

Piper Jaffray and Sandler O'Neill Announce Merger Combined Firm to be Named Piper Sandler Companies

Merger adds the leading financial services investment banking firm to the growing Piper Jaffray Organization

PiperJaffray® SANDLER O'NEILL + PARTNERS

For more information, please contact Tim Carter, chief financial officer at 612 303-5607 or timothy.l.carter@pjc.com

Securities brokerage and investment banking services are offered in the U.S. through Piper Jaffray & Co., member SIPC and FINRA; in Europe through Piper Jaffray Ltd., authorized and regulated by the U.K. Financial Conduct Authority; and in Hong Kong through Piper Jaffray Hong Kong Limited, authorized and regulated by the Securities and Futures Commission. Asset management products and services are offered through five separate investment advisory affiliates—U.S. Securities and Exchange Commission (SEC) registered Advisory Research, Inc., Piper Jaffray Investment Management LLC, PJC Capital Partners LLC and Piper Jaffray & Co., and Guernsey-based Parallel General Partners Limited, authorized and regulated by the Guernsey Financial Services Commission.

Cautionary notice regarding forward-looking statements

This presentation and the conference call to discuss the contents of this presentation contain forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These forward-looking statements cover, among other things, the future prospects and growth of the Company.

Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including the following:

- (1) the transaction described in this announcement is subject to regulatory approval and other closing conditions and may not close on the expected timing or at all;
- (2) the costs or difficulties relating to the combination of the businesses may be greater than expected and may adversely affect our results of operations and financial condition and our ability to realize anticipated synergies from the transaction;
- (3) the expected benefits of the transaction, including the future prospects of our investment banking, fixed income, equity research, and sales and trading businesses may take longer than anticipated to achieve and may not be achieved in their entirety or at all, and will in part depend on the ability of the Company to retain and hire key personnel and maintain relationships with its clients;
- (4) developments in market and economic conditions have in the past adversely affected, and may in the future adversely affect, the business and profitability of the Company generally and of its investment banking business specifically;
- (5) the transaction increases the Company's exposure to the financial services industry;
- (6) there may be potentially adverse reactions or changes to client, regulatory, business or employee relationships, including as a result of the announcement or completion of the transaction;
- (7) the failure to obtain financing for the transaction consistent with our expectations or at all could adversely impact the Company and the expected benefits of the transaction; and,
- (8) other risks, uncertainties and important factors identified under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018, and updated in our subsequent reports filed with the SEC.

These reports are available at www.piperjaffray.com or www.sec.gov.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

Piper Jaffray and Sandler O'Neill announce merger

PIPER SANDLER COMPANIES



Piper Jaffray is a leading investment bank and institutional securities firm. Through a distinct combination of candid counsel, focused expertise and empowered employees, we deliver insight and impact to each and every relationship. Our proven advisory teams combine deep product and sector expertise with ready access to global capital. The firm is headquartered in Minneapolis with offices across the U.S. and in London, Aberdeen and Hong Kong.

Sandler O'Neill + Partners is a full-service investment banking firm and broker-dealer focused on the financial services Industry. The firm provides merger and acquisition advisory, capital markets, fixed income and equity trading and sales, equity research, balance sheet management, mortgage finance, and other advisory services to financial institutions and their investors. Since our founding in 1988, the firm has always been focused on enhancing the franchise value of our clients.

Merger details

● TRANSACTION OVERVIEW

Piper Jaffray Companies to acquire 100% of Sandler O'Neill + Partners

- Merged company will be named Piper Sandler Companies, combining two trusted and established firms with matching client-centric cultures
- Brings together the leading investment banking firm focused on the financial services industry with the growing investment banking platform of Piper Jaffray
- Accelerates Piper Jaffray's goal of prioritizing and building the M&A advisory business, and adds strength in capital raising and a differentiated fixed income business while enhancing equities
- Expected to close in January 2020; subject to customary closing conditions and regulatory approvals

● CONSIDERATION

Total of \$485 million (includes \$100 million of tangible book value)

- \$350 million of upfront cash consideration, which includes \$100 million of TBV, to equity holders
- \$135 million of restricted consideration to employee partners, primarily in restricted stock of PJC

● RETENTION PLAN

Total of \$115 million

- Additional retention to Sandler O'Neill partners and other employees, primarily in restricted stock of PJC

● FINANCIAL IMPACT

Expected to add approximately \$300M of annual revenues

- Accretive to 2020 operating margin, ROE, EPS and employee productivity metrics
 - Provides continued opportunities to invest and grow the platform
-

COMBINES THE LEADING FINANCIAL SERVICES INVESTMENT BANK WITH THE GROWING PIPER JAFFRAY PLATFORM

Strategic rationale



Adds a large, durable, market-leading franchise to our platform

The leading financial services investment bank with approximately \$300M of annual revenues



Increases scale and diversity across investment banking industry sectors

Complements current franchise by adding \$225M+ of annual investment banking revenues from financial services industry



Significantly elevates advisory practice within the middle market

Creates one of the largest U.S. middle-market advisory businesses with nearly \$600M of annual pro forma combined revenues



Diversifies and scales capital markets franchise

Adds a market-leading, book run franchise with broad product capabilities, expected to increase annual revenues by 50%+



Adds an advice-driven, market-leading fixed income business

Nearly doubles current fixed income business by adding a large, advisory-based, differentiated business which broadens our product and client mix



Enhances equity business through expanded research coverage

Adds more than 200 stocks, significantly expanding current financial services coverage and equity distribution capacity



Enriches firm culture, deepens relationships and strengthens leadership

Distinctive client-centric, partnership-focused cultures with meaningful opportunities to collaborate across industries and products

THE LEADING FINANCIAL SERVICES INVESTMENT BANK

Sandler O'Neill + Partners

SANDLER O'NEILL + PARTNERS

Year Founded	1988
Headquarters	New York
Ownership	Private Partnership
Employees	300
Offices	6

Full service investment banking firm dedicated to providing comprehensive advisory and transaction execution services to a broad range of financial institutions and investors

- Singular focus on financial services companies
- Exceptional industry knowledge
- Outstanding capital markets and transactional expertise
- Client-first approach with reputation for integrity and transparency
- Small-firm client service with large-firm capabilities

Mergers and Acquisitions

No. 1

Financial services M&A advisor since 2012 – based on number of deals

498

Announced financial services M&A transactions since 2012

\$124B

Aggregate announced M&A transaction value since 2012¹

Capital Raising

No. 1

Financial services capital offerings managed since 2012

\$71B

Equity capital raised for financial services companies since 2012²

\$41B

Debt capital raised for financial services companies since 2012²

Sales, Trading, and Research

300+

Financial services companies covered by equity research

1000+

Banks covered by fixed income

400+

Stocks as a market maker

Source: S&P Global Market Intelligence

Does not combine the results of advisors which have merged until the date such merger was completed

¹ Includes transactions with announced deal values; statistics reflect January 1, 2012 through June 15, 2019

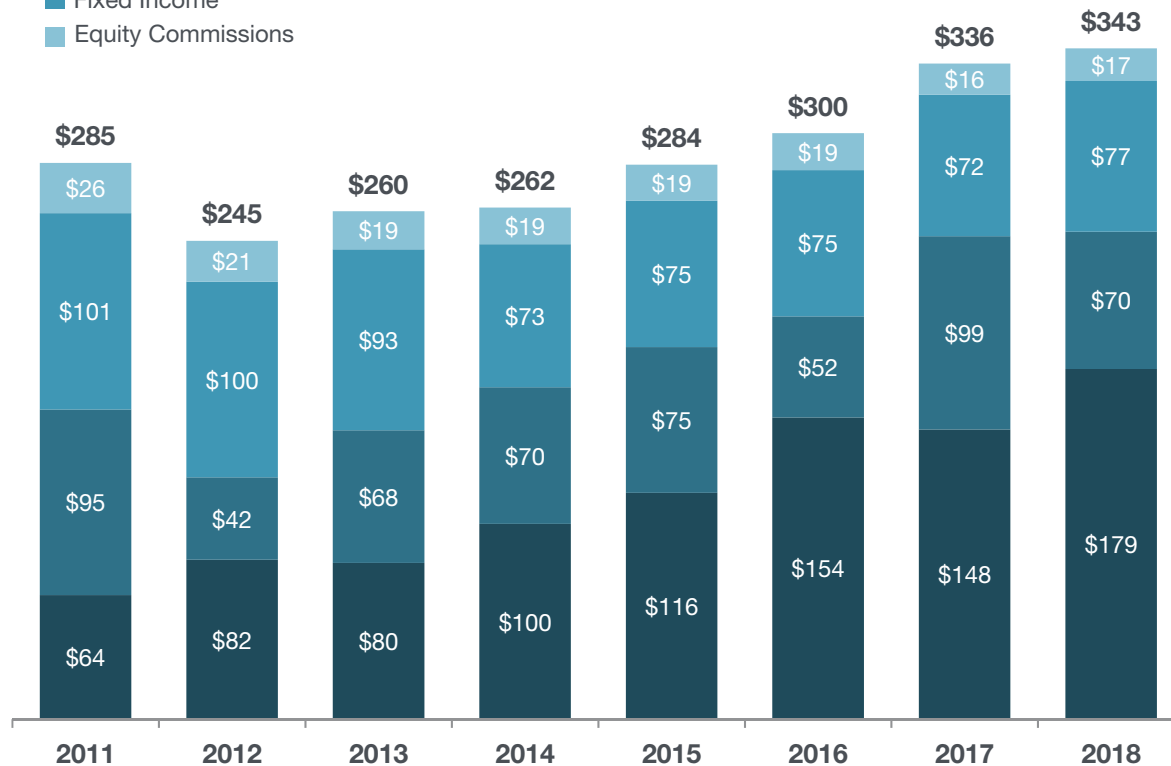
² Full deal value credited to underwriter

Leading franchise with attractive financial profile

SANDLER O'NEILL REVENUES BY BUSINESS ACTIVITY

\$ in millions

- M&A / Advisory Services
- Financing
- Fixed Income
- Equity Commissions



Six consecutive years of revenue growth driven by increasing market share

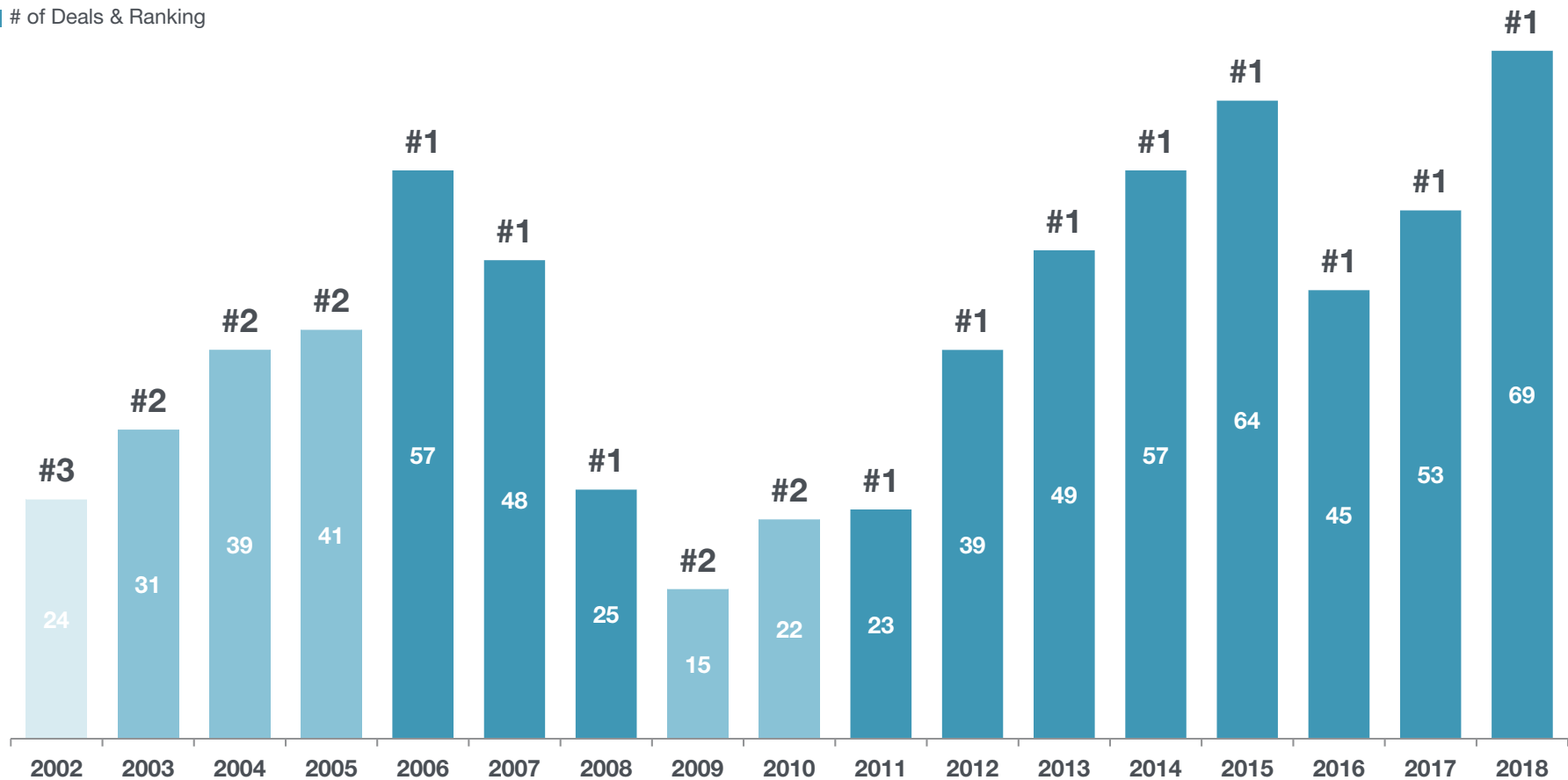
- Advisory-led franchise which has more than doubled since 2011
- Strong capital markets origination business that does not rely on the balance sheet
- Advisory-based fixed income business

Market leadership in financial services M&A

One of the most active financial advisors, ranking No. 1 every year since 2011 based on number of deals advised for financial services, regardless of market cycle or environment

SANDLER O'NEILL FINANCIAL SERVICES M&A EXPERTISE

■ # of Deals & Ranking



Source: S&P Global Market Intelligence

Financial services encompasses banks & thrifts, insurance, asset management, securities services, specialty finance, financial technology & REITs

Includes all U.S. financial services transactions announced since January 1, 2002 with disclosed deal value and a financial advisor; rankings exclude terminated transactions and self-advisory roles

Rankings exclude terminated transactions and self-advisory roles; Does not combine the results of advisors which have merged until the date such merger was completed

Market leadership in financial institutions capital raising

Top ranked in common equity raising for banks and thrifts over the last 10 years

Rank by Number of Deals

1	Sandler O'Neill + Partners	206
2	Keefe, Bruyette & Woods	196
3	Raymond James & Associates, Inc.	88
4	J.P. Morgan Securities LLC	87
5	Goldman Sachs & Co. LLC	57
6	Bank of America Merrill Lynch	54
7	Janney Montgomery Scott LLC	52
8	Stephens Inc.	48
9	Morgan Stanley	47
10	Stifel	45
11	RBC Capital Markets, LLC	43
12	INTL FCStone Financial Inc.	35
13	Barclays Capital Inc.	32
14	D.A. Davidson & Co.	31
15	Credit Suisse (USA), Inc.	30
16	B. Riley FBR, Inc.	29
18	Deutsche Bank Securities Inc.	27
18	Citigroup Global Markets Inc.	27
19	UBS Investment Bank	26
20	Robert W. Baird & Co. Incorporated	25

Rank by Aggregate Deal Value \$ in billions

1	Morgan Stanley	\$84.5
2	J.P. Morgan Securities LLC	\$72.8
3	Sandler O'Neill + Partners	\$68.9
4	Keefe, Bruyette & Woods	\$67.4
5	Deutsche Bank Securities Inc.	\$61.8
6	Goldman Sachs & Co. LLC	\$61.0
7	RBC Capital Markets, LLC	\$59.0
8	Williams Capital Group, L.P.	\$55.2
9	Barclays Capital Inc.	\$51.7
11	Blaylock Van, LLC	\$50.8
11	Loop Capital Markets LLC	\$50.8
12	Credit Suisse (USA), Inc.	\$46.1
13	Citigroup Global Markets Inc.	\$45.0
14	Wells Fargo Securities, LLC	\$44.8
15	Samuel A. Ramirez & Company, Inc.	\$40.5
16	Muriel Siebert & Co., Inc.	\$40.3
17	CastleOak Securities, L.P.	\$38.5
18	Bank of America Merrill Lynch	\$38.0
19	UBS Investment Bank	\$38.0
20	Stifel	\$33.3

Source: S&P Global Market Intelligence

Includes all bank & thrift common equity raises between January 1, 2009 and June 5, 2019

Full credit to lead and co-managers

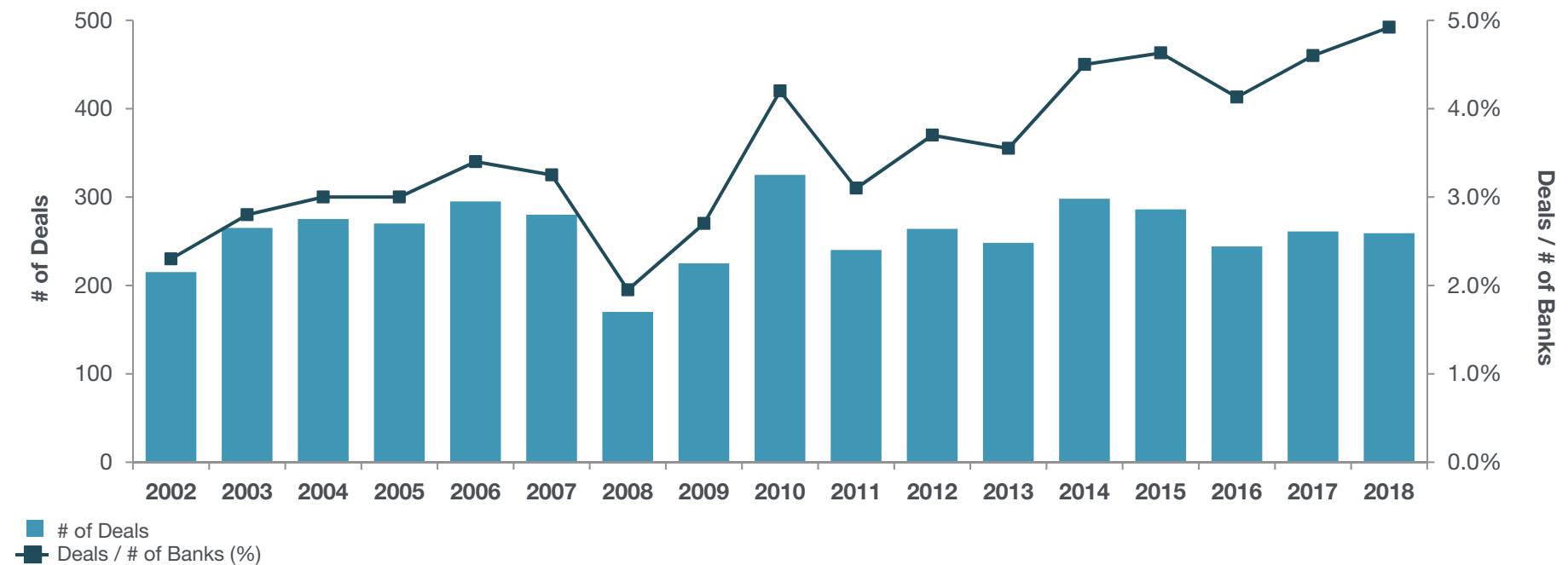
Does not combine the results of advisors that have merged until the date such merger was completed

Durable and consistent market environment

Stable bank operating environment with favorable M&A outlook

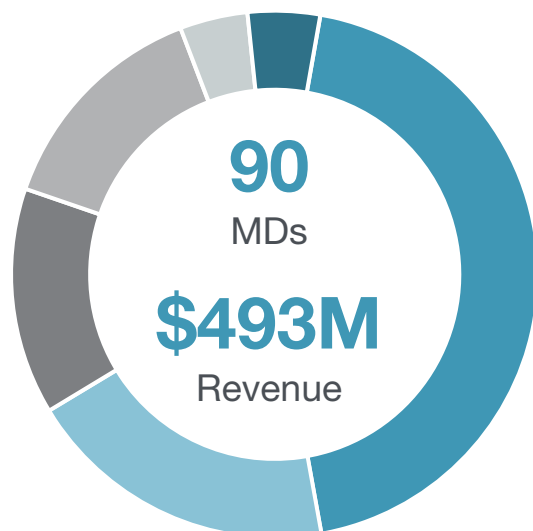
- Large, consistent market with an average of 250+ deals per year
- Significant market with over 5,000 banks consistently consolidating at a rate of approximately 4% per year
- Long-term trends are favorable for continued consolidation (e.g., rising technology and compliance costs, historically high capital, improved bank stock valuations, attractive economics provided by M&A)
- Sandler has continually sought to broaden its financial services coverage by building additional specialties in insurance, specialty finance, asset management, real estate and financial technology

NUMBER OF DEALS PER YEAR / NUMBER OF BANKS

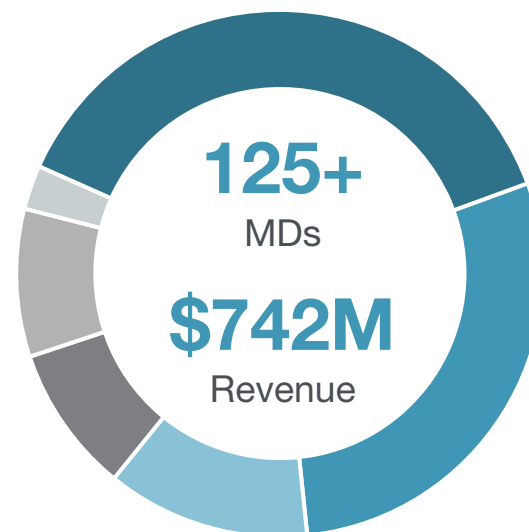


Increases scale and diversity across industry sectors

2018 Piper Jaffray Standalone
Investment Banking Revenues¹ by Sector



2018 Pro Forma
Investment Banking Revenues² by Sector



51%

increase in
revenues



■ Financial Services ■ Healthcare ■ Energy ■ Consumer ■ Diversified Industrials ■ TMT & Business Services

Enhances advisory and capital markets investment banking platform

- Three market-leading franchises in significant industry sectors (i.e. financial services, healthcare, energy)
- Five scaled industry teams
- Increases managing director headcount by approximately 39% and revenue by 51%

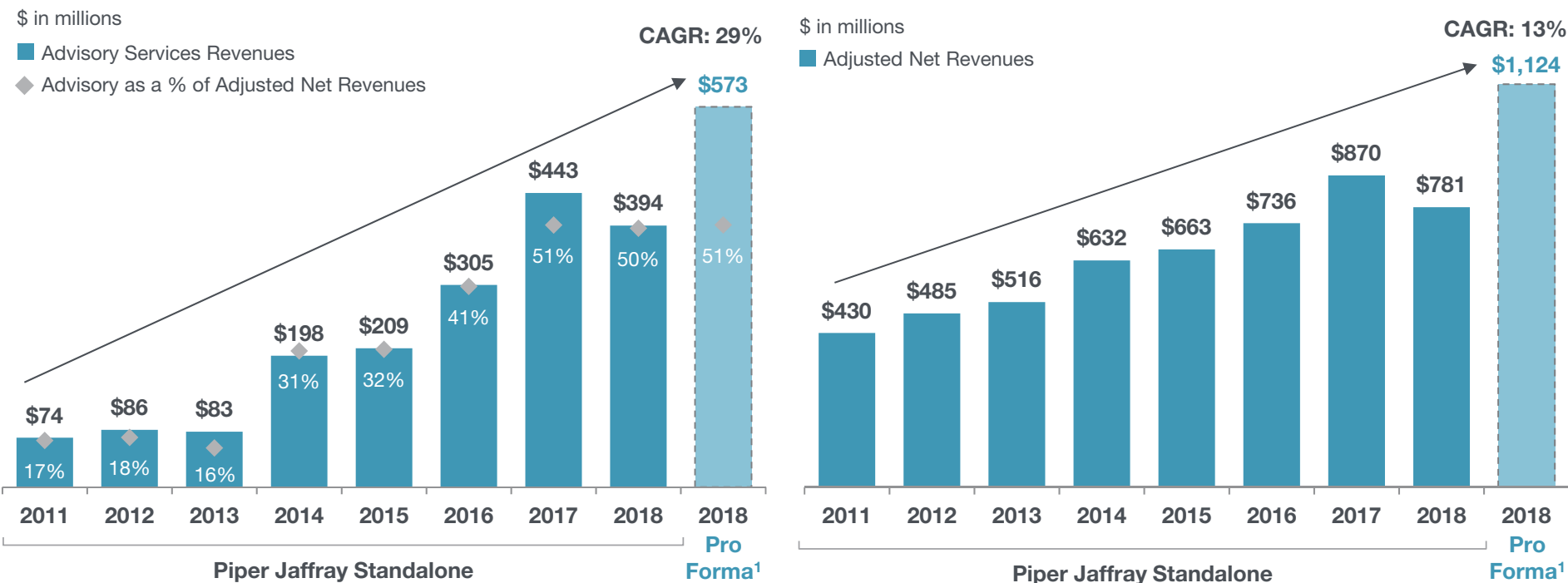
¹ 2018 Piper Jaffray standalone investment banking revenues include both corporate advisory and capital markets revenues (excludes public finance)

² 2018 Pro forma investment banking revenues combines Piper Jaffray standalone investment banking revenues with Sandler O'Neill M&A / Advisory Services revenues of \$179M and Financing revenues of \$70M

Elevates advisory platform within the middle market

ADVISORY SERVICES REVENUES

ADJUSTED NET REVENUES²



Expansion of advisory platform to drive earnings and lay the foundation for future growth

- Strong, sustainable revenue growth expected from high margin advisory services
- Redeploying capital to businesses with higher returns

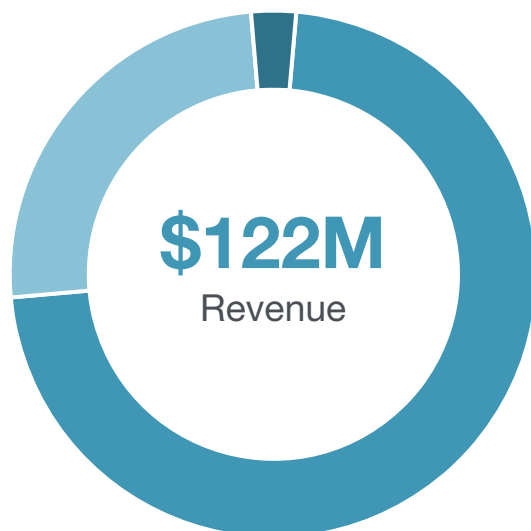
CAGR is calculated over the 8-year period from 2011 to 2018 pro forma, which replaces the 2018 Piper Jaffray standalone year

¹ Pro forma combines 2018 Piper Jaffray standalone revenues with Sandler O'Neill revenues

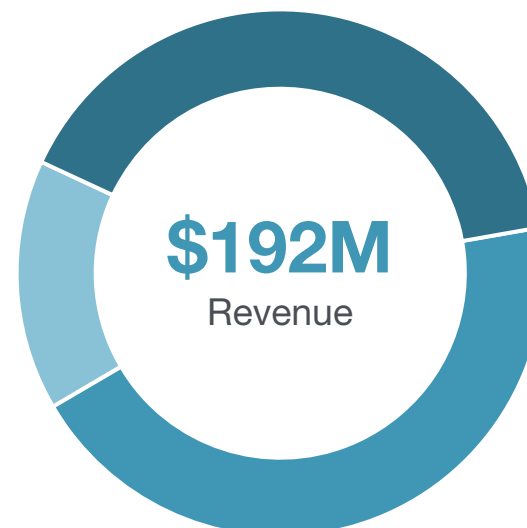
² Refer to page A-1 of the Appendix for a reconciliation of Piper Jaffray standalone adjusted net revenues to U.S. GAAP net revenues

Elevates capital raising platform within the middle market

2018 Piper Jaffray Standalone
Capital Markets Revenues¹ by Sector



2018 Pro Forma
Capital Markets Revenues² by Sector



57%
increase in
platform



■ Financial Services ■ Healthcare ■ Other

Combination adds a book run franchise with broad product capabilities and dominant market share

- Sandler has book run 199 transactions totaling \$11.2 billion in capital raised since 2014³
- Sandler has managed more subordinated debt or senior note offerings for banks under \$35 billion in assets than any other investment bank since 2014⁴
- Broad equity and debt product capabilities
- Superior execution with strong distribution and research

¹ 2018 Piper Jaffray standalone capital markets revenues reflect equity financing revenues

² 2018 Pro forma capital markets revenues combines Piper Jaffray standalone capital markets revenues with Sandler O'Neill revenues from financing of \$70M

³ Transactions and value both include community bank, specialty finance transactions, BDC and other non-bank transactions; Source: Sandler O'Neill Syndicate Desk & Bloomberg, data as of June 5, 2019

⁴ Source: Bloomberg, data as of June 5, 2019

Adds an advice-driven, market-leading fixed income business

Sandler O'Neill fixed income group



Differentiated, advisory-based model that leverages the capabilities of the whole firm and drives investment banking revenue



Deep penetration with banks – covering 1000+ banks



Strong analytics with a holistic approach to balance sheet management with comprehensive modeling capabilities for assets, liabilities and interest rate derivatives



Broad suite of products with deep expertise in mortgage-backed securities and loans



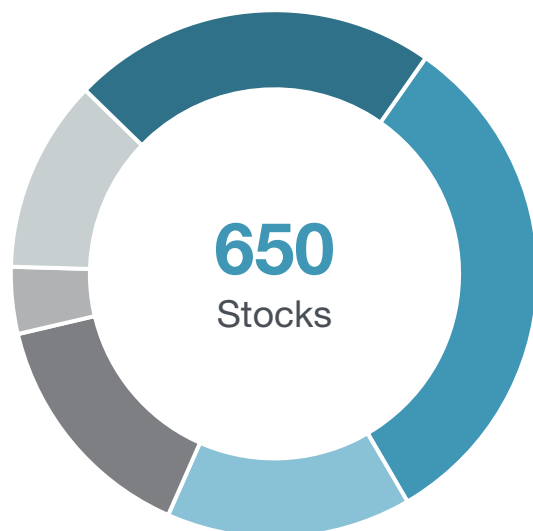
High productivity with C-suite and board-level relationships

Combination Attributes

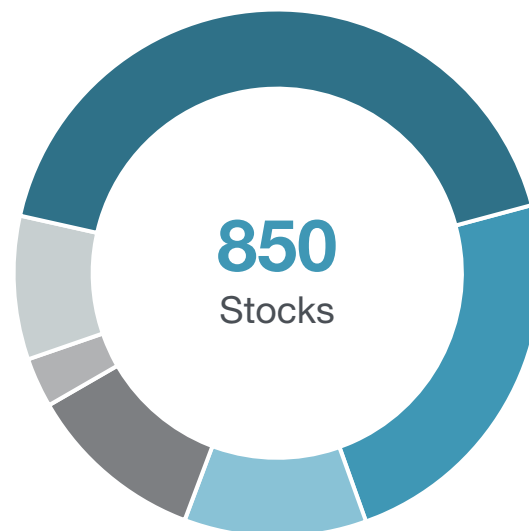
- Significantly increases scale with nearly 2X revenues
- Complementary product suite and client set
- Improves risk adjusted capital efficiency
- Provides broader distribution to our municipal new issue and secondary fixed income businesses

Enhances equities business through expanded resources

Piper Jaffray Standalone
Research Coverage¹



Pro Forma
Research Coverage²



31%
increase in
coverage



■ Financial Services ■ Healthcare ■ Energy ■ Consumer ■ Industrials & Business Services ■ Technology

Expands research and account coverage

- Adds approximately 200 stocks under coverage – increasing bank coverage while adding coverage in real estate, insurance and other financial services sectors
- Represents one of the largest distribution franchises of any mid-tier broker with market-leading research, trading, and capital markets capabilities

¹ Piper Jaffray standalone research coverage reflects current stocks under coverage

² Pro forma research coverage combines Piper Jaffray standalone research coverage with approximately 200 stocks under coverage from Sandler O'Neill

Other transaction terms and financial highlights

KEY PERSONNEL AND MANAGEMENT OF FINANCIAL SERVICES BUSINESS

- Jimmy Dunne will continue to focus on exactly the same work he has been doing for the past several years, providing guidance and strategic advice to clients on M&A deals and other transactions
 - Dunne will be named vice chairman of Piper Sandler Companies, and senior managing principal of the Piper Sandler financial services business
- Jon Doyle will lead the Piper Sandler financial services business line, and all investment banking, capital markets, fixed income and equities resources dedicated to the financial services industry sector will report to Jon
 - Doyle will be named vice chairman of Piper Sandler Companies, and senior managing principal of the Piper Sandler financial services business
 - Doyle will join the board of directors of Piper Sandler Companies and the firm's 11-person Leadership Team
- A second individual, to be named, will be added to the board of directors of Piper Sandler Companies in the first quarter of 2021 as per the merger agreement

RETENTION

- Substantial retentive incentives in the form of restricted consideration, primarily restricted stock, will be issued to Sandler O'Neill employees and vest over various terms up to five years based on continued employment
- Key employees, including all Sandler partners, have signed employment agreements
- Sandler O'Neill employees are expected to collectively own approximately 16% of Piper Sandler Companies in the form of restricted stock issued as transaction consideration and retention incentives

FINANCIAL METRICS AND PROJECTIONS

- Sandler O'Neill FY2018 revenues of \$340 million; revenues have averaged \$290 million since 2011
- Non-GAAP compensation ratio is expected to be unchanged
- Expected to be 10%+ accretive to non-GAAP EPS in 2020
- Accretive to the firm's non-GAAP ROE and operating metrics
- Although cost synergies and revenue enhancements are expected, no net synergies have been assumed in the projections

CAPITAL

- Deploys excess capital, and expected cash proceeds from the pending sale of Advisory Research, Inc.
 - Expected to raise approximately \$150 million of debt to finance a portion of the cash consideration
-

Shareholder value creation



Meaningfully accretive acquisition

Accretive to operating margin, ROE, EPS and employee productivity metrics



Enhances scale, durability, and diversity of the firm

Increases revenue by 44% and adds a highly complementary, market-leading financial services industry platform



Scales high margin, high multiple advisory business

Grows advisory business by 45% with 2018 pro forma advisory services revenues of \$573 million



Deploys excess capital

Sharpens focus, deploys excess capital and drives higher returns



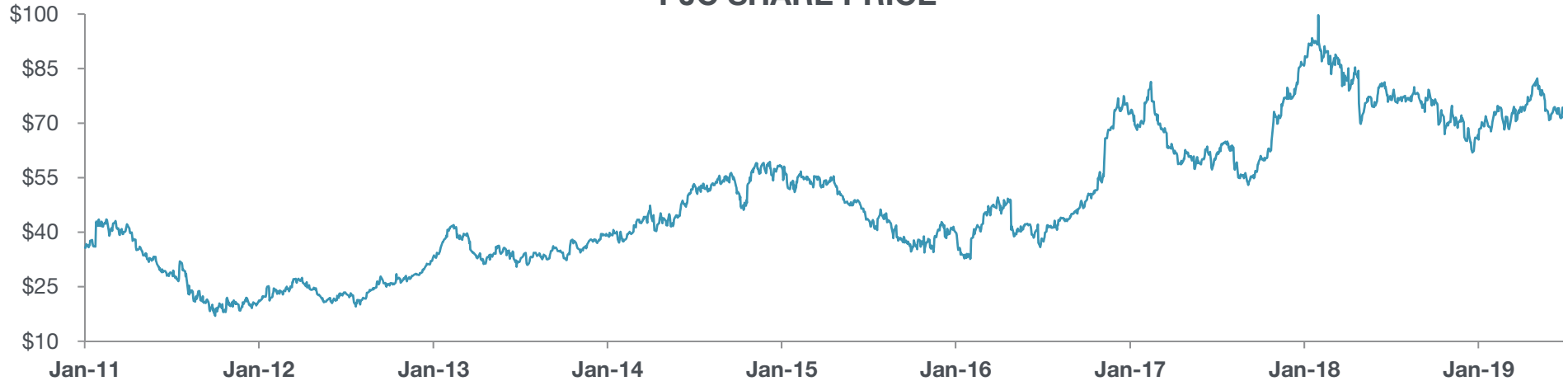
Creates significant opportunity for continued growth

Accelerates growth opportunities in all our franchises

OUR GROWTH, BUSINESS MIX AND DISCIPLINED USE OF CAPITAL DRIVING BEST-IN-CLASS RETURNS

Top performing stock over multi-year periods

PJC SHARE PRICE

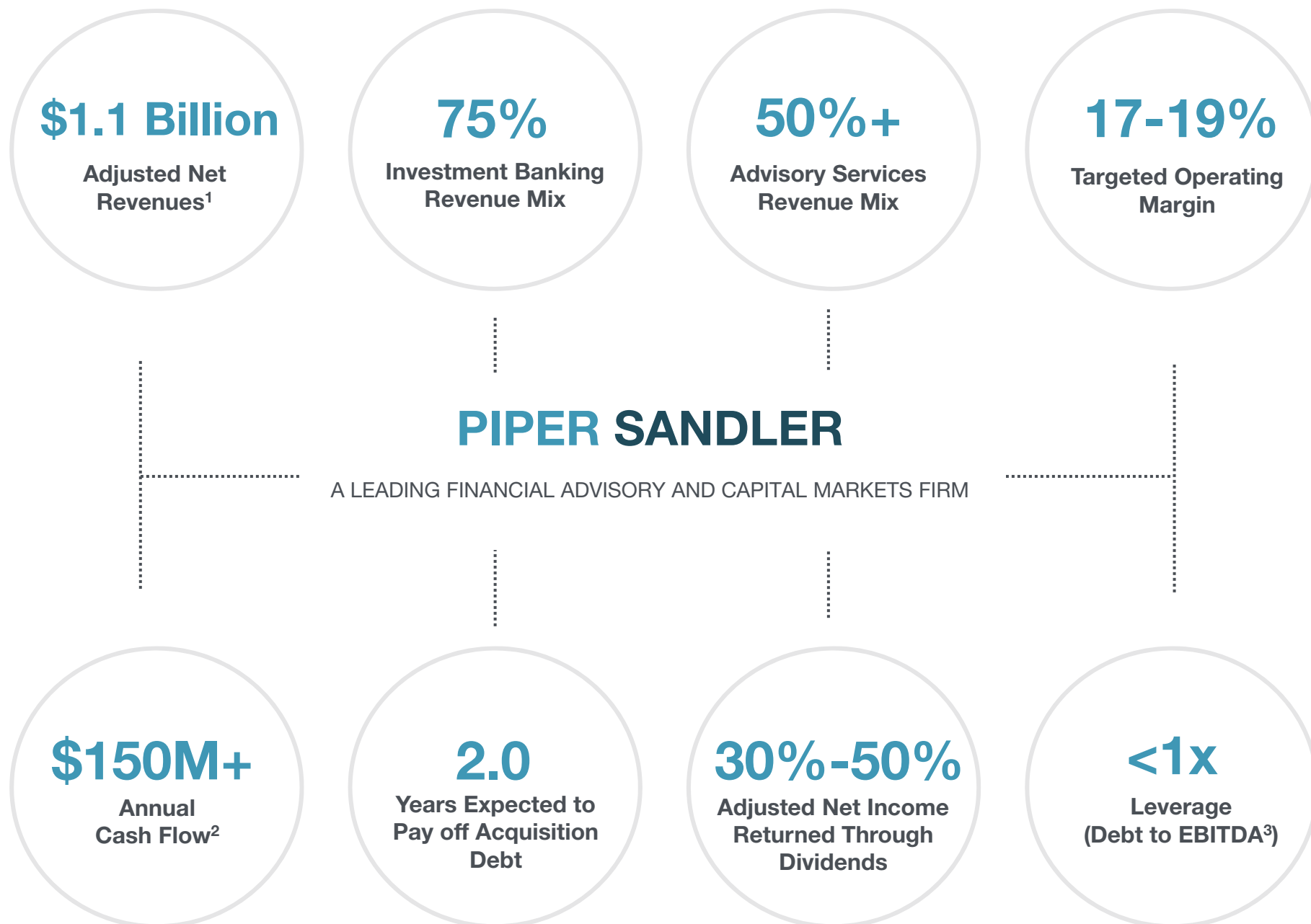


TOTAL RETURN AS OF JUNE 28, 2019¹

1-Year		3-Year		5-Year	
COWN	21.91%	EVR	129.14%	EVR	71.44%
SF	12.84%	PJC	121.12%	S&P 500	61.22%
S&P 500	9.84%	HLI	112.90%	CM Index	59.79%
PJC	-0.99%	MC	106.85%	MC	56.67%
OPY	-2.19%	SF	97.85%	PJC	53.42%
CM Index	-5.06%	OPY	93.08%	SF	27.17%
HLI	-11.24%	PJT	85.05%	OPY	25.88%
JEFF	-13.79%	CM Index	64.51%	COWN	0.17%
EVR	-14.55%	S&P 500	50.74%	LAZ	-8.18%
JMP	-22.54%	COWN	47.17%	JEFF	-20.61%
PJT	-24.42%	LAZ	46.75%	JMP	-21.74%
LAZ	-25.37%	JEFF	24.98%	GHL	-64.35%
MC	-34.80%	GHL	-3.66%	HLI	N/A
GHL	-51.45%	JMP	-12.72%	PJT	N/A

CM Index reflects KBW Capital Markets Index

¹ Represents total shareholder return for the 1-Year, 3-Year, and 5-Year periods ending June 28, 2019



Metrics are on a pro forma basis combining Piper Jaffray standalone with Sandler O'Neill

¹ Includes 2018 Piper Jaffray standalone adjusted net revenues; refer to page A-1 of the Appendix for a reconciliation of Piper Jaffray standalone adjusted net revenues to U.S. GAAP net revenues

² Includes 2018 Piper Jaffray standalone cash flows; refer to page A-2 of the Appendix for the components of Piper Jaffray standalone cash flows

³ Assumes acquisition debt of \$150M; EBITDA includes 2018 Piper Jaffray standalone EBITDA; refer to page A-2 of the Appendix for the components of Piper Jaffray standalone EBITDA

Appendix

Reconciliation for Non-GAAP Financial Measures

This presentation includes non-GAAP, or “adjusted,” financial measures. Management believes that presenting results and measures on an adjusted basis in conjunction with the corresponding 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.

Net revenues

A reconciliation of adjusted net revenues to U.S. GAAP net revenues:

(\$ in thousands)	For the year ended December 31,							
	2018	2017	2016	2015	2014	2013	2012	2011
Net revenues – U.S. GAAP basis	\$ 784,442	\$ 874,923	\$ 747,349	\$ 672,918	\$ 648,138	\$ 525,195	\$ 488,952	\$ 432,083
Adjustment:								
Revenue related to noncontrolling interests	(3,621)	(5,319)	(11,070)	(9,810)	(15,699)	(8,794)	(4,174)	(1,785)
Adjusted net revenues	\$ 780,821	\$ 869,604	\$ 736,279	\$ 663,108	\$ 632,439	\$ 516,401	\$ 484,778	\$ 430,298

Reconciliation for Non-GAAP Financial Measures

Annual cash flows

The following table presents the components of standalone annual cash flows for Piper Jaffray Companies for the year ended December 31, 2018:

(\$ in thousands)	<u>2018</u>
Net income applicable to Piper Jaffray Companies – U.S. GAAP basis	\$ 57,036
Non-cash adjustments as reflected on the consolidated statement of cash flows:	
Depreciation and amortization of fixed assets	8,358
Deferred income taxes	(652)
Stock-based compensation	44,285
Amortization of intangible assets	10,460
Amortization of forgivable loans	5,138
Non-cash adjustments	<u>67,589</u>
Less: tax impact of non-cash adjustments	(17,060)
Annual cash flows – Piper Jaffray standalone	<u><u>\$ 107,565</u></u>

Earnings before interest, taxes, depreciation, and amortization ("EBITDA")

The following table presents the components of standalone EBITDA for Piper Jaffray Companies for the year ended December 31, 2018:

(\$ in thousands)	<u>2018</u>
Net income applicable to Piper Jaffray Companies – U.S. GAAP basis	\$ 57,036
Adjustments for interest, taxes, depreciation, and amortization as reflected on the consolidated financial statements:	
Long-term financing expenses	5,793
Income tax expense	19,047
Depreciation and amortization of fixed assets	8,358
Amortization of intangible assets	10,460
Stock-based compensation	44,285
Amortization of forgivable loans	5,138
Adjustments for interest, taxes, depreciation, and amortization	<u>93,081</u>
EBITDA – Piper Jaffray standalone	<u><u>\$ 150,117</u></u>