

# SECURITIES AND EXCHANGE COMMISSION

## FORM 424B3

Prospectus filed pursuant to Rule 424(b)(3)

Filing Date: **2001-08-03**  
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### FILER

#### STILWELL FINANCIAL INC

CIK: **1065865** | IRS No.: **431804048** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **424B3** | Act: **33** | File No.: **333-65152** | Film No.: **1697440**  
SIC: **6199** Finance services

Mailing Address  
920 MAIN STREET 21ST  
FLOOR  
KANSAS CITY MO 64105

Business Address  
920 MAIN STREET 21ST  
FLOOR  
KANSAS CITY MO 64105  
8162182400

PROSPECTUS SUPPLEMENT NO. 1  
(TO PROSPECTUS DATED JULY 30, 2001)

\$930,709,000

STILWELL FINANCIAL INC.

LIQUID YIELD OPTION(TM) NOTES DUE 2031  
(ZERO COUPON--SENIOR)  
AND  
COMMON STOCK ISSUABLE UPON CONVERSION OF THE LYONS

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This document supplements the prospectus dated July 30, 2001 of Stilwell Financial Inc. relating to the resale by certain holders of LYONS who are named as selling security holders of up to \$930,709,000 aggregate principal amount at maturity of LYONS and the shares of common stock issuable upon conversion of the LYONS.

You should read this prospectus supplement in conjunction with the prospectus dated July 30, 2001. This prospectus supplement is qualified by reference to the prospectus dated July 30, 2001, except to the extent that the information in this prospectus supplement supersedes the information contained in the July 30, 2001 prospectus.

The table of selling security holders beginning on page 43 of the prospectus is hereby amended to add the entities named below as selling security holders:

<TABLE>  
<CAPTION>

NAME AND ADDRESS:	PRINCIPAL AMOUNT AT MATURITY OF LYONS BENEFICIALLY OWNED THAT MAY BE SOLD	PERCENTAGE OF LYONS OUTSTANDING	NUMBER OF SHARES OF COMMON STOCK THAT MAY BE SOLD (1) (4)	PERCENTAGE OF COMMON STOCK OUTSTANDING (2)
-				
<S>	<C>	<C>	<C>	<C>
AFTRA Health Fund..... c/o Mackay Shields 9 West 57/th/ Street New York, NY 10019	\$ 590,000	*	10,121	*
GLG Global Convertible Fund..... c/o GLG Partner LP One Curzon Street London W1J 5HB England	\$16,800,000	1.81%	288,194	*
GLG Global Convertible UCITS Fund..... c/o GLG Partner LP One Curzon Street London W1J 5HB England	\$ 3,200,000	*	54,894	*
GLG Market Neutral Fund..... GLG Partners LP 1 Curzon Street London W1J 5HB England	\$30,500,000	3.28%	523,209	*
Global Bermuda Limited Partnership..... 601 Carlson Parkway, Ste. 200	\$ 1,500,000	*	25,732	*

</TABLE>

<TABLE>  
<CAPTION>

NAME AND ADDRESS:	PRINCIPAL AMOUNT AT MATURITY OF LYONS BENEFICIALLY OWNED THAT MAY BE SOLD	PERCENTAGE OF LYONS OUTSTANDING	NUMBER OF SHARES OF COMMON STOCK THAT MAY BE SOLD (1) (4)	PERCENTAGE OF COMMON STOCK OUTSTANDING (2)
<S>	<C>	<C>	<C>	<C>
Lakeshore International Ltd..... 601 Carlson Parkway, Ste. 200 Minnetonka, MN 55305	\$3,800,000	*	65,187	*
Mainstay Convertible Fund..... c/o Mackay Shields 9 West 57/st/ Street New York, NY 10019	\$8,450,000	*	144,955	*
Mainstay Strategic Value Fund..... c/o Mackay Shields 9 West 57/st/ Street New York, NY 10019	\$ 300,000	*	5,146	*
Mainstay VP Convertible Portfolio..... c/o Mackay Shields 9 West 57/st/ Street New York, NY 10019	\$2,310,000	*	39,627	*
New York Life Separate Account #7..... c/o Mackay Shields 9 West 57/st/ Street New York, NY 10019	\$1,150,000	*	19,728	*

After giving effect to the addition of the foregoing selling security holders, the table of selling security holders reads as follows:

SELLING SECURITY HOLDERS

<TABLE>  
<CAPTION>

NAME AND ADDRESS:	PRINCIPAL AMOUNT AT MATURITY OF LYONS BENEFICIALLY OWNED THAT MAY BE SOLD	PERCENTAGE OF LYONS OUTSTANDING	NUMBER OF SHARES OF COMMON STOCK THAT MAY BE SOLD (1) (4)	PERCENTAGE OF COMMON STOCK OUTSTANDING (2)
<S>	<C>	<C>	<C>	<C>
AFTRA Health Fund..... c/o Mackay Shields 9 West 57/th/ Street New York, NY 10019	\$ 590,000	*	10,121	*
Allstate Life Insurance Company..... 3075 Sanders Road, Ste. G6B Northbrook, IL 60062	\$ 1,300,000	*	22,301	*
American Pioneer Life Insurance Company of New York..... 6 International Drive, Ste. 190 Rye Brook, NY 10573-1068	\$ 80,000	*	1,372	*
American Progressive Life and Health Insurance Company of New York.....	\$ 80,000	*	1,372	*

6 International Drive, Ste. 190  
Rye Brook, NY 10573-1068

First Union National Bank..... 8739 Research Drive Charlotte, NC 28262-0675	\$76,500,000	8.22%	1,312,312	*
GLG Global Convertible Fund..... c/o GLG Partner LP One Curzon Street London W1J 5HB England </TABLE>	\$16,800,000	1.81%	288,194	*
<TABLE> <CAPTION>				
NAME AND ADDRESS:	PRINCIPAL AMOUNT AT MATURITY OF LYONS BENEFICIALLY OWNED THAT MAY BE SOLD	PERCENTAGE OF LYONS OUTSTANDING	NUMBER OF SHARES OF COMMON STOCK THAT MAY BE SOLD (1) (4)	PERCENTAGE OF COMMON STOCK OUTSTANDING (2)
-			-----	-----
<S>	<C>	<C>	<C>	<C>
GLG Global Convertible UCITS Fund..... c/o GLG Partner LP One Curzon Street London W1J 5HB England	\$ 3,200,000	*	54,894	*
GLG Market Neutral Fund..... GLG Partners LP 1 Curzon Street London W1J 5HB England	\$30,500,000	3.28%	523,209	*
Global Bermuda Limited Partnership..... 601 Carlson Parkway, Ste. 200 Minnetonka, MN 55305	\$ 1,500,000	*	25,732	*
JMG Capital Partners LP..... 1999 Ave. of the Stars, Ste. 2530 Los Angeles, CA 90067	\$23,750,000	2.55%	407,417	*
JMG Triton Offshore Fund Ltd..... 1999 Ave. of the Stars, Ste. 2530 Los Angeles, CA 90067	\$13,750,000	1.48%	235,873	*
Lakeshore International Ltd..... 601 Carlson Parkway, Ste. 200 Minnetonka, MN 55305	\$ 3,800,000	*	65,187	*
Mainstay Convertible Fund..... c/o Mackay Shields 9 West 57/st/ Street New York, NY 10019	\$ 8,450,000	*	144,955	*
Mainstay Strategic Value Fund..... c/o Mackay Shields 9 West 57/st/ Street New York, NY 10019	\$ 300,000	*	5,146	*
Mainstay VP Convertible Portfolio..... c/o Mackay Shields 9 West 57/st/ Street New York, NY 10019	\$ 2,310,000	*	39,627	*
Merrill Lynch International Ltd.....	\$10,000,000	1.07%	171,544	*

101 Hudson St.  
 Jersey City, NJ 07302

Morgan Stanley..... 1585 Broadway New York, NY 10036	\$15,000,000	1.61%	257,316	*
New York Life Separate Account #7..... c/o Mackay Shields 9 West 57/st/ Street New York, NY 10019	\$ 1,150,000	*	19,728	*
Tokai Asia Limited..... 28th Floor, Alexandra House 16-20 Chater Rd. Hong Kong </TABLE>	\$ 5,000,000	*	85,772	*

<TABLE>  
 <CAPTION>

NAME AND ADDRESS:	PRINCIPAL AMOUNT AT MATURITY OF LYONS BENEFICIALLY OWNED THAT MAY BE SOLD	PERCENTAGE OF LYONS OUTSTANDING	NUMBER OF SHARES OF COMMON STOCK THAT MAY BE SOLD (1) (4)	PERCENTAGE OF COMMON STOCK OUTSTANDING (2)
<S>	<C>	<C>	<C>	<C>
TQA Master Fund, Ltd..... 405 Lexington Ave. 45th Floor New York, NY 10174	\$ 2,000,000	*	34,309	*
TQA Master Plus Fund, Ltd..... 405 Lexington Ave. 45th Floor New York, NY 10174	\$ 2,500,000	*	42,886	*
Wilmington Trust, as owner trustee for the Forrestal Funding Master Trust..... c/o Bank of America Securities LLC One World Trade Center, 81st Floor New York, NY 10048	\$ 70,000,000	7.52%	1,200,808	*
Worldwide Transactions Ltd..... 48 Par La Ville Rd. Ste. 778 Hamilton, HMII Bermuda	\$ 215,000	*	3,688	*
ZCM Asset Holding Company..... One Chase Manhattan Plaza New York, NY 10005	\$ 250,000	*	4,289	*
Zurich Institutional Benchmark..... Master Fund Ltd. One Chase Manhattan Plaza New York, NY 10005	\$ 250,000	*	4,289	*
Any other holder of LYONS or future transferee, pledgee, donee successor of any holder (3).....	\$655,184,000	70.40%	11,239,288	5.12%
Total.....	\$930,709,000	100.00%	15,965,754	7.27%
	=====	=====	=====	=====

</TABLE>

\* Less than 1%

(1) Assumes conversion of all of the holder's LYONS at a conversion rate of  
 17.1544 shares of common stock per \$1,000 principal amount at maturity of

the LYONS. However, this conversion rate will be subject to adjustment as described under "Description of LYONS--Conversion Rights." As a result, the number of shares of common stock that may be sold may increase or decrease in the future.

- (2) Calculated based on 219,559,642 shares of common stock outstanding as of June 30, 2001. In calculating this amount, we treated as outstanding that number of shares of common stock issuable upon conversion of all of a particular holder's LYONS. However, we did not assume the conversion of any other holder's LYONS.
- (3) Information about other selling security holders will be set forth in future prospectus supplements, if required.
- (4) Assumes that the holders of LYONS, or any future transferees, pledgees, donees or successors of or from any such holders of LYONS, do not beneficially own any common stock other than the common stock issuable upon conversion of the LYONS at the initial conversion rate.

The above table sets forth information as of August 2, 2001, based on information supplied to us by the selling security holders named in the table. The selling security holders listed in the above table may have sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of their LYONS since the date on which the information was supplied to us and presented in the above table. Information about the selling security holders may change over time. Any changed information supplied to us will be set forth in future prospectus supplements.

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INVESTING IN THE LYONS INVOLVES RISKS THAT ARE DESCRIBED IN THE "RISK FACTORS--RISKS RELATED TO THE LYONS" SECTION BEGINNING ON PAGE 18 OF THE PROSPECTUS.

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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. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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The date of this prospectus supplement is August 3, 2001.

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/TM Trademark of Merrill Lynch & Co., Inc. /