

## Piper Jaffray Companies Announces 2017 Second Quarter Results

MINNEAPOLIS – July 27, 2017 – Piper Jaffray Companies (NYSE: PJC) today announced its financial results for the quarter ended June 30, 2017.

"We continued to generate strong performance during the quarter led by our investment banking group," said Andrew S. Duff, chairman and CEO. "Our results reflect the diversity of our business, as contributions were balanced across our banking platform including our consumer, healthcare, energy and diversified industrials teams."

### Financial Highlights

|  | Three Months Ended |                  |                  | Percent Inc/(Dec)    |                      |
|--|--------------------|------------------|------------------|----------------------|----------------------|
|  | June 30,<br>2017   | Mar. 31,<br>2017 | June 30,<br>2016 | 2Q '17<br>vs. 1Q '17 | 2Q '17<br>vs. 2Q '16 |
| <i>(Amounts in thousands, except per share data)</i> |                    |                  |                  |                      |                      |
| <b>U.S. GAAP</b>                                     |                    |                  |                  |                      |                      |
| Net revenues   | \$ 197,745         | \$ 200,529       | \$ 170,483       | (1.4)%               | 16.0%                |
| Compensation ratio                                   | 67.9%              | 67.0%            | 68.7%            |                      |                      |
| Non-compensation ratio                               | 22.0%              | 21.6%            | 27.5%            |                      |                      |
| Pre-tax operating margin                             | 10.0%              | 11.4%            | 3.8%             |                      |                      |
| Net income   | \$ 13,573          | \$ 20,275        | \$ 1,938         | (33.1)%              | 600.4%               |
| Earnings per diluted common share                    | \$ 0.89            | \$ 1.31          | \$ 0.12          | (32.1)%              | 641.7%               |
| <b>Non-GAAP<sup>(1)</sup></b>                        |                    |                  |                  |                      |                      |
| Adjusted net revenues                                | \$ 195,778         | \$ 196,632       | \$ 167,188       | (0.4)%               | 17.1%                |
| Adjusted compensation ratio                          | 64.5%              | 64.3%            | 64.1%            |                      |                      |
| Adjusted non-compensation ratio                      | 19.9%              | 19.6%            | 23.1%            |                      |                      |
| Adjusted pre-tax operating margin                    | 15.6%              | 16.1%            | 12.9%            |                      |                      |
| Adjusted net income                                  | \$ 21,274          | \$ 27,481        | \$ 13,938        | (22.6)%              | 52.6%                |
| Adjusted earnings per diluted common share           | \$ 1.40            | \$ 1.77          | \$ 0.88          | (20.9)%              | 59.1%                |

- Strong performances in our advisory services and equity and debt financing businesses drove revenues in the second quarter of 2017.
- Higher revenue levels drove increased operating leverage and improved pre-tax operating margin and earnings compared to the year-ago period.
- Our second quarter 2017 results include a \$1.8 million tax benefit related to restricted stock vesting at values greater than the grant price. The tax benefit increased earnings per diluted common share by \$0.12 in the second quarter of 2017.
- Our rolling 12 month return on average common shareholders' equity was 1.0% at June 30, 2017 and our rolling 12 month adjusted return on average common shareholders' equity<sup>(2)</sup> was 12.4% at June 30, 2017.

(1) A non-U.S. GAAP ("non-GAAP") measure. For a detailed explanation of the adjustments made to the corresponding U.S. GAAP measures, see "Reconciliation of U.S. GAAP to Selected Summary Financial Information." We believe that presenting our results and measures on an adjusted basis in conjunction with U.S. GAAP measures provides the most meaningful basis for comparison of our operating results across periods.

(2) A non-GAAP measure. See the "Additional Shareholder Information" section for an explanation of the calculation of this non-GAAP measure. We believe that the adjusted rolling 12 month return on average common shareholders' equity provides a meaningful measure of our return on the core operating results of the business.

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## Business Segment Results

The firm has two reportable business segments: Capital Markets and Asset Management. Consolidated net revenues and expenses are fully allocated to these two segments. The variance explanations for net revenues and adjusted revenues are consistent on both a U.S. GAAP and non-GAAP basis.

## U.S. GAAP Results and Commentary

### *Capital Markets*

The following table summarizes our Capital Markets business segment results on a U.S. GAAP basis for the periods presented:

|                               | Three Months Ended |                  |                  | Percent Inc/(Dec)    |                      |
|-------------------------------|--------------------|------------------|------------------|----------------------|----------------------|
|                               | June 30,<br>2017   | Mar. 31,<br>2017 | June 30,<br>2016 | 2Q '17<br>vs. 1Q '17 | 2Q '17<br>vs. 2Q '16 |
| <i>(Amounts in thousands)</i> |                    |                  |                  |                      |                      |
| Net revenues                  | \$ 183,773         | \$ 186,285       | \$ 156,739       | (1.3)%               | 17.2%                |
| Operating expenses            | \$ 164,233         | \$ 164,060       | \$ 152,028       | 0.1 %                | 8.0%                 |
| Pre-tax operating income      | \$ 19,540          | \$ 22,225        | \$ 4,711         | (12.1)%              | 314.8%               |
| Pre-tax operating margin      | 10.6%              | 11.9%            | 3.0%             |                      |                      |

- Advisory services revenues were \$92.5 million, an increase of 92% compared to the second quarter of 2016. Our results reflect a strong relative performance and broad-based contributions across our advisory business.
- Equity financing revenues of \$24.7 million increased 47% and 6% compared to the year-ago period and the sequential quarter, respectively. Markets continue to be constructive for equity capital raising activity. The revenue synergies that have materialized as a result of our expansion into the energy sector contributed to our performance in the current quarter.
- Debt financing revenues were \$22.0 million, down 34% compared to a strong second quarter of 2016. Revenues were up 34% compared to the first quarter of 2017 as the mix of higher margin business and the diversity in our franchise benefited us in the quarter.
- Equity institutional brokerage revenues of \$20.6 million decreased 9% compared to the year-ago period and increased 2% compared to the first quarter of 2017. Low volatility resulted in lower trading volumes in the second quarter of 2017.
- Fixed income institutional brokerage revenues were \$19.2 million, down 34% and 17% compared to the second quarter of 2016 and the first quarter of 2017, respectively. Our fixed income business confronted challenging market conditions during the quarter, characterized by low volatility, a flattening yield curve and low interest rate levels on an absolute basis. These conditions resulted in light levels of customer flow activity and limited trading opportunities, which reduced our revenues.
- Investment income, which includes realized and unrealized gains and losses on investments (including amounts attributable to noncontrolling interests) in our merchant banking fund, senior living fund, and firm investments, was \$5.3 million for the quarter, compared to \$7.5 million and \$10.5 million in the year-ago period and the sequential quarter, respectively. We recorded higher gains on our firm investments in the second quarter of 2016, and higher gains on our merchant banking portfolio in the first quarter of 2017.

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- Operating expenses for the second quarter of 2017 were \$164.2 million, up 8% compared to the second quarter of 2016 due to higher compensation expenses arising from increased revenues. These increases were partially offset by lower acquisition-related compensation expenses related to the acquisition of Simmons & Company International ("Simmons") which we acquired on February 26, 2016, as well as lower restructuring costs. In the year-ago period, we recorded \$3.4 million of restructuring and integration costs primarily related to the acquisition of Simmons.
- Segment pre-tax operating margin was 10.6% compared to 3.0% in the year-ago period and 11.9% in the first quarter of 2017. Pre-tax operating margin increased compared to the second quarter of 2016 due primarily to a lower non-compensation ratio driven by an increase in revenues and lower levels of restructuring costs. Pre-tax operating margin declined compared to the sequential quarter due to a higher compensation ratio resulting from a change in our mix of business.

## Asset Management

The following table summarizes our Asset Management business segment results on a U.S. GAAP basis for the periods presented:

|                                 | Three Months Ended |           |           | Percent Inc/(Dec) |            |
|---------------------------------|--------------------|-----------|-----------|-------------------|------------|
|                                 | June 30,           | Mar. 31,  | June 30,  | 2Q '17            | 2Q '17     |
|                                 | 2017               | 2017      | 2016      | vs. 1Q '17        | vs. 2Q '16 |
| <i>(Amounts in thousands)</i>   |                    |           |           |                   |            |
| Management and performance fees | \$ 13,689          | \$ 14,010 | \$ 12,801 | (2.3)%            | 6.9 %      |
| Investment income               | \$ 283             | \$ 234    | \$ 943    | 20.9 %            | (70.0)%    |
| Operating expenses              | \$ 13,645          | \$ 13,660 | \$ 11,946 | (0.1)%            | 14.2 %     |
| Pre-tax operating income        | \$ 327             | \$ 584    | \$ 1,798  | (44.0)%           | (81.8)%    |
| Pre-tax operating margin        | 2.3%               | 4.1%      | 13.1%     |                   |            |

- Management and performance fees of \$13.7 million increased 7% compared to the year-ago period due to higher management fees from our MLP strategies resulting from higher average AUM.
- Operating expenses for the current quarter were \$13.6 million, up 14% compared to the year-ago period, due to higher expenses stemming from the hiring of new investment teams as part of our ongoing strategy to diversify our product platform.
- Segment pre-tax operating margin was 2.3% compared to 13.1% in the year-ago period and 4.1% in the first quarter of 2017. Pre-tax operating margin decreased compared to the second quarter of 2016 due to a higher compensation ratio. The hiring of new investment teams, which increased compensation expenses, combined with AUM outflows from existing equity strategies and the resultant reduction in revenue, has lowered our pre-tax operating margin.
- AUM was \$8.6 billion at the end of the second quarter of 2017, compared to \$8.1 billion in the year-ago period and \$8.8 billion at the end of the first quarter of 2017. The decrease in AUM compared to the sequential quarter was due to net market depreciation for MLP product offerings, which was partially offset by net client inflows in our equity product offerings as AUM inflows from new investment teams offset outflows from existing strategies.

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## Non-GAAP Results and Commentary

Throughout this section of the press release we present financial measures that are not prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The non-GAAP financial measures include adjustments to exclude (1) revenues and expenses related to noncontrolling interests, (2) amortization of intangible assets related to acquisitions, (3) compensation and non-compensation expenses from acquisition-related agreements and (4) restructuring and acquisition integration costs. Management believes that presenting results and measures on this adjusted basis alongside U.S. GAAP measures provides the most meaningful basis for comparison of its operating results across periods, and enhances the overall understanding of our current financial performance by excluding certain items that may not be indicative of our core operating results. The non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of financial performance prepared in accordance with U.S. GAAP. For a detailed explanation of the adjustments made to the corresponding U.S. GAAP measures, see "Reconciliation of U.S. GAAP to Selected Summary Financial Information."

## *Capital Markets*

The following table summarizes our Capital Markets business segment results on a non-GAAP basis for the periods presented:

|                                   | Three Months Ended |                  |                  | Percent Inc/(Dec)    |                      |
|-----------------------------------|--------------------|------------------|------------------|----------------------|----------------------|
|                                   | June 30,<br>2017   | Mar. 31,<br>2017 | June 30,<br>2016 | 2Q '17<br>vs. 1Q '17 | 2Q '17<br>vs. 2Q '16 |
| <i>(Amounts in thousands)</i>     |                    |                  |                  |                      |                      |
| Adjusted net revenues             | \$ 181,806         | \$ 182,388       | \$ 153,444       | (0.3)%               | 18.5%                |
| Adjusted operating expenses       | \$ 152,847         | \$ 152,561       | \$ 135,106       | 0.2 %                | 13.1%                |
| Adjusted pre-tax operating income | \$ 28,959          | \$ 29,827        | \$ 18,338        | (2.9)%               | 57.9%                |
| Adjusted pre-tax operating margin | 15.9%              | 16.4%            | 12.0%            |                      |                      |

The variance explanations for adjusted net revenues on a non-GAAP basis are consistent with those for net revenues on a U.S. GAAP basis.

- Adjusted operating expenses for the second quarter of 2017 were \$152.8 million, up 13% compared to the second quarter of 2016, due to higher compensation expenses as a result of increased revenues.
- Adjusted segment pre-tax operating margin was 15.9% compared to 12.0% in the year-ago period and 16.4% in the first quarter of 2017. Adjusted pre-tax operating margin was higher compared to the second quarter of 2016 primarily due to operating leverage as a result of higher revenues. Adjusted net revenues increased 19% and adjusted operating expenses increased 13% compared to the second quarter of 2016, reflecting operating leverage in the business and expense discipline.

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## Asset Management

The following table summarizes our Asset Management business segment results on a non-GAAP basis for the periods presented:

|   | Three Months Ended |                  |                  | Percent Inc/(Dec)    |                      |
|---|--------------------|------------------|------------------|----------------------|----------------------|
|   | June 30,<br>2017   | Mar. 31,<br>2017 | June 30,<br>2016 | 2Q '17<br>vs. 1Q '17 | 2Q '17<br>vs. 2Q '16 |
| <i>(Amounts in thousands)</i>   |                    |                  |                  |                      |                      |
| Adjusted management and performance fees                                | \$ 13,689          | \$ 14,010        | \$ 12,801        | (2.3)%               | 6.9 %                |
| Adjusted investment income  | \$ 283             | \$ 234           | \$ 943           | 20.9 %               | (70.0)%              |
| Adjusted operating expenses   | \$ 12,368          | \$ 12,382        | \$ 10,559        | (0.1)%               | 17.1 %               |
| Adjusted pre-tax operating income                                       | \$ 1,604           | \$ 1,862         | \$ 3,185         | (13.9)%              | (49.6)%              |
| Adjusted pre-tax operating margin                                       | 11.5%              | 13.1%            | 23.2%            |                      |                      |
| Adjusted segment pre-tax operating margin excluding investment income * | 9.7%               | 11.6%            | 17.5%            |                      |                      |

\* Management believes that presenting adjusted segment pre-tax operating margin excluding investment income, a non-GAAP measure, provides the most meaningful basis for comparison of the operating results for the Asset Management segment across periods.

The variance explanations for adjusted net revenues, adjusted operating expenses and adjusted operating margin on a non-GAAP basis are consistent with those for the corresponding measures on a U.S. GAAP basis. The difference between our operating expenses on a U.S. GAAP basis and our adjusted operating expenses on a non-GAAP basis is due to intangible asset amortization expense. See the discussion above on AUM.

## Income Taxes

Effective as of January 1, 2017, new accounting guidance requires us to recognize the income tax effects of stock-based compensation awards in the income statement when the awards vest, rather than as additional paid-in capital. For the three and six months ended June 30, 2017, we recorded a tax benefit of \$1.8 million and \$8.7 million, respectively, related to restricted stock vesting at values greater than the grant price.

## Dividends

Our Board of Directors has declared a cash dividend on the company's common stock of \$0.3125 per share to be paid on September 15, 2017, to shareholders of record as of the close of business on August 28, 2017. We initiated the payment of a dividend in the first quarter of 2017 as another way of returning capital to our shareholders and reflects the level and stability of our earnings.

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## Additional Shareholder Information

|  | For the Quarter Ended  |                 |                 |
|--|------------------------|-----------------|-----------------|
|  | June 30, 2017          | Mar. 31, 2017   | June 30, 2016   |
| <b>Full time employees</b>   | <b>1,291</b>           | 1,277           | 1,299           |
| <b>Equity financings</b>   |                        |                 |                 |
| # of transactions  | 17                     | 27              | 16              |
| Capital raised   | <b>\$3.9 billion</b>   | \$6.2 billion   | \$3.5 billion   |
| <b>Municipal negotiated issuances</b>  |                        |                 |                 |
| # of transactions  | <b>140</b>             | 123             | 192             |
| Par value  | <b>\$3.5 billion</b>   | \$3.4 billion   | \$5.0 billion   |
| <b>Advisory transactions</b>   |                        |                 |                 |
| # of transactions  | <b>46</b>              | 29              | 22              |
| Aggregate deal value   | <b>\$8.1 billion</b>   | \$8.4 billion   | \$2.4 billion   |
| <b>Asset Management</b>  |                        |                 |                 |
| AUM  | <b>\$8.6 billion</b>   | \$8.8 billion   | \$8.1 billion   |
| <b>Common shareholders' equity</b>   | <b>\$789.6 million</b> | \$778.2 million | \$775.0 million |
| <b>Number of common shares outstanding<br/>(in thousands)</b>                        | <b>12,873</b>          | 12,785          | 12,425          |
| <b>Rolling 12 month return on average common<br/>shareholders' equity *</b>          | <b>1.0%</b>            | (0.5)%          | 2.8%            |
| <b>Adjusted rolling 12 month return on average<br/>common shareholders' equity †</b> | <b>12.4%</b>           | 11.5%           | 6.7%            |
| <b>Book value per share</b>  | <b>\$61.34</b>         | \$60.87         | \$62.38         |
| <b>Tangible book value per share ‡</b>   | <b>\$43.79</b>         | \$42.90         | \$35.94         |

\* Rolling 12 month return on average common shareholders' equity is computed by dividing net income applicable to Piper Jaffray Companies' for the last 12 months by average monthly common shareholders' equity.

† Adjusted rolling 12 month return on average common shareholders' equity, a non-GAAP measure, is computed by dividing adjusted net income for the last 12 months by average monthly common shareholders' equity. For a detailed explanation of the components of adjusted net income, see "Reconciliation of U.S. GAAP to Selected Summary Financial Information." Management believes that the adjusted rolling 12 month return on average common shareholders' equity provides a meaningful measure of our return on the core operating results of the business.

‡ Tangible book value per share, a non-GAAP measure, is computed by dividing tangible common shareholders' equity by common shares outstanding. Tangible common shareholders' equity equals total common shareholders' equity less goodwill and identifiable intangible assets. Management believes that tangible book value per share is a meaningful measure of the tangible assets deployed in our business. Shareholders' equity is the most directly comparable U.S. GAAP financial measure to tangible shareholders' equity. The following is a reconciliation of shareholders' equity to tangible shareholders' equity:

|   | As of<br>June 30, 2017 | As of<br>Mar. 31, 2017 | As of<br>June 30, 2016 |
|---|------------------------|------------------------|------------------------|
| (Amounts in thousands)                              |                        |                        |                        |
| Common shareholders' equity                         | \$ 789,575             | \$ 778,165             | \$ 775,011             |
| Deduct: goodwill and identifiable intangible assets | 225,808                | 229,630                | 328,491                |
| Tangible common shareholders' equity                | \$ 563,767             | \$ 548,535             | \$ 446,520             |

## Conference Call

Andrew S. Duff, chairman and chief executive officer, and Debra L. Schoneman, chief financial officer, will hold a conference call to review the financial results on Thursday, July 27, 2017, at 9:30 a.m. ET (8:30 a.m. CT). The earnings release will be available on or after July 27, 2017, at the firm's Web site at [www.piperjaffray.com](http://www.piperjaffray.com). The call can be accessed via webcast or by dialing (888) 810-0209 or (706) 902-1361 (international) and referencing reservation #49047086. Callers should dial in at least 15 minutes prior to the call time. A replay of the conference call will be available beginning at approximately 12:30 p.m. ET (11:30 a.m. CT) on July 27, 2017 at the same Web address or by calling (855) 859-2056 and referencing reservation #49047086.

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## About Piper Jaffray

Piper Jaffray is an investment bank and asset management firm serving clients in the U.S. and internationally. Proven advisory teams combine deep industry, product and sector expertise with ready access to capital. Founded in 1895, the firm is headquartered in Minneapolis and has offices across the United States and in London, Aberdeen, Hong Kong and Zurich. [www.piperjaffray.com](http://www.piperjaffray.com)

## Investor Relations Contact

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## Cautionary Note Regarding Forward-Looking Statements

This press release and the conference call to discuss the contents of this press release contain forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are subject to significant risks and uncertainties that are difficult to predict. These forward-looking statements cover, among other things, statements made about political, economic and market conditions (including the outlook for equity markets and the interest rate environment), the environment and prospects for corporate advisory, capital markets and public finance transactions (including our performance in specific sectors and the outlook for future quarters), as well as our equity and fixed income brokerage and our asset management business, anticipated financial results generally (including expectations regarding our non-compensation expenses, compensation and benefits expense, compensation ratio, revenue levels, operating margins, earnings per share, effective tax rate, and return on equity), current deal pipelines (or backlogs), the liquidity of fixed income markets and impact on our related inventory, our strategic priorities (including the diversification of our product platform and growth in public finance, asset management, and corporate advisory), our ability to pay quarterly dividends to our shareholders, or other similar matters.

Forward-looking statements involve inherent risks and uncertainties, both known and unknown, and important factors could cause actual results to differ materially from those anticipated or discussed in the forward-looking statements. These risks, uncertainties and important factors include, but are not limited to, the following:

- market and economic conditions or developments may be unfavorable, including in specific sectors in which we operate, and these conditions or developments, such as market fluctuations or volatility, may adversely affect our business, revenue levels and profitability;
- net revenues from equity and debt financings and corporate advisory engagements may vary materially depending on the number, size, and timing of completed transactions, and completed transactions do not generally provide for subsequent engagements;
- the volume of anticipated investment banking transactions as reflected in our deal pipelines (and the net revenues we earn from such transactions) may differ from expected results if there is a decline in macroeconomic conditions or the financial markets, or if the terms of any transactions are modified;
- asset management revenue may vary based on product trends favoring passive investment products, and investment performance and market factors, with market factors impacting certain sectors that are more heavily weighted to our business, e.g. energy-based MLP funds;
- interest rate volatility, especially if the changes are rapid or severe, could negatively impact our fixed income institutional business and the negative impact could be exaggerated by reduced liquidity in the fixed income markets; and
- our stock price may fluctuate as a result of several factors, including but not limited to, changes in our revenues and operating results.

A further listing and description of these and other risks, uncertainties and important factors can be found in the sections titled “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2016, and updated in our subsequent reports filed with the SEC (available at our Web site at [www.piperjaffray.com](http://www.piperjaffray.com) and at the SEC Web site at [www.sec.gov](http://www.sec.gov)).

Forward-looking statements speak only as of the date they are made, and readers are cautioned not to place undue reliance on them. We undertake no obligation to update them in light of new information or future events.

**Piper Jaffray Companies**

**Preliminary Results of Operations (U.S. GAAP – Unaudited)**

|  | Three Months Ended |                  |                 | Percent Inc/(Dec) |                   | Six Months Ended |                 | Percent Inc/(Dec) |
|--|--------------------|------------------|-----------------|-------------------|-------------------|------------------|-----------------|-------------------|
|  | June 30, 2017      | Mar. 31, 2017    | June 30, 2016   | 2Q '17 vs. 1Q '17 | 2Q '17 vs. 2Q '16 | June 30, 2017    | June 30, 2016   |                   |
| <i>(Amounts in thousands, except per share data)</i>                             |                    |                  |                 |                   |                   |                  |                 |                   |
| <b>Revenues:</b>   |                    |                  |                 |                   |                   |                  |                 |                   |
| Investment banking   | \$ 138,528         | \$ 132,250       | \$ 97,414       | 4.7%              | 42.2 %            | \$ 270,778       | \$ 201,352      | 34.5 %            |
| Institutional brokerage  | 37,074             | 39,136           | 48,185          | (5.3)             | (23.1)            | 76,210           | 80,234          | (5.0)             |
| Asset management   | 15,186             | 16,007           | 14,595          | (5.1)             | 4.0               | 31,193           | 28,443          | 9.7               |
| Interest   | 7,766              | 7,719            | 7,922           | 0.6               | (2.0)             | 15,485           | 16,751          | (7.6)             |
| Investment income  | 5,453              | 10,375           | 8,276           | (47.4)            | (34.1)            | 15,828           | 9,213           | 71.8              |
| Total revenues   | 204,007            | 205,487          | 176,392         | (0.7)             | 15.7              | 409,494          | 335,993         | 21.9              |
| Interest expense   | 6,262              | 4,958            | 5,909           | 26.3              | 6.0               | 11,220           | 11,954          | (6.1)             |
| Net revenues   | 197,745            | 200,529          | 170,483         | (1.4)             | 16.0              | 398,274          | 324,039         | 22.9              |
| <b>Non-interest expenses:</b>  |                    |                  |                 |                   |                   |                  |                 |                   |
| Compensation and benefits  | 134,314            | 134,378          | 117,148         | —                 | 14.7              | 268,692          | 221,584         | 21.3              |
| Outside services   | 9,789              | 10,328           | 10,184          | (5.2)             | (3.9)             | 20,117           | 18,635          | 8.0               |
| Occupancy and equipment  | 8,257              | 8,462            | 8,850           | (2.4)             | (6.7)             | 16,719           | 16,568          | 0.9               |
| Communications   | 7,273              | 7,616            | 7,294           | (4.5)             | (0.3)             | 14,889           | 14,624          | 1.8               |
| Marketing and business development   | 8,282              | 7,547            | 9,171           | 9.7               | (9.7)             | 15,829           | 16,175          | (2.1)             |
| Trade execution and clearance  | 1,928              | 1,811            | 1,916           | 6.5               | 0.6               | 3,739            | 3,678           | 1.7               |
| Restructuring and integration costs  | —                  | —                | 3,433           | N/M               | N/M               | —                | 10,206          | N/M               |
| Intangible asset amortization expense  | 3,822              | 3,822            | 4,094           | —                 | (6.6)             | 7,644            | 7,390           | 3.4               |
| Back office conversion costs   | 868                | 866              | —               | 0.2               | N/M               | 1,734            | —               | N/M               |
| Other operating expenses   | 3,345              | 2,890            | 1,884           | 15.7              | 77.5              | 6,235            | 5,228           | 19.3              |
| Total non-interest expenses  | 177,878            | 177,720          | 163,974         | 0.1               | 8.5               | 355,598          | 314,088         | 13.2              |
| <b>Income before income tax expense/(benefit)</b>                                | 19,867             | 22,809           | 6,509           | (12.9)            | 205.2             | 42,676           | 9,951           | 328.9             |
| Income tax expense/(benefit)   | 4,906              | (395)            | 1,996           | N/M               | 145.8             | 4,511            | 2,252           | 100.3             |
| <b>Net income</b>  | 14,961             | 23,204           | 4,513           | (35.5)            | 231.5             | 38,165           | 7,699           | 395.7             |
| Net income applicable to noncontrolling interests                                | 1,388              | 2,929            | 2,575           | (52.6)            | (46.1)            | 4,317            | 3,324           | 29.9              |
| <b>Net income applicable to Piper Jaffray Companies (a)</b>                      | <u>\$ 13,573</u>   | <u>\$ 20,275</u> | <u>\$ 1,938</u> | <u>(33.1)</u>     | <u>600.4</u>      | <u>\$ 33,848</u> | <u>\$ 4,375</u> | <u>673.7</u>      |
| <b>Net income applicable to Piper Jaffray Companies' common shareholders (a)</b> | <u>\$ 11,522</u>   | <u>\$ 16,828</u> | <u>\$ 1,577</u> | <u>(31.5)</u>     | <u>630.6</u>      | <u>\$ 28,412</u> | <u>\$ 3,685</u> | <u>671.0</u>      |
| <b>Earnings per common share</b>   |                    |                  |                 |                   |                   |                  |                 |                   |
| Basic  | \$ 0.89            | \$ 1.33          | \$ 0.12         | (33.1)            | 641.7             | \$ 2.24          | \$ 0.28         | 700.0             |
| Diluted  | \$ 0.89            | \$ 1.31          | \$ 0.12         | (32.1)            | 641.7             | \$ 2.21          | \$ 0.28         | 689.3             |
| <b>Dividends declared per common share</b>                                       | \$ 0.31            | \$ 0.31          | \$ —            | —                 | N/M               | \$ 0.63          | \$ —            | N/M               |
| <b>Weighted average number of common shares outstanding</b>                      |                    |                  |                 |                   |                   |                  |                 |                   |
| Basic  | 12,826             | 12,594           | 12,927          | 1.8%              | (0.8)%            | 12,711           | 13,043          | (2.5)%            |
| Diluted  | 12,937             | 12,922           | 12,942          | 0.1%              | — %               | 12,930           | 13,056          | (1.0)%            |

N/M — Not meaningful

(a) Net income applicable to Piper Jaffray Companies is the total net income earned by the Company. Piper Jaffray Companies calculates earnings per common share using the two-class method, which requires the allocation of consolidated net income between common shareholders and participating security holders, which in the case of Piper Jaffray Companies, represents unvested restricted stock with dividend rights.



**Piper Jaffray Companies**

**Preliminary Segment Data (U.S. GAAP – Unaudited)**

|  | <b>Three Months Ended</b> |                      |                      | <b>Percent Inc/(Dec)</b> |                          | <b>Six Months Ended</b> |                      | <b>Percent Inc/(Dec)</b> |
|--|---------------------------|----------------------|----------------------|--------------------------|--------------------------|-------------------------|----------------------|--------------------------|
|  | <b>June 30, 2017</b>      | <b>Mar. 31, 2017</b> | <b>June 30, 2016</b> | <b>2Q '17 vs. 1Q '17</b> | <b>2Q '17 vs. 2Q '16</b> | <b>June 30, 2017</b>    | <b>June 30, 2016</b> |                          |
| <i>(Dollars in thousands)</i>                |                           |                      |                      |                          |                          |                         |                      |                          |
| <b>Capital Markets</b>                       |                           |                      |                      |                          |                          |                         |                      |                          |
| Investment banking                           |                           |                      |                      |                          |                          |                         |                      |                          |
| Financing                                    |                           |                      |                      |                          |                          |                         |                      |                          |
| Equities                                     | \$ 24,730                 | \$ 23,382            | \$ 16,786            | 5.8 %                    | 47.3%                    | \$ 48,112               | \$ 23,352            | 106.0%                   |
| Debt   | 21,971                    | 16,408               | 33,325               | 33.9                     | (34.1)                   | 38,379                  | 49,297               | (22.1)                   |
| Advisory services                            | 92,507                    | 92,882               | 48,112               | (0.4)                    | 92.3                     | 185,389                 | 129,741              | 42.9                     |
| <i>Total investment banking</i>              | <u>139,208</u>            | <u>132,672</u>       | <u>98,223</u>        | <u>4.9</u>               | <u>41.7</u>              | <u>271,880</u>          | <u>202,390</u>       | <u>34.3</u>              |
| Institutional sales and trading              |                           |                      |                      |                          |                          |                         |                      |                          |
| Equities                                     | 20,569                    | 20,106               | 22,612               | 2.3                      | (9.0)                    | 40,675                  | 42,281               | (3.8)                    |
| Fixed income                                 | 19,221                    | 23,240               | 28,952               | (17.3)                   | (33.6)                   | 42,461                  | 46,006               | (7.7)                    |
| <i>Total institutional sales and trading</i> | <u>39,790</u>             | <u>43,346</u>        | <u>51,564</u>        | <u>(8.2)</u>             | <u>(22.8)</u>            | <u>83,136</u>           | <u>88,287</u>        | <u>(5.8)</u>             |
| <i>Management and performance fees</i>       | 1,497                     | 1,997                | 1,794                | (25.0)                   | (16.6)                   | 3,494                   | 2,759                | 26.6                     |
| <i>Investment income</i>                     | 5,307                     | 10,508               | 7,451                | (49.5)                   | (28.8)                   | 15,815                  | 9,537                | 65.8                     |
| <i>Long-term financing expenses</i>          | <u>(2,029)</u>            | <u>(2,238)</u>       | <u>(2,293)</u>       | <u>(9.3)</u>             | <u>(11.5)</u>            | <u>(4,267)</u>          | <u>(4,585)</u>       | <u>(6.9)</u>             |
| Net revenues                                 | 183,773                   | 186,285              | 156,739              | (1.3)                    | 17.2                     | 370,058                 | 298,388              | 24.0                     |
| Operating expenses                           | 164,233                   | 164,060              | 152,028              | 0.1                      | 8.0                      | 328,293                 | 290,883              | 12.9                     |
| Segment pre-tax operating income             | <u>\$ 19,540</u>          | <u>\$ 22,225</u>     | <u>\$ 4,711</u>      | <u>(12.1)%</u>           | <u>314.8%</u>            | <u>\$ 41,765</u>        | <u>\$ 7,505</u>      | <u>456.5%</u>            |
| Segment pre-tax operating margin             | 10.6%                     | 11.9%                | 3.0%                 |                          |                          | 11.3%                   | 2.5%                 |                          |
| <b>Asset Management</b>                      |                           |                      |                      |                          |                          |                         |                      |                          |
| Management and performance fees              |                           |                      |                      |                          |                          |                         |                      |                          |
| Management fees                              | \$ 13,689                 | \$ 14,010            | \$ 12,801            | (2.3)%                   | 6.9%                     | \$ 27,699               | \$ 25,684            | 7.8%                     |
| Performance fees                             | —                         | —                    | —                    | —                        | —                        | —                       | —                    | —                        |
| <i>Total management and performance fees</i> | <u>13,689</u>             | <u>14,010</u>        | <u>12,801</u>        | <u>(2.3)</u>             | <u>6.9</u>               | <u>27,699</u>           | <u>25,684</u>        | <u>7.8</u>               |
| <i>Investment income/(loss)</i>              | <u>283</u>                | <u>234</u>           | <u>943</u>           | <u>20.9</u>              | <u>(70.0)</u>            | <u>517</u>              | <u>(33)</u>          | <u>N/M</u>               |
| Net revenues                                 | 13,972                    | 14,244               | 13,744               | (1.9)                    | 1.7                      | 28,216                  | 25,651               | 10.0                     |
| Operating expenses                           | 13,645                    | 13,660               | 11,946               | (0.1)                    | 14.2                     | 27,305                  | 23,205               | 17.7                     |
| Segment pre-tax operating income             | <u>\$ 327</u>             | <u>\$ 584</u>        | <u>\$ 1,798</u>      | <u>(44.0)</u>            | <u>(81.8)</u>            | <u>\$ 911</u>           | <u>\$ 2,446</u>      | <u>(62.8)</u>            |
| Segment pre-tax operating margin             | 2.3%                      | 4.1%                 | 13.1%                |                          |                          | 3.2%                    | 9.5%                 |                          |
| <b>Total</b>                                 |                           |                      |                      |                          |                          |                         |                      |                          |
| Net revenues                                 | \$ 197,745                | \$ 200,529           | \$ 170,483           | (1.4)%                   | 16.0%                    | \$ 398,274              | \$ 324,039           | 22.9%                    |
| Operating expenses                           | 177,878                   | 177,720              | 163,974              | 0.1                      | 8.5                      | 355,598                 | 314,088              | 13.2                     |
| Pre-tax operating income                     | <u>\$ 19,867</u>          | <u>\$ 22,809</u>     | <u>\$ 6,509</u>      | <u>(12.9)%</u>           | <u>205.2%</u>            | <u>\$ 42,676</u>        | <u>\$ 9,951</u>      | <u>328.9%</u>            |
| Pre-tax operating margin                     | 10.0%                     | 11.4%                | 3.8%                 |                          |                          | 10.7%                   | 3.1%                 |                          |

N/M — Not meaningful

**Piper Jaffray Companies**

**Preliminary Selected Summary Financial Information (Non-GAAP – Unaudited) (1)**

|   | Three Months Ended |                   |                   | Percent Inc/(Dec) |                   | Six Months Ended  |                   | Percent Inc/(Dec) |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | June 30, 2017      | Mar. 31, 2017     | June 30, 2016     | 2Q '17 vs. 1Q '17 | 2Q '17 vs. 2Q '16 | June 30, 2017     | June 30, 2016     |                   |
| <i>(Amounts in thousands, except per share data)</i>                                |                    |                   |                   |                   |                   |                   |                   |                   |
| <b>Revenues:</b>  |                    |                   |                   |                   |                   |                   |                   |                   |
| Investment banking  | \$ 138,528         | \$ 132,250        | \$ 97,414         | 4.7 %             | 42.2 %            | \$ 270,778        | \$ 201,352        | 34.5 %            |
| Institutional brokerage   | 37,074             | 39,136            | 47,776            | (5.3)             | (22.4)            | 76,210            | 80,112            | (4.9)             |
| Asset management  | 15,186             | 16,007            | 14,595            | (5.1)             | 4.0               | 31,193            | 28,443            | 9.7               |
| Interest  | 7,766              | 7,719             | 7,409             | 0.6               | 4.8               | 15,485            | 15,771            | (1.8)             |
| Investment income   | 3,486              | 6,478             | 5,721             | (46.2)            | (39.1)            | 9,964             | 5,309             | 87.7              |
| Total revenues  | <u>202,040</u>     | <u>201,590</u>    | <u>172,915</u>    | <u>0.2</u>        | <u>16.8</u>       | <u>403,630</u>    | <u>330,987</u>    | <u>21.9</u>       |
| Interest expense  | <u>6,262</u>       | <u>4,958</u>      | <u>5,727</u>      | <u>26.3</u>       | <u>9.3</u>        | <u>11,220</u>     | <u>11,592</u>     | <u>(3.2)</u>      |
| Adjusted net revenues (2)   | <u>\$ 195,778</u>  | <u>\$ 196,632</u> | <u>\$ 167,188</u> | <u>(0.4)%</u>     | <u>17.1 %</u>     | <u>\$ 392,410</u> | <u>\$ 319,395</u> | <u>22.9 %</u>     |
| <b>Non-interest expenses:</b>   |                    |                   |                   |                   |                   |                   |                   |                   |
| Adjusted compensation and benefits (3)  | <u>\$ 126,223</u>  | <u>\$ 126,477</u> | <u>\$ 107,086</u> | <u>(0.2)%</u>     | <u>17.9 %</u>     | <u>\$ 252,700</u> | <u>\$ 208,216</u> | <u>21.4 %</u>     |
| <i>Ratio of adjusted compensation and benefits to adjusted net revenues</i>         | <i>64.5%</i>       | <i>64.3%</i>      | <i>64.1%</i>      |                   |                   | <i>64.4%</i>      | <i>65.2%</i>      |                   |
| Adjusted non-compensation expenses (4)  | <u>\$ 38,992</u>   | <u>\$ 38,466</u>  | <u>\$ 38,579</u>  | <u>1.4 %</u>      | <u>1.1 %</u>      | <u>\$ 77,458</u>  | <u>\$ 73,588</u>  | <u>5.3 %</u>      |
| <i>Ratio of adjusted non-compensation expenses to adjusted net revenues</i>         | <i>19.9%</i>       | <i>19.6%</i>      | <i>23.1%</i>      |                   |                   | <i>19.7%</i>      | <i>23.0%</i>      |                   |
| <b>Adjusted income:</b>   |                    |                   |                   |                   |                   |                   |                   |                   |
| Adjusted income before adjusted income tax expense (5)                              | <u>\$ 30,563</u>   | <u>\$ 31,689</u>  | <u>\$ 21,523</u>  | <u>(3.6)%</u>     | <u>42.0 %</u>     | <u>\$ 62,252</u>  | <u>\$ 37,591</u>  | <u>65.6 %</u>     |
| <i>Adjusted operating margin (6)</i>  | <i>15.6%</i>       | <i>16.1%</i>      | <i>12.9%</i>      |                   |                   | <i>15.9%</i>      | <i>11.8%</i>      |                   |
| Adjusted income tax expense (7)   | <u>9,289</u>       | <u>4,208</u>      | <u>7,585</u>      | <u>120.7</u>      | <u>22.5</u>       | <u>13,497</u>     | <u>13,044</u>     | <u>3.5</u>        |
| Adjusted net income (8)   | <u>\$ 21,274</u>   | <u>\$ 27,481</u>  | <u>\$ 13,938</u>  | <u>(22.6)%</u>    | <u>52.6 %</u>     | <u>\$ 48,755</u>  | <u>\$ 24,547</u>  | <u>98.6 %</u>     |
| <i>Effective tax rate (9)</i>   | <i>30.4%</i>       | <i>13.3%</i>      | <i>35.2%</i>      |                   |                   | <i>21.7%</i>      | <i>34.7%</i>      |                   |
| Adjusted net income applicable to Piper Jaffray Companies' common shareholders (10) | <u>\$ 18,062</u>   | <u>\$ 22,815</u>  | <u>\$ 11,349</u>  | <u>(20.8)%</u>    | <u>59.2 %</u>     | <u>\$ 40,935</u>  | <u>\$ 20,675</u>  | <u>98.0 %</u>     |
| Adjusted earnings per diluted common share  | <u>\$ 1.40</u>     | <u>\$ 1.77</u>    | <u>\$ 0.88</u>    | <u>(20.9)%</u>    | <u>59.1 %</u>     | <u>\$ 3.18</u>    | <u>\$ 1.58</u>    | <u>101.3 %</u>    |
| <b>Weighted average number of common shares outstanding</b>                         |                    |                   |                   |                   |                   |                   |                   |                   |
| Diluted   | 12,937             | 12,922            | 12,942            | 0.1 %             | — %               | 12,930            | 13,056            | (1.0)%            |

*This presentation includes non-GAAP measures. The non-GAAP measures are not meant to be considered in isolation or as a substitute for the corresponding U.S. GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP. For a detailed explanation of the adjustments made to the corresponding U.S. GAAP measures, see "Reconciliation of U.S. GAAP to Selected Summary Financial Information."*

**Piper Jaffray Companies**

**Preliminary Adjusted Segment Data (Non-GAAP – Unaudited)**

|   | Three Months Ended |                  |                  | Percent Inc/(Dec) |                   | Six Months Ended |                  | Percent Inc/(Dec) |
|---|--------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|
|   | June 30, 2017      | Mar. 31, 2017    | June 30, 2016    | 2Q '17 vs. 1Q '17 | 2Q '17 vs. 2Q '16 | June 30, 2017    | June 30, 2016    |                   |
| <i>(Dollars in thousands)</i>                 |                    |                  |                  |                   |                   |                  |                  |                   |
| <b>Capital Markets</b>                        |                    |                  |                  |                   |                   |                  |                  |                   |
| Investment banking                            |                    |                  |                  |                   |                   |                  |                  |                   |
| Financing                                     |                    |                  |                  |                   |                   |                  |                  |                   |
| Equities                                      | \$ 24,730          | \$ 23,382        | \$ 16,786        | 5.8 %             | 47.3 %            | \$ 48,112        | \$ 23,352        | 106.0 %           |
| Debt  | 21,971             | 16,408           | 33,325           | 33.9              | (34.1)            | 38,379           | 49,297           | (22.1)            |
| Advisory services                             | 92,507             | 92,882           | 48,112           | (0.4)             | 92.3              | 185,389          | 129,741          | 42.9              |
| <i>Total investment banking</i>               | <u>139,208</u>     | <u>132,672</u>   | <u>98,223</u>    | <u>4.9</u>        | <u>41.7</u>       | <u>271,880</u>   | <u>202,390</u>   | <u>34.3</u>       |
| Institutional sales and trading               |                    |                  |                  |                   |                   |                  |                  |                   |
| Equities                                      | 20,569             | 20,106           | 22,612           | 2.3               | (9.0)             | 40,675           | 42,281           | (3.8)             |
| Fixed income                                  | 19,221             | 23,240           | 28,212           | (17.3)            | (31.9)            | 42,461           | 45,266           | (6.2)             |
| <i>Total institutional sales and trading</i>  | <u>39,790</u>      | <u>43,346</u>    | <u>50,824</u>    | <u>(8.2)</u>      | <u>(21.7)</u>     | <u>83,136</u>    | <u>87,547</u>    | <u>(5.0)</u>      |
| <i>Management and performance fees</i>        | 1,497              | 1,997            | 1,794            | (25.0)            | (16.6)            | 3,494            | 2,759            | 26.6              |
| <i>Investment income</i>                      | 3,340              | 6,611            | 4,896            | (49.5)            | (31.8)            | 9,951            | 5,633            | 76.7              |
| <i>Long-term financing expenses</i>           | <u>(2,029)</u>     | <u>(2,238)</u>   | <u>(2,293)</u>   | <u>(9.3)</u>      | <u>(11.5)</u>     | <u>(4,267)</u>   | <u>(4,585)</u>   | <u>(6.9)</u>      |
| Adjusted net revenues (2)                     | 181,806            | 182,388          | 153,444          | (0.3)             | 18.5              | 364,194          | 293,744          | 24.0              |
| Adjusted operating expenses (12)              | 152,847            | 152,561          | 135,106          | 0.2               | 13.1              | 305,408          | 261,382          | 16.8              |
| Adjusted segment pre-tax operating income (5) | <u>\$ 28,959</u>   | <u>\$ 29,827</u> | <u>\$ 18,338</u> | <u>(2.9)%</u>     | <u>57.9 %</u>     | <u>\$ 58,786</u> | <u>\$ 32,362</u> | <u>81.7 %</u>     |
| Adjusted segment pre-tax operating margin (6) | 15.9%              | 16.4%            | 12.0%            |                   |                   | 16.1%            | 11.0%            |                   |

*Continued on next page*

|  | Three Months Ended |                  |                  | Percent Inc/(Dec) |                   | Six Months Ended |                  | Percent Inc/(Dec) |
|--|--------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|
|  | June 30, 2017      | Mar. 31, 2017    | June 30, 2016    | 2Q '17 vs. 1Q '17 | 2Q '17 vs. 2Q '16 | June 30, 2017    | June 30, 2016    |                   |
| <i>(Dollars in thousands)</i>  |                    |                  |                  |                   |                   |                  |                  |                   |
| <b>Asset Management</b>  |                    |                  |                  |                   |                   |                  |                  |                   |
| Management and performance fees  |                    |                  |                  |                   |                   |                  |                  |                   |
| Management fees  | \$ 13,689          | \$ 14,010        | \$ 12,801        | (2.3)%            | 6.9 %             | \$ 27,699        | \$ 25,684        | 7.8 %             |
| Performance fees   | —                  | —                | —                | —                 | —                 | —                | —                | —                 |
| <i>Total management and performance fees</i>                                   | 13,689             | 14,010           | 12,801           | (2.3)             | 6.9               | 27,699           | 25,684           | 7.8               |
| <i>Investment income/(loss)</i>  | 283                | 234              | 943              | 20.9              | (70.0)            | 517              | (33)             | N/M               |
| Net revenues   | 13,972             | 14,244           | 13,744           | (1.9)             | 1.7               | 28,216           | 25,651           | 10.0              |
| Adjusted operating expenses (13)   | 12,368             | 12,382           | 10,559           | (0.1)             | 17.1              | 24,750           | 20,422           | 21.2              |
| Adjusted segment pre-tax operating income (13)                                 | \$ 1,604           | \$ 1,862         | \$ 3,185         | (13.9)%           | (49.6)%           | \$ 3,466         | \$ 5,229         | (33.7)%           |
| Adjusted segment pre-tax operating margin (6)                                  | 11.5%              | 13.1%            | 23.2%            |                   |                   | 12.3%            | 20.4%            |                   |
| Adjusted segment pre-tax operating margin excluding investment income/(loss) * | 9.7%               | 11.6%            | 17.5%            |                   |                   | 10.6%            | 20.5%            |                   |
| <b>Total</b>   |                    |                  |                  |                   |                   |                  |                  |                   |
| Adjusted net revenues (2)  | \$ 195,778         | \$ 196,632       | \$ 167,188       | (0.4)%            | 17.1 %            | \$ 392,410       | \$ 319,395       | 22.9 %            |
| Adjusted operating expenses (12)   | 165,215            | 164,943          | 145,665          | 0.2               | 13.4              | 330,158          | 281,804          | 17.2              |
| Adjusted pre-tax operating income (5)  | <u>\$ 30,563</u>   | <u>\$ 31,689</u> | <u>\$ 21,523</u> | <u>(3.6)%</u>     | <u>42.0 %</u>     | <u>\$ 62,252</u> | <u>\$ 37,591</u> | <u>65.6 %</u>     |
| Adjusted pre-tax operating margin (6)  | 15.6%              | 16.1%            | 12.9%            |                   |                   | 15.9%            | 11.8%            |                   |

N/M — Not meaningful

*This presentation includes non-GAAP measures. The non-GAAP measures are not meant to be considered in isolation or as a substitute for the corresponding U.S. GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP. For a detailed explanation of the adjustments made to the corresponding U.S. GAAP measures, see "Reconciliation of U.S. GAAP to Selected Summary Financial Information."*

*\* Management believes that presenting adjusted segment pre-tax operating margin excluding investment income/(loss), a non-GAAP measure, provides the most meaningful basis for comparison of the operating results for the Asset Management segment across periods.*

**Piper Jaffray Companies**

**Reconciliation of U.S. GAAP to Selected Summary Financial Information (1) (Unaudited)**

|  | Three Months Ended |                   |                   | Six Months Ended  |                   |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|
|  | June 30,<br>2017   | Mar. 31,<br>2017  | June 30,<br>2016  | June 30,<br>2017  | June 30,<br>2016  |
| <i>(Amounts in thousands, except per share data)</i>               |                    |                   |                   |                   |                   |
| <b>Consolidated</b>  |                    |                   |                   |                   |                   |
| <b>Net revenues:</b>   |                    |                   |                   |                   |                   |
| Net revenues – U.S. GAAP basis                                     | \$ 197,745         | \$ 200,529        | \$ 170,483        | \$ 398,274        | \$ 324,039        |
| Adjustments:   |                    |                   |                   |                   |                   |
| Revenue related to noncontrolling interests (11)                   | (1,967)            | (3,897)           | (3,295)           | (5,864)           | (4,644)           |
| Adjusted net revenues  | <u>\$ 195,778</u>  | <u>\$ 196,632</u> | <u>\$ 167,188</u> | <u>\$ 392,410</u> | <u>\$ 319,395</u> |
| <b>Compensation and benefits:</b>                                  |                    |                   |                   |                   |                   |
| Compensation and benefits – U.S. GAAP basis                        | \$ 134,314         | \$ 134,378        | \$ 117,148        | \$ 268,692        | \$ 221,584        |
| Adjustments:   |                    |                   |                   |                   |                   |
| Compensation from acquisition-related agreements                   | (8,091)            | (7,901)           | (10,062)          | (15,992)          | (13,368)          |
| Adjusted compensation and benefits                                 | <u>\$ 126,223</u>  | <u>\$ 126,477</u> | <u>\$ 107,086</u> | <u>\$ 252,700</u> | <u>\$ 208,216</u> |
| <b>Non-compensation expenses:</b>                                  |                    |                   |                   |                   |                   |
| Non-compensation expenses – U.S. GAAP basis                        | \$ 43,564          | \$ 43,342         | \$ 46,826         | \$ 86,906         | \$ 92,504         |
| Adjustments:   |                    |                   |                   |                   |                   |
| Non-compensation expenses related to noncontrolling interests (11) | (579)              | (968)             | (720)             | (1,547)           | (1,320)           |
| Restructuring and integration costs                                | —                  | —                 | (3,433)           | —                 | (10,206)          |
| Amortization of intangible assets related to acquisitions          | (3,822)            | (3,822)           | (4,094)           | (7,644)           | (7,390)           |
| Non-compensation expenses from acquisition-related agreements      | (171)              | (86)              | —                 | (257)             | —                 |
| Adjusted non-compensation expenses                                 | <u>\$ 38,992</u>   | <u>\$ 38,466</u>  | <u>\$ 38,579</u>  | <u>\$ 77,458</u>  | <u>\$ 73,588</u>  |
| <b>Income before income tax expense/(benefit):</b>                 |                    |                   |                   |                   |                   |
| Income before income tax expense/(benefit) – U.S. GAAP basis       | \$ 19,867          | \$ 22,809         | \$ 6,509          | \$ 42,676         | \$ 9,951          |
| Adjustments:   |                    |                   |                   |                   |                   |
| Revenue related to noncontrolling interests (11)                   | (1,967)            | (3,897)           | (3,295)           | (5,864)           | (4,644)           |
| Expenses related to noncontrolling interests (11)                  | 579                | 968               | 720               | 1,547             | 1,320             |
| Compensation from acquisition-related agreements                   | 8,091              | 7,901             | 10,062            | 15,992            | 13,368            |
| Restructuring and integration costs                                | —                  | —                 | 3,433             | —                 | 10,206            |
| Amortization of intangible assets related to acquisitions          | 3,822              | 3,822             | 4,094             | 7,644             | 7,390             |
| Non-compensation expenses from acquisition-related agreements      | 171                | 86                | —                 | 257               | —                 |
| Adjusted income before adjusted income tax expense                 | <u>\$ 30,563</u>   | <u>\$ 31,689</u>  | <u>\$ 21,523</u>  | <u>\$ 62,252</u>  | <u>\$ 37,591</u>  |
| <b>Income tax expense/(benefit):</b>                               |                    |                   |                   |                   |                   |
| Income tax expense/(benefit) – U.S. GAAP basis                     | \$ 4,906           | \$ (395)          | \$ 1,996          | \$ 4,511          | \$ 2,252          |
| Tax effect of adjustments:   |                    |                   |                   |                   |                   |
| Compensation from acquisition-related agreements                   | 2,843              | 3,095             | 3,439             | 5,938             | 4,725             |
| Restructuring and integration costs                                | —                  | —                 | 557               | —                 | 3,192             |
| Amortization of intangible assets related to acquisitions          | 1,474              | 1,475             | 1,593             | 2,949             | 2,875             |
| Non-compensation expenses from acquisition related agreements      | 66                 | 33                | —                 | 99                | —                 |
| Adjusted income tax expense  | <u>\$ 9,289</u>    | <u>\$ 4,208</u>   | <u>\$ 7,585</u>   | <u>\$ 13,497</u>  | <u>\$ 13,044</u>  |

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(Amounts in thousands, except per share data)

|   | Three Months Ended |                  |                  | Six Months Ended |                  |
|---|--------------------|------------------|------------------|------------------|------------------|
|   | June 30,<br>2017   | Mar. 31,<br>2017 | June 30,<br>2016 | June 30,<br>2017 | June 30,<br>2016 |
| <b>Net income applicable to Piper Jaffray Companies:</b>                                |                    |                  |                  |                  |                  |
| Net income applicable to Piper Jaffray Companies – U.S. GAAP basis                      | \$ 13,573          | \$ 20,275        | \$ 1,938         | \$ 33,848        | \$ 4,375         |
| Adjustments:  |                    |                  |                  |                  |                  |
| Compensation from acquisition-related agreements  | 5,248              | 4,806            | 6,623            | 10,054           | 8,643            |
| Restructuring and integration costs   | —                  | —                | 2,876            | —                | 7,014            |
| Amortization of intangible assets related to acquisitions                               | 2,348              | 2,347            | 2,501            | 4,695            | 4,515            |
| Non-compensation expenses from acquisition-related agreements                           | 105                | 53               | —                | 158              | —                |
| Adjusted net income   | <u>\$ 21,274</u>   | <u>\$ 27,481</u> | <u>\$ 13,938</u> | <u>\$ 48,755</u> | <u>\$ 24,547</u> |
| <b>Net income applicable to Piper Jaffray Companies' common shareholders:</b>           |                    |                  |                  |                  |                  |
| Net income applicable to Piper Jaffray Companies' common stockholders – U.S. GAAP basis | \$ 11,522          | \$ 16,828        | \$ 1,577         | \$ 28,412        | \$ 3,685         |
| Adjustments:  |                    |                  |                  |                  |                  |
| Compensation from acquisition-related agreements  | 4,457              | 3,992            | 5,393            | 8,446            | 7,280            |
| Restructuring and integration costs   | —                  | —                | 2,343            | —                | 5,907            |
| Amortization of intangible assets related to acquisitions                               | 1,993              | 1,950            | 2,036            | 3,942            | 3,803            |
| Non-compensation expenses from acquisition-related agreements                           | 90                 | 45               | —                | 135              | —                |
| Adjusted net income applicable to Piper Jaffray Companies' common stockholders          | <u>\$ 18,062</u>   | <u>\$ 22,815</u> | <u>\$ 11,349</u> | <u>\$ 40,935</u> | <u>\$ 20,675</u> |
| <b>Earnings per diluted common share:</b>   |                    |                  |                  |                  |                  |
| Earnings per diluted common share – U.S. GAAP basis                                     | \$ 0.89            | \$ 1.31          | \$ 0.12          | \$ 2.21          | \$ 0.28          |
| Adjustments:  |                    |                  |                  |                  |                  |
| Compensation from acquisition-related agreements  | 0.34               | 0.31             | 0.42             | 0.65             | 0.56             |
| Restructuring and integration costs   | —                  | —                | 0.18             | —                | 0.45             |
| Amortization of intangible assets related to acquisitions                               | 0.15               | 0.15             | 0.16             | 0.30             | 0.29             |
| Non-compensation expenses from acquisition-related agreements                           | 0.01               | —                | —                | 0.01             | —                |
| Adjusted earnings per diluted common share  | <u>\$ 1.40</u>     | <u>\$ 1.77</u>   | <u>\$ 0.88</u>   | <u>\$ 3.18</u>   | <u>\$ 1.58</u>   |

Continued on next page

(Amounts in thousands, except per share data)

**Capital Markets**

**Net revenues:**

|  | Three Months Ended |                   |                   | Six Months Ended  |                   |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|
|  | June 30,<br>2017   | Mar. 31,<br>2017  | June 30,<br>2016  | June 30,<br>2017  | June 30,<br>2016  |
| Net revenues – U.S. GAAP basis                   | \$ 183,773         | \$ 186,285        | \$ 156,739        | \$ 370,058        | \$ 298,388        |
| Adjustments:                                     |                    |                   |                   |                   |                   |
| Revenue related to noncontrolling interests (11) | (1,967)            | (3,897)           | (3,295)           | (5,864)           | (4,644)           |
| Adjusted net revenues                            | <u>\$ 181,806</u>  | <u>\$ 182,388</u> | <u>\$ 153,444</u> | <u>\$ 364,194</u> | <u>\$ 293,744</u> |

**Operating expenses:**

|   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating expenses – U.S. GAAP basis                          | \$ 164,233        | \$ 164,060        | \$ 152,028        | \$ 328,293        | \$ 290,883        |
| Adjustments:  |                   |                   |                   |                   |                   |
| Expenses related to noncontrolling interests (11)             | (579)             | (968)             | (720)             | (1,547)           | (1,320)           |
| Compensation from acquisition-related agreements              | (8,091)           | (7,901)           | (10,062)          | (15,992)          | (13,368)          |
| Restructuring and integration costs                           | —                 | —                 | (3,433)           | —                 | (10,197)          |
| Amortization of intangible assets related to acquisitions     | (2,545)           | (2,544)           | (2,707)           | (5,089)           | (4,616)           |
| Non-compensation expenses from acquisition-related agreements | (171)             | (86)              | —                 | (257)             | —                 |
| Adjusted operating expenses                                   | <u>\$ 152,847</u> | <u>\$ 152,561</u> | <u>\$ 135,106</u> | <u>\$ 305,408</u> | <u>\$ 261,382</u> |

**Segment pre-tax operating income:**

|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| Segment pre-tax operating income – U.S. GAAP basis            | \$ 19,540        | \$ 22,225        | \$ 4,711         | \$ 41,765        | \$ 7,505         |
| Adjustments:  |                  |                  |                  |                  |                  |
| Revenue related to noncontrolling interests (11)              | (1,967)          | (3,897)          | (3,295)          | (5,864)          | (4,644)          |
| Expenses related to noncontrolling interests (11)             | 579              | 968              | 720              | 1,547            | 1,320            |
| Compensation from acquisition-related agreements              | 8,091            | 7,901            | 10,062           | 15,992           | 13,368           |
| Restructuring and integration costs                           | —                | —                | 3,433            | —                | 10,197           |
| Amortization of intangible assets related to acquisitions     | 2,545            | 2,544            | 2,707            | 5,089            | 4,616            |
| Non-compensation expenses from acquisition-related agreements | 171              | 86               | —                | 257              | —                |
| Adjusted segment pre-tax operating income                     | <u>\$ 28,959</u> | <u>\$ 29,827</u> | <u>\$ 18,338</u> | <u>\$ 58,786</u> | <u>\$ 32,362</u> |

**Asset Management**

**Operating expenses:**

|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| Operating expenses – U.S. GAAP basis                      | \$ 13,645        | \$ 13,660        | \$ 11,946        | \$ 27,305        | \$ 23,205        |
| Adjustments:  |                  |                  |                  |                  |                  |
| Restructuring and integration costs                       | —                | —                | —                | —                | (9)              |
| Amortization of intangible assets related to acquisitions | (1,277)          | (1,278)          | (1,387)          | (2,555)          | (2,774)          |
| Adjusted operating expenses                               | <u>\$ 12,368</u> | <u>\$ 12,382</u> | <u>\$ 10,559</u> | <u>\$ 24,750</u> | <u>\$ 20,422</u> |

**Segment pre-tax operating income:**

|   |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Segment pre-tax operating income – U.S. GAAP basis        | \$ 327          | \$ 584          | \$ 1,798        | \$ 911          | \$ 2,446        |
| Adjustments:  |                 |                 |                 |                 |                 |
| Restructuring and integration costs                       | —               | —               | —               | —               | 9               |
| Amortization of intangible assets related to acquisitions | 1,277           | 1,278           | 1,387           | 2,555           | 2,774           |
| Adjusted segment pre-tax operating income                 | <u>\$ 1,604</u> | <u>\$ 1,862</u> | <u>\$ 3,185</u> | <u>\$ 3,466</u> | <u>\$ 5,229</u> |

This presentation includes non-GAAP measures. The non-GAAP measures are not meant to be considered in isolation or as a substitute for the corresponding U.S. GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP.

## Piper Jaffray Companies

### Notes to Non-GAAP Financial Schedules

- (1) Selected Summary Financial Information are non-GAAP measures. Management believes that presenting results and measures on an adjusted basis in conjunction with U.S. GAAP measures provides the most meaningful basis for comparison of its operating results across periods.
- (2) A non-GAAP measure which excludes revenues related to noncontrolling interests (see (11) below).
- (3) A non-GAAP measure which excludes compensation expense from acquisition-related agreements.
- (4) A non-GAAP measure which excludes (a) non-compensation expenses related to noncontrolling interests (see (11) below), (b) non-compensation expenses from acquisition-related agreements, (c) restructuring and integration costs and (d) amortization of intangible assets related to acquisitions.
- (5) A non-GAAP measure which excludes (a) revenues and expenses related to noncontrolling interests (see (11) below), (b) compensation and non-compensation expenses from acquisition-related agreements, (c) restructuring and integration costs and (d) amortization of intangible assets related to acquisitions.
- (6) A non-GAAP measure which represents adjusted income before adjusted income tax expense as a percentage of adjusted net revenues.
- (7) A non-GAAP measure which excludes the income tax benefit from (a) compensation and non-compensation expenses from acquisition-related agreements, (b) restructuring and integration costs and (c) amortization of intangible assets related to acquisitions.
- (8) A non-GAAP measure which represents net income earned by the Company excluding (a) compensation and non-compensation expenses from acquisition-related agreements, (b) restructuring and integration costs, (c) amortization of intangible assets related to acquisitions and (d) the income tax expense/(benefit) allocated to the adjustments.
- (9) Effective tax rate is a non-GAAP measure which is computed based on a quotient, the numerator of which is adjusted income tax expense and the denominator of which is adjusted income before adjusted income tax expense.
- (10) Piper Jaffray Companies calculates earnings per common share using the two-class method, which requires the allocation of consolidated adjusted net income between common shareholders and participating security holders, which in the case of Piper Jaffray Companies, represents unvested stock with dividend rights.
- (11) Noncontrolling interests include revenue and expenses from consolidated alternative asset management entities that are not attributable, either directly or indirectly, to Piper Jaffray Companies.
- (12) A non-GAAP measure which excludes (a) expenses related to noncontrolling interests (see (11) above), (b) compensation and non-compensation expenses from acquisition-related agreements, (c) restructuring and integration costs and (d) amortization of intangible assets related to acquisitions.
- (13) A non-GAAP measure which excludes (a) restructuring and integration costs and (b) amortization of intangible assets related to acquisitions.