

FEBRUARY 2020

Investor Presentation

Piper Sandler Companies

PIPER | SANDLER

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

Piper Sandler Companies (NYSE: PIPR) is a leading investment bank and institutional securities firm driven to help clients Realize the Power of Partnership®. Securities brokerage and investment banking services are offered in the U.S. through Piper Sandler & Co., member SIPC and NYSE; in Europe through Piper Sandler Ltd., authorized and regulated by the U.K. Financial Conduct Authority; and in Hong Kong through Piper Sandler Hong Kong Limited, authorized and regulated by the Securities and Futures Commission. Asset management products and services are offered through separate investment advisory affiliates.

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Cautionary notice regarding forward-looking statements

This presentation contains forward-looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including those factors identified in the document entitled “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 our Website at www.pipersandler.com and at the SEC Website at www.sec.gov.

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

On January 3, 2020, Piper Jaffray and Sandler O’Neill merged to become Piper Sandler Companies.

Financial measures for periods ending on or prior to December 31, 2019 and presented herein, represent the results of Piper Jaffray Companies not including Sandler O’Neill, except where noted.

Financial measures presented herein and noted as “2018 Pro Forma” or “Piper Sandler Pro Forma” represent the sum of 1) the financial measure of Piper Jaffray Companies, not including Sandler O’Neill, for the year ended December 31, 2018 (“2018 Piper Standalone”), and, 2) the comparable financial measure of Sandler O’Neill for the year ended December 31, 2018. Management believes the presentation of pro forma financial measures alongside Piper Jaffray standalone measures provide an illustration of the combined company post merger.

The results of Sandler O’Neill will be incorporated prospectively beginning on January 3, 2020, and accordingly, will be reflected in the Piper Sandler Companies financial results and measures for fiscal year 2020.



Year Founded: 1895
NYSE: PIPR
Headquarters: Minneapolis, MN
Employees: 1,600
Offices: 53

We are a leading investment bank and institutional securities firm.

We provide:

- Reputation for client-first approach and straightforward advice
- Deep expertise and market leadership in focus industry sectors
- Strategic advisory relationships and expert execution
- A track record of delivering results for more than a century

Partnering with clients since 1895

Our firm celebrates a 125-year legacy that has perpetuated because of the partnerships we forge—among our clients, our employees and the communities where we live and work.

INVESTMENT BANKING

- M&A advisory
- Capital markets
- Debt and restructuring advisory

INSTITUTIONAL EQUITIES

- Institutional sales and trading
- Equity and technical research

PUBLIC FINANCE

- Municipal underwriting and advisory

FIXED INCOME SERVICES

- Municipal and taxable sales and trading
- Balance sheet strategy and analytics

Investor value proposition



Increasing share of revenue derived from high margin, more predictable advisory services

25%
ADVISORY SERVICES
REVENUE CAGR



Strong, sustainable earnings growth

31%
ADJUSTED
DILUTED EPS* CAGR



Disciplined operating management and investing to drive shareholder returns

15.7%
ADJUSTED ROLLING
12-MONTH ROE*



Financial flexibility to fund growth and return capital to shareholders

\$106M
2019 ADJUSTED
NET INCOME*

Note: CAGR is calculated from 2011 to 2019

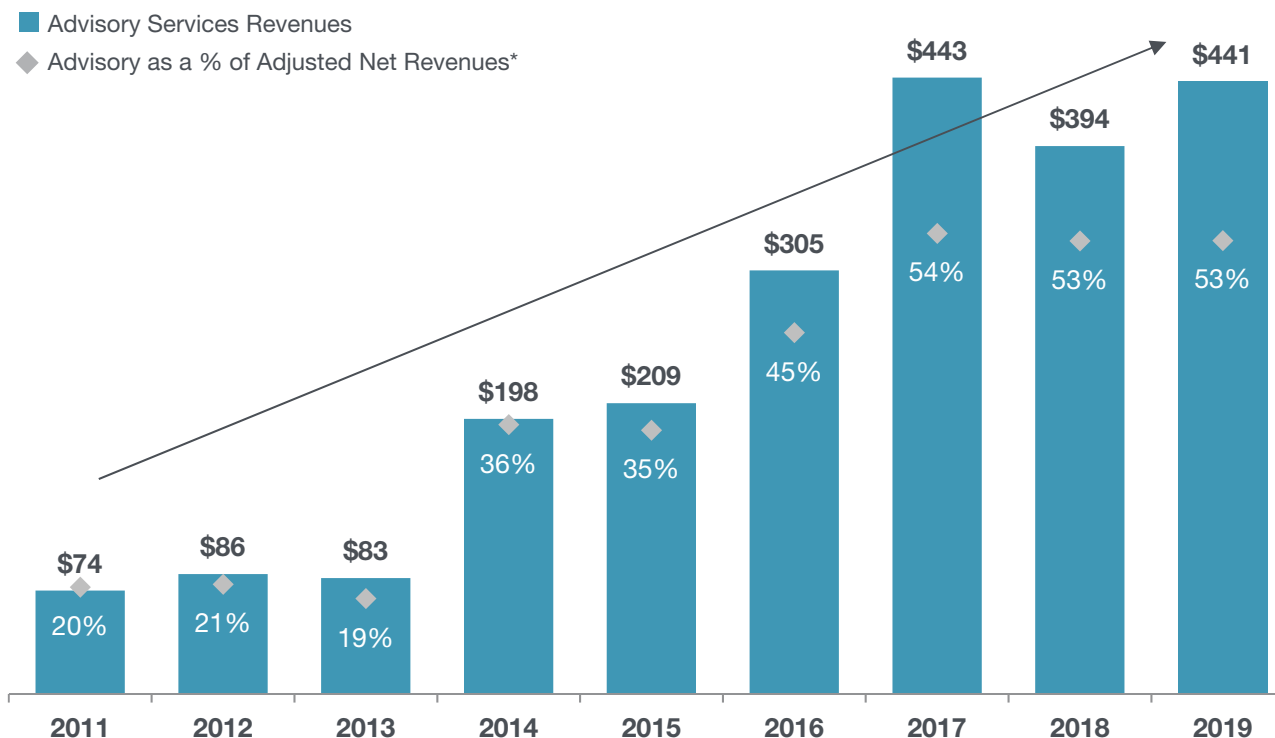
* See Appendix for a reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measure

Rapidly expanding advisory platform

ADVISORY SERVICES REVENUES

\$ in millions

CAGR: 25%



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

- Advisory revenues represent over 50% of total firm revenues, and have increased nearly 600% since 2011
- Deal volume increased from under 50 transactions to over 150 transactions per year
- Broad participation across entire investment banking platform

Note: CAGR is calculated from 2011 to 2019

* See Appendix for a reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measure

Continuously investing for growth

INVESTMENT BANKING

122 MDs

Announced the acquisition of Sandler O'Neill which adds the leading financial services investment bank to our platform; the acquisition closed January 3, 2020

Continued expansion of industry verticals further strengthening our market-leading franchises

Expansion into new verticals in diversified industrials

Acquired Simmons & Company which created our 2nd largest investment banking franchise

Major expansion into financial institutions, and acquisition of a leading DCM team to broaden our products in Advisory

Doubled size of the diversified industrials team, and added a new consumer vertical team

53 MDs

PUBLIC FINANCE

72 MDs

Added 9 senior bankers during the year expanding our presence in Nebraska, Colorado, Pennsylvania, and Ohio

Continued geographic expansion of our state and local government practice

Expanded into Project Finance to extend our high yield practice

Broadened specialty practices with additions in Senior Living and Charter Schools

Ongoing geographic expansion to build a national footprint

Established a leading position in the Pacific Northwest via the acquisition of Seattle Northwest

58 MDs

2019

2018

2017

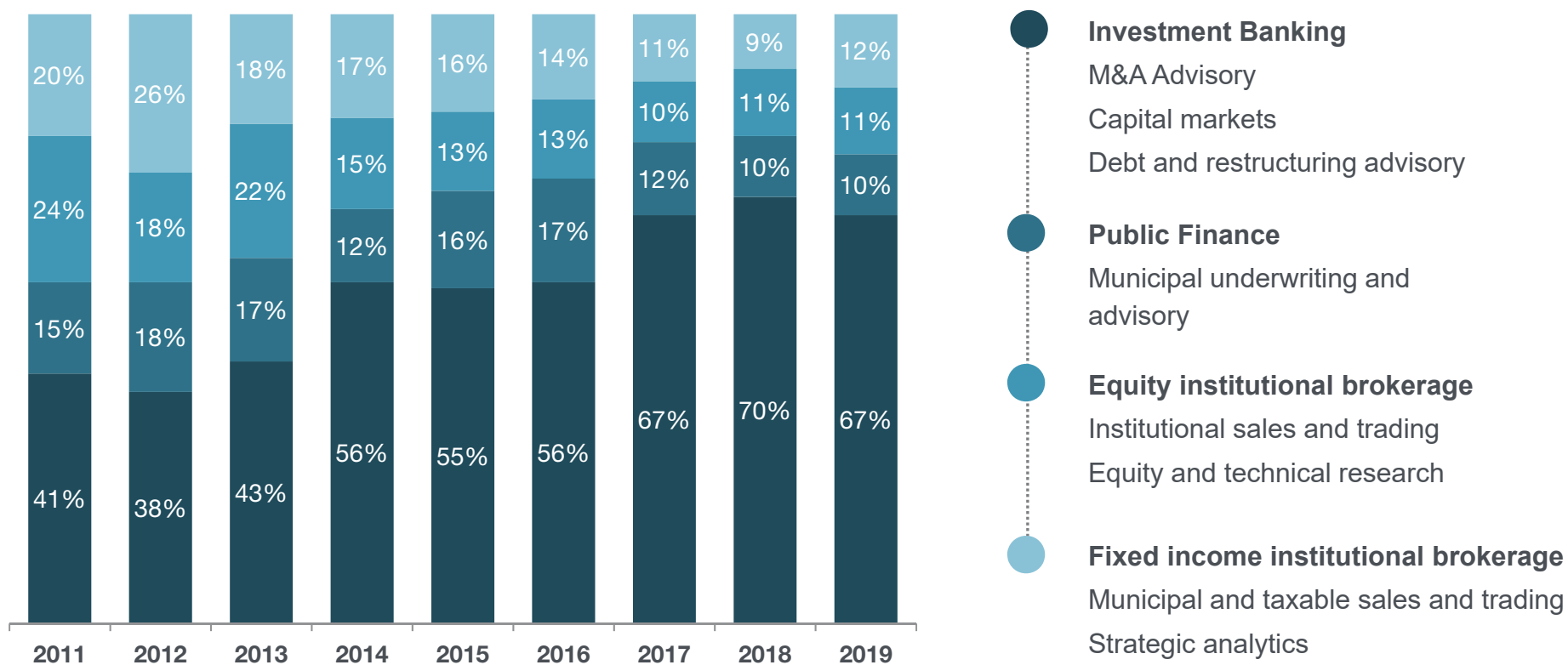
2016

2015

2014

Business mix evolution

ADJUSTED NET REVENUE MIX BY BUSINESS ACTIVITY

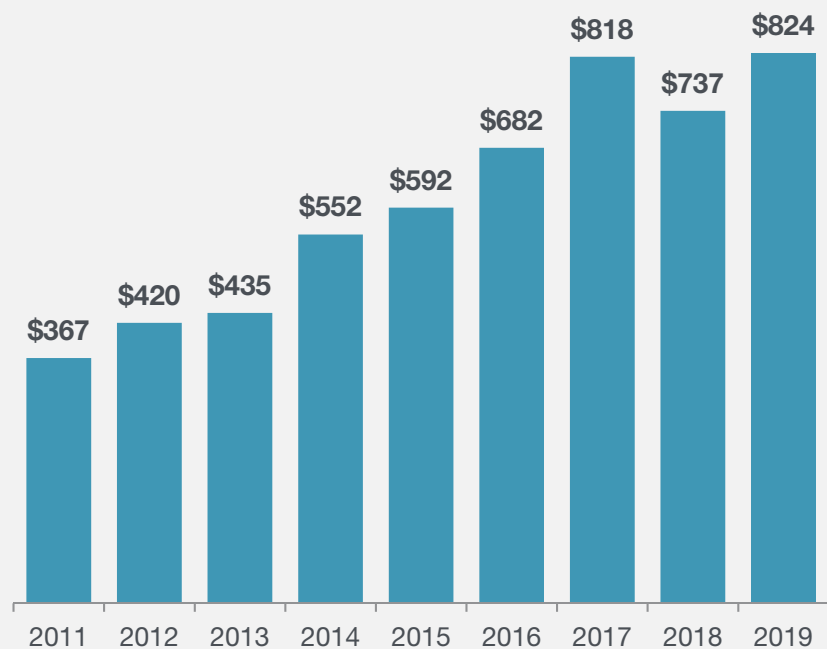


Demonstrating successful execution of our strategy to re-mix revenues in favor of activities characterized by high margins, more predictable earnings, and modest capital requirements

Track record of profitable growth

ADJUSTED NET REVENUES*

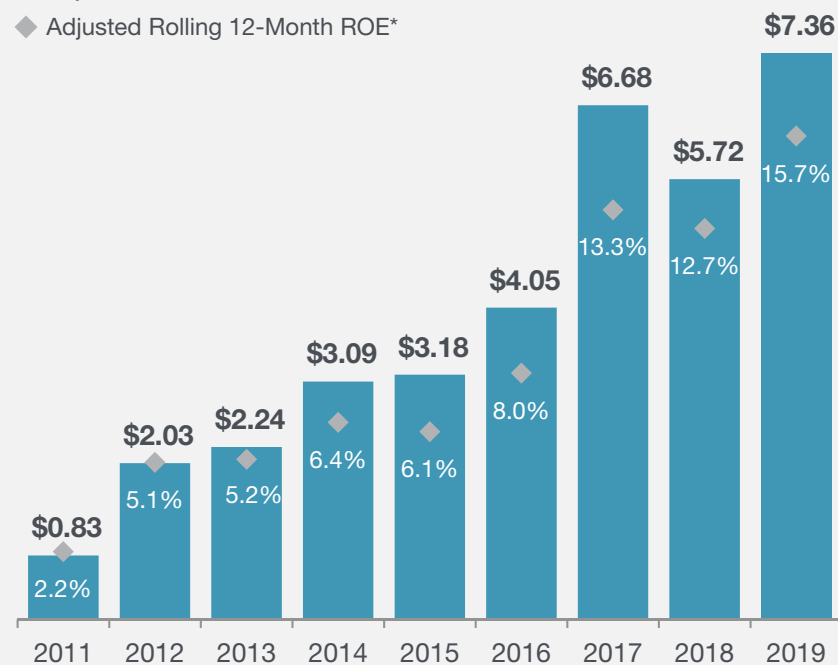
\$ in millions



ADJUSTED EPS* & ADJUSTED ROE*

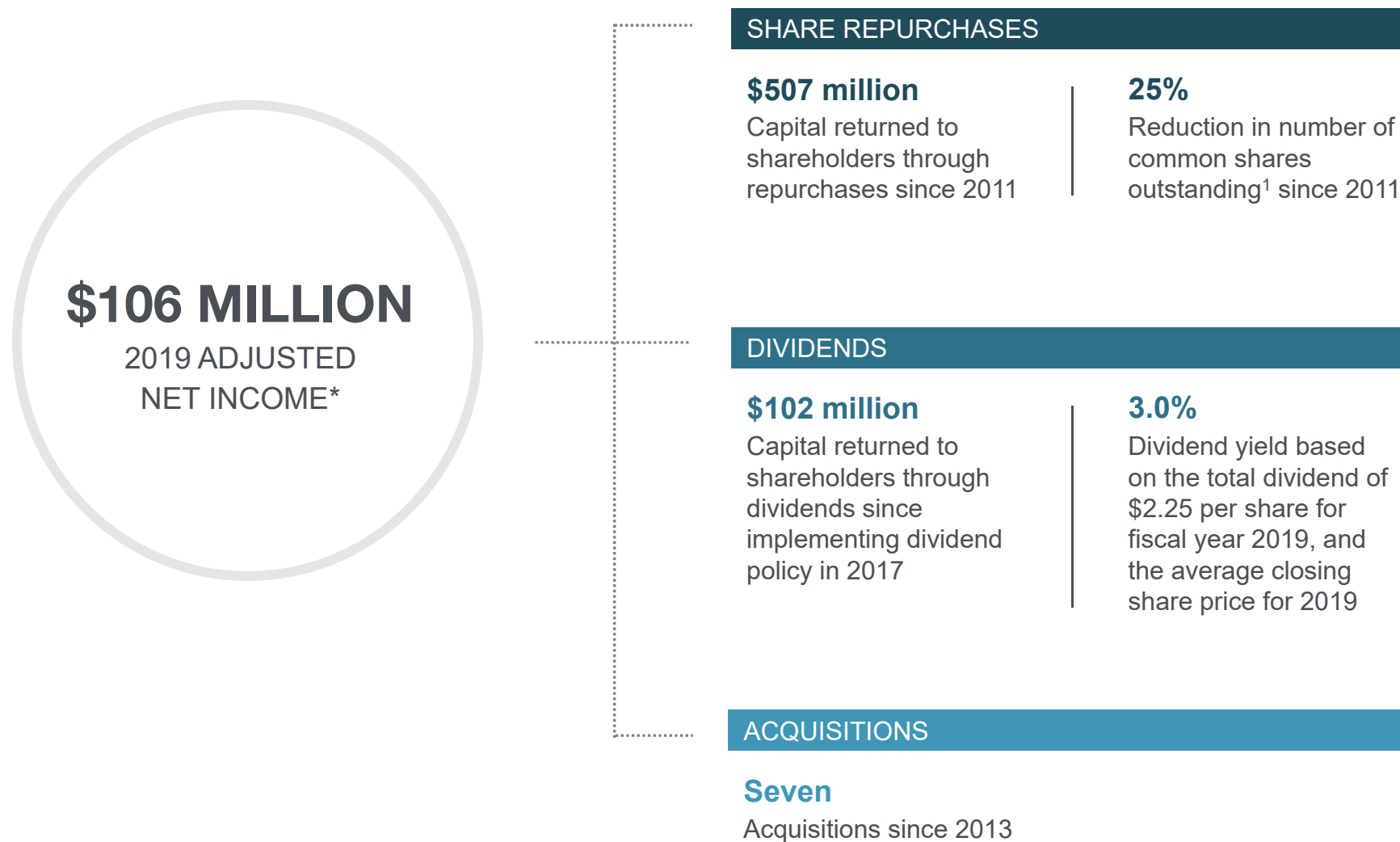
■ Adjusted Diluted EPS*

◆ Adjusted Rolling 12-Month ROE*



* See Appendix for a reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measure

Multiple levers to generate returns for shareholders

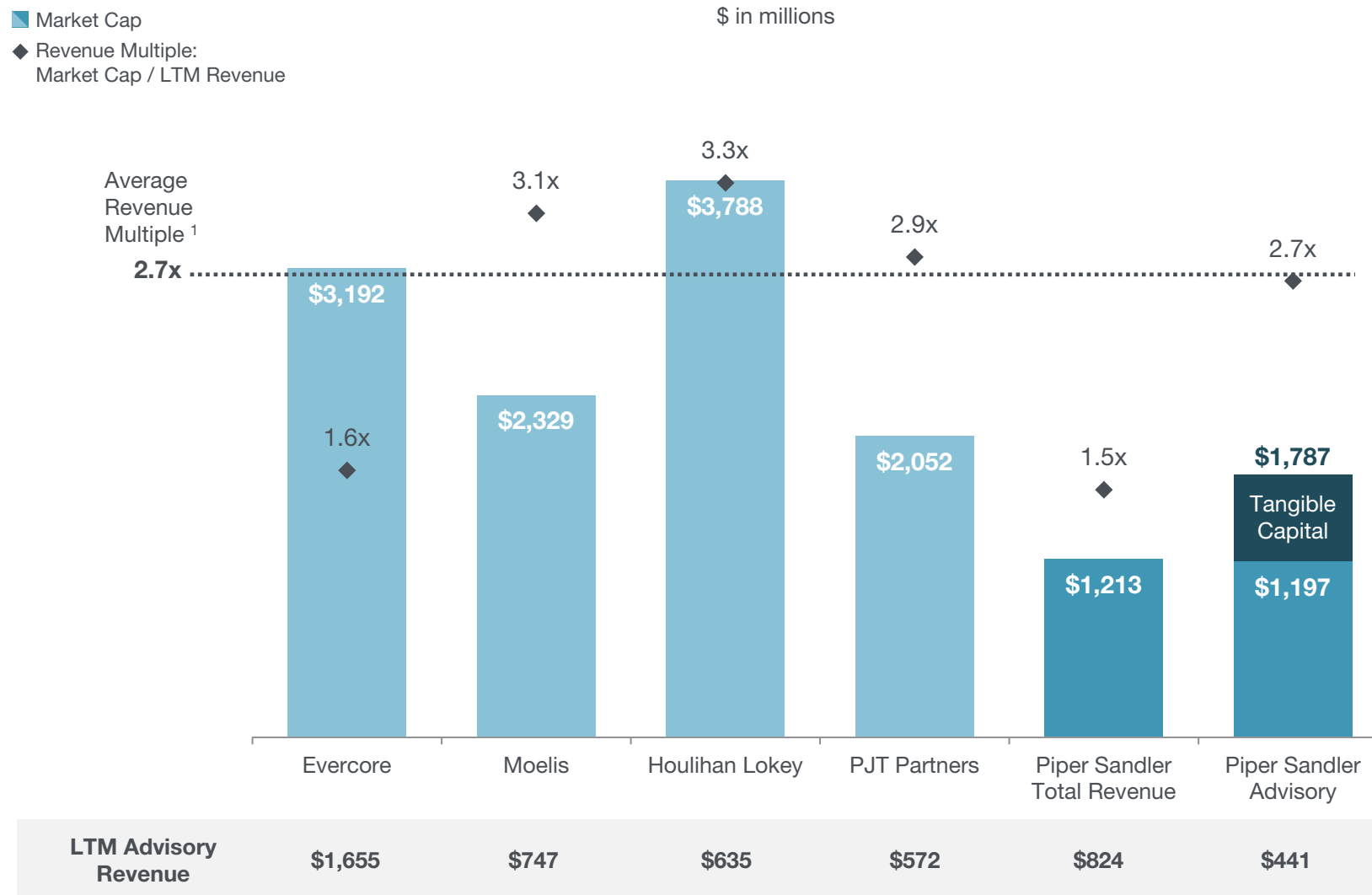


* See Appendix for a reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measure

¹ Common shares outstanding at December 31, 2019 were 14.4 million compared to 19.1 million at December 31, 2010

Significantly undervalued advisory franchise

MARKET CAP AND LTM REVENUE MULTIPLE



¹ Represents average revenue multiple (market cap / LTM revenue) of comparable group with advisory revenues > 50% of firm total revenues

Piper Jaffray and Sandler O'Neill merge

PIPER | SANDLER

ESTABLISHED 1895

PIPER JAFFRAY

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.

+

ESTABLISHED 1988

SANDLER O'NEILL

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.

COMBINES THE LEADING FINANCIAL SERVICES INVESTMENT BANK WITH OUR GROWING 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

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

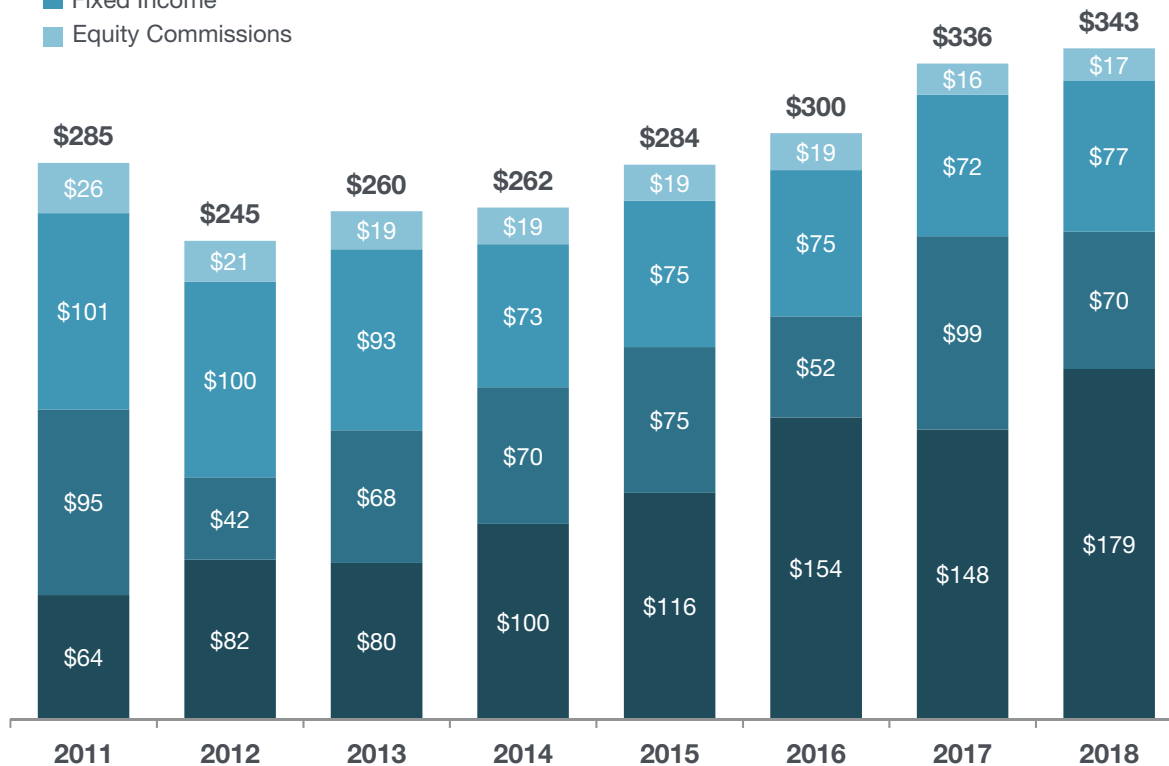
² Full deal value credited to underwriter

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

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

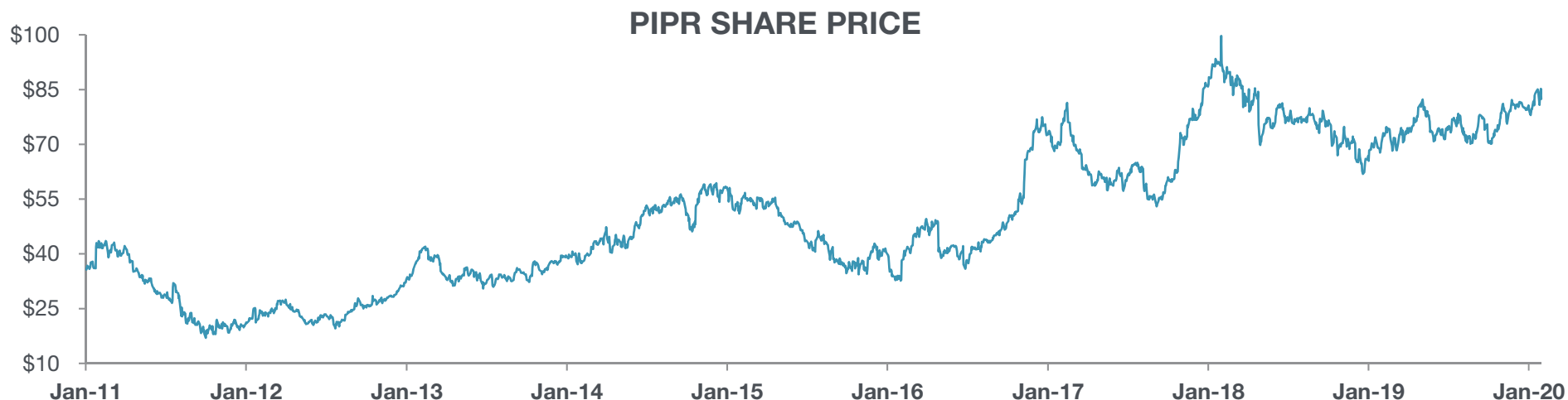


Creates significant opportunity for continued growth

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

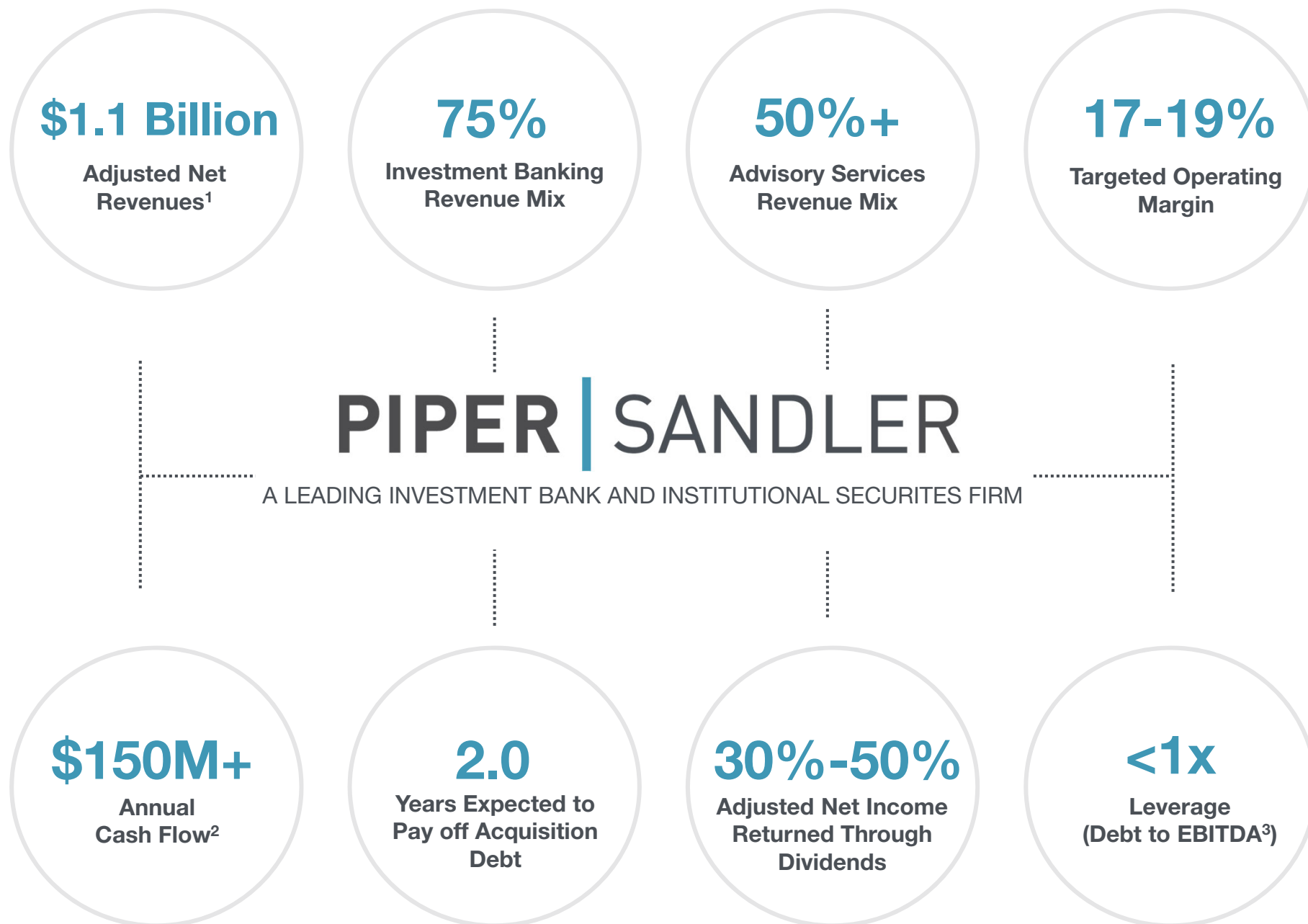


TOTAL RETURN AS OF JANUARY 31, 2020¹

1-Year		3-Year		5-Year	
SF	36.58%	HLI	78.94%	EVR	78.98%
PIPR	21.84%	OPY	70.49%	PIPR	74.40%
S&P 500	20.96%	S&P 500	47.59%	S&P 500	73.73%
HLI	20.32%	PJT	46.95%	MC	70.72%
CM Index	19.58%	CM Index	36.39%	CM Index	67.33%
JEFF	14.05%	MC	33.53%	OPY	55.37%
LAZ	12.23%	SF	31.53%	SF	40.40%
PJT	6.36%	PIPR	26.29%	LAZ	25.10%
OPY	4.05%	LAZ	18.94%	JEFF	10.97%
COWN	-0.62%	COWN	7.13%	COWN	-3.43%
MC	-10.67%	EVR	5.61%	JMP	-45.79%
EVR	-11.95%	JEFF	2.84%	GHL	-46.92%
JMP	-31.49%	JMP	-41.77%	HLI	N/A
GHL	-36.76%	GHL	-41.91%	PJT	N/A

Note: CM Index reflects KBW Capital Markets Index

¹ Represents total shareholder return for the 1-Year, 3-Year, and 5-Year periods ending January 31, 2020



Metrics are on a pro forma basis combining Piper Standalone with Sandler O'Neil

¹ Includes 2018 Piper Standalone adjusted net revenues; see Appendix for a reconciliation of 2018 Piper Standalone adjusted net revenues to U.S. GAAP net revenues

² Includes 2018 Piper Standalone cash flows; see Appendix for the components of 2018 Piper Standalone cash flows

³ Assumes acquisition debt of \$175M; EBITDA includes 2018 Piper Standalone EBITDA; see Appendix for the components of 2018 Piper Standalone EBITDA

PIPER SANDLER COMPANIES

Overview of business lines

Investment banking

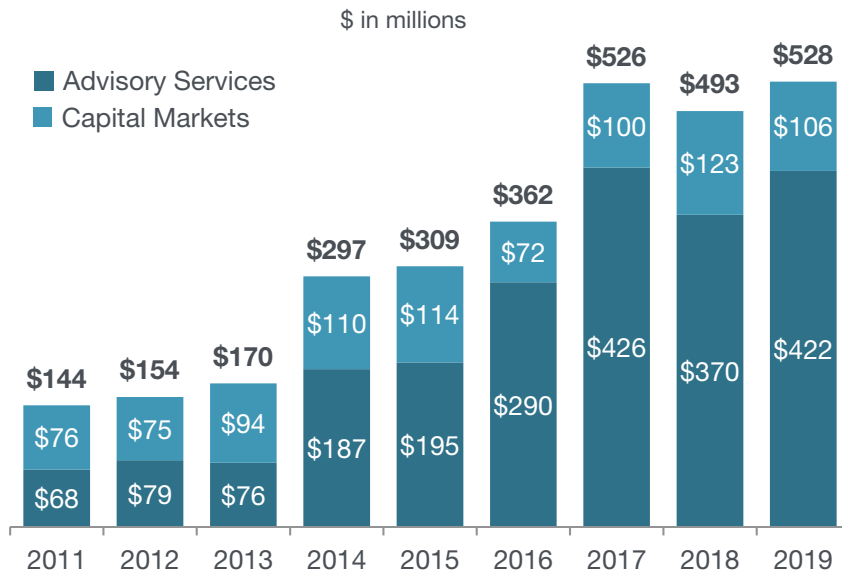
Broad brand permission across sectors, products, transaction sizes and ownership structures (entrepreneur, private equity, public, etc.)

Comprehensive advisory services that span the entire capital spectrum (M&A, DCM, Private Placement and Restructuring)

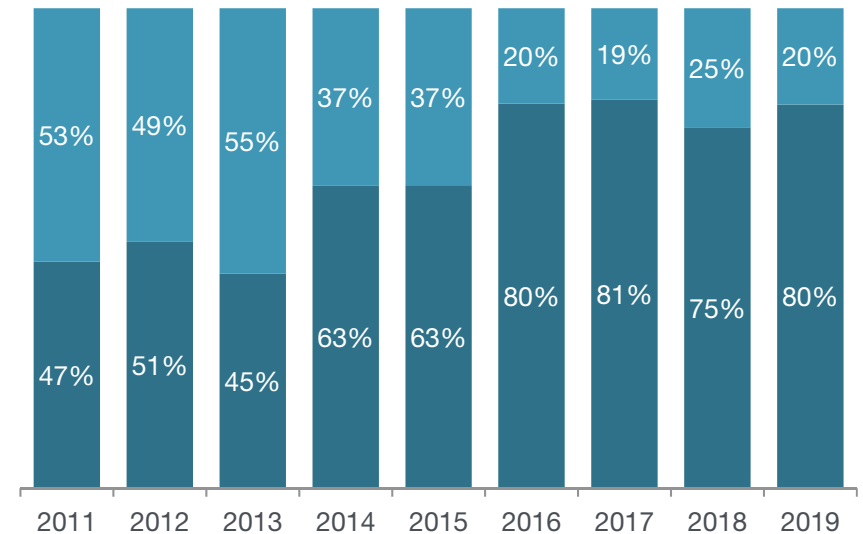
Complemented by a broad range of equity and equity-linked financing solutions



INVESTMENT BANKING REVENUES

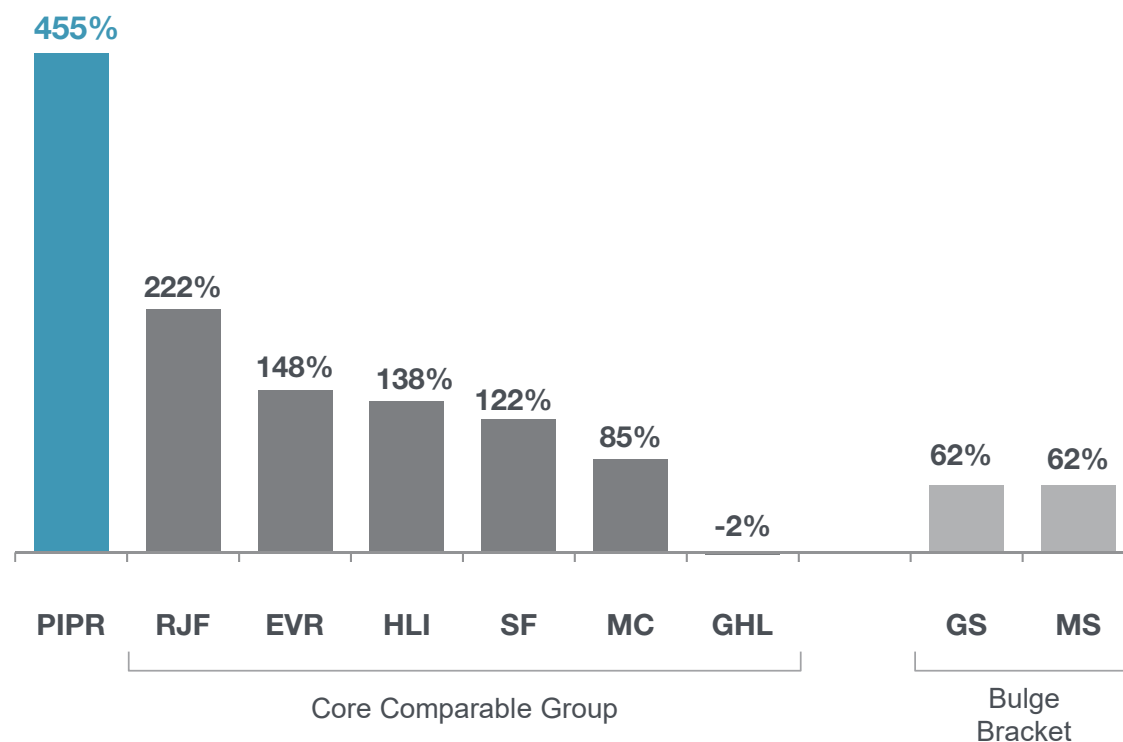


INVESTMENT BANKING REVENUE MIX



One of the fastest growing investment banks in the U.S.

GROWTH IN ADVISORY REVENUE¹



Sector Expansion

Adding Energy and FIG sectors increased our industry coverage to 85% of the S&P, up from a historical 55%

Broader Addressable Market

Recent DCM expansion opens up the \$15B+ syndicated lending fee pool (comparable in size to the equities fee pool)

Foundation for Growth

Significant momentum and strength of franchise positions the business for strong growth

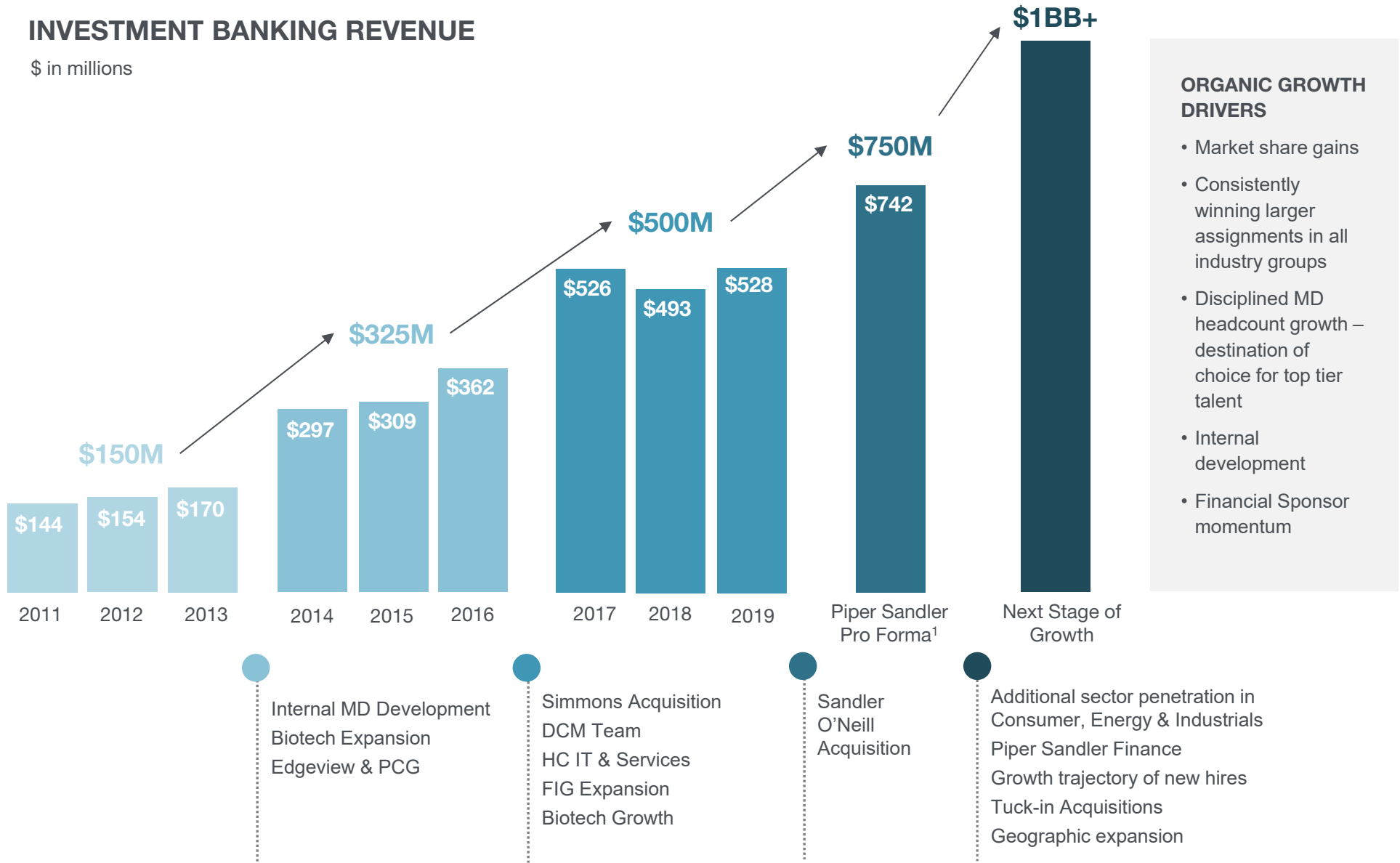
Source: SEC Filings & Earnings Releases

¹ Represents growth in Advisory Revenue from 2013 to the last reported LTM period

Investment banking growth

INVESTMENT BANKING REVENUE

\$ in millions



ORGANIC GROWTH DRIVERS

- Market share gains
- Consistently winning larger assignments in all industry groups
- Disciplined MD headcount growth – destination of choice for top tier talent
- Internal development
- Financial Sponsor momentum

¹ Piper Sandler Pro Forma combines Piper Standalone revenues for 2018 of \$493M with Sandler O'Neill M&A / Advisory Services revenues of \$179M and Financing revenues of \$70M

Public finance

Leading middle-market tax-exempt underwriter

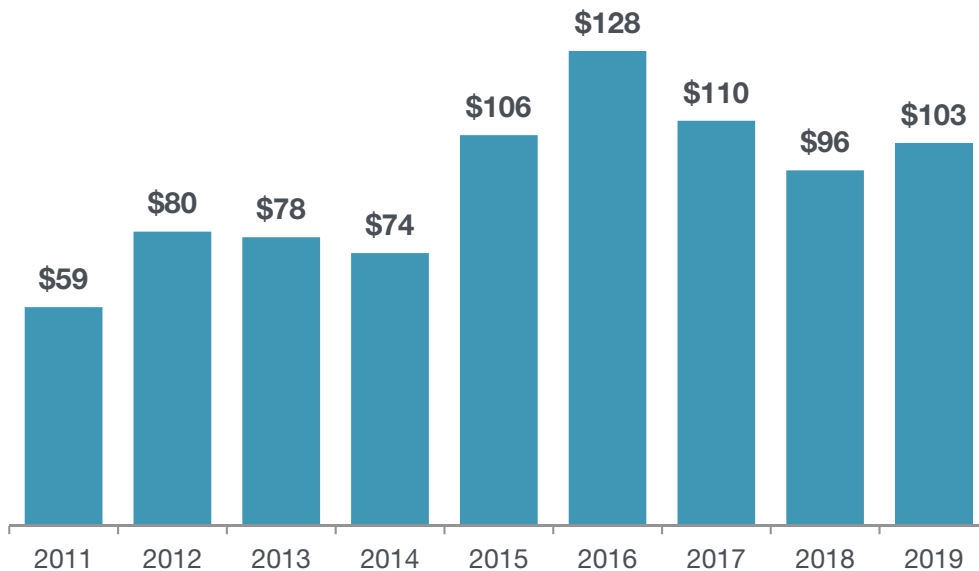
Team of 300+ public finance and distribution professionals

Success built on local market relationships and knowledge amplified by the strength of substantial scale and expertise

- Broad product set to meet client’s needs
- Industry sector expertise in high margin specialty sectors
- Robust distribution capabilities

PUBLIC FINANCE REVENUES

\$ in millions



SECTOR EXPERTISE

Government

Local Municipalities
School Districts
State and State Agencies
Infrastructure for Development

Healthcare

Non-Profit Health Care Providers

Senior Living

Assisted & Independent Living
Retirement Communities (CCRCs)

Education

Higher Education
Charter Schools

Hospitality

Hotels and Convention Centers

Housing

Single & Multi-Family Housing

Transportation

Toll Roads & Surface Transportation
Airports

Longstanding public finance leadership

National platform, local relationships

Periods of market instability create industry consolidation opportunities

We are a destination of choice: we continually attract professionals or firms and their clients

Adding professionals to expand our footprint, strengthen areas of industry expertise and broaden our product capabilities

CONSISTENTLY IMPROVING A STRONG FRANCHISE

	2007	2010	2014	2019
Number of Offices	18	23	36	47
Number of States	15	18	27	30
Number of Professionals	93	100	125	142
Negotiated Market Share	1.4%	1.8%	3.2%	3.8%

Rank by negotiated par value \$ in billions

1	BofA Securities	\$44.5
2	Citi	\$36.0
3	Morgan Stanley	\$29.0
4	RBC Capital Markets	\$24.8
5	J P Morgan Securities LLC	\$24.3
6	Goldman Sachs & Co LLC	\$19.9
7	Stifel Nicolaus & Co Inc	\$16.3
8	Wells Fargo & Co	\$14.1
9	Barclays	\$13.7
10	Piper Sandler & Co	\$12.2

Source: Thomson Financial Sole/Senior Negotiated and Private Placement Transactions – Ranked by Par Value for 2019
 Note: Market share based on par value of long-term senior municipal negotiated issuance

Equity institutional brokerage

Research

Expansion into FIG and energy – now represents over 35% of our coverage

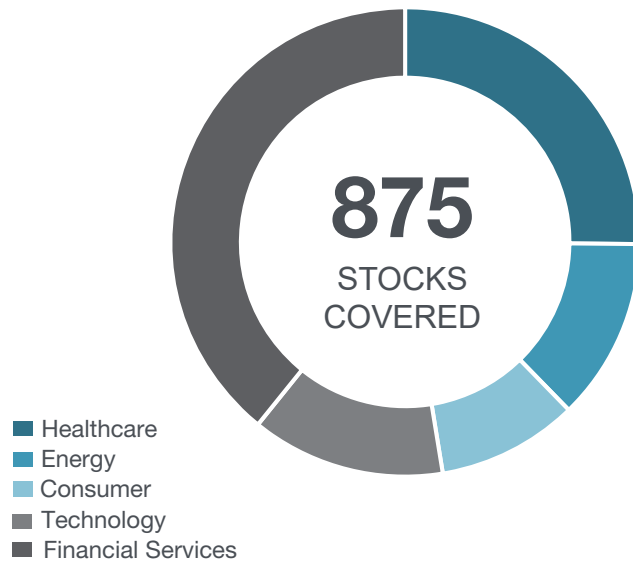
Piper Sandler coverage includes most major sectors within the S&P 500

Equity sales and trading

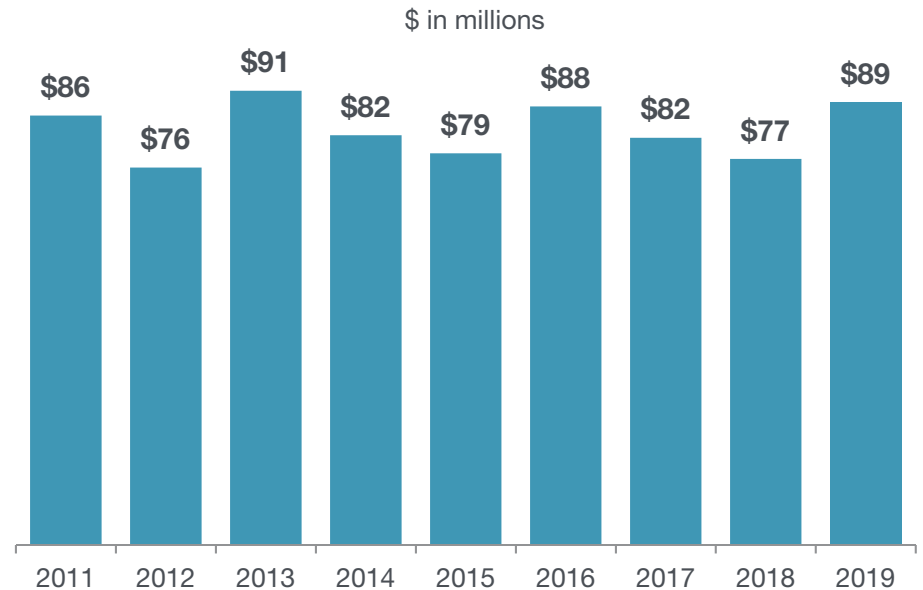
Business impacted by low volatility and active/passive trend

Modest increase in market share driven by energy and FIG expansions, offset by lower trading volumes

RESEARCH COVERAGE



EQUITY BROKERAGE REVENUES



We believe market share gains are achievable through higher quality products and services, and a new tool that enhances the depth of client engagement

Acquisition of Weeden & Co.

● FIRM OVERVIEW

A highly recognized equities execution firm

- 96-year-old firm with a strong culture, entrusted with trading since 1922
- Provides premier global trading solutions, specializing in best execution through the use of high-touch and program trading, proprietary algorithmic strategies and derivatives
- Has ranked No. 1 in multiple trading categories for 15 years according to the Greenwich Portfolio Trading Survey¹
- 50+ sales, trading and execution professionals (averaging 15 years of experience)
- Complementary client base where Piper Sandler has no overlap in 45% of both Weeden & Co.'s revenues and account base

● CORE STRENGTHS

Leads with client relationships

- Protecting sensitive trade information is a top priority – simply put, clients trade with Weeden & Co. because they trust them
- Central agency book model ensures that all interested parties are treated fairly and crossing opportunities are maximized

Proprietary technology enables traders

- State-of-the-art, in-house technology
- Proprietary sell side order management and trading system
- Customized program trading software solutions
- Sophisticated, customized algorithmic trading

¹ Greenwich Associates is the premier strategic consulting and research source for providers and users of financial services worldwide. Greenwich Associates analyzes the largest sell-side portfolio trading desks based on a one-on-one question and answer survey with the top buy-side program trading desks. This is a 100% unbiased independent survey that covers a multitude of industry trends and categories.

Fixed income institutional brokerage

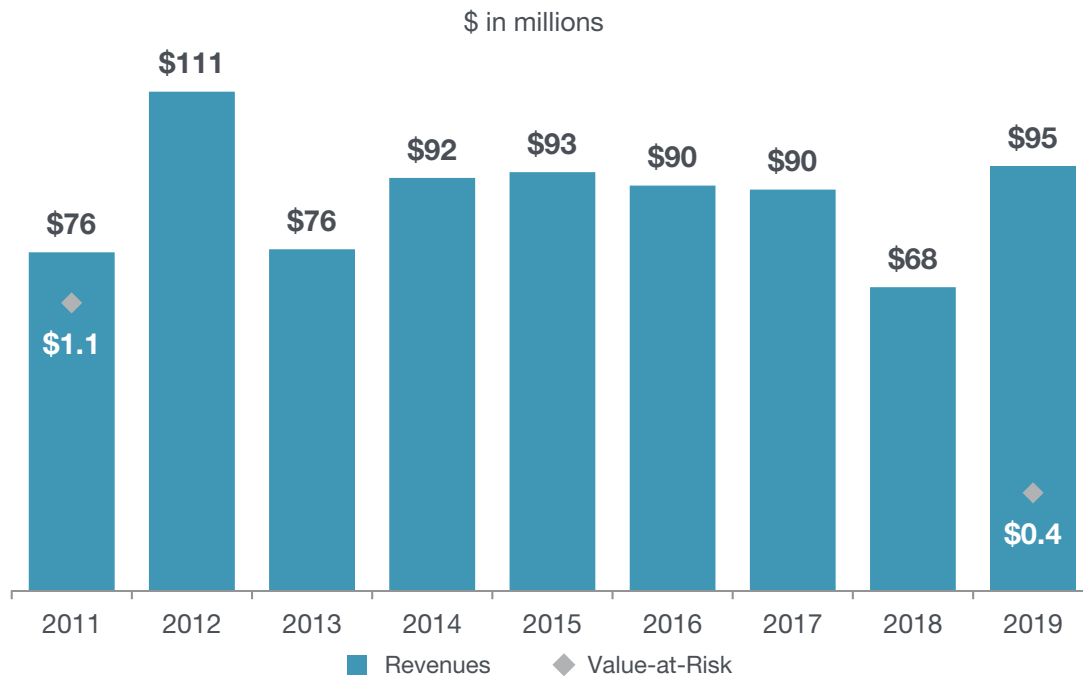
Fixed income brokerage

Scaled, multi-product business in the middle market primarily focused on investment grade products

Unique expertise in municipal bond markets

Strong capital base to pursue investment opportunities

FIXED INCOME BROKERAGE REVENUES & VAR



Overall Goals

Reduce inventories and improve return on capital

Reducing VAR while maintaining revenue as we lower the risk profile of the business

Expand our salesforce to create operating leverage through hiring or a consolidating transaction

PIPER JAFFRAY AND SANDLER O'NEILL MERGE

Additional merger and strategic rationale information

Merger details

● TRANSACTION OVERVIEW

Piper Jaffray Companies acquires 100% of Sandler O’Neill + Partners

- Merged company named Piper Sandler Companies; closed January 3, 2020
- Combines 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 our 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

● 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 PIPR (formerly PJC)

● RETENTION PLAN

Total of \$115 million

- Additional retention to Sandler O’Neill partners and other employees, primarily in restricted stock of PIPR (formerly PJC)

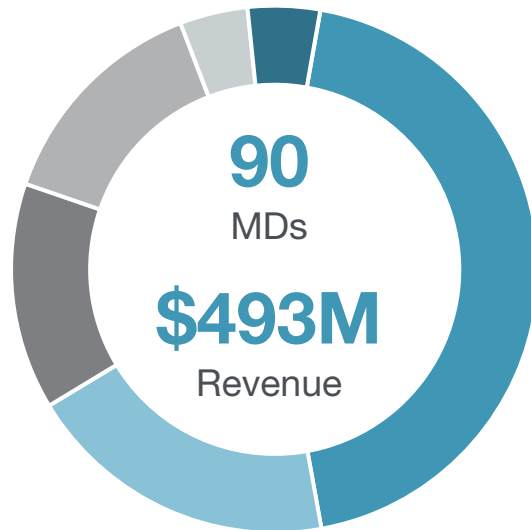
● FINANCIAL IMPACT

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

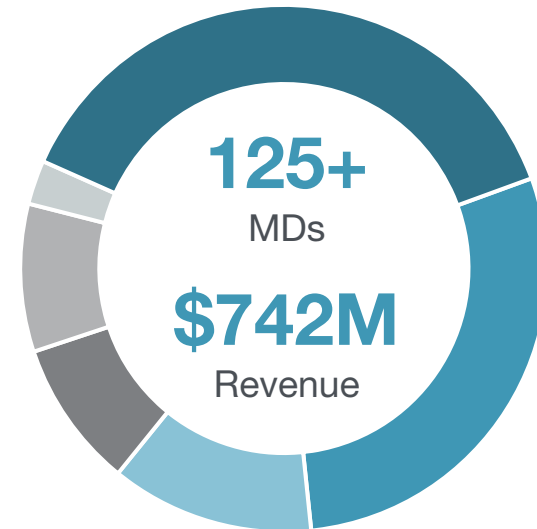
Increases scale and diversity across industry sectors

2018 Piper Standalone
Investment Banking Revenues¹ by Sector



51%
increase in
revenues
→

2018 Pro Forma
Investment Banking Revenues² by Sector



■ 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%

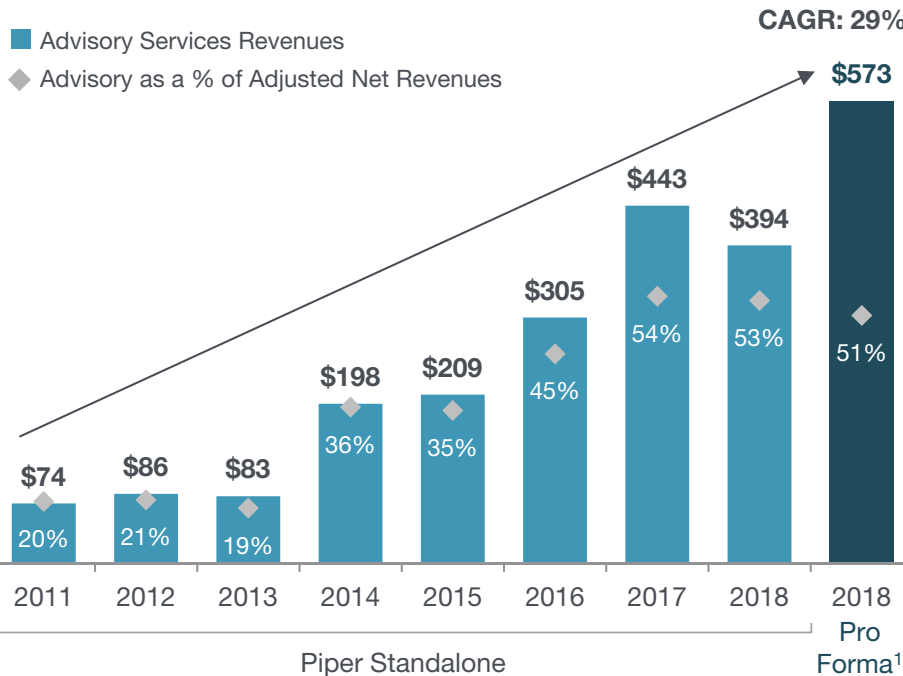
¹ 2018 Piper Standalone investment banking revenues include both corporate advisory and capital markets revenues (excludes public finance)

² 2018 Pro Forma investment banking revenues combines 2018 Piper 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

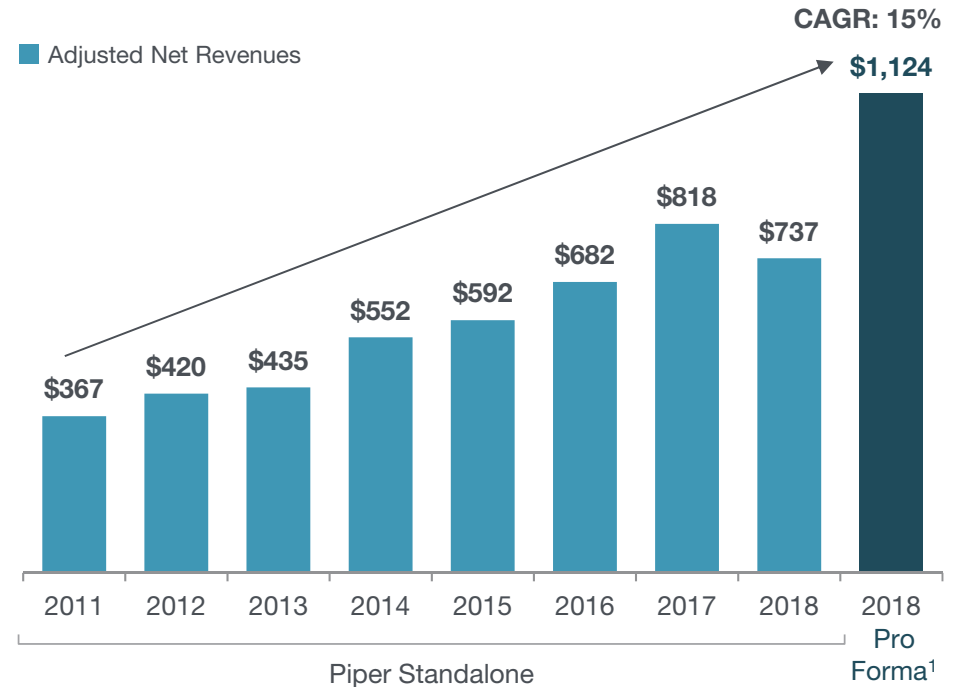
ADVISORY SERVICES REVENUES

\$ in millions



ADJUSTED NET REVENUES*

\$ in millions



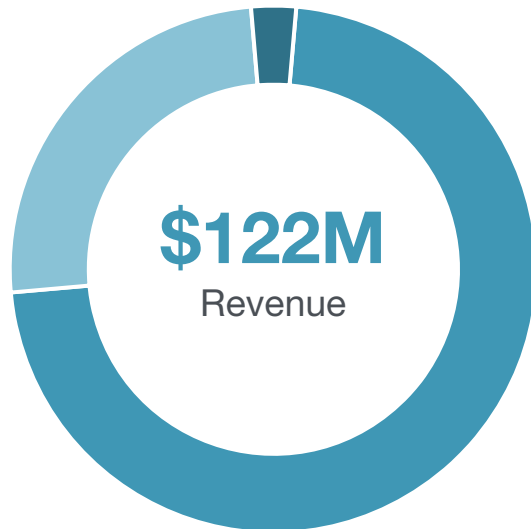
Expansion of advisory platform to drive earnings and lay the foundation for future growth

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

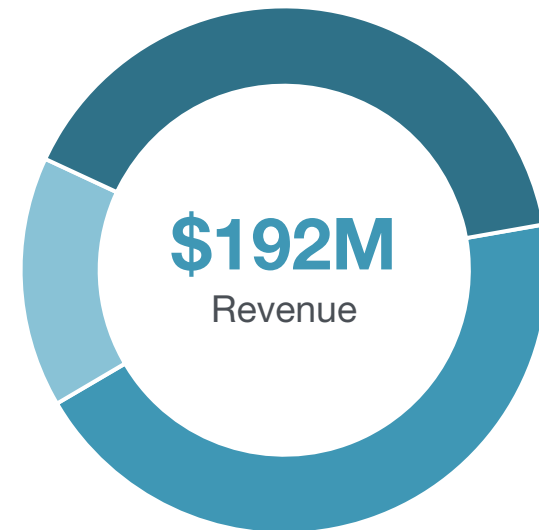
CAGR is calculated over the 8-year period from 2011 to 2018 Pro Forma, which replaces the 2018 Piper Standalone year
 * See Appendix for a reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measure
 1 2018 Pro forma combines 2018 Piper Standalone revenues with Sandler O'Neill revenues for 2018

Elevates capital raising platform within the middle market

2018 Piper 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 Standalone capital markets revenues reflect equity financing revenues

2 2018 Pro Forma capital markets revenues combines 2018 Piper Standalone capital markets revenues with Sandler O'Neill 2018 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

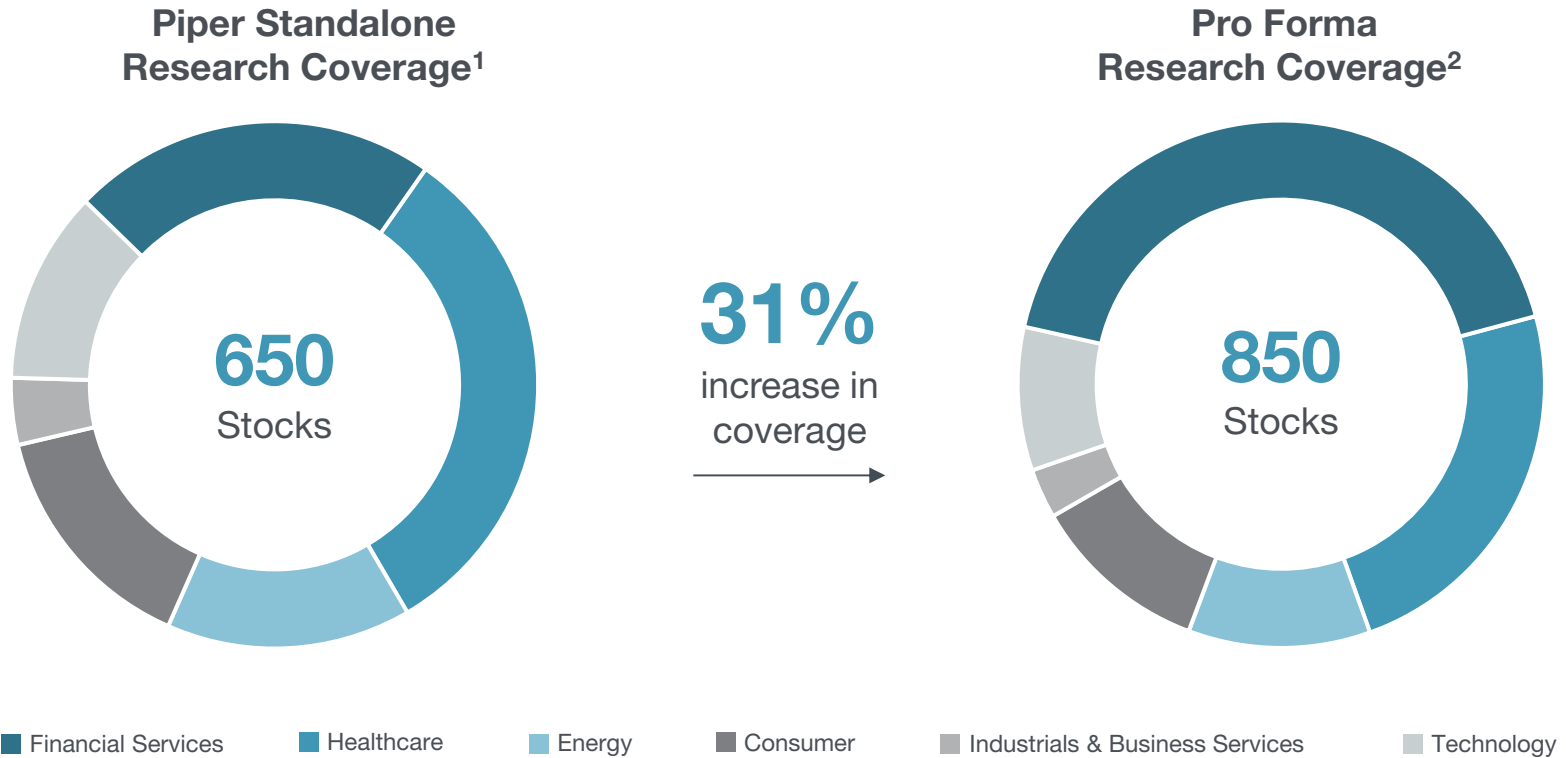


High productivity with C-suite and board-level relationships

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



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 Standalone research coverage reflects stocks under coverage not including Sandler O’Neill

² Pro Forma research coverage combines Piper Standalone research coverage with approximately 200 stocks under coverage from Sandler O’Neill

RECONCILIATION FOR NON-GAAP MEASURES

Appendix

RECONCILIATION FOR NON-GAAP MEASURES

Return on equity

(\$ in thousands)	For the year ended December 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	
Average common shareholders' equity	\$ 677,412	\$ 688,734	\$ 766,128	\$ 785,899	\$ 808,551	\$ 783,425	\$ 728,187	\$ 721,131	\$ 834,594	
Deduct: goodwill attributable to PJC Inc. acquisition by USB	-	-	-	-	-	-	-	-	105,522	
Adjusted average common shareholders' equity, excluding the impact of the noted item in the relevant periods	\$ 677,412	\$ 688,734	\$ 766,128	\$ 785,899	\$ 808,551	\$ 783,425	\$ 728,187	\$ 721,131	\$ 729,072	
Return on average common shareholders' equity	13.0%	8.1%	3.0%	2.9%	4.9%	5.9%	4.5%	4.8%	2.2%	
Adjusted return on average common shareholders' equity (1)	15.7%	12.7%	13.3%	8.0%	6.1%	6.4%	5.2%	5.1%	2.2%	

(\$ in thousands)	For the year ended December 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	
Net income/(loss) from continuing operations applicable to Piper Sandler Companies	\$ 87,939	\$ 55,650	\$ 23,121	\$ 22,512	\$ 39,691	\$ 46,131	\$ 32,633	\$ 34,965	\$(102,559)	
Add: Impairment of goodwill attributable to PJC Inc. acquisition by USB, net of income tax	-	-	-	-	-	-	-	-	118,448 (2)	
Net income/(loss) from continuing operations applicable to Piper Sandler Companies, excluding the impact of the noted item in the relevant periods	\$ 87,939	\$ 55,650	\$ 23,121	\$ 22,512	\$ 39,691	\$ 46,131	\$ 32,633	\$ 34,965	\$ 15,889	

- (1) Adjusted return on average common shareholders' equity, a non-GAAP measure, is computed by dividing adjusted net income from continuing operations for the last 12 months by average monthly common shareholders' equity. For a detailed explanation of the components of adjusted net income from continuing operations, see the "Financial Trend Reconciliation for Non-GAAP Measures." Management believes that the adjusted return on average common shareholders' equity provides a meaningful measure of our return on the core operating results of the business.
- (2) For the year ended December 31, 2011, Piper Sandler Companies recorded a \$118.4 million after-tax charge for goodwill impairment. Management believes that excluding the impact of this item increases the comparability of period-to-period results and allows a more meaningful representation of results.

RECONCILIATION FOR NON-GAAP MEASURES

Financial trend

For the year ended December 31,

(\$ in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net revenues:									
Net revenues – U.S. GAAP basis	\$ 834,566	\$ 740,953	\$ 823,621	\$ 693,214	\$ 602,264	\$ 567,841	\$ 443,508	\$ 424,135	\$ 369,063
Adjustments:									
Revenue related to noncontrolling interests	(10,769)	(3,621)	(5,319)	(11,070)	(9,810)	(15,699)	(8,794)	(4,174)	(1,785)
Adjusted net revenues	\$ 823,797	\$ 737,332	\$ 818,302	\$ 682,144	\$ 592,454	\$ 552,142	\$ 434,714	\$ 419,961	\$ 367,278
Compensation and benefits:									
Compensation and benefits – U.S. GAAP basis	\$ 516,090	\$ 488,487	\$ 589,637	\$ 482,749	\$ 388,895	\$ 359,219	\$ 282,474	\$ 265,316	\$ 234,507
Adjustments:									
Compensation from acquisition-related agreements	(5,138)	(29,246)	(54,999)	(36,241)	(4,019)	(3,945)	(1,620)	-	-
Adjusted compensation and benefits	\$ 510,952	\$ 459,241	\$ 534,638	\$ 446,508	\$ 384,876	\$ 355,274	\$ 280,854	\$ 265,316	\$ 234,507
Non-compensation expenses:									
Non-compensation expenses – U.S. GAAP basis	\$ 199,497	\$ 179,977	\$ 154,668	\$ 168,821	\$ 147,653	\$ 126,251	\$ 113,631	\$ 109,702	\$ 234,087
Adjustments:									
Non-compensation expenses related to noncontrolling interests	(4,306)	(4,827)	(2,932)	(2,864)	(3,403)	(4,546)	(3,400)	(1,708)	(322)
Acquisition-related restructuring and integration costs	(14,321)	-	-	(10,197)	(10,652)	-	(4,707)	(3,512)	-
Goodwill impairment	-	-	-	-	-	-	-	-	(120,298)
Amortization of intangible assets related to acquisitions	(4,298)	(4,858)	(10,178)	(15,587)	(1,622)	(2,972)	(1,349)	-	-
Non-compensation expenses from acquisition-related agreements	(114)	(683)	(600)	-	-	-	-	-	-
Adjusted non-compensation expenses	\$ 176,458	\$ 169,609	\$ 140,958	\$ 140,173	\$ 131,976	\$ 118,733	\$ 104,175	\$ 104,482	\$ 113,467

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.

RECONCILIATION FOR NON-GAAP MEASURES

Financial trend – continued

(\$ in thousands)	For the year ended December 31,								
	2019	2018	2017	2016	2015	2014	2013	2012	2011
Income/(loss) from continuing operations before income tax expense/(benefit):									
Income/(loss) from continuing operations before income tax expense/(benefit) – U.S. GAAP basis	\$ 118,979	\$ 72,489	\$ 79,316	\$ 41,644	\$ 65,716	\$ 82,371	\$ 47,403	\$ 49,117	\$ (99,531)
Adjustments:									
Revenue related to noncontrolling interests	(10,769)	(3,621)	(5,319)	(11,070)	(9,810)	(15,699)	(8,794)	(4,174)	(1,785)
Expenses related to noncontrolling interests	4,306	4,827	2,932	2,864	3,403	4,546	3,400	1,708	322
Compensation from acquisition-related agreements	5,138	29,246	54,999	36,241	4,019	3,945	1,620	-	-
Acquisition-related restructuring and integration costs	14,321	-	-	10,197	10,652	-	4,707	3,512	-
Goodwill impairment	-	-	-	-	-	-	-	-	120,298
Amortization of intangible assets related to acquisitions	4,298	4,858	10,178	15,587	1,622	2,972	1,349	-	-
Non-compensation expenses from acquisition-related agreements	114	683	600	-	-	-	-	-	-
Adjusted income before adjusted income tax expense	\$ 136,387	\$ 108,482	\$ 142,706	\$ 95,463	\$ 75,602	\$ 78,135	\$ 49,685	\$ 50,163	\$ 19,304
Income tax expense/(benefit):									
Income tax expense – U.S. GAAP basis	\$ 24,577	\$ 18,045	\$ 53,808	\$ 10,926	\$ 19,618	\$ 25,087	\$ 9,376	\$ 11,686	\$ 1,565
Tax effect of adjustments:									
Compensation from acquisition-related agreements	1,014	7,254	19,244	12,541	1,563	1,535	630	-	-
Acquisition-related restructuring and integration costs	3,551	-	-	3,188	4,144	-	1,831	1,366	-
Goodwill impairment	-	-	-	-	-	-	-	-	1,850
Amortization of intangible assets related to acquisitions	1,048	1,204	3,877	6,060	630	1,073	331	-	-
Non-compensation expenses from acquisition-related agreements	-	169	(7)	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	-	(952)	(36,356)	-	-	-	-	-	-
Impact of deferred tax asset valuation allowance	-	(4,650)	-	-	-	-	-	-	-
Adjusted income tax expense	\$ 30,190	\$ 21,070	\$ 40,566	\$ 32,715	\$ 25,955	\$ 27,695	\$ 12,168	\$ 13,052	\$ 3,415

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RECONCILIATION FOR NON-GAAP MEASURES

Financial trend – continued

(\$ in thousands)	For the year ended December 31,								
	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net income/(loss) applicable to Piper Sandler Companies:									
Net income/(loss) applicable to Piper Sandler Companies – U.S. GAAP basis	\$ 111,711	\$ 57,036	\$ (61,939)	\$ (21,952)	\$ 52,075	\$ 63,172	\$ 45,090	\$ 41,268	\$ (102,021)
Adjustment to exclude net income/(loss) from discontinued operations	23,772	1,386	(85,060)	(44,464)	12,384	17,041	12,457	6,303	538
Net income/(loss) from continuing operations	\$ 87,939	\$ 55,650	\$ 23,121	\$ 22,512	\$ 39,691	\$ 46,131	\$ 32,633	\$ 34,965	\$ (102,559)
Adjustments:									
Compensation from acquisition-related agreements	4,124	21,992	35,755	23,700	2,456	2,410	990	-	-
Acquisition-related restructuring and integration costs	10,770	-	-	7,009	6,508	-	2,876	2,146	-
Goodwill impairment	-	-	-	-	-	-	-	-	118,448
Amortization of intangible assets related to acquisitions	3,250	3,654	6,301	9,527	992	1,899	1,018	-	-
Non-compensation expenses from acquisition-related agreements	114	514	607	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	-	952	36,356	-	-	-	-	-	-
Impact of deferred tax asset valuation allowance	-	4,650	-	-	-	-	-	-	-
Adjusted net income	\$ 106,197	\$ 87,412	\$ 102,140	\$ 62,747	\$ 49,647	\$ 50,440	\$ 37,517	\$ 37,111	\$ 15,889

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RECONCILIATION FOR NON-GAAP MEASURES

Financial trend – continued

(\$ in thousands)	For the year ended December 31,								
	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net income/(loss) applicable to Piper Sandler Companies' common shareholders:									
Net income/(loss) applicable to Piper Sandler Companies' common shareholders – U.S. GAAP basis	\$ 107,200	\$ 49,993	\$ (64,875)	\$ (21,952)	\$ 48,060	\$ 58,141	\$ 40,596	\$ 35,335	\$(102,021)
Adjustment to exclude net income/(loss) from discontinued operations	22,928	1,217	(85,060)	(44,464)	11,429	15,684	11,215	5,397	538
Net income/(loss) from continuing operations	\$ 84,272	\$ 48,776	\$ 20,185	\$ 22,512	\$ 36,631	\$ 42,457	\$ 29,381	\$ 29,938	\$(102,559)
Adjustment related to participating shares (1)	625	40	(614)	(3,948)	-	-	-	-	18,837
	84,897	48,816	19,571	18,564	36,631	42,457	29,381	29,938	(83,722)
Adjustments:									
Compensation from acquisition-related agreements	3,981	19,428	30,266	19,552	2,267	2,218	891	-	-
Acquisition-related restructuring and integration costs	10,397	-	-	5,782	6,006	-	2,589	1,836	-
Goodwill impairment	-	-	-	-	-	-	-	-	96,694
Amortization of intangible assets related to acquisitions	3,138	3,212	5,334	7,858	916	1,748	917	-	-
Non-compensation expenses from acquisition-related agreements	110	452	514	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	-	837	30,774	-	-	-	-	-	-
Impact of deferred tax asset valuation allowance	-	4,087	-	-	-	-	-	-	-
Adjusted net income applicable to Piper Sandler Companies' common shareholders	\$ 102,523	\$ 76,832	\$ 86,459	\$ 51,756	\$ 45,820	\$ 46,423	\$ 33,778	\$ 31,774	\$ 12,972

- (1) Piper Sandler 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 Sandler Companies, represents unvested stock with non-forfeitable dividend rights. No allocation of undistributed earnings is made for periods in which a loss is incurred, or for periods in which the special cash dividend exceeds adjusted net income resulting in an undistributed loss.

RECONCILIATION FOR NON-GAAP MEASURES

Financial trend – continued

(\$ in thousands)	For the year ended December 31,								
	2019	2018	2017	2016	2015	2014	2013	2012	2011
Earnings/(loss) per diluted common share:									
Earnings per diluted common share – U.S. GAAP basis	\$ 7.69	\$ 3.72	\$ (4.99)	\$ (1.72)	\$ 3.34	\$ 3.87	\$ 2.70	\$ 2.26	\$ (6.51)
Adjustment to exclude net income/(loss) from discontinued operations	1.65	0.09	(6.56)	(3.48)	0.79	1.04	0.75	0.34	0.03
Income/(loss) from continuing operations	\$ 6.05	\$ 3.63	\$ 1.57	\$ 1.76	\$ 2.55	\$ 2.83	\$ 1.95	\$ 1.92	\$ (6.54)
Adjustment related to participating shares (1)	0.04	-	(0.05)	(0.31)	-	-	-	-	1.20
	6.09	3.63	1.52	1.45	2.55	2.83	1.95	1.92	(5.34)
Adjustments:									
Compensation from acquisition-related agreements	0.29	1.44	2.33	1.53	0.16	0.15	0.06	-	-
Acquisition-related restructuring and integration costs	0.75	-	-	0.45	0.42	-	0.17	0.11	-
Goodwill impairment	-	-	-	-	-	-	-	-	6.16
Amortization of intangible assets related to acquisitions	0.23	0.24	0.41	0.61	0.06	0.12	0.06	-	-
Non-compensation expenses from acquisition-related agreements	0.10	0.04	0.04	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	-	0.06	2.38	-	-	-	-	-	-
Impact of deferred tax asset valuation allowance	-	0.31	-	-	-	-	-	-	-
Adjusted earnings per diluted common share	\$ 7.36	\$ 5.72	\$ 6.68	\$ 4.05	\$ 3.18	\$ 3.09	\$ 2.24	\$ 2.03	\$ 0.83

- (1) Piper Sandler 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 Sandler Companies, represents unvested stock with non-forfeitable dividend rights. No allocation of undistributed earnings is made for periods in which a loss is incurred, or for periods in which the special cash dividend exceeds adjusted net income resulting in an undistributed loss.

RECONCILIATION FOR NON-GAAP MEASURES

Annual cash flows and EBITDA

The following tables presents the components of 2018 Piper Standalone annual cash flows, and earnings before interest, taxes, depreciation, and amortization ("EBITDA") for the year ended December 31, 2018:

Annual cash flows

(\$ in thousands)	<u>2018</u>
Net income applicable to Piper Sandler 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	67,589
Less: tax impact of non-cash adjustments	(17,060)
Annual cash flows – Piper Standalone	<u>\$ 107,565</u>

EBITDA

(\$ in thousands)	<u>2018</u>
Net income applicable to Piper Sandler 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	93,081
EBITDA – Piper Standalone	<u>\$ 150,117</u>