



July 27, 2011

Dear Friends and Valued Clients:

We are pleased to announce that the board of directors of Stone & Youngberg Holdings LLC has entered into an agreement whereby Stifel Financial, (SF: NYSE) the parent company of Stifel Nicolaus & Company, a full-service investment banking and brokerage company, will acquire 100% of Stone & Youngberg.

Stifel Nicolaus, headquartered in St. Louis, Missouri, has successfully grown both its Global Wealth Management and Institutional Group's businesses through a series of strategic acquisitions commencing with the transformational acquisition of Legg Mason's Capital Markets group in 2005. This strategy continues today with the acquisition of Stone & Youngberg, which represents the second acquisition of a California based firm by Stifel Nicolaus following the merger with Thomas Weisel Partners in 2010. Stifel Nicolaus has also expanded its Private Client Group in California since 2007, and today has 29 Private Client Group offices with more than 150 Financial Advisors. We see tremendous opportunities through combining our complementary businesses.

Chairman, President and CEO, Ronald J. Kruszewski, along with his management team, continually positions the firm for growth and opportunities. As of June 30, 2011, Stifel Financial had \$1.4 billion in shareholder equity, assets of \$4.5 billion and a market capitalization of \$2 billion. 2010 represented 15 years of consecutive record net revenues and Stifel has been named to *Fortune Magazine's* 100 fastest growing companies for the past two years.

Being a part of Stifel Nicolaus will give Stone & Youngberg a competitive advantage in our markets through scale and broader distribution. As a part of a dynamic and growing full-service brokerage firm, our Financial Advisors, for the benefit of our clients, will enjoy a more comprehensive offering of products and services coupled with the stability of a well capitalized and profitable firm. Through this combination, we believe we will have the largest Private Client Group among our primary competitors in California, which will also benefit our public finance efforts and lead to new business.

The public finance and municipal trading, underwriting and sales activities of the two groups complement each other as both have a significant presence in the areas of schools, tax increment, general government, and economic development. Combined, we will have unsurpassed coverage of first tier institutional accounts, along with the broadest coverage of middle-market accounts of any municipal bond underwriting firm. These efforts will be supported by traders from both firms on multiple regional trading desks, including all of the Stone & Youngberg traders and underwriters in San Francisco, which will insure that our clients will continue to receive the same service and attention that we are known for.

We have valued our independence for 80 years, but we believe now is the opportune time to combine with Stifel Nicolaus. We have built a highly valued brand and upon closing, the Stone & Youngberg public finance team will be referred to as the Stone & Youngberg division of Stifel Nicolaus.



STONE &
YOUNGBERG

We will continue to deliver the services and expertise you have come to expect from us. This combination provides opportunities for both you, our valued client, and for our key personnel. Over the next two months we will continue to communicate with our clients and associates about the combination.

We thank you for your support and look forward to continuing our professional relationship with you as your business partner.

Sincerely,

Ken Williams,
President and Chief Executive Officer