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# Piper Jaffray Companies

February 2019

PiperJaffray®

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REALIZE THE POWER  
OF PARTNERSHIP.™

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## CAUTION 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, 2017 and updated in our subsequent reports filed with the SEC. These reports are 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 Piper Jaffray undertakes no obligation to update them in light of new information or future events.

Piper Jaffray Companies (NYSE: PJC) is a leading investment bank and asset management firm. 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.

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# Table of Contents

- I. Company Overview**
- II. Investment Banking and Public Finance**
- III. Institutional Brokerage**
- IV. Asset Management**
- V. Appendix**

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## Section I

# Company Overview

## Our Firm

Realize the Power of Partnership<sup>SM</sup>

# PiperJaffray<sup>®</sup>

REALIZE THE POWER  
OF PARTNERSHIP<sup>®</sup>



PiperJaffray<sup>®</sup>

## Piper Jaffray is a leading investment bank and asset management firm

- 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

### Investment Banking and Equities

#### Investment Banking

- M&A Advisory
- Capital Markets
- Debt and Restructuring Advisory

#### Equities

- Institutional Sales and Trading
- Equity and Technical Research

### Public Finance and Fixed Income Services

#### Public Finance

- Municipal Underwriting and Advisory

#### Fixed Income Services

- Municipal/Taxable Sales and Trading

### Asset Management

- U.S. and Global Equities
- Master Limited Partnerships

## Investor Value Proposition



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

**27%**  
Advisory Services Revenue CAGR<sup>2</sup>

Strong, sustainable earnings growth

**20%**  
Adjusted Diluted EPS<sup>1</sup> CAGR<sup>2</sup>

Disciplined operating management and investing to drive shareholder returns

**13.6%**  
Adjusted Rolling 12 Month Return on Equity<sup>1</sup>

Financial flexibility to fund growth and return capital to shareholders

**\$94M**  
LTM Adjusted Net Income<sup>1</sup>

# Rapidly Expanding Advisory Platform

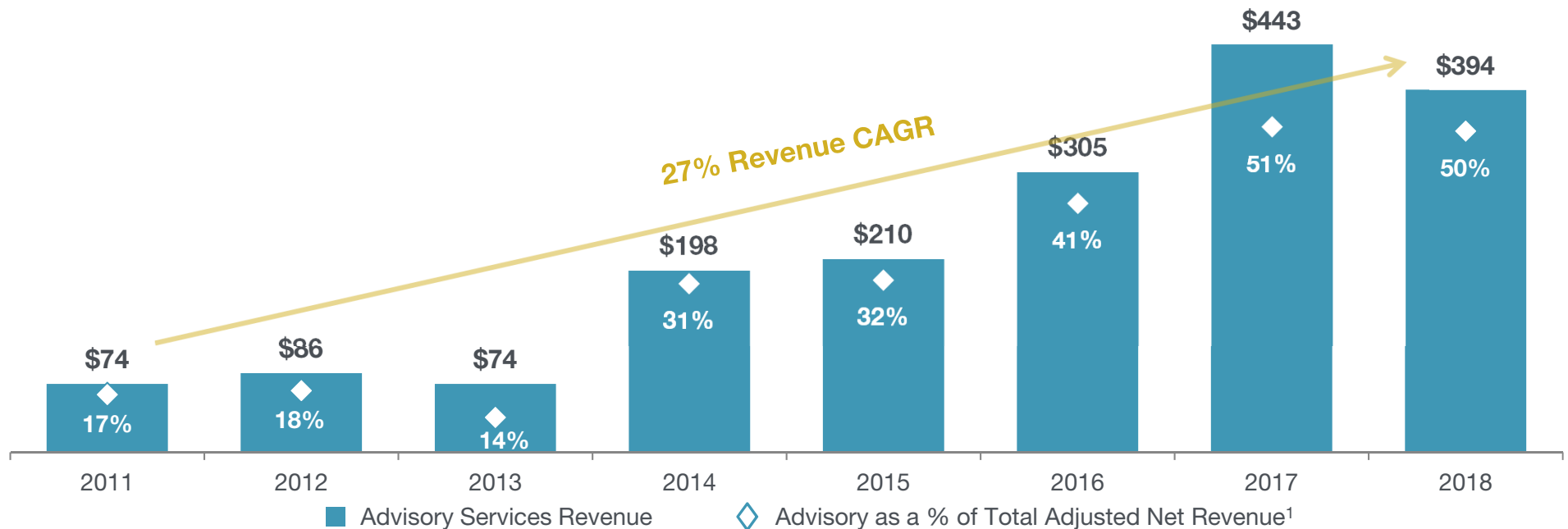
Advisory Services revenue increased nearly 500% since 2011

Deal volume increased from under 50 transactions to over 150 transactions per year

Broad participation across the entire investment banking platform

## Advisory Services Revenue

\$ in millions

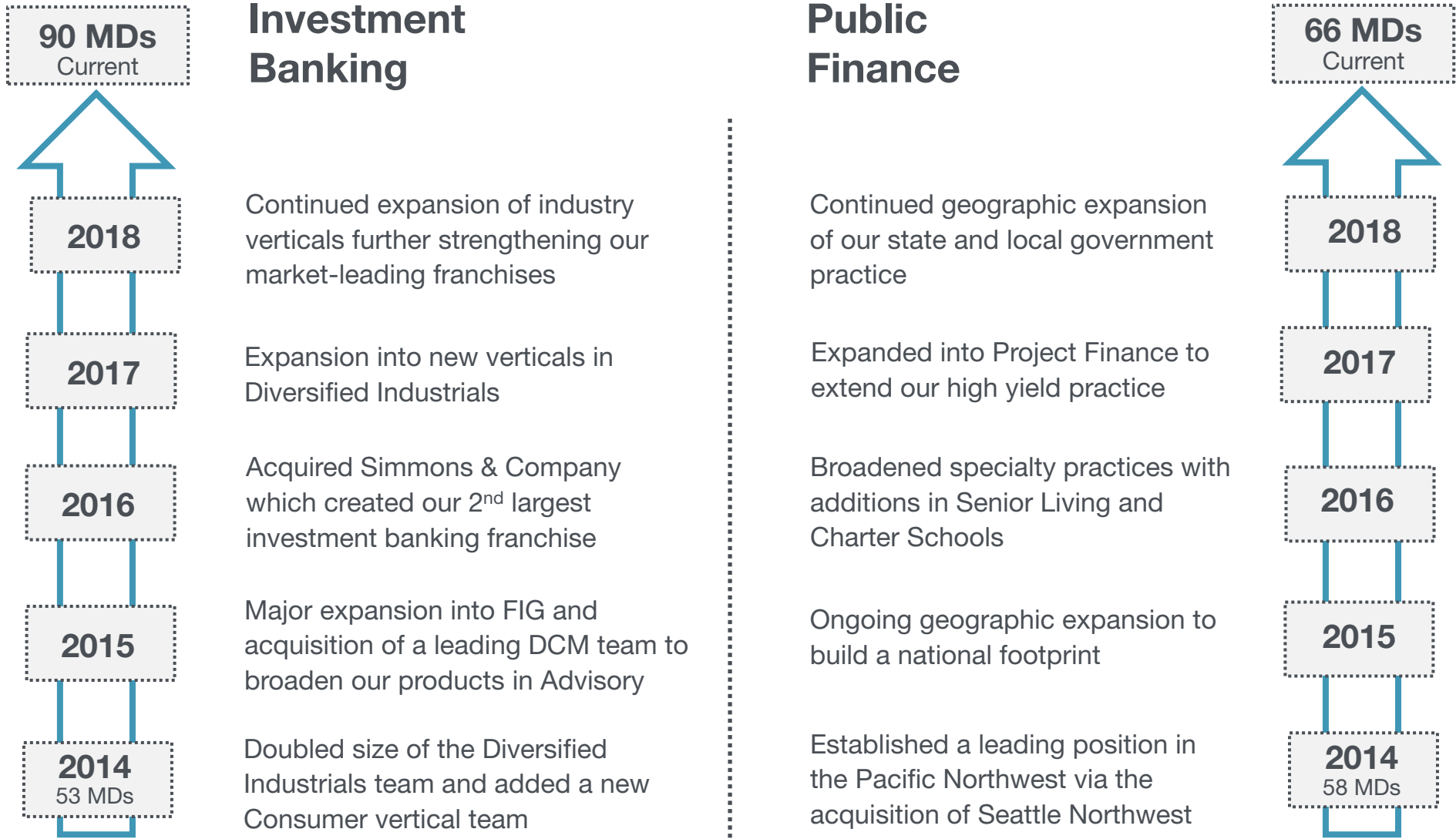


Advisory Services Revenue



50% of firm adjusted net revenue<sup>1</sup>  
 Favorable impact on business model  
 Foundation for future growth

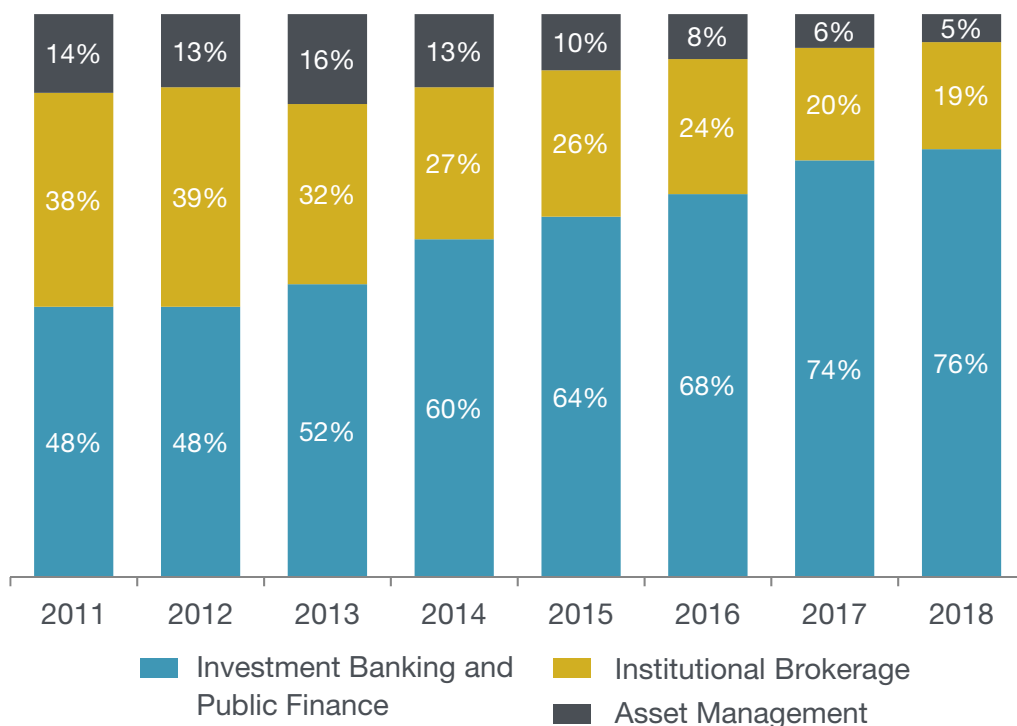
# Continuously Investing for Growth





# Business Mix Evolution

Adjusted Net Revenue<sup>1</sup> Mix by Activity



Demonstrating successful execution of our strategy to re-mix revenue in favor of activities characterized by

- High margins
- More predictable earnings
- Modest capital requirements

76%

## Investment Banking and Public Finance

### Investment Banking

- M&A Advisory
- Capital Markets
- Debt and Restructuring Advisory

### Public Finance

- Municipal Underwriting and Advisory

19%

## Institutional Brokerage

### Fixed Income Services

- Municipal/Taxable Sales and Trading
- Strategic Analytics

### Equities

- Institutional Sales and Trading
- Equity and Technical Research

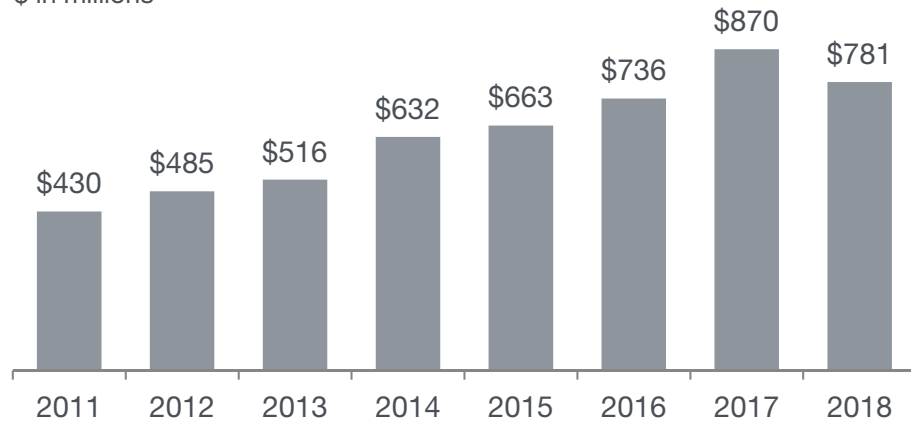
5%

## Asset Management

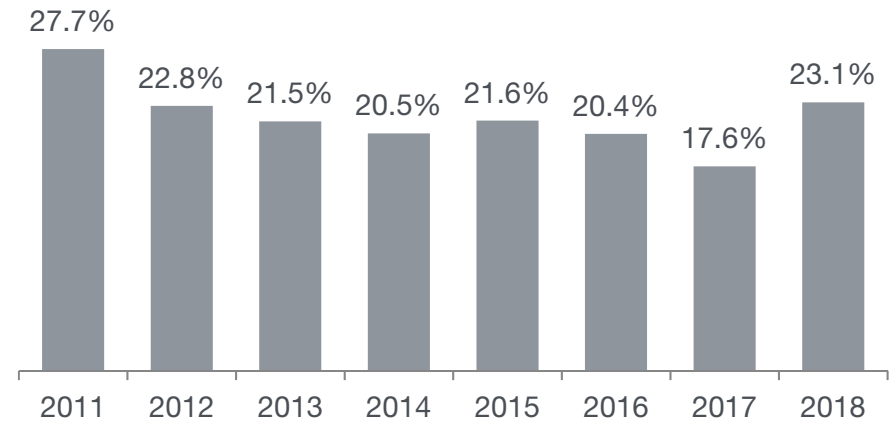
- U.S. and Global Equities
- Master Limited Partnerships

# Revenue Growth, Business Mix and Disciplined Cost Management Driving Financial Performance

Adjusted Net Revenue<sup>1</sup>  
\$ in millions



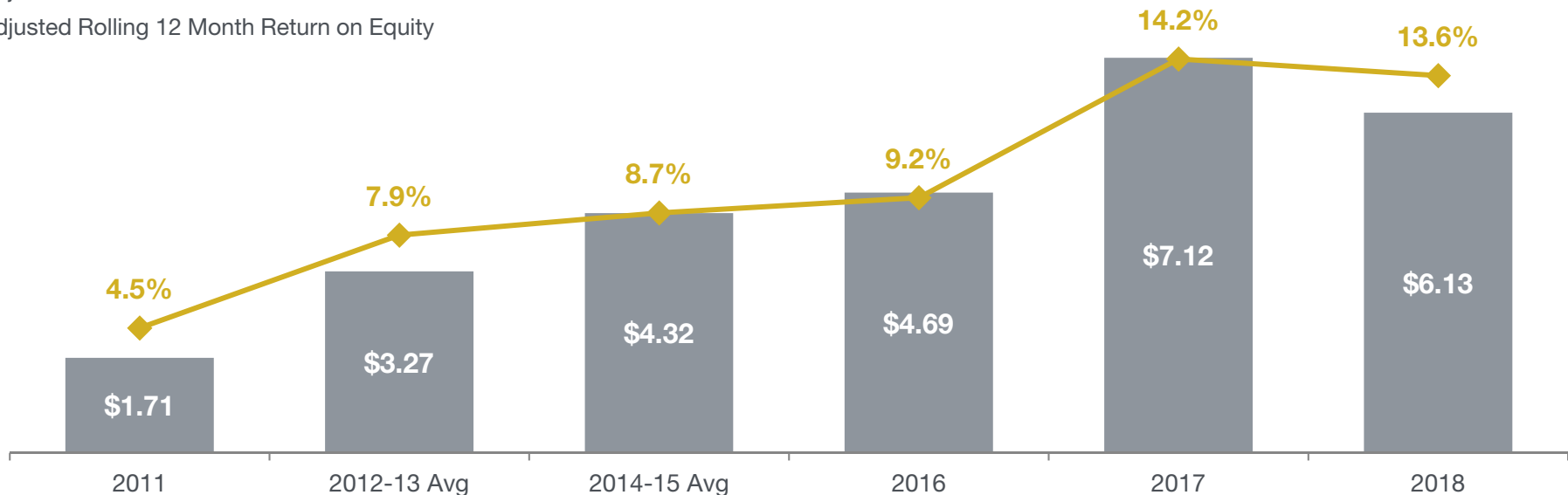
Adjusted Non-Comp Ratio<sup>1</sup>



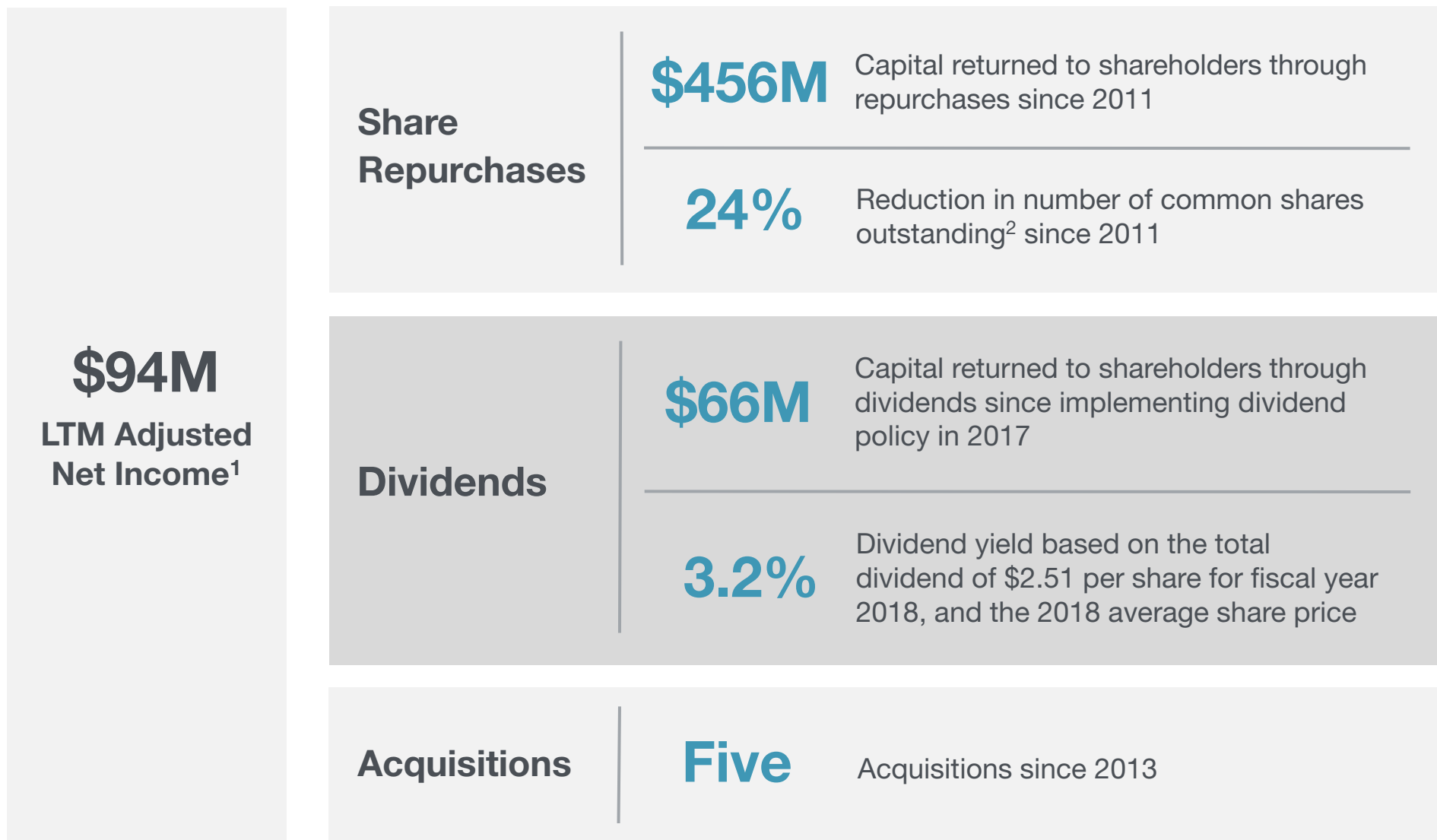
Adjusted Diluted EPS<sup>1</sup> & Adjusted Return On Equity<sup>1</sup>

■ Adjusted Diluted EPS

◆ Adjusted Rolling 12 Month Return on Equity



## Multiple Levers to Generate Returns for Shareholders



# Significantly Undervalued Advisory Franchise

We believe Piper Jaffray's valuation does not reflect the full value of our Advisory franchise



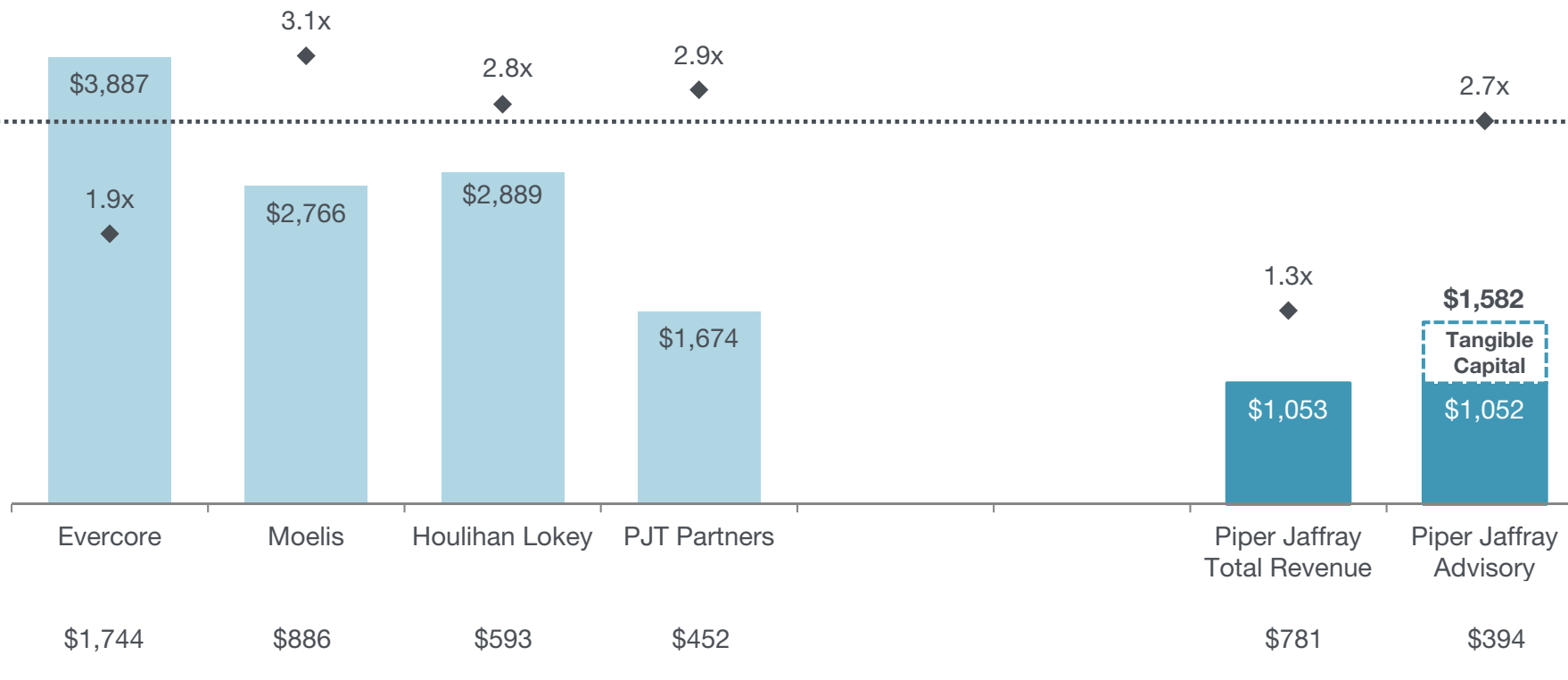
Implied Value	\$1.6B
Current Value	\$1.1B
<b>Potential Upside</b>	<b>50%</b>

\$ in millions

■ Market Cap

◆ Revenue Multiple: Market Cap/LTM Revenue

Average Revenue Multiple<sup>1</sup>  
2.7x



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## Section II

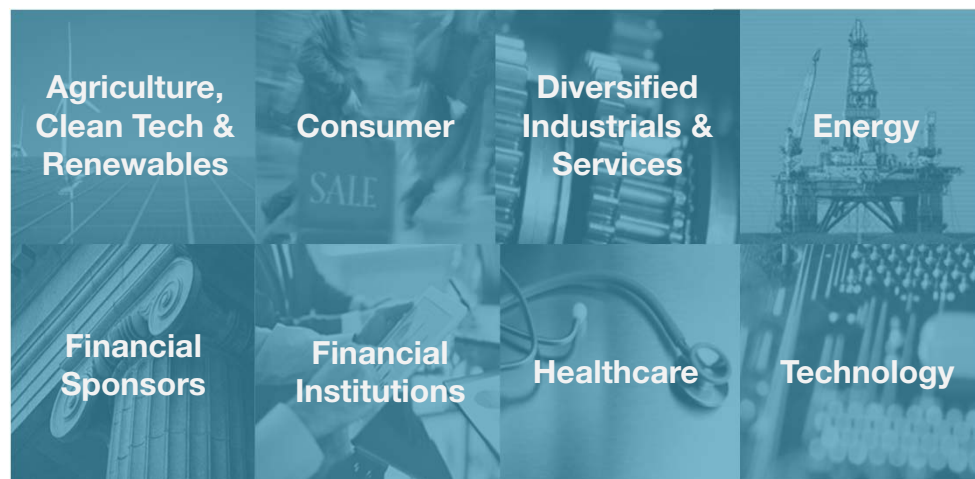
# Investment Banking and Public Finance

# Investment Banking Overview

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)

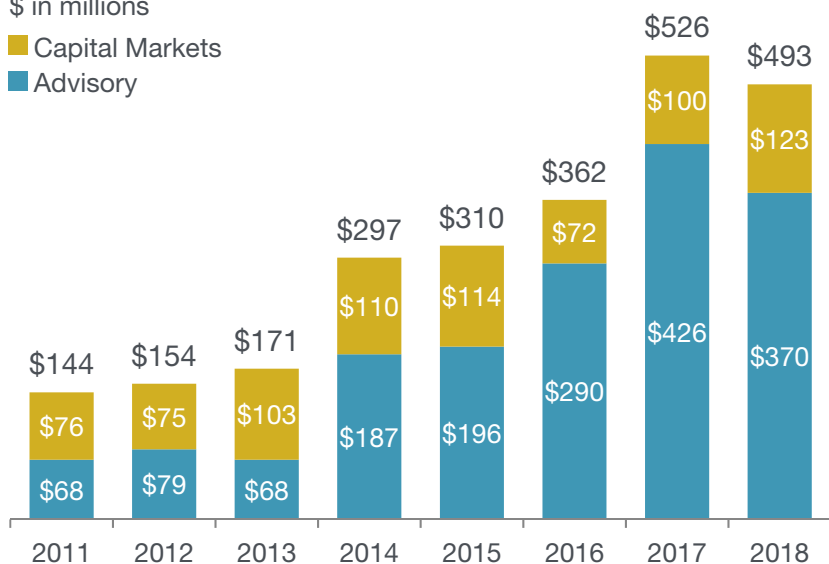
Complemented by a broad range of equity and equity-linked financing solutions



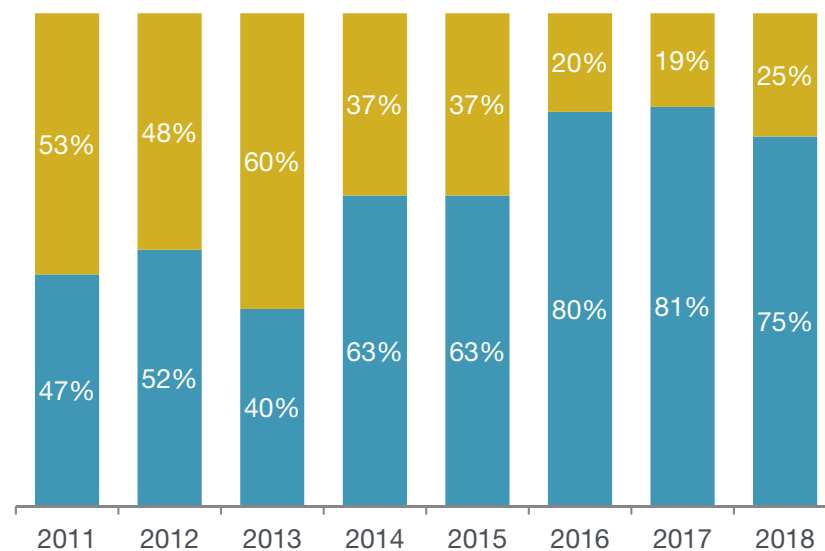
## Investment Banking Revenue & Mix by Activity

\$ in millions

■ Capital Markets  
■ Advisory



Advisory Revenue  
**5X+**  
Since 2011



# One of the Fastest Growing Investment Banks in the U.S.

## Sector Expansion

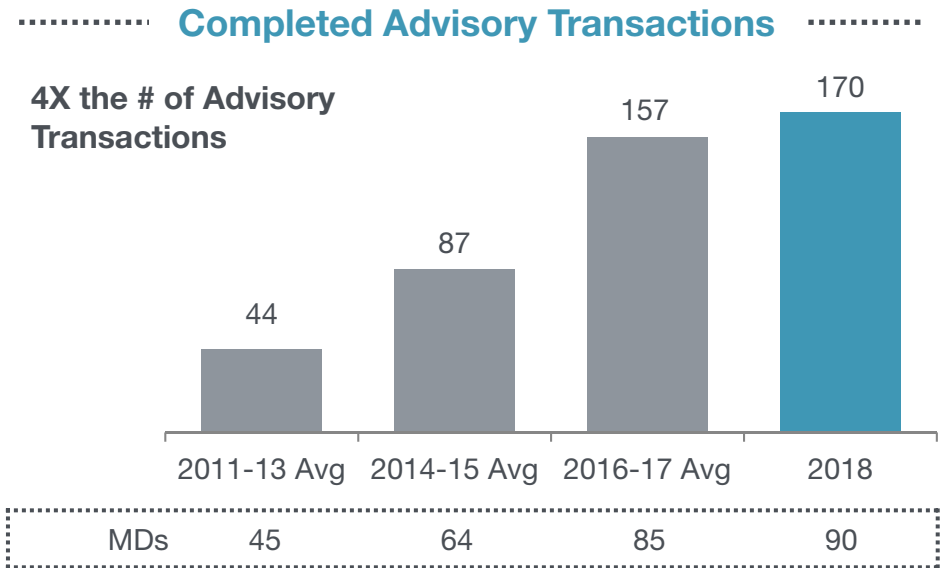
Adding Energy and FIG sectors increased our industry coverage to 85% of the S&P, up from a historical 55%

## Broader Addressable Market

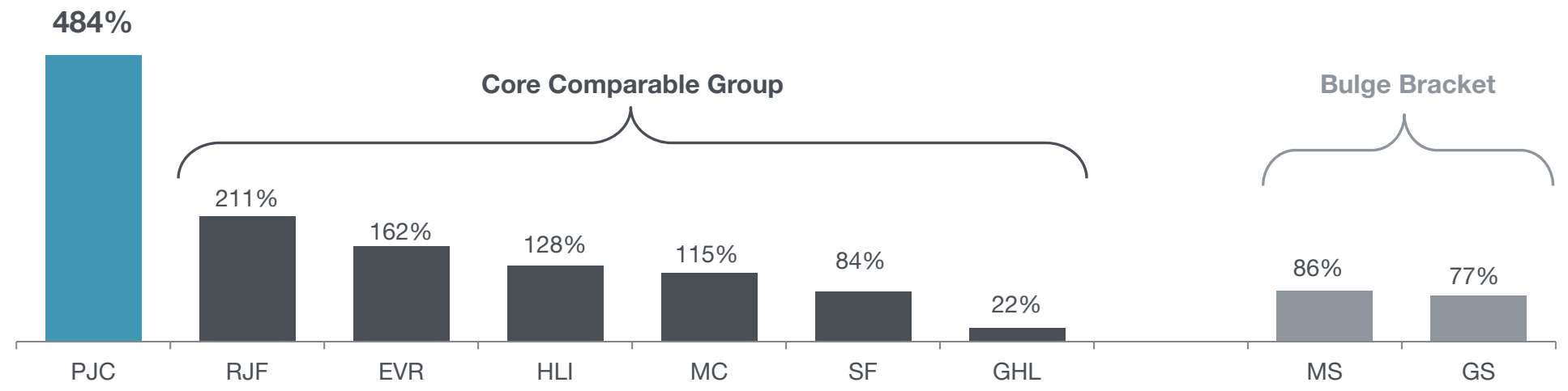
Recent DCM expansion opens up the \$15B+ syndicated lending fee pool (comparable in size to the equities fee pool)

## Foundation for Growth

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



## Growth in Advisory Revenue<sup>1,2</sup>



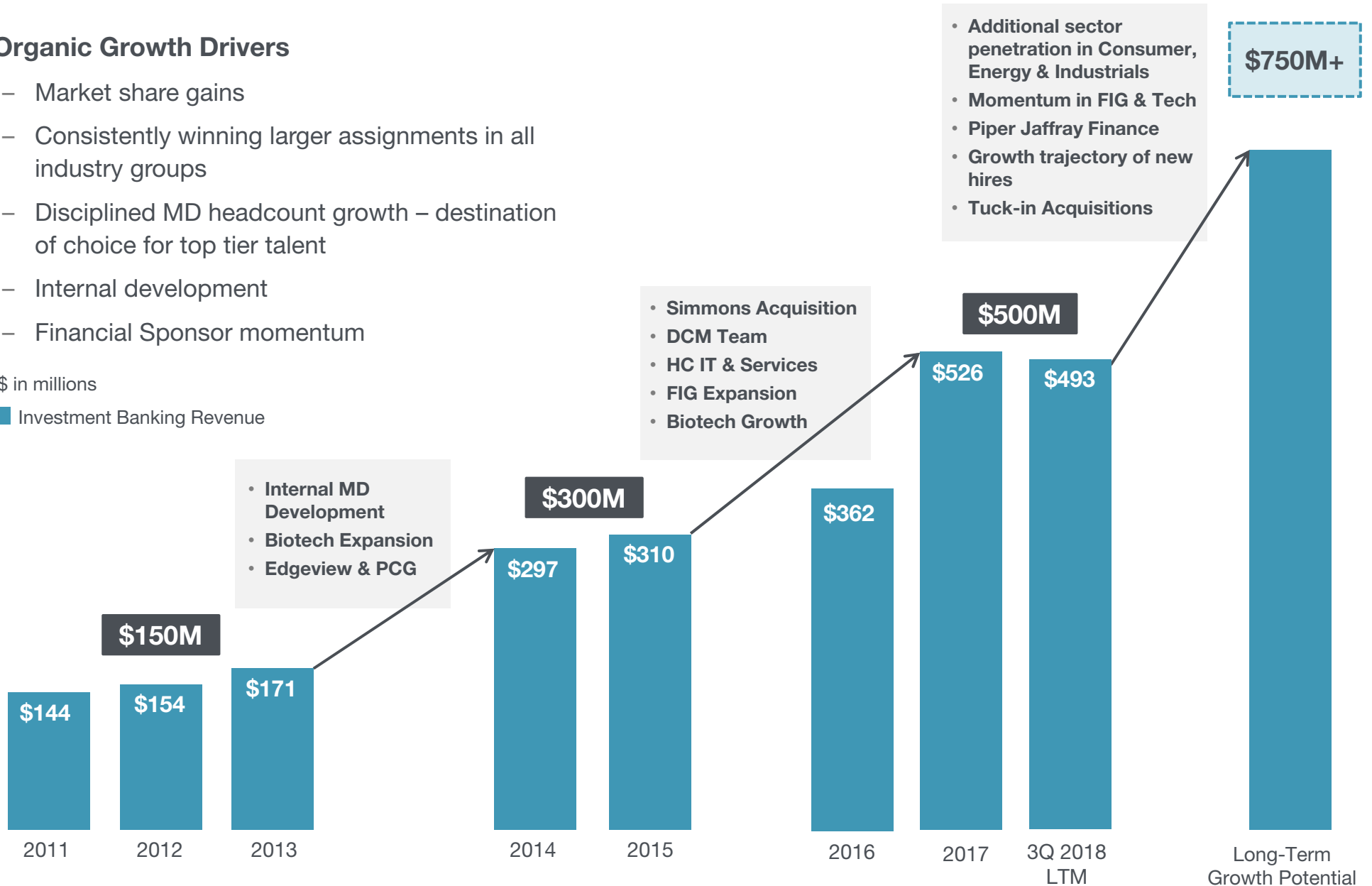
# Investment Banking Growth

## 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

\$ in millions

■ Investment Banking Revenue





# Longstanding Public Finance Leadership

Supported by a broad national platform, our expert teams leverage localized knowledge to facilitate the issuance of taxable and tax-exempt debt across a range of sectors

## 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

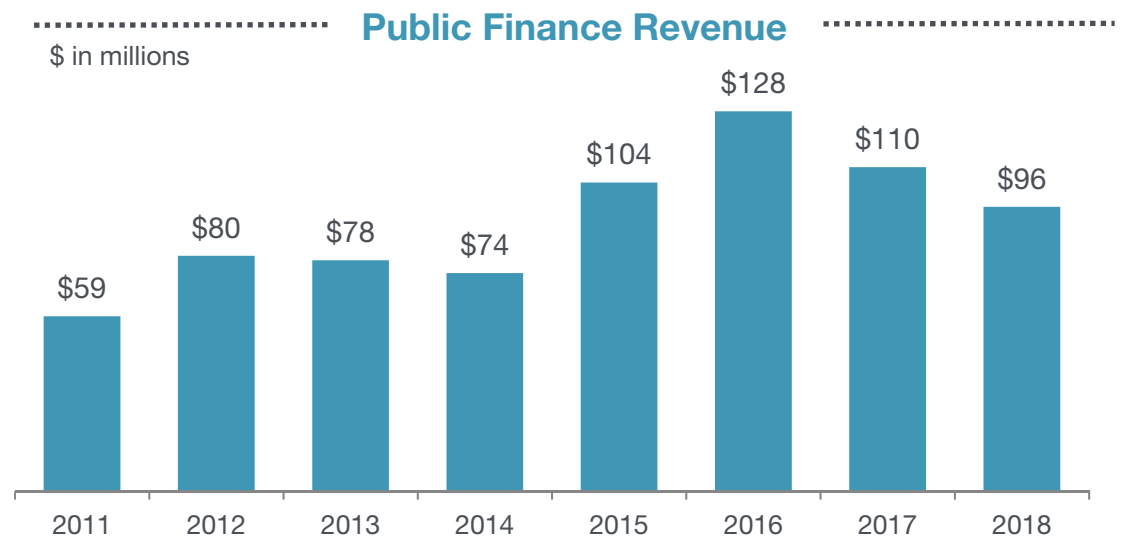
Toll Roads & Surface Transportation  
Airports

## Leading Middle-Market Tax Exempt Underwriter

Team of 313 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



# 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 expanded our footprint, strengthened areas of industry expertise and broadened our product capabilities

## ..... Consistently Improving a Strong Franchise .....

	2007	2010	2014	2018
<b>Number of Offices</b>	18	23	36	40
<b>Number of States</b>	15	18	27	27
<b>Number of Professionals</b>	93	100	125	138
<b>Negotiated Market Share</b>	1.4%	1.8%	3.2%	4.5%

Market share based on par value of long-term senior municipal negotiated issuance

## ..... National Long-Term Municipal Par Value .....

Rank	Firm	Par Value
1	Bank of America Merrill Lynch	\$32.7M
2	Citi	\$31.6M
3	J P Morgan Securities LLC	\$25.3M
4	RBC Capital Markets	\$20.5M
5	Morgan Stanley	\$16.5M
6	Goldman Sachs & Co LLC	\$13.1M
7	Wells Fargo & Co	\$12.1M
<b>8</b>	<b>Piper Jaffray &amp; Co</b>	<b>\$11.7M</b>
9	Stifel Nicolaus & Co	\$10.3M
10	Raymond James	\$10.1M

Source: Thomson Financial Sole/Senior Negotiated and Private Placement Transactions – Ranked by Par Value for 2018

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## Section III

# Institutional Brokerage

# Research and Equities

## Research

Expanded into FIG and Energy – now representing over 35% of our coverage

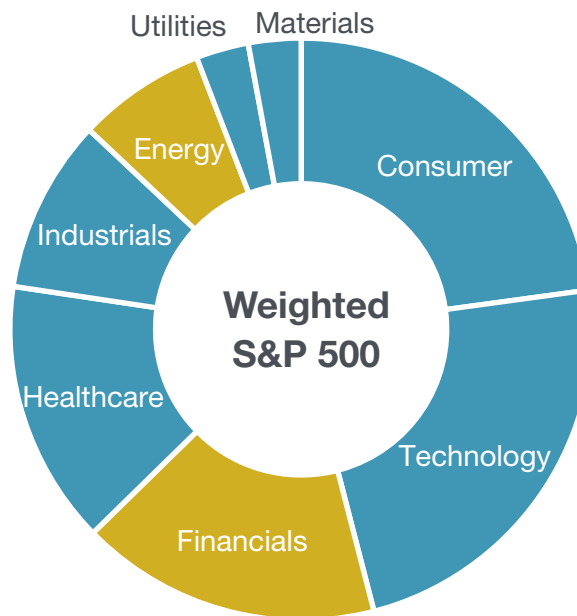
Piper Jaffray coverage includes most major sectors within the S&P 500

## Equities

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

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

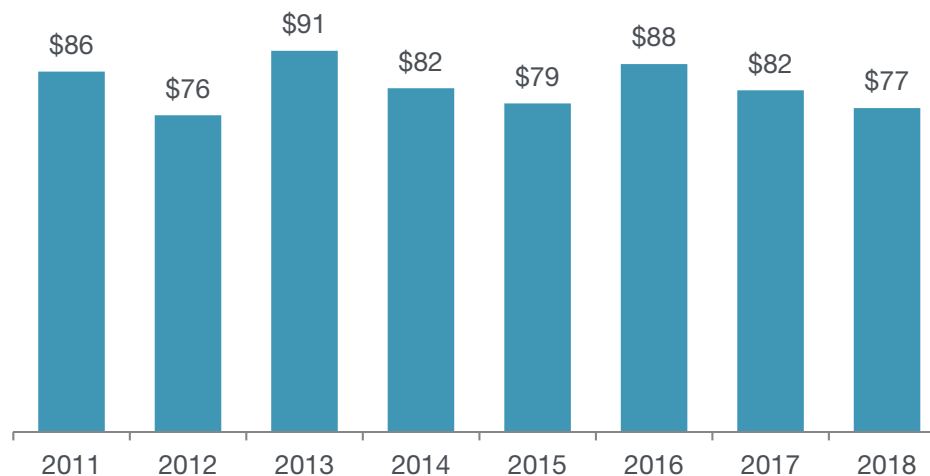


**37**  
Senior Research Analysts

**650**  
Covered Companies

## Equities Brokerage Revenue

\$ in millions



# Diversified Fixed Income Trading Business

## Business Description

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

## Overall Goals

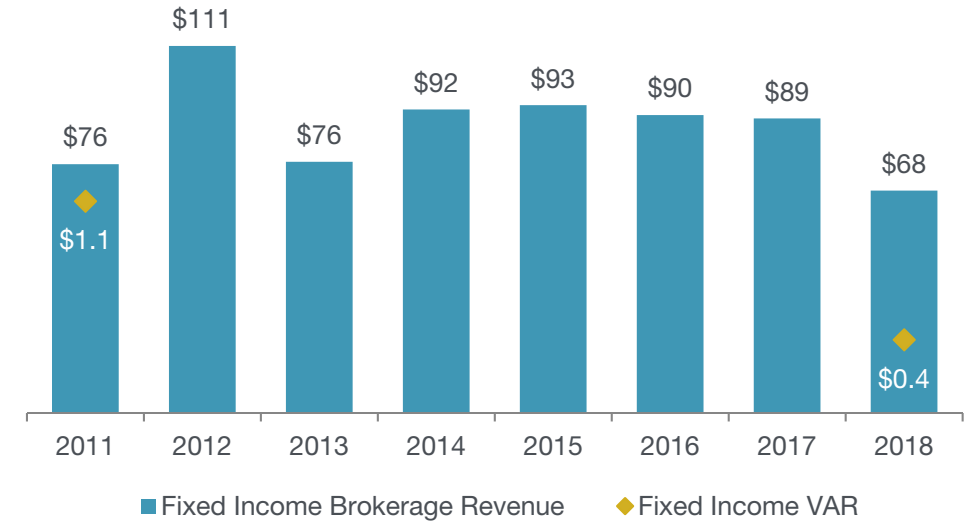
Reduce inventories and improve return on capital

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

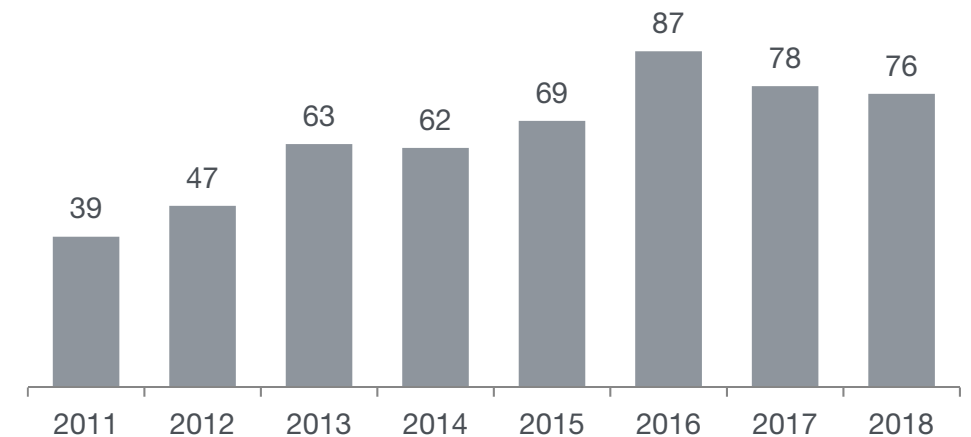
Expand our salesforce to create operating leverage through hiring or a consolidating transaction

## Fixed Income Brokerage Revenue & VAR

\$ in millions



## Average Middle-Market Sales Reps



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## Section IV

# Asset Management

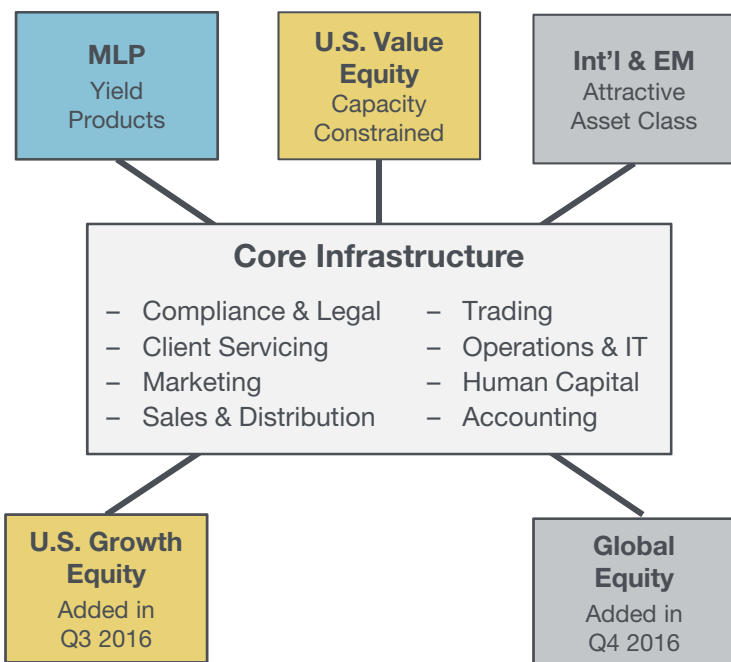
# Asset Management Business

## Business Description

High quality, institutional-centric Asset Manager with a broad mix of products and multi-channel distribution

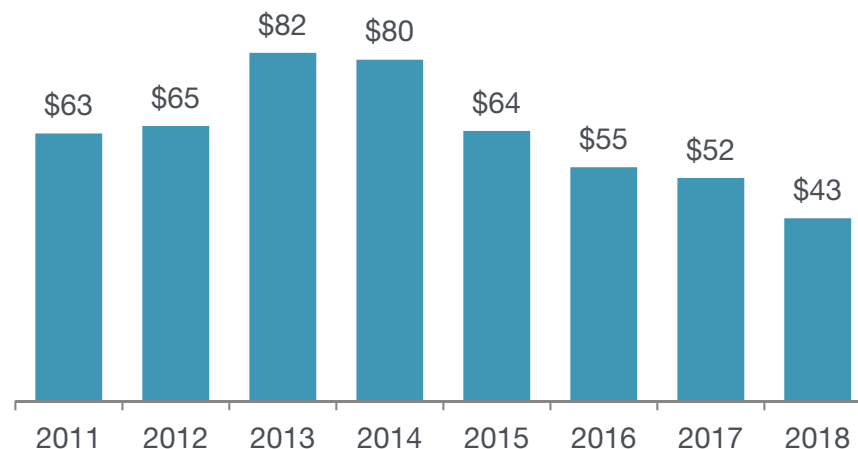
Platform built to leverage core infrastructure as a shared service

Facilitates on-boarding and marketing enabling PMs to focus on driving performance



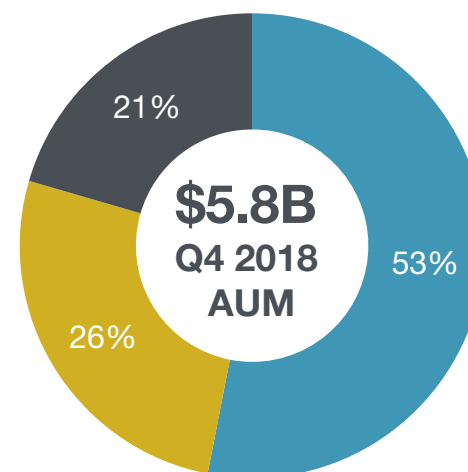
## Asset Management Revenue

\$ in millions



## Asset Mix

- MLP
- U.S. Equity
- Int'l & Global Equity



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**Section V**

**Appendix**



## ROE Reconciliation for Non-GAAP Measures

The following table sets forth a reconciliation of net income from operations and return on shareholders' equity excluding the impact of the noted item in the relevant year.

(\$ in thousands)	For the year ended December 31,							
	2018	2017	2016	2015	2014	2013	2012	2011
Average common shareholders' equity	\$ 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	<u>\$ 688,734</u>	<u>\$ 766,128</u>	<u>\$ 785,899</u>	<u>\$ 808,551</u>	<u>\$ 783,425</u>	<u>\$ 728,187</u>	<u>\$ 721,131</u>	<u>\$ 729,072</u>
<b>Return on average common shareholders' equity</b>	<b>8.3%</b>	<b>-8.1%</b>	<b>-2.8%</b>	<b>6.4%</b>	<b>8.1%</b>	<b>6.2%</b>	<b>5.7%</b>	<b>2.3%</b>
<b>Adjusted return on average common shareholders' equity <sup>(1)</sup></b>	<b>13.6%</b>	<b>14.2%</b>	<b>9.2%</b>	<b>8.1%</b>	<b>9.2%</b>	<b>8.2%</b>	<b>7.5%</b>	<b>4.5%</b>

(\$ in thousands)	For the year ended December 31,							
	2018	2017	2016	2015	2014	2013	2012	2011
Net income/(loss) applicable to Piper Jaffray Companies	\$ 57,036	\$ (61,939)	\$ (21,952)	\$ 52,075	\$ 63,172	\$ 45,090	\$ 41,268	\$ (102,020)
Add: Impairment of goodwill attributable to PJC Inc. acquisition by USB, net of income tax	-	-	-	-	-	-	-	118,448 <sup>(2)</sup>
Net income/(loss) applicable to Piper Jaffray Companies, excluding the impact of the noted item in the relevant periods	<u>\$ 57,036</u>	<u>\$ (61,939)</u>	<u>\$ (21,952)</u>	<u>\$ 52,075</u>	<u>\$ 63,172</u>	<u>\$ 45,090</u>	<u>\$ 41,268</u>	<u>\$ 16,428</u>

(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 Jaffray 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.

# Financial Trend Reconciliation for Non-GAAP Measures

	For the year ended December 31,							
	2018	2017	2016	2015	2014	2013	2012	2011
<i>(Amounts in thousands, except per share data)</i>								
<b>Net revenues:</b>								
Net revenues – U.S. GAAP basis	\$ 784,442	\$ 874,923	\$ 747,349	\$ 672,918	\$ 648,138	\$ 525,195	\$ 488,952	\$ 432,083
Adjustments:								
Revenue related to noncontrolling interests	(3,621)	(5,319)	(11,070)	(9,810)	(15,699)	(8,794)	(4,174)	(1,785)
Adjusted net revenues	<u>\$ 780,821</u>	<u>\$ 869,604</u>	<u>\$ 736,279</u>	<u>\$ 663,108</u>	<u>\$ 632,439</u>	<u>\$ 516,401</u>	<u>\$ 484,778</u>	<u>\$ 430,298</u>
<b>Compensation and benefits:</b>								
Compensation and benefits – U.S. GAAP basis	\$ 512,847	\$ 617,635	\$ 510,612	\$ 421,733	\$ 394,510	\$ 322,464	\$ 296,882	\$ 265,015
Adjustments:								
Compensation from acquisition-related agreements	(29,246)	(54,999)	(36,241)	(4,233)	(5,229)	(2,904)	(1,284)	(1,284)
Adjusted compensation and benefits	<u>\$ 483,601</u>	<u>\$ 562,636</u>	<u>\$ 474,371</u>	<u>\$ 417,500</u>	<u>\$ 389,281</u>	<u>\$ 319,560</u>	<u>\$ 295,598</u>	<u>\$ 263,731</u>
<b>Non-compensation expenses:</b>								
Non-compensation expenses – U.S. GAAP basis	\$ 196,718	\$ 286,611	\$ 267,611	\$ 164,762	\$ 143,317	\$ 127,118	\$ 123,059	\$ 247,257
Adjustments:								
Non-compensation expenses related to noncontrolling interests	(4,827)	(2,932)	(2,864)	(3,403)	(4,546)	(3,400)	(1,708)	(322)
Restructuring and integration costs	-	-	(10,206)	(10,652)	-	(4,689)	(3,642)	-
Goodwill impairment	-	(114,363)	(82,900)	-	-	-	-	(120,298)
Amortization of intangible assets related to acquisitions	(10,460)	(15,400)	(21,214)	(7,662)	(9,272)	(7,993)	(6,944)	(7,256)
Non-compensation expenses from acquisition-related agreements	(683)	(600)	-	-	-	-	-	-
Adjusted non-compensation expenses	<u>\$ 180,748</u>	<u>\$ 153,316</u>	<u>\$ 150,427</u>	<u>\$ 143,045</u>	<u>\$ 129,499</u>	<u>\$ 111,036</u>	<u>\$ 110,765</u>	<u>\$ 119,381</u>
<b>Income/(loss) from continuing operations before income tax expense/(benefit):</b>								
Income/(loss) from continuing operations before income tax expense/(benefit) – U.S. GAAP basis	\$ 74,877	\$ (29,323)	\$ (30,874)	\$ 86,423	\$ 110,311	\$ 75,613	\$ 69,011	\$ (80,189)
Adjustments:								
Revenue related to noncontrolling interests	(3,621)	(5,319)	(11,070)	(9,810)	(15,699)	(8,794)	(4,174)	(1,785)
Expenses related to noncontrolling interests	4,827	2,932	2,864	3,403	4,546	3,400	1,708	322
Compensation from acquisition-related agreements	29,246	54,999	36,241	4,233	5,229	2,904	1,284	1,284
Restructuring and integration costs	-	-	10,206	10,652	-	4,689	3,642	-
Goodwill impairment	-	114,363	82,900	-	-	-	-	120,298
Amortization of intangible assets related to acquisitions	10,460	15,400	21,214	7,662	9,272	7,993	6,944	7,256
Non-compensation expenses from acquisition-related agreements	683	600	-	-	-	-	-	-
Adjusted income from continuing operations before adjusted income tax expense	<u>\$ 116,472</u>	<u>\$ 153,652</u>	<u>\$ 111,481</u>	<u>\$ 102,563</u>	<u>\$ 113,659</u>	<u>\$ 85,805</u>	<u>\$ 78,415</u>	<u>\$ 47,186</u>

# Financial Trend Reconciliation for Non-GAAP Measures

	For the year ended December 31,							
	2018	2017	2016	2015	2014	2013	2012	2011
<i>(Amounts in thousands, except per share data)</i>								
<b>Income tax expense/(benefit):</b>								
Income tax expense/(benefit) – U.S. GAAP basis	\$ 19,047	\$ 30,229	\$ (17,128)	\$ 27,941	\$ 35,986	\$ 20,390	\$ 19,470	\$ 9,120
Tax effect of adjustments:								
Compensation from acquisition-related agreements	7,254	19,244	12,541	1,647	2,034	1,130	500	500
Restructuring and integration costs	-	-	3,192	4,144	-	1,824	1,417	-
Goodwill impairment	-	43,572	31,999	-	-	-	-	1,850
Amortization of intangible assets related to acquisitions	2,592	5,866	8,235	2,981	3,525	2,914	2,700	2,824
Non-compensation expenses from acquisition-related agreements	169	(7)	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	(952)	(54,154)	-	-	-	-	-	-
Impact of deferred tax asset valuation allowance	(5,299)	-	-	-	-	-	-	-
Adjusted income tax expense	<u>\$ 22,811</u>	<u>\$ 44,750</u>	<u>\$ 38,839</u>	<u>\$ 36,713</u>	<u>\$ 41,545</u>	<u>\$ 26,258</u>	<u>\$ 24,087</u>	<u>\$ 14,294</u>
<b>Net income/(loss) from continuing operations applicable to Piper Jaffray Companies:</b>								
Net income/(loss) from continuing operations applicable to Piper Jaffray Companies – U.S. GAAP basis	\$ 57,036	\$ (61,939)	\$ (21,952)	\$ 52,075	\$ 63,172	\$ 49,829	\$ 47,075	\$ (90,772)
Adjustments:								
Compensation from acquisition-related agreements	21,992	35,755	23,700	2,586	3,195	1,774	784	784
Restructuring and integration costs	-	-	7,014	6,508	-	2,865	2,225	-
Goodwill impairment	-	70,791	50,901	-	-	-	-	118,448
Amortization of intangible assets related to acquisitions	7,868	9,534	12,979	4,681	5,747	5,079	4,244	4,432
Non-compensation expenses from acquisition-related agreements	514	607	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	952	54,154	-	-	-	-	-	-
Impact of deferred tax asset valuation allowance	5,299	-	-	-	-	-	-	-
Adjusted net income from continuing operations	<u>\$ 93,661</u>	<u>\$ 108,902</u>	<u>\$ 72,642</u>	<u>\$ 65,850</u>	<u>\$ 72,114</u>	<u>\$ 59,547</u>	<u>\$ 54,328</u>	<u>\$ 32,892</u>

# Financial Trend Reconciliation for Non-GAAP Measures

	For the year ended December 31,							
(Amounts in thousands, except per share data)	2018	2017	2016	2015	2014	2013	2012	2011
<b>Net income/(loss) from continuing operations applicable to Piper Jaffray Companies' common shareholders:</b>								
Net income/(loss) from continuing operations applicable to Piper Jaffray Companies' common stockholders – U.S. GAAP basis	\$ 49,993	\$ (64,875)	\$ (21,952)	\$ 48,060	\$ 58,141	\$ 44,863	\$ 40,307	\$ (90,772)
Adjustment for undistributed loss allocated to participating securities	-	12,444 <sup>(1)</sup>	3,842 <sup>(1)</sup>	-	-	-	-	16,671 <sup>(1)</sup>
	<u>49,993</u>	<u>(52,431)</u>	<u>(18,110)</u>	<u>48,060</u>	<u>58,141</u>	<u>44,863</u>	<u>40,307</u>	<u>(74,101)</u>
Adjustments:								
Compensation from acquisition-related agreements	19,428	30,266	19,552	2,387	2,941	1,596	671	640
Restructuring and integration costs	-	-	5,786	6,006	-	2,579	1,905	-
Goodwill impairment	-	59,924	41,993	-	-	-	-	96,694
Amortization of intangible assets related to acquisitions	6,935	8,070	10,708	4,320	5,289	4,573	3,634	3,618
Non-compensation expenses from acquisition-related agreements	452	514	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	837	45,841	-	-	-	-	-	-
Impact of deferred tax asset valuation allowance	4,672	-	-	-	-	-	-	-
Adjusted net income from continuing operations applicable to Piper Jaffray Companies' common stockholders	<u>\$ 82,317</u>	<u>\$ 92,184</u>	<u>\$ 59,929</u>	<u>\$ 60,773</u>	<u>\$ 66,371</u>	<u>\$ 53,611</u>	<u>\$ 46,517</u>	<u>\$ 26,851</u>
<b>Earnings/(loss) per diluted common share from continuing operations:</b>								
U.S. GAAP basis	\$ 3.72	\$ (5.07)	\$ (1.73)	\$ 3.34	\$ 3.87	\$ 2.98	\$ 2.58	\$ (5.79)
Adjustment for undistributed loss allocated to participating securities	-	1.04 <sup>(1)</sup>	0.30 <sup>(1)</sup>	-	-	-	-	1.06 <sup>(1)</sup>
	<u>3.72</u>	<u>(4.03)</u>	<u>(1.43)</u>	<u>3.34</u>	<u>3.87</u>	<u>2.98</u>	<u>2.58</u>	<u>(4.73)</u>
Adjustments:								
Compensation from acquisition-related agreements	1.44	2.33	1.53	0.17	0.20	0.11	0.04	0.04
Restructuring and integration costs	-	-	0.45	0.42	-	0.17	0.12	-
Goodwill impairment	-	4.62	3.29	-	-	-	-	6.16
Amortization of intangible assets related to acquisitions	0.52	0.62	0.84	0.30	0.35	0.30	0.23	0.23
Non-compensation expenses from acquisition-related agreements	0.04	0.04	-	-	-	-	-	-
Impact of the Tax Cuts and Jobs Act legislation	0.06	3.54	-	-	-	-	-	-
Impact of deferred tax asset valuation allowance	0.35	-	-	-	-	-	-	-
Non-U.S. GAAP basis, as adjusted	<u>\$ 6.13</u>	<u>\$ 7.12</u>	<u>\$ 4.69</u>	<u>\$ 4.22</u>	<u>\$ 4.42</u>	<u>\$ 3.56</u>	<u>\$ 2.98</u>	<u>\$ 1.71</u>

(1) 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. 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.

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