of risks relating to structure or marketing of the notes. A credit rating is not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain the ratings or to advise holders of notes of any change in ratings. A credit rating by one agency should be evaluated independently of the credit ratings assigned by other agencies.

Our results of operations may be adversely affected by conditions in the global financial markets and economic downturn.

We are engaged in various financial services businesses. As such, we are affected by economic and political conditions. These conditions may directly and indirectly impact a number of factors that may be detrimental to our operating results, including the inflation rate, the related impact on the securities markets, including changes in volume and price levels of securities, fluctuations in interest rates, reduced investor confidence, and a slowdown in economic activity. These conditions historically have impacted our trading volume and net revenues and affected our profitability, including in recent periods. A significant portion of our revenue is derived from commissions, margin interest revenue, principal transactions, asset management and service fees, and investment banking fees. Accordingly, severe market fluctuations, weak economic conditions, or a decline in stock prices, trading volumes, or liquidity could have an adverse effect on our profitability. The financial services industry as a whole, including us, experienced reduced volumes and significant volatility in the end of the third quarter and throughout the fourth quarter of 2011, which negatively impacted our results of operations for the fourth quarter of 2011 and may continue to negatively impact our results of operations in 2012. Continued or further credit dislocations or sustained market downturns may result in a decrease in the volume of trades we execute for our clients, a decline in the value of securities we hold in inventory as assets, and reduced investment banking revenues.

Additionally, a decline in the strength of the U.S. economy can lead to deterioration in credit quality and decreased loan demand. Continued or further credit dislocations or sustained market downturns may result in a decrease in the volume of trades we execute for our clients, a decline in the value of securities we hold in inventory as assets, and potentially reduced investment banking revenues, given that associated fees are directly related to the number and size of transactions in which we participate.

Declines in the market value of securities generally result in a decline in revenues from fees based on the asset values of client portfolios and may result in the failure of buyers and sellers of securities to fulfill their settlement obligations, as well as the failure of our clients to fulfill their credit and settlement obligations. Also, we permit our clients to purchase securities on margin. During periods of steep declines in securities prices, the value of the collateral securing client accounts margin purchases may drop below the amount of the purchaser's indebtedness. If the clients are unable to provide additional collateral for these loans, we may lose money on these margin transactions. This may cause us to incur additional expenses defending or pursuing claims or litigation related to counterparty or client defaults.

In addition, in certain transactions, we are required to post collateral to secure our obligations to our counterparties. In the event of a bankruptcy or insolvency proceeding involving such counterparties, we may experience delays in recovering our assets posted as collateral or may incur a loss to the extent that a counterparty was holding collateral in excess of our obligation to such counterparty. There is no assurance that any such losses would not materially and adversely affect our business, financial condition, and results of operations.

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We are subject to risks of legal proceedings, which may result in significant losses to us that we cannot recover. Claimants in these proceedings may be customers, employees or regulatory agencies, among others, seeking damages for mistakes, errors, negligence or acts of fraud by our employees.

Many aspects of our business subject us to substantial risks of potential liability to customers and to regulatory enforcement proceedings by state and federal regulators. Participants in the financial services industry face an increasing amount of litigation and arbitration proceedings. Dissatisfied clients regularly make claims against broker-dealers and their employees for, among others, negligence, fraud, unauthorized trading, suitability, churning, failure to supervise, breach of fiduciary duty, employee errors, intentional misconduct, unauthorized transactions by financial advisors or traders, improper recruiting activity and failures in the processing of securities transactions. These types of claims expose us to the risk of significant loss. Acts of fraud are difficult to detect and deter and while we believe our supervisory procedures are reasonably designed to detect and prevent violations of applicable laws, rules and regulations, we cannot assure investors that our risk management procedures and controls will prevent losses from fraudulent activity. In our role as underwriter and selling agent, we may be liable if there are material misstatements or omissions of material information in prospectuses and other communications regarding underwritten offerings of securities. At any point in time, the aggregate amount of existing claims against us could be material.

We were named in a civil lawsuit filed in Wisconsin state court in September 2008 against our company, Stifel Nicolaus, Royal Bank of Canada Europe Ltd. (RBC) and certain other RBC entities. The action, and the Securities and Exchange Commission (the SEC) action described below, arises out of our role in investments made by five Southeastern Wisconsin school districts (the school districts) in transactions involving collateralized debt obligations (CDOs). The school districts each formed trusts that made an aggregate of \$200 million of investments in CDOs designed to address their other post-employment benefit (OPEB) liabilities, and we refer to these trusts as the OPEB trusts . The RBC entities structured and served as arranger for the CDOs, and we served as the placement agent/broker in connection with the transactions. Since the investments were made, we believe their value has declined significantly and may ultimately result in a total loss for the OPEB trusts. Of the \$200 million investment, the OPEB trusts borrowed approximately \$162.5 million from Depfa Bank. In August 2011, we purchased from Depfa Bank the notes representing the balance of the indebtedness incurred by the OPEB trusts with Depfa Bank in connection with the investment. In the Wisconsin state court suit, the plaintiffs have asserted that the school districts contributed the balance of the investment, \$37.5 million, to the OPEB trusts to purchase the investments. The legal claims asserted include violation of the Wisconsin Securities Act, fraud and negligence. The plaintiffs claim that the RBC entities and our company either made misrepresentations or failed to disclose material facts in connection with the sale of the CDOs and thus allegedly violated the Wisconsin Securities Act. The lawsuit seeks equitable relief, unspecified compensatory damages, treble damages, punitive damages, and attorney s fees and costs. Stifel Nicolaus and the RBC entities have asserted cross-claims for indemnity and contribution against each other.

In addition, the SEC filed a civil lawsuit against us in Wisconsin federal court in August 2011 relating to our role in the above transactions. The SEC has asserted claims under both the Securities Act and the Exchange Act, including Rule 10b-5 of the Exchange Act, alleging both misrepresentations and omissions in connection with the sale of the CDOs to the school districts, as well as the allegedly unsuitable nature of the CDOs.

Although we believe we have meritorious defenses to claims asserted in both of these lawsuits and to the cross-claim filed against us by RBC, and that we have established adequate reserves for losses in these matters, we may be unsuccessful in those defenses (and we may be unsuccessful in our cross-claim against RBC) and the claims could result in losses in excess of our reserves that may be material.

On January 16, 2012, we and Stifel Nicolaus were named as defendants in a suit filed in Wisconsin state court with respect to Stifel Nicolaus role as initial purchaser in a \$50 million bond offering under Rule 144A in January 2008. See Recent Developments for a more complete description of the matter. While we believe we

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have meritorious defenses to the matter and intend to defend the claims vigorously, there can be no assurance that such defense will be successful.

While we do not expect the outcome of any existing claims against us to have a material adverse impact on our business, financial condition or results of operations, we cannot assure you that these types of proceedings will not materially and adversely affect our company. We do not carry insurance that would cover payments regarding these liabilities, except for insurance against certain fraudulent acts of our employees. In addition, our bylaws provide for the indemnification of our officers, directors and employees to the maximum extent permitted under Delaware law. In the future, we may be the subject of indemnification assertions under these documents by our officers, directors or employees who have or may become defendants in litigation. These claims for indemnification may subject us to substantial risks of potential liability.

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Table of Contents**SUMMARY HISTORICAL FINANCIAL INFORMATION**

The summary historical financial information is derived from our audited consolidated financial statements as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008, which are incorporated by reference into this prospectus supplement. The summary historical financial information for the nine months ended September 30, 2011 and 2010, and the historical balance sheet data as of September 30, 2011, have been derived from our unaudited condensed consolidated financial statements incorporated by reference into this prospectus supplement and should be read in conjunction with those unaudited consolidated financial statements and notes thereto. The share and per share information has been adjusted to reflect the three-for-two stock split effective April 5, 2011, in the form of a stock dividend to shareholders of record as of March 22, 2011. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal and recurring adjustments) necessary for a fair statement of the data for the periods presented. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year.

When you read this historical consolidated financial information, it is important that you also read the 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 our Annual Report on Form 10-K for the year ended December 31, 2010, and the unaudited 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 our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. See Where You Can Find Additional Information.

<i>(In thousands, except per share data)</i>	Nine Months Ended September 30,		Year Ended December 31,		
	2011	2010	2010	2009	2008
	(Unaudited)				
Revenues:					
Principal transactions	\$ 249,250	\$ 363,537	\$ 453,533	\$ 458,188	\$ 293,285
Commissions	437,344	305,655	445,260	345,520	341,090
Investment banking	143,509	127,129	218,104	125,807	83,710
Asset management and service fees	172,914	136,117	193,159	117,357	122,773
Interest	64,246	47,019	65,326	46,860	50,148
Other income/(loss)	11,352	9,358	19,855	9,138	(2,159)
Total revenues	1,078,615	988,815	1,395,237	1,102,870	888,847
Interest expense	18,931	8,388	13,211	12,234	18,510
Net revenues	1,059,684	980,427	1,382,026	1,090,636	870,337
Non-interest expenses:					
Compensation and benefits	671,678	819,085	1,056,202	718,115	582,778
Occupancy and equipment rental	89,962	81,012	115,742	89,741	67,984
Communications and office supplies	56,198	50,220	69,929	54,745	45,621
Commissions and floor brokerage	20,943	18,988	26,301	23,416	13,287
Other operating expenses	127,321	78,168	114,081	84,205	68,898
Total non-interest expenses	966,102	1,047,473	1,382,255	970,222	778,568
Income/(loss) before income tax expense	93,582	(67,046)	(229)	120,414	91,769
Provision for income taxes/(tax benefit)	36,464	(27,559)	(2,136)	44,616	36,267
Net income/(loss)	\$ 57,118	\$ (39,487)	\$ 1,907	\$ 75,798	\$ 55,502
Earnings per common share:					
Basic	\$ 1.09	\$ (0.82)	\$ 0.04	\$ 1.79	\$ 1.54
Diluted ⁽¹⁾	\$ 0.90	\$ (0.82)	\$ 0.03	\$ 1.56	\$ 1.32

Weighted average number of common shares outstanding:

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Basic	52,610	47,865	48,723	42,445	36,103
Diluted	63,174	55,593	57,672	48,441	42,109

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⁽¹⁾ In accordance with Topic 260, Earnings Per Share, earnings per diluted common share is calculated using the basic weighted average number of common shares outstanding in periods a loss is incurred.

<i>(In thousands)</i>	As of September 30, 2011 (Unaudited)	As of December 31, 2010 2009	
Financial Condition Data:			
Total assets	\$ 4,942,364	\$ 4,213,115	\$ 3,167,356
Long-term obligations	\$ 89,457	\$ 90,741	\$ 101,979
Shareholders equity	\$ 1,261,751	\$ 1,253,883	\$ 873,446

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Table of Contents**USE OF PROCEEDS**

We estimate that the net proceeds from this offering will be approximately \$169,250,000 after discounts, commissions and expenses related to this offering. The net proceeds from this offering will be used for general corporate purposes. Pending such use, the proceeds may be invested temporarily in short-term, interest-bearing, investment-grade securities or similar assets.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges presented below should be read together with the consolidated financial statements and the notes accompanying them and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Quarterly Report on Form 10-Q for the period ended September 30, 2011 and our Annual Report on Form 10-K for the year ended December 31, 2010, incorporated by reference into this prospectus supplement and the accompanying prospectus. For purposes of the computation of the ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before income taxes plus fixed charges. Fixed charges consist of interest expense plus the interest component of lease rental expense.

		Year Ended December 31,			Nine Months Ended	
	2006 ⁽¹⁾	2007 ⁽¹⁾	2008 ⁽¹⁾	2009	2010 ⁽²⁾	September 30, 2011 ⁽⁴⁾
Ratio of Earnings to Fixed Charges	2.08x	2.35x	4.16x	5.56x	0.99x	(3)

⁽¹⁾ For the years ended December 31, 2006, 2007 and 2008, we recorded merger-related after-tax expenses of \$24.2 million, \$34.6 million and \$15.9 million, respectively.

⁽²⁾ For the year ended December 31, 2010, we recorded a non-cash charge of \$106.4 million after-tax related to the acceleration of deferred compensation in the third quarter of 2010 as a result of a modification of our deferred compensation plan and merger-related after-tax expenses of \$16.5 million related to the merger with Thomas Weisel Partners Group, Inc.

⁽³⁾ For the nine months ended September 30, 2010, we recorded merger-related after-tax expenses of \$116.9 million. Our earnings were insufficient to cover fixed charges by \$67.0 million for the nine months ended September 30, 2010.

⁽⁴⁾ For the nine months ended September 30, 2011, we recorded litigation-related and certain merger-related after-tax expenses of \$29.4 million.

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The following table sets forth our capitalization as of September 30, 2011:

On an actual basis; and

On an as adjusted basis to give effect to the notes offered hereby.

You should read the data set forth in the table below in conjunction with Use of Proceeds, and Summary Historical Financial Information, appearing elsewhere in this prospectus supplement, as well as our unaudited financial statements and the accompanying notes and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations, each included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and incorporated in this prospectus supplement and the accompanying prospectus.

	September 30, 2011	
	Actual	As adjusted (Unaudited)
<i>(in thousands, except share and per share amounts)</i>		
Cash and cash equivalents	\$ 214,619	\$ 383,869
Liabilities:		
Short-term borrowings from banks	\$ 310,600	\$ 310,600
Payables:		
Brokerage clients	241,849	241,849
Brokers, dealers, and clearing organizations	143,410	143,410
Drafts	45,377	45,377
Securities sold under agreements to repurchase	52,805	52,805
Bank deposits	2,120,763	2,120,763
Trading securities sold, but not yet purchased, at fair value	272,190	272,190
Accrued compensation	159,112	159,112
Accounts payable and accrued expenses	228,235	228,235
6.70% senior notes due 2022 offered hereby		175,000
Debenture to Stifel Financial Capital Trust II	35,000	35,000
Debenture to Stifel Financial Capital Trust III	35,000	35,000
Debenture to Stifel Financial Capital Trust IV	12,500	12,500
Other	16,815	16,815
Total Liabilities	3,673,656	3,848,656
Liabilities subordinated to claims of general creditors	6,957	6,957
Shareholders' Equity:		
Preferred stock \$1 par value; authorized 3,000,000 shares; none issued		
Exchangeable common stock \$0.15 par value; issued 172,242 shares	26	26
Common stock \$0.15 par value; authorized 97,000,000 shares; issued 53,547,774 shares	8,032	8,032
Additional paid-in-capital	1,065,018	1,065,018
Retained earnings	259,816	259,816
Accumulated other comprehensive loss	(7,756)	(7,756)
	1,325,136	1,325,136
Treasury stock, at cost, 2,099,972 shares	(63,020)	(63,020)
Unearned employee stock ownership plan shares, at cost, 85,417 shares	(365)	(365)
Total Equity	1,261,751	1,261,751
Total Liabilities and Shareholders' Equity	\$ 4,942,364	\$ 5,117,364

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DESCRIPTION OF CERTAIN INDEBTEDNESS

Our short-term financing is generally obtained through uncommitted, secured lines of credit and an unsecured revolving credit facility. We borrow from various banks on a demand basis with company-owned securities pledged as collateral to fund a portion of our daily operations. Additionally, we use customer securities pledged as collateral to fund customer borrowings. The amount borrowed under these credit facilities varies daily based on our funding needs.

Uncommitted Lines of Credit

Our uncommitted secured lines of credit at September 30, 2011 totaled \$680.0 million with four banks and are dependent on having appropriate collateral, as determined by the bank agreements, to secure an advance under the line. The availability of our uncommitted lines are subject to approval by the individual banks each time an advance is requested and may be denied. As of September 30, 2011, we had approximately \$310.6 million of consolidated secured, short-term indebtedness, at an average rate of 1.1% all of which is held at our subsidiaries.

Revolving Credit Facility

Our committed short-term bank line financing at September 30, 2011 consisted of a \$50.0 million committed revolving credit facility with two banks, which was renewed in December 2011. The credit facility expires in December 2012. The applicable interest rate under the revolving credit facility is calculated as a per annum rate equal to the higher of (i) the prime rate, (ii) the federal funds effective rate plus 0.50% or (iii) one-month Eurocurrency rate plus 1.00%, as defined in the revolving credit facility.

We can draw upon this line, as long as certain restrictive covenants are maintained. Under our revolving credit facility, we are also required to maintain compliance with a minimum consolidated tangible net worth covenant under which we are required to have at all times a consolidated tangible net worth, as defined in the revolving credit facility, of not less than the greater of (x) \$625.0 million or (y) 80% of the consolidated tangible net worth as of the last day of the previous fiscal year and a maximum consolidated total capitalization ratio covenant under which we are required to have at all times a consolidated total capitalization ratio, as defined in the revolving credit facility, of not more than 25%. In addition, Stifel Nicolaus, our broker-dealer subsidiary, is required to maintain compliance with a minimum regulatory net capital covenant of not less than 10% of aggregate debits, as defined in the revolving credit facility.

At September 30, 2011, we had no advances on our revolving credit facility and were in compliance with all covenants. Our revolving credit facility contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to similar obligations, certain events of bankruptcy and insolvency and judgment defaults. On January 17, 2012, in connection with this offering, the facility was amended to permit us to issue the notes offered hereby.

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DESCRIPTION OF NOTES

We will issue the notes under an indenture to be dated as of January 23, 2012, between Stifel Financial Corp. and U.S. Bank National Association, as trustee (the trustee), as supplemented by a supplemental indenture with respect to the notes. In this section, we refer to the base indenture, as supplemented by the supplemental indenture, as the indenture. The terms of the notes include those expressly set forth in the indenture and those made a part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The following summary of the terms of the notes and the indenture does not purport to be complete and is subject, and qualified in its entirety by reference, to the detailed provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. You may request a copy of the indenture from us as described under Where You Can Find More Information in the accompanying prospectus. Those documents, and not this description, define your legal rights as a holder of the notes. The following description supplements, and supersedes to the extent it is inconsistent with, the statements under Description of the Securities in the accompanying prospectus.

For purposes of this description, the terms Stifel Financial Corp., we, us and our refer only to Stifel Financial Corp. and not to any of its subsidiaries, unless we specify otherwise.

General

The notes will be issued in an initial principal amount of \$175 million. We may, without the consent of holders of the notes, increase the principal amount of the notes by issuing additional senior debt securities in the future on the same terms and conditions, except for any difference in the issue price and interest accrued prior to the issue date of the additional senior debt securities, and with the same CUSIP number as the notes offered hereby, provided that such additional senior debt securities constitute part of the same issue as the notes offered hereby for U.S. federal income tax purposes. The notes offered by this prospectus supplement and any additional senior debt securities would rank equally and ratably and would be treated as a single series of debt securities for all purposes under the indenture.

The notes will be issued only in fully registered, book-entry form, in denominations of \$25 and integral multiples thereof, except under the limited circumstances described below under Certificated Securities in this prospectus supplement.

The indenture does not contain any provisions that would necessarily protect holders of notes if we become involved in a highly leveraged transaction, reorganization, merger or other similar transaction that adversely affects us or them.

Optional Redemption

We may, at our option, at any time and from time to time, on or after January 15, 2015, redeem the notes in whole or in part on not less than 30 nor more than 60 days prior notice mailed to the holders of the notes. The notes will be redeemable at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to the date of redemption.

On and after any redemption date, interest will cease to accrue on the notes called for redemption. Prior to any redemption date, we are required to deposit with a paying agent money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on such date. If we are redeeming less than all the notes, the trustee under the indenture must select the notes to be redeemed by such method as the trustee deems fair and appropriate in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances.

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Listing

We intend to apply to list the notes on the NYSE. We expect trading in the notes to begin within 30 days of January 23, 2012, the original issue date.

Interest

Interest on the notes will accrue at the rate of 6.70% per year from and including January 23, 2012 or the most recent interest payment date to which interest has been paid or provided for, and will be payable quarterly in arrears on each January 15, April 15, July 15 and October 15 of each year, beginning April 15, 2012. We will pay interest to those persons who were holders of record of such notes on the first day of the month of each interest payment date: January 1, April 1, July 1 and October 1, the record date preceding each interest payment date. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. We will not provide a sinking fund for the notes.

If any interest payment date or stated maturity date is not a business day, the payment otherwise required to be made on such date will be made on the next business day without any additional payment as a result of such delay. The term "business day" means, with respect to any note, any day, other than a Saturday, Sunday or any other day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close. All payments will be made in U.S. dollars.

Ranking

The notes will be our general unsecured senior obligations that rank senior in right of payment to our future indebtedness that is expressly subordinated in right of payment to the notes. The notes will rank equally with all our other unsecured senior indebtedness. However, the notes will be effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will also be effectively subordinated to all liabilities, including trade payables and lease obligations of our subsidiaries. Any right by us to receive the assets of any of our subsidiaries upon a liquidation or reorganization of that subsidiary, and the consequent right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, except to the extent that we are recognized as a creditor of such subsidiary, in which case our claims would still be subordinated to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary that is senior to that held by us.

Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the notes or to make any funds available for payment on the notes, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory, contractual or other restrictions, may depend on the earnings or financial condition of all of the foregoing and are subject to various business considerations. As a result, we may be unable to gain significant, if any, access to the cash flow or assets of our subsidiaries.

The indenture does not limit the amount of additional indebtedness, including senior or secured indebtedness, which we can create, incur, assume or guarantee, nor does the indenture limit the amount of indebtedness or other liabilities that our subsidiaries can create, incur, assume or guarantee. As of September 30, 2011, we had approximately \$82.5 million of total long-term indebtedness. As of September 30, 2011, our subsidiaries had no long-term indebtedness, excluding intercompany indebtedness, and had not guaranteed any other indebtedness. As of September 30, 2011, we had approximately \$310.6 million of consolidated secured, short-term indebtedness, all of which is held at our subsidiaries.

Maturity

The notes will mature on January 15, 2022.

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Covenants

Under the indenture, we are also required to:

- pay the principal, interest and any premium on the notes when due and deposit sufficient funds with any paying agent on or before the due date for any principal, interest or any premium;
- provide the trustee with a copy of the reports we must file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act no later than the time those reports must be filed with the SEC (after giving effect to any grace period provided by Rule 12b-25 under the Exchange Act); *provided*, that the filing of these reports with the SEC through its EDGAR database within the time periods for filing the same under the Exchange Act (taking into account any applicable grace periods provided thereunder) will satisfy our obligation to furnish those reports to the trustee; and
- maintain our corporate existence and the corporate, partnership, limited liability company or other existence of each of our significant subsidiaries, subject to certain exceptions.

Merger, Consolidation and Sale of Assets

The indenture generally permits us to consolidate or merge with another entity. The indenture also permits us to sell all or substantially all of our property and assets. If this happens, the remaining or acquiring entity must assume all of our responsibilities and liabilities under the indenture including the payment of all amounts due on the notes and performance of the covenants in the indenture. However, we will only consolidate or merge with or into any other entity or sell all or substantially all of our assets according to the terms and conditions of the indenture. The remaining or acquiring entity will be substituted for us in the indenture with the same effect as if it had been an original party to the indenture. Thereafter, the successor entity may exercise our rights and powers under any indenture, in our name or in its own name. Any act or proceeding required or permitted to be done by our board of directors or any of our officers may be done by the board or officers of the successor entity. When the successor assumes all of our obligations under the indenture, our obligations under the indenture will terminate.

Events of Default, Notice and Waiver

The following are events of default under the indenture for the notes:

- failure by us to pay the principal of, or premium, if any, on any note when due, whether at maturity, upon redemption or otherwise;
- failure by us to pay an installment of interest on any note when due, if the failure continues for 30 days after the date when due;
- failure by us to comply with our obligations under **Merger, Consolidation and Sale of Assets** above;
- failure by us to comply with any other term, covenant or agreement contained in the notes or the indenture, if the failure is not cured within 90 days after notice to us by the trustee or to the trustee and us by holders of at least 25% in aggregate principal amount of the notes then outstanding, in accordance with the indenture;
- a default by us or any of our subsidiaries in the payment when due, after the expiration of any applicable grace period, of principal of, or premium, if any, or interest on, indebtedness for money borrowed in the aggregate principal amount then outstanding of \$25 million or more, or acceleration of our or our subsidiaries' indebtedness for money borrowed in such aggregate principal amount or more so that it becomes due and payable before the date on which it would otherwise have become due and payable, if such default is not cured or waived, or such acceleration is not rescinded, within 30 days after notice to us by the trustee or to us and the trustee by holders of at least 25% in aggregate principal amount of the notes then outstanding, in accordance with the indenture;

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failure by us or any of our subsidiaries, within 30 days, to pay, bond or otherwise discharge any final, non-appealable judgments or orders for the payment of money the total uninsured amount of which for us or any of our subsidiaries exceeds \$25 million, which are not stayed on appeal; and

certain events of bankruptcy, insolvency or reorganization with respect to us or any of our subsidiaries that is a significant subsidiary (as defined in Regulation S-X under the Exchange Act) or any group of our subsidiaries that in the aggregate would constitute a significant subsidiary.

If an event of default, other than an event of default referred to in the last bullet point above with respect to us (but including an event of default referred to in that bullet point solely with respect to a significant subsidiary, or group of subsidiaries that in the aggregate would constitute a significant subsidiary, of ours), has occurred and is continuing, either the trustee, by notice to us, or the holders of at least 25% in aggregate principal amount of the notes then outstanding, by notice to us and the trustee, may declare the principal of, and any accrued and unpaid interest on, all notes to be immediately due and payable. In the case of an event of default referred to in the last bullet point above with respect to us (and not solely with respect to a significant subsidiary, or group of subsidiaries that in the aggregate would constitute a significant subsidiary, of ours), the principal of, and accrued and unpaid interest on, all notes will automatically become immediately due and payable.

Notwithstanding the paragraph above, for the first 365 days immediately following an event of default relating to (i) our failure to file with the trustee pursuant to Section 314(a)(1) of the Trust Indenture Act any documents or reports that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act or (ii) our failure to comply with our reporting obligations to the trustee set forth under the second sub-bullet under the heading Covenants above, the sole remedy for any such event of default shall be the accrual of additional interest on the notes at a rate per year equal to (i) 0.25% of the outstanding principal amount of the notes for the first 180 days following the occurrence of such event of default and (ii) 0.50% of the outstanding principal amount of the notes for the next 180 days after the first 180 days following the occurrence of such event of default, in each case, payable quarterly at the same time and in the same manner as regular interest on the notes. This additional interest will accrue on all outstanding notes from, and including the date on which such event of default first occurs to, and including, the 365th day thereafter (or such earlier date on which such event of default shall have been cured or waived). In addition to the accrual of such additional interest, on and after the 360th day immediately following an event of default relating to such reporting obligations, either the trustee or the holders of not less than 25% in aggregate principal amount of the notes then outstanding may declare the principal amount of the notes and any accrued and unpaid interest through the date of such declaration, to be immediately due and payable.

If any portion of the amount payable on the notes upon acceleration is considered by a court to be unearned interest (through the allocation of a portion of the value of the notes to the embedded warrant or otherwise), the court could disallow recovery of any such portion.

After any acceleration of the notes, the holders of a majority in aggregate principal amount of the notes by written notice to the trustee, may rescind or annul such acceleration in certain circumstances, if:

the rescission would not conflict with any order or decree;
all events of default, other than the non-payment of accelerated principal or interest, have been cured or waived; and
certain amounts due to the trustee are paid.

Except as provided in the indenture, the holders of a majority of the aggregate principal amount of outstanding notes may, by notice to the trustee, waive any past default or event of default and its consequences, other than a default or event of default:

in the payment of principal of, or interest or premium, if any, on, any note; or
in respect of any provision under the indenture that cannot be modified or amended without the consent of the holders of each outstanding note affected.

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We will promptly notify the trustee upon our becoming aware of the occurrence of any default or event of default. In addition, the indenture requires us to furnish to the trustee, on an annual basis, a statement by our officers stating whether they have actual knowledge of any default or event of default by us in performing any of our obligations under such indenture or the notes and describing any such default or event of default. If a default or event of default has occurred and the trustee has received notice of the default or event of default in accordance with the indenture, the trustee must mail to each registered holder of notes a notice of the default or event of default within 30 days after receipt of the notice. However, the trustee need not mail the notice if the default or event of default:

has been cured or waived; or
is not in the payment or delivery of any amounts due (including principal or interest) with respect to any note and the trustee in good faith determines that withholding the notice is in the best interests of the holders.

Limitation on Suits

The indenture limits the right of holders of the notes to institute legal proceedings. No holder will have the right to bring a claim under the indenture unless:

the holder has previously given written notice to the trustee that an event of default with respect to the notes is continuing;
the holders of not less than 25% of the aggregate principal amount of the notes shall have made a written request to the trustee to pursue the claim and furnished the trustee, if requested, security or an indemnity reasonably satisfactory to the trustee against any loss, liability or expense;
the trustee does not comply within 60 days of receipt of the request and the offer of security or indemnity; and
during such 60-day period, no direction inconsistent with a request has been given to the trustee by the holders of a majority of the aggregate principal amount of the notes.

Subject to the indenture, applicable law and the trustee's rights to indemnification, the holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

Legal Defeasance and Covenant Defeasance

We may at any time elect to have all of our obligations discharged with respect to the outstanding notes (legal defeasance) except for the rights of holders of outstanding debt securities to receive payments in respect of the principal of, or interest or premium, if any, on, such debt securities when such payments are due from the trust referred to below, and except for certain other obligations of the Company and certain other rights of the trustee under the indenture.

In addition, we may at any time elect to have our obligations released with respect to certain covenants and thereafter any omission to comply with those covenants will not constitute a default or event of default with respect to the debt securities (covenant defeasance). In the event covenant defeasance occurs, certain events will no longer constitute an event of default with respect to the debt securities.

In order to exercise either legal defeasance or covenant defeasance, we must irrevocably deposit with the trustee for the benefit of the holders of the notes funds in amounts as will be sufficient to pay the principal of and premium, if any, and interest on the outstanding debt securities of such series on the stated date for payment thereof or on the applicable redemption date, as the case may be. In addition, we must deliver to the trustee certain opinions of counsel and officer's certificate in connection with such defeasance, and we may not exercise such defeasance if certain defaults or events of default with respect to debt securities of such series

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have occurred and are continuing on the date of such deposit or if such defeasance would result in a breach or violation of, or constitute a default under, any material agreement or instrument to which we or any of our subsidiaries is a party or by which we or any of our subsidiaries are bound.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect with respect to the notes, when:

either:

- all the notes that have been authenticated have been delivered to the trustee for cancellation; or
- all the notes that have not been delivered to the trustee for cancellation:
 - have become due and payable,
 - will become due and payable at their stated maturity within one year, or
 - are to be called for redemption within one year,

and we, in the case of the first, second and third sub-bullets above, have irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders of debt securities of such series, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness (including all principal, premium, if any, and interest) on such notes delivered to the trustee for cancellation (in the case of notes that have become due and payable on or prior to the date of such deposit) or to the stated maturity or redemption date, as the case may be,

- we have paid or caused to be paid all other sums payable by us under the indenture with respect to the notes; and
- we have delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or on