

---

## CONTACT

**Jennifer A. Olson-Goude**  
Investor Relations and Corporate Communications  
Tel: 612 303-6277

FOR IMMEDIATE RELEASE

## Piper Jaffray Companies Announces 2012 First Quarter Results

MINNEAPOLIS – Apr. 18, 2012 – Piper Jaffray Companies (NYSE: PJC) today announced net income of \$2.9 million, or \$0.15 per diluted common share, for the quarter ended Mar. 31, 2012. Results included \$3.4 million, or \$0.18 per diluted common share, of additional income tax expense for writing off equity-related deferred tax assets. For the first quarter of 2011, net income was \$7.2 million, or \$0.38 per diluted common share. For the fourth quarter of 2011, the firm recorded non-GAAP net income of \$2.1 million<sup>(1)</sup>, or \$0.11<sup>(1)</sup> per diluted common share. On a GAAP basis, the net loss for the fourth quarter was \$116.4 million, or \$7.38 per diluted common share. The non-GAAP results excluded the \$118.4 million after-tax goodwill impairment charge that the firm recorded in the fourth quarter.

For the first quarter of 2012, net revenues were \$117.7 million, compared to \$124.8 million in the year-ago period and \$99.2 million in the sequential fourth quarter.

“Against a more positive operating environment, we were pleased with our improved first quarter results. Compared to the fourth quarter of 2011, net revenues increased 19% and pre-tax profit on a non-GAAP basis increased seven-fold,” said Andrew S. Duff, chairman and chief executive officer. “Stronger fixed income sales and trading and equity financing revenues, and solid asset management and public finance results drove the improved performance.”

**First Quarter**

**Consolidated Expenses**

# PiperJaffray

For the first quarter of 2012, compensation and benefits expenses were \$73.5 million, down 3% compared to \$75.5 million in the first quarter of 2011. Compensation and benefits expenses increased 15% compared to the fourth quarter of 2011 due to improved financial results.

For the first quarter of 2012, compensation and benefits expenses were 62.4% of net revenues, compared to 60.5% and 64.4% for the first and fourth quarters of 2011, respectively. The compensation ratio declined 50 basis points from the full-year 2011 compensation ratio of 62.9%, which the firm believes is a more accurate comparison.

Non-compensation expenses were \$31.8 million, down 16% from \$37.7 million in the year-ago period, mainly driven by cost-saving initiatives executed during 2011. Non-compensation expenses decreased 6% from non-GAAP non-compensation expenses of \$33.7 million<sup>(2)</sup> in the fourth quarter of 2011. On a GAAP basis, including the \$120.3 million pre-tax goodwill impairment charge, non-compensation expenses were \$154.0 million in the fourth quarter of 2011.

## **Other Matters**

In the first quarter of 2012, the firm incurred \$3.4 million of additional income tax expense for writing off deferred tax assets related to equity grants that either vested at share prices lower than the grant date share price, or that were forfeited.

In the first quarter of 2012, the firm repurchased \$7.0 million, or 287,788 shares, of its common stock at an average price of \$24.46 per share. The firm has \$44.3 million remaining on its share repurchase authorization, which expires on Sept. 30, 2012. In addition, the firm acquired \$8.4 million, or 352,838 shares, related to employee tax obligations on the vesting of equity awards.

# PiperJaffray

## First Quarter

### 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.

### Capital Markets

For the first quarter, Capital Markets generated pre-tax operating income of \$7.9 million, compared to \$7.3 million in the year-ago period and a non-GAAP, pre-tax operating loss of \$2.5 million<sup>(3)</sup> in the fourth quarter of 2011. On a GAAP basis, including the \$120.3 million pre-tax goodwill impairment charge, Capital Markets generated a pre-tax operating loss of \$122.8 million in the fourth quarter of 2011.

Net revenues were \$99.7 million, down 7% compared to the year-ago period. Revenues rose 22% compared to the sequential fourth quarter, primarily driven by significantly improved fixed income institutional brokerage revenues.

- Equity financing revenues of \$23.4 million decreased 5% compared to the first quarter of 2011. Revenues increased 38% compared to the fourth quarter of 2011, as equity financing activity began to increase.
- Fixed income financing revenues were \$14.8 million, up 53% compared to the first quarter of 2011, when public finance financing activity industry-wide was particularly low. Revenues decreased 3% compared to the fourth quarter of 2011.
- Advisory services revenues were \$11.3 million, down 16% compared to the first quarter of 2011, and down 43% compared to the fourth quarter of 2011. The uncertain macroeconomic environment during the last half of 2011 resulted in fewer completed transactions in the first quarter of 2012.

# PiperJaffray

- Equity institutional brokerage revenues were \$22.3 million, down 14% compared to the first quarter of 2011, due to a decline in client volumes consistent with industry trends. Revenues increased 2% compared to the fourth quarter of 2011.
- Fixed income institutional brokerage revenues were \$28.5 million, down 2% compared to the first quarter of 2011. Compared to the fourth quarter of 2011, revenues increased 156%, mainly driven by tightened credit spreads, which benefitted the firm's strategic trading business and the new Municipal Opportunities Fund. Also, an improved municipal trading environment and new hires in the middle market sales group contributed to the increased revenues.
- Operating expenses for the quarter were \$91.8 million, down 8% compared to the first quarter of 2011, resulting from lower compensation and non-compensation expenses. Compared to the fourth quarter of 2011, operating expenses increased 9% over non-GAAP expenses of \$84.4 million<sup>(4)</sup> due to higher compensation expenses, offset in part by lower non-compensation expenses. On a GAAP basis, with the goodwill impairment charge, operating expenses were \$204.7 million in the fourth quarter of 2011.
- For the first quarter of 2012, the segment pre-tax operating margin was 7.9%, compared to 6.8% in the year-ago quarter and a negative 3.1%<sup>(3)</sup> on a non-GAAP basis in the fourth quarter of 2011.

## Asset Management

For the quarter ended Mar. 31, 2012, asset management generated pre-tax operating income of \$4.5 million, up 6% compared to the first quarter of 2011 and up 8% compared to the fourth quarter of 2011. Net revenues were \$18.0 million, down 1% and up 4%, compared to first and fourth quarters of 2011, respectively.

- Operating expenses for the quarter were \$13.5 million, down 3% and up 5% compared to the first and fourth quarters of 2011, respectively. Segment pre-tax operating margin was 25.1%, compared to 23.5% in the year-ago period and 24.1% in the fourth quarter

# PiperJaffray

of 2011. The increase compared to both periods was mainly driven by lower non-compensation expenses.

- Assets under management (AUM) were \$13.3 billion compared to \$12.8 billion in the year-ago period and \$12.2 billion in the fourth quarter of 2012. The improvement in AUM compared to the sequential fourth quarter was driven equally by positive net cash inflows and market appreciation.

## Additional Shareholder Information

	As of Mar. 31, 2012	As of Dec. 31, 2011	As of Mar 31., 2011
Number of employees	1,006	1,011	1,046
Equity financings # of transactions Capital raised	22 \$3.4 billion	12 \$2.8 billion	19 \$2.5 billion
Tax-exempt issuance # of transactions Par value	139 \$2.3 billion	144 \$2.2 billion	88 \$1.0 billion
Mergers & acquisitions # of transactions Aggregate deal value	6 \$0.7 billion	13 \$1.4 billion	8 \$1.0 billion
Asset Management AUM	\$13.3 billion	\$12.2 billion	\$12.8 billion
Common shareholders' equity:	\$721.8 million	\$718.4 million	\$833.6 million
Annualized qtrly. return on avg. common shareholders' equity	1.6% <sup>(5)</sup>	1.1% <sup>(6)</sup>	4.0% <sup>(5)</sup>
Book value per share:	\$44.15	\$45.61	\$52.73
Tangible book value per share <sup>(7)</sup> :	\$28.75	\$29.51	\$28.68

## 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 Wed., Apr. 18 at 9 a.m. ET (8 a.m. CT). The earnings release will be available on or after Apr. 18 at the firm's Web site at [www.piperjaffray.com](http://www.piperjaffray.com). The call can be accessed via webcast or by

# PiperJaffray

dialing (888)810- 0209 and referencing reservation #96211037. 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 11 a.m. ET Apr. 18 at the same Web address or by calling (855)859-2056 and referencing reservation #96211037.

## 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 global capital. Founded in 1895, the firm is headquartered in Minneapolis and has offices across the United States and in London, Hong Kong and Zurich. [www.piperjaffray.com](http://www.piperjaffray.com)

## 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 general economic and market conditions, our strategic priorities (including growth in public finance, asset management, and corporate advisory), the amount and timing of cost reduction measures and our quarterly run-rate for non-compensation expenses, anticipated financial results generally (including expectations regarding revenue levels, operating margins, our compensation ratio, earnings per share, and return on equity), the environment and prospects for capital markets transactions (including for our Asia-based business), current deal pipelines (or backlogs) or other similar matters. These 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, including (1) 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, (2) 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 any transactions are delayed or not completed at all or if the terms of any transactions are modified, (3) we may not be able to compete successfully with other companies in the financial services industry, which may

# PiperJaffray

impact our ability to achieve our growth priorities and objectives, (4) our ability to manage expenses may be limited by the fixed nature of certain expenses as well as the impact from unanticipated expenses, (5) our stock price may fluctuate as a result of several factors, including but not limited to, changes in our revenues and operating results, (6) the business operations that we conduct outside of the United States, including in Asia, subject us to unique risks, (7) hiring of additional senior talent may not yield the benefits we anticipate or yield them within expected timeframes, and (8) the other factors described under “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2011 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, 2011, 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.

© 2012 Piper Jaffray Companies, 800 Nicollet Mall, Suite 800, Minneapolis, Minnesota 55402-7020

###