

**Sterne Agee Group, Inc. (Birmingham, AL) has agreed to merge with Stifel Financial Corp. (NYSE: SF; Saint Louis, MO)**

**Deal Value: Approximately \$150 million**

**Sandler O'Neill served as financial advisor to Sterne Agee Group, Inc. in connection with this transaction.**

**This transaction is Sandler O'Neill's 83<sup>rd</sup> financial services transaction since January 1, 2014, more than any other investment bank over this period. This transaction represents Sandler O'Neill's 10<sup>th</sup> broker-dealer transaction nationwide since January 1, 2011, more than any other investment bank during that time period.<sup>1</sup>**

SAINT LOUIS, MO -- Stifel Financial Corp. (NYSE: SF) today announced that it has entered into a definitive merger agreement to acquire Sterne Agee Group, Inc., one of the oldest and largest privately owned financial services firms in the nation.

The transaction values Sterne Agee at approximately \$150 million. The closing consideration consists of a combination of Stifel common stock, valued at \$51.55 per share, and cash. Depending on shareholder elections, the minimum amount of Stifel stock issued at closing is 1.42 million shares and the maximum amount issued is 1.62 million shares. Accordingly, the cash consideration will range from approximately \$77 million to \$66 million.

The merger is subject to approval by Sterne Agee shareholders and is expected to close in the late spring, subject to regulatory approvals and customary conditions. The boards of directors of both companies unanimously approve the merger.

"We have identified a great firm in Sterne Agee to bolster our Global Wealth Management group with the addition of more than 700 financial advisors and independent representatives increasing advisor professionals by 35%. Sterne Agee's fixed income platform is highly complementary to our existing products and services, and together will catapult this business to a new level, continuing the momentum we established with the addition of Knight's fixed income sales and trading business," said Ronald J. Kruszewski, Chairman and CEO of Stifel. "This acquisition furthers our goal of creating a balanced, well-diversified business mix with wealth management and institutional exposure."

Eric Needleman, Chairman, Sterne Agee Group, Inc. and CEO of Sterne Agee & Leach, Inc., stated, "Sterne Agee has been fortunate to experience growth and success for more than a century. We believe that the time is right to merge our company with Stifel to allow our shareholders, clients and employees the opportunity to continue to prosper in the ever-challenging financial services arena. Our goal of being a preeminent financial services company has not changed, but we are accelerating this plan by joining together with a like-minded company with a similar legacy."

Stifel and Sterne Agee have agreed with the founders of the FBC Mortgage business to sell the business back to them. In addition, Sterne Agee has built a leading Institutional Equity and Investment Banking business. Stifel has committed to Sterne Agee and the professionals in Sterne Agee's Institutional Equity and Investment Banking business to operate it on a stand-alone, independent basis. Stifel and Sterne Agee management believe that there is significant value in this business and have been approached by a number of suitable partners for the business and its professionals. Working together with these employees, Stifel is committed to finding the right partner, or, alternatively, considering all other strategic alternatives, including spinning off the Institutional Equity and Investment Banking business as a separate stand-alone entity.

(1) Source: SNL Financial. Excludes terminated transactions and self-advisory roles

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