

2018 Proxy Statement

Piper Jaffray Companies

PiperJaffray®

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PiperJaffray®



April 6, 2018

Fellow Shareholders:

You are cordially invited to join us for our 2018 annual meeting of shareholders, which will be held on Thursday, May 17, 2018, at 2:00 p.m., Central Time, in the Huber Room on the 12th floor of our Minneapolis headquarters in the U.S. Bancorp Center, 800 Nicollet Mall, Minneapolis, Minnesota. The Notice of Annual Meeting of Shareholders and the proxy statement that follow describe the business to be conducted at the meeting.

As we look forward to our 2018 annual meeting of shareholders, it is worth reflecting on the year just completed. In 2017, we produced record adjusted net revenues for the fourth consecutive year while taking significant steps in executing on our long-term strategy of growing our capital-light, variable cost businesses. The contributions from our advisory services and public finance businesses in 2017 contributed to our record adjusted operating results for the year, and indicates the progress we have made in becoming the leading investment bank serving middle-market clients.

As a reflection of our progress, and as a way to return capital to you—our shareholders—our Board of Directors initiated a quarterly and special annual dividend in 2017. It is our intention to return between 30 and 50% of our non-GAAP net income to our shareholders each year through the combination of these dividends. We believe that our continuing execution on our long-term growth plan will help ensure that our shareholders reap the benefits of our strategy and investments in the years to come.

We are furnishing our proxy materials to you over the Internet, which will reduce our costs and the environmental impact of our annual meeting. Accordingly, we mailed a Notice of Internet Availability of Proxy Materials to you, which contains instructions on how to access our proxy statement and annual report and vote online. The Notice of Internet Availability also contains instructions on how to request a printed set of proxy materials.

Whether or not you plan to attend the meeting, your vote is important and we encourage you to vote your shares promptly. You may vote your shares using a toll-free telephone number or the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding the three methods of voting are contained on the Notice of Internet Availability and the proxy card.

We look forward to seeing you at the annual meeting.

Sincerely,

A handwritten signature in black ink that reads "Chad R. Abraham". The signature is written in a cursive, flowing style.

Chad R. Abraham
Chief Executive Officer

Notice of Annual Meeting of Shareholders

May 17, 2018, at 2:00 p.m., Central time
The Huber Room in our Minneapolis Headquarters
12th Floor, U.S. Bancorp Center
800 Nicollet Mall, Minneapolis, Minnesota

To the Shareholders of Piper Jaffray Companies:

The 2018 annual meeting of shareholders of Piper Jaffray Companies will be held at our corporate headquarters in Minneapolis, Minnesota on Thursday, May 17, 2018 at 2:00 p.m., Central time, for the following purposes:

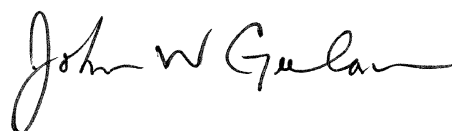
1. The election of nine directors, each for a one-year term.
2. Ratification of the selection of Ernst & Young LLP as the independent auditor of Piper Jaffray Companies for the fiscal year ending December 31, 2018.
3. An advisory (non-binding) vote to approve the compensation of the officers disclosed in the attached proxy statement, or say-on-pay vote.
4. Any other business that may properly be considered at the meeting or any adjournment or postponement of the meeting.

In order to vote on the matters brought before the meeting, you may submit your proxy vote by telephone or Internet, as described in the Notice of Internet Availability of Proxy Materials and the following proxy statement, by no later than 11:59 p.m. Eastern Daylight Time on Wednesday, May 16, 2018 for any shares you hold directly, and by no later than 11:59 p.m. Eastern Daylight Time on Monday, May 14, 2018 for any shares you hold in a retirement plan. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. The envelope is addressed to our vote tabulator, Broadridge Financial Solutions, Inc., and no postage is required if mailed in the United States. Holders of record of the Company's common stock at the close of business on March 21, 2018 are entitled to notice of, and to vote at, the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 17, 2018

Our proxy statement and 2017 annual report are available at
www.piperjaffray.com/proxymaterials.

By Order of the Board of Directors



John W. Geelan
Secretary

April 6, 2018

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PROXY STATEMENT 2018 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 17, 2018

INTRODUCTION

The Board of Directors of Piper Jaffray Companies is soliciting proxies for use at the annual meeting of shareholders to be held on May 17, 2018, and at any adjournment or postponement of the meeting. Notice of Internet Availability of Proxy Materials, which contains instructions on how to access this proxy statement and our annual report online, is first being mailed to shareholders on or about April 6, 2018.

EXECUTIVE SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Shareholders

Date and Time: Thursday, May 17, 2018, at 2:00 p.m., Central time

Place: The Huber Room in our Minneapolis Headquarters
12th Floor, U.S. Bancorp Center
800 Nicollet Mall
Minneapolis, Minnesota 55402

Record Date: March 21, 2018





Voting Matters

The Board of Directors recommends you vote FOR each Director Nominee listed in Proposal 1, and FOR Proposal 2 and Proposal 3:

Proposal	Page Reference
1. Election of Directors The Board of Directors believes the nine nominees as a group have the experience and skills that are necessary to effectively oversee our company.	5
2. Ratification of Selection of Independent Auditor The Audit Committee of our Board of Directors has selected Ernst & Young LLP to serve as our independent auditor for the year ending December 31, 2018.	74
3. Advisory (Non-Binding) Vote on Executive Compensation The Board of Directors is asking shareholders to provide advisory approval of the compensation of the officers disclosed in this proxy statement, or a say-on-pay vote.	75

2017 Performance Highlights

In 2017, we achieved strong operating results, with record adjusted net revenues, adjusted net income, adjusted earnings per share, and adjusted return on equity (referred to in this proxy statement as adjusted "ROE")*. Our 2017 performance highlights include:

 18%	Adjusted Net Revenues of \$869.6M	We generated record adjusted net revenues of \$869.6 million on the strength of the considerable progress we have made growing our advisory services business, which had a record year in 2017 and helped to offset challenging markets for our institutional brokerage businesses.
 50%	Adjusted Net Income of \$108.9M	We achieved record adjusted net income of \$108.9 million, driven primarily by significant revenue growth in our advisory services and the corresponding operating leverage in that business.
 52%	Adjusted Earnings Per Share of \$7.12	We achieved adjusted earnings per diluted common share (referred to in this proxy statement as "adjusted earnings per share") of \$7.12.
 500 bps	Adjusted ROE of 14.2%	We achieved adjusted return on average common shareholders' of 14.2%.

* Adjusted net revenues, adjusted net income, adjusted earnings per share, and adjusted ROE (which are used throughout this proxy statement) are non-GAAP financial measures and are further defined and reconciled to the most directly comparable GAAP financial measure in the Appendix to this proxy statement.

Board Nominees

The Board of Directors has nominated nine directors for election at the 2018 annual meeting: our CEO, and eight other currently serving directors. Seven of these nine directors are independent under New York Stock Exchange Rules. Our Board of Directors has determined that our CEO, Mr. Abraham, and our Chairman, Mr. Duff, who retired as our CEO on December 31, 2017, are not independent. Michael E. Frazier, who currently serves as a director, will not be standing for re-election at the 2018 annual meeting. The following table provides summary information on each director nominee. For more detail, please see pages 5 through 10 of this proxy statement.



Chad R. Abraham

CEO of Piper Jaffray Companies



Andrew S. Duff

Chairman and former CEO of Piper Jaffray Companies



William R. Fitzgerald

Chairman and CEO of Ascent Capital Group



B. Kristine Johnson

President of Affinity Capital Management



Addison L. Piper

Former Chairman and CEO of Piper Jaffray Companies



Sherry M. Smith

Former Executive VP and CFO of SUPERVALU



Philip E. Soran

Former President, CEO and Director of Compellent Technologies

Chair Nominating and Governance; Lead Director



Scott C. Taylor

Executive VP and General Counsel of Symantec

*Chair Audit**



Michele Volpi

CEO of Praesidiad

Chair Compensation

* Immediately following the 2018 annual meeting, Ms. Smith will become chair of the Audit Committee.

2017 Compensation Highlights

We achieved strong operating results in 2017, including record adjusted net revenues, adjusted net income, adjusted earnings per share, and adjusted ROE. Our named executive officers' *total* incentives for 2017 increased approximately 8% from 2016, reflecting our strong performance.

Importantly, the Compensation Committee implemented significant structural changes to our executive compensation program for 2017, which resulted in an *increase* in the portion of total incentives that were delivered in long-term performance share unit ("PSU") awards, and a *decrease* in annual incentive compensation. Our named executive officers' annual incentives for 2017 performance decreased approximately 10% from 2016, and they received approximately 25% of their total incentive compensation in the form of PSU awards. These PSU awards were granted in February 2018 and will vest only if certain long-term adjusted ROE and relative TSR levels are met over the three-year performance period covered by such awards. The Compensation Committee made these changes in response to shareholder feedback that we received during our annual shareholder engagement process in 2016, and it believes that the changes further bolster our pay-for-performance philosophy by tying a significantly greater portion of total incentives to our long-term performance.

Proposal One



PROPOSAL ONE—ELECTION OF DIRECTORS

2018 Nominees for Director

Upon the recommendation of the Nominating and Governance Committee, the Board of Directors (the “Board”) has nominated nine current members of the Board for election at the 2018 annual meeting. These individuals are Chad R. Abraham, Andrew S. Duff, William R. Fitzgerald, B. Kristine Johnson, Addison L. Piper, Sherry M. Smith, Philip E. Soran, Scott C. Taylor and Michele Volpi. Michael E. Frazier, who currently serves on our Board, will not be standing for re-election at the 2018 annual meeting of shareholders, and, as a result, the size of our Board will be decreased from ten to nine directors. Each of the nominees has agreed to serve as a director if elected. Under our majority voting standard and director resignation policy, each nominee will be elected by a majority of the votes cast with respect to that director’s election. Any nominee failing to receive a majority will tender his or her resignation to the Board, which shall decide whether to accept or reject the resignation. For more information on our majority voting standard and director resignation policy, please see the section titled “Board of Directors and Corporate Governance—Majority Voting Standard and Director Resignation Policy” below. Proxies may not be voted for more than nine directors. If, for any reason, any nominee becomes unable to serve before the annual meeting occurs, the persons named as proxies may vote your shares for a substitute nominee selected by our Board.

The Board of Directors recommends a vote FOR the election of the nine director nominees. Proxies will be voted FOR the election of the nine nominees unless otherwise specified.

The biographies of each of the nominees below includes information regarding the person’s service as a director, work experience, and the experiences, qualifications, attributes or skills that caused the Nominating and Governance Committee and our Board to determine that the person should serve as a director. Each nominee brings unique capabilities to the Board. The Board believes the nominees as a group have the experience and skills in areas such as senior level management, corporate governance, leadership development, investment banking, capital markets, asset management, finance and risk management that are necessary to effectively oversee our company. In addition, the Board believes that each of our directors possesses high standards of ethics, integrity and professionalism, sound judgment, community leadership and a commitment to representing the long-term interests of our shareholders.



Chad R. Abraham
Age 49
Director since 2018

Principal Occupation: Mr. Abraham has been our CEO since January 1, 2018. Prior to being appointed CEO, Mr. Abraham previously served as our Global Co-Head of Investment Banking and Capital Markets since 2010. He was a managing director and head of our technology investment banking group from 1999 to 2005, and head of capital markets from 2005 to 2010. Mr. Abraham began his career at Piper Jaffray Companies in 1991 as an investment banking analyst.

Qualifications: Mr. Abraham has more than 20 years of experience in the investment banking and capital markets industry with Piper Jaffray, including as our Global Co-Head of Investment Banking and Capital Markets from 2010 to 2017. The Board believes he has the knowledge of our company and its business necessary to help formulate and execute our business plans and growth strategies.



Andrew S. Duff
Age 60
Director since 2003

Principal Occupation: Mr. Duff became our chairman and chief executive officer following completion of our spin-off from U.S. Bancorp on December 31, 2003. He retired as our CEO on December 31, 2017, and was elected by the Board in December 2017 to continue as Board chairman following his retirement.

Qualifications: Mr. Duff has more than 30 years of experience in the capital markets industry with Piper Jaffray, including his 14-year service as our CEO, and was our chairman and chief executive officer since our spin-off from U.S. Bancorp in 2003. The Board believes he has the knowledge of our company and its business necessary to help inform the Board's strategic plans and provide valuable advice and insight to both the Board and company management.

Other Previous Directorships Held within the Last 5 Years:

- Arctic Cat Inc. (2015 - 2017)



William R. Fitzgerald
Age 60
Director since 2014

Piper Jaffray
Board Committees:

- Compensation
- Governance

Principal Occupation: Mr. Fitzgerald has been the chairman and chief executive officer of Ascent Capital Group, Inc. since August 2000. Ascent Capital Group (formerly known as Ascent Media Group) is a publicly traded holding company whose current business operations are conducted through its wholly owned subsidiary, Monitronics, Inc., which offers business and home security alarm monitoring services. In addition, Mr. Fitzgerald previously served as senior vice president of Liberty Media Corporation from July 2000 to December 2012. Mr. Fitzgerald served as executive vice president and chief operating officer for AT&T Broadband (formerly known as Tele-Communications, Inc.) from 1998 to 2000, and as executive vice president, corporate development of TCI Communications, Inc., a wholly-owned subsidiary of Tele-Communications, from 1996 to 1998. Mr. Fitzgerald was previously an investment banking partner with Daniels and Associates (now RBC Capital Markets), and he began his career as a commercial banker at The First National Bank of Chicago.

Qualifications: Mr. Fitzgerald brings to our Board significant management experience from his more than 30 years in the media and telecommunications industries, including his current role as chairman and chief executive officer of Ascent Capital Group. In addition, Mr. Fitzgerald's experience as a partner at a middle-market investment bank and public company director provides valuable experience to our management and to the Board.

Other Current Directorships:

- Ascent Capital Group, Inc.

Other Previous Directorships Held within the Last 5 Years:

- TripAdvisor, Inc. (2011 - 2013)



B. Kristine Johnson
Age 66
Director since 2003

Piper Jaffray
Board Committees:

- Governance

Principal Occupation: Ms. Johnson has been president of Affinity Capital Management, a Minneapolis-based venture capital firm that invests primarily in seed and early-stage healthcare companies in the United States, since 2000. Prior to joining Affinity Capital Management, Ms. Johnson spent 17 years at Medtronic, Inc., a leading medical device manufacturer. While at Medtronic, Ms. Johnson served as vice president and general manager of its tachyarrhythmia management business from 1990 to 1995, president of its tachyarrhythmia management business from 1995 to 1996, senior vice president and president of its vascular business from 1996 to 1997, and senior vice president and chief administrative officer from 1997 to 1999.

Qualifications: Ms. Johnson has extensive experience in both the health care industry and the venture capital business, with the health care industry being one of the primary areas of focus of our investment banking business. Her deep ties to the health care and venture capital industries, as well as the significant experience she has from other public company boards, provide the Board with valuable insights and knowledge, both from a client and public company perspective.

Other Current Directorships:

- AtriCure, Inc.

Other Previous Directorships Held within the Last 5 Years:

- The Spectranetics Corporation (2012 - 2017)



Addison L. Piper
Age 71
Director since 2003

Principal Occupation: Mr. Piper worked for Piper Jaffray from 1969 through 2006, serving as chief executive officer from 1983 to 2000 and as chairman from 1988 to 2003. He also served as vice chairman of Piper Jaffray Companies following the completion of our spin-off from U.S. Bancorp, and retired from that role effective at the end of 2006. From 1998 through August 2006, Mr. Piper had responsibility for our venture and private capital fund activities. During his earlier career with Piper Jaffray, he served as assistant equity syndicate manager, director of securities trading, and director of sales and marketing.

Qualifications: Mr. Piper has been a part of our company since 1969, serving in many roles, including chief executive officer. His experience with the company provides deep institutional knowledge as well as a comprehensive understanding of the financial services industry.



Sherry M. Smith
Age 56
Director since 2016

Principal Occupation: Ms. Smith served as executive vice president and chief financial officer of SUPERVALU, INC., a grocery wholesaler and retailer, from 2010 to 2013. Prior to that, she held the role of senior vice president of finance from 2005 to 2010, and senior vice president of finance and treasurer from 2002 to 2005.

Qualifications: As a result of her roles at SUPERVALU and the public company boards that she has served on, Ms. Smith has extensive public company financial, accounting, and risk management experience, which provides valuable insight for a director of a publicly traded securities firm such as our company.

Other Current Directorships:

- Deere & Company
- Tuesday Morning Corporation
- Realogy Holdings Corp.

Piper Jaffray
Board Committees:

- Audit
- Compensation



Philip E. Soran
Age 61
Director since 2013

**Piper Jaffray
Board Committees:**

- Audit
- Governance (Chair)

Principal Occupation: Mr. Soran served as president, chief executive officer and a director of Compellent Technologies, Inc., a Minnesota-based publicly traded company which he co-founded in March 2002, until its acquisition by Dell Inc. in February 2011. Following the acquisition, he served as the president of Dell Compellent from February 2011 to March 2012. From July 1995 to August 2001, Mr. Soran served as president, chief executive officer and a member of the board of directors of Xiotech, which Mr. Soran co-founded in July 1995. Xiotech was acquired by Seagate in January 2000.

Qualifications: Mr. Soran's experience founding and building technology companies provides strategic guidance to the Board and management, and his experience in the technology industry is valuable to the company as it is a focus area for our investment banking business. He also has extensive management experience as a chief executive officer of a publicly traded company of a similar size to our company. Mr. Soran's perspective as a board member of another publicly traded company also provides valuable insight to the Board.

Lead Director: Mr. Soran currently serves as the lead director of our Board.

Other Current Directorships:

- SPS Commerce, Inc.

Other Previous Directorships Held within the Last 5 Years:

- Hutchinson Technology Incorporated (2011 - 2016)



Scott C. Taylor
Age 53
Director since 2014

**Piper Jaffray
Board Committees:**

- Audit (Chair)
- Compensation

Principal Occupation: Mr. Taylor serves as Executive Vice President, General Counsel, and Secretary for Symantec Corp., a NASDAQ-listed computer security software provider, a position he has held since August 2008. Mr. Taylor's prior experience includes positions as chief administrative officer, senior vice president and general counsel of Phoenix Technologies Ltd. Prior to that, he was vice president and general counsel of Narus, Inc. Mr. Taylor began his legal career as a corporate attorney at Pillsbury Madison and Sutro LLP (now Pillsbury Winthrop Shaw Pittman LLP).

Qualifications: Mr. Taylor brings to the Board significant public company legal and governance expertise developed through his experience as general counsel of two publicly traded companies. In addition, his significant executive experience at leading technology companies provides Mr. Taylor with strong knowledge of the technology industry, which is an area of focus for our investment banking business.

Other Previous Directorships Held within the Last 5 Years:

- VirnetX Holding Corporation (2008 - 2014)



Michele Volpi
Age 54
Director since 2010

Piper Jaffray

Board Committees:

- **Compensation (Chair)**

Principal Occupation: Mr. Volpi has served as the chief executive officer of Praesidiad (formerly Betafence Corporate Services), a global provider of physical security solutions located in Belgium, since November 2011. Prior to joining Praesidiad, Mr. Volpi served as president, chief executive officer, and director of H.B. Fuller Company from December 2006 to November 2010. H.B. Fuller is a publicly traded company that manufactures and markets adhesives and specialty chemical products worldwide.

Qualifications: Mr. Volpi has significant management experience, including from his current position as chief executive officer of Praesidiad and his previous role as president, chief executive officer, and director of H.B. Fuller Company. Mr. Volpi's extensive management experience, including his experience as a chief executive officer of a publicly traded company, provides valuable perspective, insight, and strategic guidance to our management and to the Board.

Board of Directors and Corporate Governance



INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

The Board conducts its business through meetings of the members of the Board and the following standing committees: Audit, Compensation, and Nominating and Governance. Each of the standing committees has adopted and operates under a written charter, and, annually in November, each committee reviews its charter, performs a self-evaluation and establishes a plan for committee activity for the upcoming year. The committee charters are all available on the Investor Relations page of our website at www.piperjaffray.com, under the heading “Corporate Governance,” together with our Corporate Governance Principles, Director Independence Standards, Director Nominee Selection Policy, Procedures for Contacting the Board of Directors, Codes of Ethics and Business Conduct, and Complaint Procedures Regarding Accounting and Auditing Matters.

Codes of Ethics and Business Conduct

We have adopted a Code of Ethics and Business Conduct applicable to our employees, including our executive officers, and a separate Code of Ethics and Business Conduct applicable to our directors. Directors who also serve as officers of Piper Jaffray must comply with both codes. Both codes are available on the Investor Relations page of our website at www.piperjaffray.com, under the heading “Corporate Governance.” We will post on our website at www.piperjaffray.com any amendment to, or waiver from, a provision of either of our Codes of Ethics and Business Conduct within four business days following the date of such amendment or waiver.

Director Independence

Under applicable rules of the New York Stock Exchange, a majority of the members of our Board must be independent, and no director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with Piper Jaffray. To assist the Board with these determinations, the Board has adopted Director Independence Standards, which are available on the Investor Relations page of our website at www.piperjaffray.com, under the heading “Corporate Governance.”

The Board has affirmatively determined, in accordance with our Director Independence Standards, that other than Mr. Duff, none of our non-employee directors has a material relationship with Piper Jaffray and that each of them is independent. When determining the independence of our independent directors, the Board considered the following types of transactions or arrangements: (i) with respect to Ms. Johnson, the Board considered an immaterial commercial relationship involving Piper Jaffray and her primary business affiliation; (ii) with respect to Messrs. Piper and Soran and Ms. Smith, the Board considered an immaterial relationship arising solely because an immediate family member is an employee of another company that provides services to the company; (iii) with respect to Messrs. Piper and Taylor and Mses. Johnson and Smith, the Board considered immaterial relationships between Piper Jaffray and charitable foundations or other non-profit organizations with which each of those directors is

associated; and (iv) with respect to Ms. Johnson and Mr. Soran, the Board considered their respective investments in one of our investment funds on substantially the same terms as similarly situated investors. All of these relationships are deemed to be immaterial under our Director Independence Standards.

Mr. Abraham cannot be considered an independent director under New York Stock Exchange corporate governance rules because he is employed as our chief executive officer. Mr. Duff cannot be considered an independent director under those same rules because he served as our CEO until his retirement on December 31, 2017.

Board Leadership Structure and Lead Director

From our spin-off from U.S. Bancorp in 2003 until his retirement on December 31, 2017, Mr. Duff served in the combined roles of chairman and CEO. At the time of Mr. Duff's retirement as our CEO, the Board elected to have Mr. Duff continue to serve as the chairman of the Board. The Board believes that by continuing as Chairman, Mr. Duff, having served as chairman and CEO of the Company since we became a public company, will be able to provide valuable advice and strategic direction to both Mr. Abraham and the Board in light of Mr. Abraham's appointment as CEO. Since 2006, the Board has appointed a lead director of the Board. In February 2018, consistent with its practice of periodically rotating leadership positions, the Board approved the transition of the lead director role from Ms. Johnson to Mr. Soran. The lead director has the following duties and responsibilities, as described in our Corporate Governance Principles:

- presides at all meetings of the Board at which the chairman is not present, including executive sessions of the independent directors, and coordinates the agenda for and moderates these executive sessions;
- serves formally as a liaison between the chief executive officer and the independent directors;
- monitors Board meeting schedules and agendas to ensure that appropriate matters are covered and that there is sufficient time for discussion of all agenda items;
- monitors information sent to the Board and advises the chairman as to the quality, quantity and timeliness of the flow of information;
- has authority to call meetings of the independent directors; and
- if requested by major shareholders, makes himself available for consultation and direct communication.

The Board has no policy with respect to the separation of the offices of chairman and chief executive officer, and the Board believes the determination of whether to combine the roles of chairman and chief executive officer is a part of the succession planning process, which the Board oversees. Currently, the Board believes that Mr. Duff's continued service as chairman is in the best interests of shareholders and the company given Mr. Duff's perspective and experience and his ability to provide strategic advice and support in light of Mr. Abraham's appointment as CEO. We believe the oversight provided by the Board's independent directors, the work of the Board's committees described below, and the coordination

between Mr. Abraham, Mr. Duff, and the independent directors conducted by the lead director, Mr. Soran, help provide effective oversight of our company's strategic plans and operations.

Majority Voting Standard and Director Resignation Policy

Our amended and restated bylaws (the "bylaws") provide for a majority voting standard in uncontested director elections. Each nominee in an uncontested election will be elected by the vote of a majority of the votes cast with respect to that director's election. For these purposes, a majority of votes cast means that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election. "Abstentions" and "broker non-votes" will not be counted as votes cast either "for" or "against" a director's election. Contested director elections will continue to be decided by a plurality vote. Our bylaws require any director nominee failing to receive a majority of the votes cast in an uncontested director election promptly tender his or her resignation to the Board. Within 90 days of certification of the election results, the Nominating and Governance Committee will make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken, and the Board will publicly disclose its decision regarding the tendered resignation and the rationale behind the decision. The director who tenders his or her resignation will not participate in the recommendation of the Nominating and Governance Committee or the decision of the Board with respect to his or her resignation. For additional information regarding the majority voting standard, see Article II, Section 2.3 of our bylaws.

Board Involvement in Risk Oversight

The company's management is responsible for defining the various risks facing the company, formulating risk management policies and procedures, and managing the company's risk exposures on a day-to-day basis. The Board's responsibility is to monitor the company's risk management processes by informing itself concerning the company's material risks and evaluating whether management has reasonable controls in place to address the material risks. The Board is not responsible for defining or managing the company's various risks. The Board has allocated responsibility for oversight of specific risks between itself and its committees as provided below. Management regularly reports to each committee and the Board concerning the specific risks it oversees. The Board believes this division of responsibilities provides an effective and efficient approach for addressing risk management.

- **Board of Directors**—The entire Board is responsible for oversight of our major risk exposures related to our leadership and corporate strategy.
- **Audit Committee**—The Audit Committee is responsible for oversight of our risk assessment and risk management framework, and in that role oversees management's processes for identifying and evaluating our major risks, and the policies, procedures, and practices employed by management to govern the risk assessment and risk management framework. The Audit Committee is also responsible for oversight of the major risk exposures in the areas of market risk, credit risk, liquidity risk, legal and regulatory risk, operational risk (including cybersecurity), human capital risk relating to misconduct and fraud, and legal and compliance matters.

- **Compensation Committee**—The Compensation Committee is responsible for oversight of our major risk exposures relating to compensation, organizational structure, succession, and culture and ethics.
- **Nominating and Governance Committee**—The Nominating and Governance Committee is responsible for overseeing the Board’s committee structures and functions as they relate to risk oversight.

Meetings of the Non-Employee and Outside Directors

At both the Board and committee levels, our non-employee directors meet regularly in executive sessions in which Mr. Abraham and other members of management do not participate. Our independent directors meet regularly in executive session without Messrs. Abraham, Duff, and Frazier, the only non-independent directors under New York Stock Exchange rules. Mr. Soran, our lead director, serves as the presiding director at executive sessions of the Board, and the chairperson of each committee serves as the presiding director at executive sessions of that committee.

Committees of the Board

We have three standing committees of the Board: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. The table below shows the current membership of these committees:

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee
William R. Fitzgerald			
B. Kristine Johnson			
Sherry M. Smith			
Philip E. Soran(L)			
Scott C. Taylor			
Michele Volpi			

 Chairperson
  Member
 (L) Lead director

Immediately following the 2018 annual meeting of shareholders, Ms. Smith will become chair of the Audit Committee. Messrs. Abraham, Duff, and Piper do not currently serve on any of the committees of the Board.

Audit Committee

The Audit Committee's purpose is to oversee the integrity of our financial statements, the independent auditor's qualifications and independence, the performance of our internal audit function and independent auditor, and compliance with legal and regulatory requirements.

The Audit Committee has sole authority to retain and terminate the independent auditor and is directly responsible for the compensation and oversight of the work of the independent auditor. In connection with the Audit Committee's determination of whether to retain the independent auditor or engage another firm as our independent auditor, the Audit Committee annually reviews the independent auditor's performance and independence, taking into consideration the following:

- the quality of the Audit Committee's ongoing discussions with the independent auditor;
- management's perceptions of the independent auditor's expertise and past performance;
- the appropriateness of fees charged; and
- the independent auditor's independence qualification, including the independent auditor's provision of any permissible non-audit services and the related fees received for such services, as further described below in the section titled "Audit Committee Report and Payment of Fees to our Independent Auditor—Auditor Fees".

In addition, as discussed above, the Audit Committee is responsible for oversight of our risk assessment and management framework, and in that role oversees management's processes for identifying and evaluating our major risks, and the policies, procedures, and practices employed by management to govern the risk assessment and risk management framework. The Audit Committee is also responsible for oversight of the major risk exposures in the areas of market risk, credit risk, liquidity risk, legal and regulatory risk, operational risk (including cybersecurity), human capital risks related to misconduct and fraud, and legal and compliance matters.

The Audit Committee also meets with management and the independent auditor to review and discuss the annual audited and quarterly unaudited financial statements, reviews the integrity of our accounting and financial reporting processes and audits of our financial statements, and prepares the Audit Committee Report included in the proxy statement.

The responsibilities of the Audit Committee are more fully described in the Committee's charter. The Audit Committee met eleven times during 2017. The Board has determined that all members of the Audit Committee are independent (as that term is defined in the applicable New York Stock Exchange rules and in regulations of the Securities and Exchange Commission), that all members are financially literate and have the accounting or related financial expertise required by the New York Stock Exchange rules, and that each of Ms. Smith and Mr. Taylor qualify as an "audit committee financial expert" as defined by regulations of the Securities and Exchange Commission.

Compensation Committee

The Compensation Committee discharges the Board's responsibilities relating to compensation of the executive officers and ensures that our compensation and employee benefit programs are aligned with our compensation and benefits philosophy. These responsibilities also include reviewing and discussing with management whether the company's compensation arrangements are consistent with effective controls and sound risk management, and overseeing our major risk exposures relating to compensation, organizational structure, and succession. The Committee has full discretion to determine the amount of compensation to be paid to the executive officers. The Committee also has sole authority to evaluate the chief executive officer's performance and determine the compensation of the chief executive officer based on this evaluation. The Committee is responsible for recommending stock ownership guidelines for the executive officers and directors, for recommending the compensation and benefits to be provided to our non-employee directors, for reviewing and approving the establishment of broad-based incentive compensation, equity-based, retirement or other material employee benefit plans, and for discharging any duties under the terms of these plans.

The Committee has delegated authority to our chief executive officer under our Amended and Restated 2003 Annual and Long-Term Incentive Plan (the "Incentive Plan") to allocate awards to employees (other than our executive officers) in connection with our annual restricted stock grants made in the first quarter of each year (as part of the payment of incentive compensation for the preceding year). Under this delegated authority, the Committee approves the aggregate amount of equity to be awarded to all employees other than executive officers, and the chief executive officer approves the award recipients and specific amount of equity to be granted to each recipient. All other terms of the awards are determined by the Committee. The Committee also has delegated authority to the chief executive officer to grant restricted stock awards to employees other than executive officers in connection with recruiting and retention. This delegation permits the chief executive officer to determine the recipient of the award as well the amount of the award, subject to an annual share limitation set by the Committee each year. All awards granted pursuant to this delegated authority must be made in accordance with our equity grant timing policy described below in "Compensation Discussion and Analysis—Compensation Policies—Equity Grant Timing Policy." All other terms of the awards are determined by the Committee.

The work of the Committee is supported by our human capital department, primarily through our chief human capital officer, our finance department, primarily through our chief financial officer, and by our legal department, primarily through our general counsel and assistant general counsel, who prepare and present information and recommendations for review and consideration by the Committee. These personnel work closely with the Committee chair and, as appropriate, our chief executive officer. For more information, refer to the section below titled "Compensation Discussion and Analysis—How Compensation Decisions are Made—Involvement of Executive Officers."

The Compensation Committee has sole authority to engage, retain, and terminate independent compensation consultants, and has retained FW Cook to provide strategic planning, market context, and general advice to the Committee with respect to executive compensation, as described below under "Compensation Discussion and Analysis—How Compensation Decisions are Made—Compensation Consultant."

The Compensation Committee reviews and discusses with management the disclosures regarding executive compensation to be included in our annual proxy statement, and recommends to the Board inclusion of the Compensation Discussion and Analysis in our annual proxy statement. The responsibilities of the Compensation Committee are more fully described in the Committee's charter. For more information regarding the Committee's process in setting compensation, please see "Compensation Discussion and Analysis—How Compensation Decisions are Made" below. The Compensation Committee met nine times during 2017. The Board has determined that all members of the Compensation Committee are independent (as that term is defined in applicable New York Stock Exchange rules).

Nominating and Governance Committee

The Nominating and Governance Committee identifies and recommends individuals qualified to become members of the Board and recommends to the Board sound corporate governance principles and practices for Piper Jaffray. In particular, the Committee assesses the independence of our Board members, identifies and evaluates candidates for nomination as directors, responds to director nominations submitted by shareholders, recommends the slate of director nominees for election at the annual meeting of shareholders and candidates to fill vacancies between annual meetings, recommends qualified members of the Board for membership on committees, oversees the director orientation and continuing education programs, reviews the Board's committee structure, reviews and assesses the adequacy of our Corporate Governance Principles, and oversees the annual evaluation process for the chief executive officer, the Board, and Board committees. With respect to risk oversight, the Nominating and Governance Committee is responsible for overseeing the Board's committee structures and functions as they relate to risk oversight. The Nominating and Governance Committee also oversees administration of our related person transaction policy and reviews the transactions submitted to it pursuant to such policy. The responsibilities of the Nominating and Governance Committee are more fully described in the Committee's charter. The Nominating and Governance Committee met seven times during 2017. The Board has determined that all members of the Nominating and Governance Committee are independent (as that term is defined in applicable New York Stock Exchange rules).

Annual Board Evaluation Process

The Nominating and Governance Committee oversees the Board's annual evaluation process. In connection with this process, every year our Nominating and Governance Committee Chair interviews each director and members of management concerning the effectiveness of the Board and its committees, including in the areas of strategic prioritization, risk oversight, director engagement, and management accountability. Our Nominating and Governance Committee Chair then reviews and discusses information from these interviews with the Board and its committees. Each of our committee chairs includes any feedback received concerning the committee in its annual self-evaluation, which is discussed by each committee at its final meeting of the year. The results of each committee's self-evaluation are reported to the full Board at its final meeting of the year.

Meeting Attendance

Our Corporate Governance Principles provide that our directors are expected to attend meetings of the Board and of the committees on which they serve, as well as our annual meeting of shareholders. Our Board held eight meetings during 2017. Each of our current directors attended at least 75% of the meetings of the Board and the committees on which he or she served during 2017, with the directors collectively attending 99% of the aggregate number of the meetings held by the Board and the committees on which they served during the year. All of our directors who were serving at the time of our 2017 annual meeting of shareholders attended such meeting.

Procedures for Contacting the Board of Directors

The Board has established a process for shareholders and other interested parties to send written communications to the Board or to individual directors. Such communications should be sent by U.S. mail to the attention of the Office of the Secretary, Piper Jaffray Companies, 800 Nicollet Mall, Suite 1000, Mail Stop J12NSH, Minneapolis, Minnesota 55402. Communications regarding accounting and auditing matters will be handled in accordance with our Complaint Procedures Regarding Accounting and Auditing Matters. Other communications will be collected by the secretary of the company and delivered, in the form received, to the lead director or, if so addressed, to a specified director.

Procedures for Selecting and Nominating Director Candidates

The Nominating and Governance Committee will consider director candidates recommended by shareholders and has adopted a policy that contemplates shareholders recommending and nominating director candidates. A shareholder who wishes to recommend a director candidate for nomination by the Board at the annual meeting of shareholders or for vacancies on the Board that arise between shareholder meetings must timely provide the Nominating and Governance Committee with sufficient written documentation to permit a determination by the Board whether such candidate meets the required and desired director selection criteria set forth in our bylaws, our Corporate Governance Principles and our Director Nominee Selection Policy described below. Such documentation and the name of the director candidate must be sent by U.S. mail to the Chairperson, Nominating and Governance Committee, c/o the Office of the Secretary, Piper Jaffray Companies, 800 Nicollet Mall, Suite 1000, Mail Stop J12NSH, Minneapolis, Minnesota 55402.

Alternatively, shareholders may directly nominate a person for election to our Board by complying with the procedures set forth in Article II, Section 2.4 of our bylaws, and with the rules and regulations of the Securities and Exchange Commission. Under our bylaws, only persons nominated in accordance with the procedures set forth in the bylaws will be eligible to serve as directors. In order to nominate a candidate for service as a director, you must be a shareholder at the time you give the Board notice of your nomination, and you must be entitled to vote for the election of directors at the meeting at which your nominee will be considered. In accordance with our bylaws, director nominations generally must be made pursuant to notice delivered to, or mailed and received at, our principal executive offices at the address above, not later than the 90th day, nor earlier than the 120th day, prior to the first anniversary of the prior year's annual meeting of shareholders. Your notice must set forth all information relating to the nominee that is required to be disclosed in solicitations of proxies for the election of directors in an

election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including the nominee’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

As required by our Corporate Governance Principles and our Director Nominee Selection Policy, when evaluating the appropriate characteristics of candidates for service as a director, the Nominating and Governance Committee takes into account many factors. At a minimum, director candidates must demonstrate high standards of ethics, integrity and professionalism, independence, sound judgment, community leadership and meaningful experience in business, law or finance or other appropriate endeavor. Candidates also must be committed to representing the long-term interests of our shareholders. In addition to these minimum qualifications, the Committee considers other factors it deems appropriate based on the current needs and desires of the Board, including specific business and financial expertise, experience as a director of a public company, and diversity. The Board considers a number of factors in its evaluation of diversity, including geography, age, gender, and ethnicity. Based on these factors and the qualifications and background of each director, the Board believes that its current composition is diverse. As indicated above, diversity is one factor in the total mix of information the Board considers when evaluating director candidates. The Committee will reassess the qualifications of a director, including the director’s attendance, involvement at Board and committee meetings and contribution to Board diversity, prior to recommending a director for reelection.

Compensation Program for Non-Employee Directors

During 2017, non-employee directors participated in our non-employee director compensation program. Our non-employee director compensation program provides for the annual payments described in the table below.

Annual Compensation for Non-Employee Directors for 2017	
Board Service	<ul style="list-style-type: none"> • \$60,000 cash retainer • \$70,000 grant of shares of our common stock
Service on a Committee	<ul style="list-style-type: none"> • Audit—\$10,000 cash retainer • Compensation—\$5,000 cash retainer • Governance—\$5,000 cash retainer
Service as a Committee Chair	<ul style="list-style-type: none"> • Audit—\$25,000 cash retainer • Compensation—\$15,000 cash retainer • Governance—\$15,000 cash retainer
Additional Retainers	<ul style="list-style-type: none"> • Lead Director—\$20,000 cash retainer • Non-Executive Chairman—\$50,000 cash retainer, and \$50,000 grant of shares of our common stock (Begun in 2018)
Observer Fees	<ul style="list-style-type: none"> • \$1,000 cash per committee meeting attended on which director does not serve

A director that receives fees for service as a chairperson of a committee does not receive fees for membership on that committee. Non-employee directors who join our Board after the first month of a calendar year are paid a pro rata annual retainer based on the period they serve as a director during the year. The non-employee director compensation program also provides that a non-employee director will

receive a one-time \$60,000 grant of shares of our common stock on the date of the director's initial election or appointment to the Board. The annual grant of \$70,000 of shares of our common stock is made on the day of our annual meeting to all directors whose service continues after that date. All equity awards granted to our non-employee directors are granted under the Incentive Plan.

In 2017, all of our non-employee directors participated in the non-employee director compensation program. Since Mr. Duff was CEO during 2017, he did not participate in the non-employee director compensation program; however, Mr. Duff will participate in the program in 2018, and will receive an additional retainer of \$100,000 for his service as Chairman, \$50,000 of which will be paid in cash and \$50,000 of which will be granted in shares of our common stock immediately following our 2018 annual meeting. In addition, the annual grant of shares of our common stock made to all non-employee directors immediately following the 2018 annual meeting has been increased from \$70,000 to \$80,000.

Mr. Frazier began participating in our non-employee director compensation program on March 1, 2017, when his consulting agreement with Piper Jaffray & Co. terminated. His 2017 compensation reflects the pro-rated amounts that he received during the year under the non-employee director compensation program.

Our non-employee directors may participate in the Piper Jaffray Companies Deferred Compensation Plan for Non-Employee Directors, which was designed to facilitate increased equity ownership in the company. The plan permits our non-employee directors to defer all or a portion of the cash payable to them and shares of common stock granted to them for service as a director of Piper Jaffray for any calendar year. All cash amounts and share grants deferred by a participating director are credited to a recordkeeping account and deemed invested in phantom shares of our common stock as of the date the deferred fees otherwise would have been paid or the shares otherwise would have been issued to the director. Any dividends that we pay on our common stock are also credited as additional phantom shares to the directors' recordkeeping accounts based on the closing price of shares of our common stock on the New York Stock Exchange on the date the dividend is paid. No shares of common stock are reserved, repurchased or issued until the director's service ceases. Following the last day of the year in which the director's service ceases, the director will receive a share of our common stock for each phantom share in their recordkeeping account.

Non-employee directors may participate in our charitable gift matching program, pursuant to which we will match a director's gifts to eligible organizations dollar for dollar from a minimum of \$25 up to an aggregate maximum of \$1,500 per year. Employees or consultants of Piper Jaffray who also serve as directors receive compensation for their service as employees or consultants, but they do not receive any additional compensation for their service as directors.

Non-Employee Director Compensation for 2017

The following table contains compensation information for our non-employee directors for the year ended December 31, 2017.

Director	Fees Earned or Paid in Cash				Total (\$)
	Annual Retainer (\$)	Additional Retainer and Meeting Fees (\$)	Stock Awards ⁽¹⁾⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	
William R. Fitzgerald	60,016 ⁽⁴⁾	11,874 ⁽⁴⁾	70,001 ⁽⁴⁾	1,500	143,391
B. Kristine Johnson	60,000	31,055	70,001	1,500	162,556
Addison L. Piper	60,000	17,000	70,001	1,500	148,501
Michael E. Frazier	50,301 ⁽⁵⁾	—	70,001	—	120,302
Sherry M. Smith	60,000	18,205	70,001	1,500	149,706
Philip E. Soran	60,000	18,945	70,001	1,500	150,446
Scott C. Taylor	60,019 ⁽⁶⁾	30,289 ⁽⁶⁾	70,001	1,500	161,809
Michele Volpi	60,000	15,000	70,001	—	145,001

(1) Represents the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718.

(2) Our non-employee directors hold no outstanding stock option awards.

(3) Consists of charitable matching contributions made by Piper Jaffray in the amount of \$1,500.

(4) These amounts were deferred pursuant to the Piper Jaffray Companies Deferred Compensation Plan for Non-Employee Directors.

(5) Reflects a pro rata portion of the annual cash retainer paid to Mr. Frazier for his Board service beginning March 1, 2017, following the termination of his consulting agreement with Piper Jaffray & Co.

(6) Mr. Taylor elected to defer fifty percent of his annual and committee retainers pursuant to the Piper Jaffray Companies Deferred Compensation Plan for Non-Employee Directors.

Executive Compensation



Compensation Discussion and Analysis

Our 2017 results reflect continued strong performance against our long-term strategy that includes a focus on shifting our business mix to our higher margin businesses of advisory services (i.e., mergers and acquisitions) and public finance, and executing on opportunistic strategic acquisitions and organic investments.

In 2017, we achieved adjusted net revenues* of \$869.6 million, which was a record for our company for the fourth consecutive year. Our record adjusted net revenues were driven by strong results in our advisory services and public finance businesses, which we have targeted for growth over the past few years through selective hiring, internal development, and strategic acquisitions. The strength of these businesses contributed to our profitability during 2017 with adjusted earnings per share* of \$7.12, a 52% increase from 2016, and an adjusted ROE* of 14.2%, both of which were the highest in our company's history.

As a reflection of the level and stability of our earnings, as another way to return capital, our Board initiated a new annual and quarterly dividend policy in 2017, which is intended to return between 30% and 50% of our adjusted net income to our shareholders. In 2017, shareholders received total dividends of \$2.87 per share, including quarterly dividends of \$0.3125 per share and a special annual dividend of \$1.62 per share paid in March 2018.

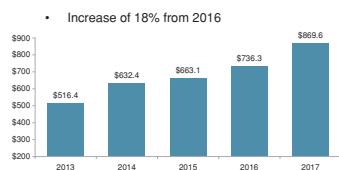
Our adjusted results* exclude a \$114.4 million non-cash goodwill impairment charge that we took during the year in our Asset Management segment, a \$54.2 million non-cash tax charge for the remeasurement of our deferred tax asset as a result of changes to the U.S. federal tax code through the enactment of the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act"), as well as other acquisition-related compensation expenses.

* Adjusted net revenues, adjusted net income, adjusted earnings per diluted common share, and adjusted return on average common shareholders' equity (which are used throughout this proxy statement) are non-GAAP financial measures and are further defined and reconciled to the most directly comparable GAAP financial measure in the Appendix to this proxy statement.

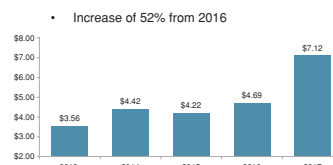
Highlights of 2017 Financial Performance

The following were the key aspects of our 2017 financial performance considered by our Compensation Committee when determining executive officer compensation for 2017:

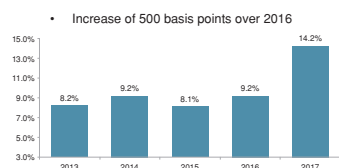
Adjusted Net Revenues (\$M)



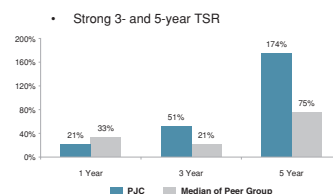
Adjusted Earnings Per Share



Adjusted ROE



Total Shareholder Returns (TSR) (as of 12/31/2017)



- We generated record adjusted net revenues of \$869.6 million, which represents approximately 68% growth since 2013. This revenue growth has primarily occurred in our higher margin businesses of advisory services and public finance. These businesses comprised approximately 62% of our adjusted net revenues in 2017.
- We achieved record adjusted net income of \$108.9 million, adjusted earnings per share of \$7.12, and adjusted ROE of 14.2%, demonstrating the operating leverage in our business from both the higher absolute revenue level we produced and the shift in the mix of these revenues to our higher-margin businesses of advisory services and public finance.
- Our advisory services and public finance businesses both had strong years and helped to offset challenging markets for our institutional brokerage and asset management businesses. Our advisory services business achieved a record \$443.3 million in revenues in 2017 due to strong results from our healthcare, consumer, and energy franchises.

At the end of 2017, our three-, and five-year total shareholder returns (“TSR”) were in the top quartile of the peer group that we use for compensation purposes. We believe that the strategy that we set in 2011, which has focused on operating discipline, investment in our higher margin businesses, and execution on opportunistic strategic acquisitions and investments, will continue to drive strong returns for our shareholders.

Named Executive Officers

Mr. Duff was our chief executive officer (“CEO”) and Ms. Schoneman was our chief financial officer (“CFO”) throughout 2017. Because they held these positions as of December 31, 2017, we have disclosed their compensation within this proxy statement. Mr. Duff retired as CEO on December 31, 2017. Our three most highly compensated executive officers for 2017 other than Mr. Duff and Ms. Schoneman were Chad R. Abraham and R. Scott LaRue, our global co-heads of investment banking and capital markets, and Frank E. Fairman, our head of public finance.

In addition, the compensation paid to our former President and Chief Operating Officer (“COO”), Stuart C. Harvey, Jr. is also disclosed in this proxy statement since he was one of our highest compensated executive officers during 2017. Mr. Harvey voluntarily decided to resign from his employment effective as of December 29, 2017. During 2017, as President and COO, Mr. Harvey had reporting responsibility for our business lines.

Mr. Duff retired as CEO on December 31, 2017, concluding a 37-year career with Piper Jaffray that included 17 years as CEO (14 of which followed our spin-off from U.S. Bank in 2003). His retirement was completed in accordance with a succession plan developed by our Board, and as part of that plan, Mr. Duff remains as Chairman of the Board.

Effective as of January 1, 2018, Mr. Abraham was appointed as our CEO and Ms. Schoneman was appointed as our President. Mr. Abraham and Ms. Schoneman currently share reporting responsibility for our business lines.

We refer to these individuals collectively throughout this Compensation Discussion and Analysis as the “named executive officers.”

Executive Compensation Program

Based on feedback that we received from shareholders during our 2016 annual engagement process, our Compensation Committee approved significant changes to our executive compensation program that are described later in this proxy statement. All of these changes were implemented with respect to compensation for 2017 performance, which was paid in February 2018.

In 2017, our executive compensation program consisted primarily of three elements: base salary, annual incentive compensation (including cash and restricted compensation), and long-term incentive awards in the form of long-term performance share units (“PSUs”).

Base Salary

2017 base salaries were unchanged. Salaries provide a market-competitive set amount of cash compensation for each executive that is not variable. Mr. Abraham received an increase in his 2018 base salary to \$550,000 in connection with his appointment to CEO, which became effective as of January 1, 2018.

Annual Incentive Compensation

Our annual incentive program directly aligns our executive officers’ annual incentive pay with our pre-tax, pre-profit provision income, a measure of our profitability. Increasing our profitability is a key objective for us as we seek to maximize long-term value for our shareholders. While our pre-tax, pre-profit provision income was up approximately 16% in 2017, the annual incentive compensation (including cash and restricted compensation) paid to our named executive officers was down approximately 10% from 2016. **This reduction reflects the significant increase in the portion of compensation that is now delivered in the form of PSUs.** Annual incentive compensation is paid in a mix of cash and restricted compensation.

Long-Term PSU Awards

Our PSU awards are intended to directly align the interests of our named executive officers with those of our shareholders by directly tying the value of the award to certain long-term performance metrics. The PSU award will be earned only if over the 36-month performance period we achieve a certain (1) adjusted ROE and (2) relative TSR compared to a broad index of financial services companies. The February 2017 PSU award included these performance metrics, but the amounts granted under the awards were consistent with our historical PSU program. Beginning with the February 2018 grant, the amount of PSUs awarded to each executive officer is based on the amount of annual incentive compensation paid to the executive officer. The total amount of PSUs granted to our named executive officers in February 2018 was increased approximately 173% from 2017, and made up approximately 25% of their total incentive compensation.

Changes Made to Executive Compensation Program

Our Compensation Committee (referred to as the “Committee” in this Compensation Discussion and Analysis) implemented significant changes to our executive compensation program in 2016. At the May 2017 annual meeting of shareholders, our say-on-pay proposal received the support of 95% of votes cast either in favor of, or against, the proposal. We believe that this result, combined with the feedback that we received from our 25 largest shareholders during our annual engagement process in 2017, reflects an affirmation of the significant changes that our Committee made.

We have included below a summary of the material changes that were made to our executive compensation program. This summary is included because the most significant changes were implemented with respect to incentive compensation for 2017 performance, which was paid to our executive officers in February 2018. Importantly, due to the timing of when equity awards, including PSU awards, are recognized in the Summary Compensation Table below, these changes will not be fully reflected in the figures disclosed in the Summary Compensation Table until the 2019 proxy statement.

The Committee’s objective in implementing the changes described below was to respond to the feedback it received from shareholders and further strengthen our pay-for-performance philosophy by designing an executive compensation program that incentivizes strong financial performance, attracts and retains the most talented people who are committed to the long-term success of our company, and is supported by our shareholders. The Committee believes the changes it has made will achieve this objective.

Changes to Annual Incentive Program

Our annual incentive program has historically used a measure of pre-tax operating income as the performance goal in determining our executive officers’ annual incentive compensation. Our annual incentive program’s emphasis on profitability, which is a similar focus for our financial services industry peers, means that changes in annual incentives are directly related to changes in our profitability. This design incentivizes our executive officers to increase the profitability of their business lines and of the company overall, which the Committee believes will maximize long-term returns for our shareholders.

Of the annual incentives that are awarded to our executive officers for our profitability, a portion was paid in cash and a portion was paid in time-vested restricted compensation (restricted shares of PJC common stock or shares of investment funds) that vests ratably over three years. In addition to this annual incentive program, our Committee made an annual grant of long-term PSUs intended to reward long-term performance.

Shareholder feedback received:

During our 2016 engagement with shareholders, some shareholders expressed the view that the annual incentive program, which is based on profitability, outweighed our long-term PSU program. Their concern with the design of our program was that the proportionally greater amount that executive officers could receive through the annual incentive program versus the long-term PSU program might place too much emphasis on short-term profitability and not enough on long-term performance.

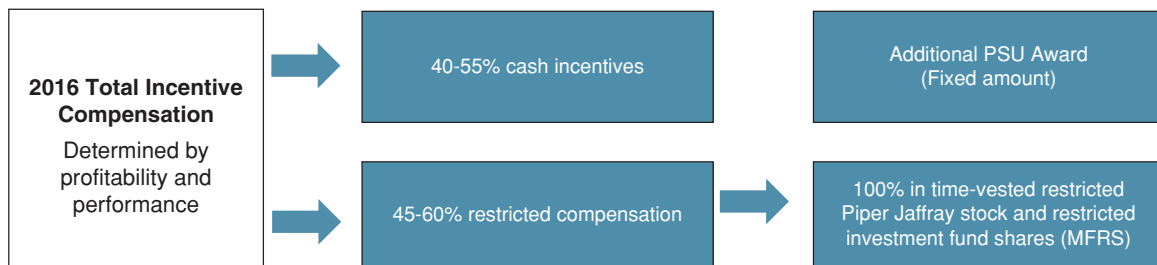
Compensation Committee action:

The Committee determined to *decrease* the amount of compensation paid out in annual incentives in the form of time-vested restricted compensation (including restricted stock), and to *increase* the amount of the long-term PSU awards made to our executive officers. Although we view the time-vested restricted compensation to be performance *granted* because it is based on annual profitability, the Committee determined to increase the amount of compensation received in the form of long-term PSU awards that will vest *only if* certain (1) adjusted ROE and (2) relative TSR performance levels are achieved.

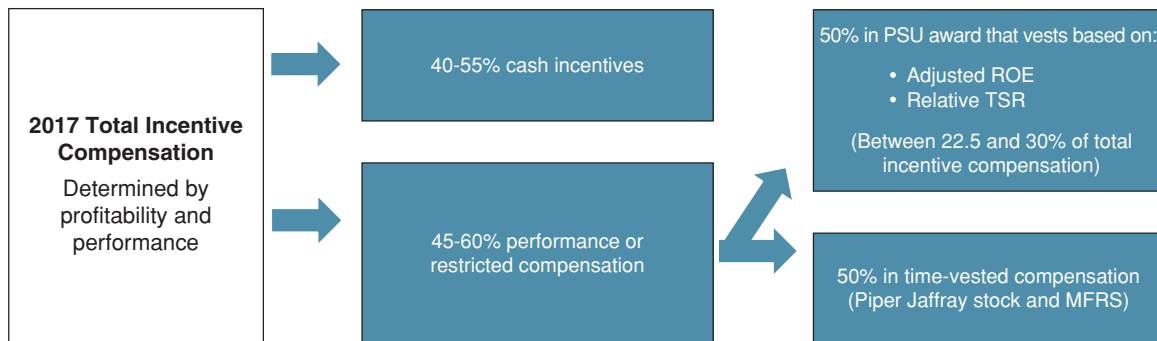
We previewed this change during our engagement meetings with shareholders in 2017, resulting in positive feedback from such shareholders on the shift in the compensation mix from time-vested restricted compensation to long-term PSUs.

The effect of this change is illustrated by the graphic below:

2016 Annual Incentive Program (paid in February 2017)



2017 Incentive Program (paid in February 2018)



Changes to Annual Cash Incentives

Under our executive compensation program, as our profitability increases, so too does our executive officers' annual incentive compensation, between 40 to 55% of which is paid in cash.

Shareholder feedback received:

During our 2016 engagement with shareholders, some shareholders expressed the view that the amount of cash that can be paid to executive officers should be capped.

Compensation Committee action:

The Committee capped the amount of annual cash incentives that can be paid to our CEO, CFO, and President at three times their base salaries. The Committee made this change after reviewing market-competitive practices within the financial services industry, and believes it appropriately caps the amount of annual incentives paid in cash to those executive officers most responsible for our company's overall financial performance.

Changes to Long-Term PSU Program

Since 2012, our PSU award program has evolved from its beginning as a means for providing additional long-term incentive compensation for delivering significant returns to shareholders, to become a central component of our executive compensation program and the pay-for-performance philosophy that drives the Committee's determinations of overall executive compensation. For all grants made prior to 2017, our PSU award included both (1) absolute TSR and (2) relative TSR performance metrics.

Shareholder feedback received:

During our 2016 engagement with shareholders, some shareholders expressed the view that the absolute TSR metric might not be as relevant to our long-term performance as an operating performance metric aligned with our strategic objectives.

Compensation Committee action:

The Committee eliminated the absolute TSR performance metric, and, beginning with the February 2017 grant, the PSU awards now vest based on the following metrics: (1) adjusted ROE, and (2) relative TSR. 50% of the PSU award is tied to each metric. The Committee added adjusted ROE to the award because increasing our profitability and making efficient use of capital are key priorities for our company, and management and the Board uses adjusted ROE to inform its strategic decision-making process. Relative TSR was selected because it shows the returns we are providing our shareholders in relation to a broad index of financial services companies. The vesting thresholds of the metrics (which are described later on in this proxy statement) are intended to be challenging, and to incentivize our executive officers to make strategic and business decisions that will increase our long-term adjusted ROE and provide superior returns to our shareholders.

Our Compensation Practices Demonstrate Sound Governance

Our compensation practices demonstrate sound corporate governance. We continually review our executive compensation program to ensure it reflects good governance practices and the best interests of shareholders. Our executive compensation program currently includes:

<u>What we do:</u>	<u>What we do NOT do:</u>
<ul style="list-style-type: none"> ✓ Annual incentives directly tied to our pre-tax, pre-profit provision income, a measure of our profitability; 	<ul style="list-style-type: none"> X No stand-alone change-in-control agreements;
<ul style="list-style-type: none"> ✓ Long-term PSU awards directly tied to (1) adjusted ROE, a key operating performance metric, and (2) returns generated for our shareholders as measured by relative TSR; 	<ul style="list-style-type: none"> X No employment agreements with our executives;
<ul style="list-style-type: none"> ✓ Stock ownership guidelines for executive officers and directors, supplemented with an anti-hedging policy; 	<ul style="list-style-type: none"> X No repricing of underwater stock options;
<ul style="list-style-type: none"> ✓ “Double trigger” change-in-control provision for all equity awards; and 	<ul style="list-style-type: none"> X No excessive perquisites; and
<ul style="list-style-type: none"> ✓ Clawback policy to recover incentive compensation in certain circumstances. 	<ul style="list-style-type: none"> X No tax gross-ups, other than in the case of certain tax equalization or relocation expenses, consistent with firm-wide policies.

Our Compensation Philosophy and Objectives

Our executive compensation program is designed to drive and reward corporate performance annually and over the long term, as measured by increasing shareholder value. Compensation also must be internally equitable and externally competitive and meet the following core objectives:

Core Compensation Principles and Objectives

Principle	Objectives	How We Achieved These Objectives
Pay for Performance	• Drive Profitability	Most of the total compensation paid to our named executive officers is based on our pre-tax, pre-profit provision income. In addition, half of the PSU award is earned <i>only if</i> our adjusted ROE meets certain levels.
	• Drive Shareholder Returns	Our executive officers are granted a PSU award which vests <i>only if</i> we achieve certain levels of (1) adjusted ROE, and (2) relative TSR over a three-year performance period from the date of grant.
	• Demonstrate Leadership	Our named executive officers' performance is also measured against defined objectives in areas such as strategic initiatives, business performance, leadership effectiveness, and internal talent development.
Sustain and Strengthen the Franchise	• Attract Talent	Because our business is highly competitive and relies on the talents and efforts of our employees, our compensation program is designed to be competitive to allow us to attract the most talented people who are committed to the long-term success of our company.
	• Retain Talent	Our success drives the compensation realized by our executive officers, both in the form of increased incentive compensation paid and in appreciation of the company's stock price, which makes up a significant portion of our executive officers' annual incentive compensation in the form of time-vested restricted stock.
Align Risk and Reward	• Foster Balanced Risk-Taking	We use a mix of compensation components—base salary, annual incentives and long-term incentives—to create an environment that encourages increased profitability for the company without undue risk-taking. We also have an incentive compensation recovery policy that allows the Committee to recover incentive compensation under certain circumstances.
Align Employees with Shareholders	• Encourage Equity Ownership	We use equity ownership to directly align the interests of our executive officers with those of our shareholders in creating long-term shareholder value. A significant portion of annual incentives are paid in restricted shares of our common stock, and each executive officer is subject to our stock ownership guidelines that requires them to hold a specified multiple of their base salary in shares of our company stock while they are an executive officer.

How Compensation Decisions are Made

The Committee is responsible for approving the compensation paid to our executive officers and ensuring it meets our compensation objectives. With respect to our CEO, the Committee has sole responsibility for evaluating performance and determining his compensation. In doing so, the chairperson of the Committee solicits evaluation input from each member of the Board, and also leads a discussion of the full Board reporting on the results of the annual evaluation and reviewing the CEO's self-evaluation.

At the beginning of each year, the Committee approves the amount of incentive compensation to be paid to our executive officers in recognition of prior-year performance, approves their base salaries for the current year if there are changes, and establishes performance goals under an annual incentive program, which has historically been our pre-tax, pre-profit provision income. Subject to limits on the compensation that may be paid under the annual incentive program, the Committee has full discretion to determine the amount of compensation to be paid to the executive officers.

Involvement of Executive Officers

The work of the Committee is supported by our human capital department, our finance department, and our legal department. Our Chief Human Capital Officer, CFO, and General Counsel, with input from the CEO, prepare and present information and recommendations for review and consideration by the Committee, including:

- The performance goals to be established under the annual incentive program, which has historically been a measure of our pre-tax, pre-profit provision income;
- Financial information for the company and each business unit reviewed in connection with executive compensation decisions;
- The firms considered in the compensation peer group and financial and compensation data for those firms (including TSR for those firms as compared to the company);
- The performance evaluations and compensation recommendations for the executive officers;
- Tally sheets specifying each element of compensation paid to the executive officers for the current and prior year and reflecting total proposed compensation and potential compensation under various scenarios; and
- The evaluation and compensation process to be followed by the Committee.

Compensation Peer Group

The Committee and its independent compensation consultant, with input from management, annually identify a compensation peer group of firms with which we compete for executive talent. As a middle-market, full-service investment bank with asset management operations, we believe there are few other companies that are directly comparable to Piper Jaffray. Our peer group includes companies primarily

consisting of investment banks with revenues and market capitalizations similar to ours, while including representation of companies with asset management operations, which are an important portion of our business. Our peer group for 2017 was unchanged from 2016, other than to eliminate FBR & Co. following its acquisition by a non-peer firm. Our 2017 peer group consisted of the following companies, each of whom we believe are direct competitors for talent in some aspect of our business:

2017 Peer Group

Cowen Group, Inc.	Lazard Ltd.
Evercore Partners Inc.	Moelis & Co.
Greenhill & Co.	Oppenheimer Holdings Inc.
Houlihan Lokey, Inc.	Stifel Financial Corp.
JMP Group LLC	

We also may use data from external market surveys to the extent that such surveys are available and provide representative data, and we may review publicly available data for similar companies that are not direct competitors to address issues we may encounter obtaining compensation information for executives holding positions comparable to our executive officers. The peer group and market data is an important factor considered by the Committee when setting compensation, but it is only one of multiple factors considered by the Committee, and the amount paid to each executive may be more or less than the composite market median based on individual performance, the roles and responsibilities of the executive, experience level of the individual, internal equity and other factors that the Committee deems important. As such, the Committee uses peer group and market survey information to put the total compensation proposed to be paid to each named executive officer in context of pay ranges for like positions at similar companies and to confirm that any variances from market norms are justified in light of the specific circumstances of our named executive officers.

Compensation Consultant

The Committee engaged FW Cook as its independent compensation consultant for 2017. The Committee considers advice and recommendations received from FW Cook in making executive compensation decisions. FW Cook does not provide services to us other than the advice it provides to the Committee and FW Cook has advised the Committee that the fees and direct expenses received from us during 2017 were less than 1% of FW Cook's consulting income for the period. FW Cook also has advised us that neither it nor, to its knowledge, any member of its consulting team serving the Committee owns any shares or other securities of Piper Jaffray. After considering the foregoing, as well as FW Cook's conflict of interest policies and procedures and the lack of known business and personal relationships between FW Cook, its team members serving the Committee and the members of the Committee and our executive officers, the Committee concluded that FW Cook's work for the Committee does not raise any conflict of interest concerns.

Say-on-Pay

At our 2017 annual meeting of shareholders, our say-on-pay proposal received "for" votes that represented approximately 95% of the aggregate number of shares that voted "for" and "against" the proposal, which was a significant increase from 72% approval at our 2016 annual meeting. We believe that this result reflects an affirmation of the significant changes that the Committee made to our executive compensation program in 2016 after we sought input from our 25 largest institutional shareholders. Our

2017 annual engagement process with our 25 largest institutional shareholders provided additional feedback that was supportive of the changes that were made to our executive compensation program. A full description of the changes are described above under “—Overview of Changes Made to Executive Compensation Program.”

Clawback Policy

Our Board of Directors has adopted a clawback policy that allows the Committee to recover incentive compensation from any current or former executive officer if that executive officer engages in intentional misconduct that caused or contributed to noncompliance with a financial reporting requirement under the federal securities laws which requires the company to file an accounting restatement with the Securities and Exchange Commission (the “SEC”). If the Committee seeks to recover incentive compensation following an accounting restatement, the amount of incentive compensation subject to recovery would be the amount in excess of what the executive officer would have earned based on the restated financial results as determined by the Committee. In addition, regardless of whether there is an accounting restatement, the Committee may recover incentive compensation from a current or former executive officer if that executive officer engages in fraud, theft, misappropriation, embezzlement or dishonesty to the material detriment of the company’s financial results as filed with the SEC. The incentive compensation recoverable in this circumstance will be based on the Committee’s determination of the harm caused by the executive officer’s conduct and the incentive compensation awarded to the officer with a vesting or performance period during which the conduct took place.

2017 Named Executive Officer Compensation Overview

The table below shows the base salary, annual incentive compensation, and fair value of the long-term incentive award PSU grants that were paid or awarded to each named executive officer in connection with the 2017 executive compensation program. **Importantly, this Supplemental Compensation Table differs from the Summary Compensation Table appearing later in the proxy statement in three ways.**

First, the “Restricted Compensation Incentive” column in the table below shows the restricted shares of our common stock that were earned as part of the annual incentive compensation program for 2017 performance, but were granted in February 2018. In contrast, the Summary Compensation Table appearing later in the proxy statement shows for 2017 the restricted shares of our common stock that were granted in February 2017, meaning that they were earned as part of the annual incentive compensation program for 2016 performance.

Second, the Supplemental Compensation Table below shows in the “Long-Term PSU Award” column the PSUs granted to our executive officers in February 2018, the amount of which was determined in relation to their individual 2017 performance. In contrast, the Summary Compensation Table appearing later in the proxy statement shows for 2017 the PSUs granted in February 2017, which were a fixed amount. As a result, only the Supplemental Compensation Table below reflects the *significant increase* in the amount of long-term PSUs granted to our named executive officers in lieu of time-vested restricted compensation in February 2018.

This table is not a substitute for the information required by SEC rules, specifically the Summary Compensation Table and the related tables appearing later in this proxy statement.

Supplemental Compensation Table

Name ⁽¹⁾		Annual Incentive Compensation				Total
		Base Salary	Cash Incentive ⁽²⁾	Restricted Compensation Incentive ⁽³⁾	Long-Term PSU Award ⁽⁴⁾	
Andrew S. Duff <i>Chairman and CEO</i>	2017	\$650,000	\$1,798,000	\$1,348,500	\$1,348,500	\$5,145,000
	2016	\$650,000	\$1,563,700	\$2,345,000	\$600,054	\$5,158,754
	2015	\$650,000	\$1,614,000	\$2,421,000	\$600,013	\$5,285,013
Debbra L. Schoneman <i>CFO and Global Head of Equities</i>	2017	\$500,000	\$1,150,000	\$575,000	\$575,000	\$2,800,000
	2016	\$500,000	\$664,875	\$664,875	\$300,069	\$2,129,819
	2015	\$500,000	\$685,000	\$685,000	\$300,006	\$2,170,006
Chad R. Abraham <i>Global Co-Head of Investment Banking and Capital Markets</i>	2017	\$425,000	\$2,626,250	\$1,074,375	\$1,074,375	\$5,200,000
	2016	\$425,000	\$1,883,750	\$1,541,250	\$200,074	\$4,050,074
	2015	\$425,000	\$2,241,250	\$1,833,750	\$200,017	\$4,700,017
Frank E. Fairman ⁽⁵⁾ <i>Head of Public Finance</i>	2017	\$425,000	\$847,000	\$346,500	\$346,500	\$1,965,000
	2016	\$425,000	\$1,142,350	\$934,650	\$200,074	\$2,702,074
Stuart C. Harvey ⁽⁶⁾ <i>Former President and COO</i>	2017	\$500,000	—	—	\$314,418	\$3,789,418 ⁽⁶⁾
R. Scott LaRue <i>Global Co-Head of Investment Banking and Capital Markets</i>	2017	\$425,000	\$1,828,750	\$748,125	\$748,125	\$3,750,000
	2016	\$425,000	\$1,663,750	\$1,361,250	\$200,074	\$3,650,074
	2015	\$425,000	\$2,241,250	\$1,833,750	\$200,017	\$4,700,017

- (1) The table above reflects the executive officers' titles as of December 31, 2017. Effective January 1, 2018, Mr. Abraham was appointed as our CEO and Ms. Schoneman was appointed as our President. Mr. Duff retired as CEO effective December 31, 2017.
- (2) Amounts reflect the cash compensation portion of amounts paid under the 2017 annual incentive compensation program.
- (3) Amounts reflect the grant date fair value of the time-vested restricted shares of our common stock and restricted investment fund shares granted in February 2018 as the restricted compensation portion of amounts paid under the 2017 annual incentive compensation program.
- (4) Amounts reflect the grant date fair value of the long-term PSU awards made in February 2018, February 2017, and May 2016, respectively. Beginning in February 2018, the size of the February PSU award granted to our executive officers was increased meaningfully while time-vested restricted compensation was decreased. The Summary Compensation Table appearing later in this proxy statement shows the February 2017 PSU award and does not reflect the February 2018 PSU award and the corresponding decrease in the amount of incentive compensation paid out in time-vested restricted compensation.
- (5) Mr. Fairman was not designated as one of our named executive officers during 2015. Accordingly, the table above includes the compensation of Mr. Fairman only for the year in which he was one of our named executive officers.
- (6) Mr. Harvey, our former President and COO, voluntarily decided to resign effective December 29, 2017. In connection with his resignation, we entered into a Separation Agreement and Release with Mr. Harvey, which provided for a separation payment of \$2,975,000 to Mr. Harvey. This amount was

Executive Compensation: Compensation Discussion and Analysis

primarily determined based on our 2017 performance and Mr. Harvey's responsibilities and contributions as President and COO during the year. The table shows the value of the PSU award that was granted to Mr. Harvey in February 2017, rather than February 2018. This PSU award was forfeited in connection with his resignation. The amounts paid to Mr. Harvey during 2017 are not included in the total and annual incentive compensation amounts discussed throughout this Compensation Discussion and Analysis. Mr. Harvey was not designated as one of our named executive officers during 2015 or 2016. Accordingly, the table above includes the compensation of Mr. Harvey only for the year in which he was one of our named executive officers.

2017 Incentive Compensation

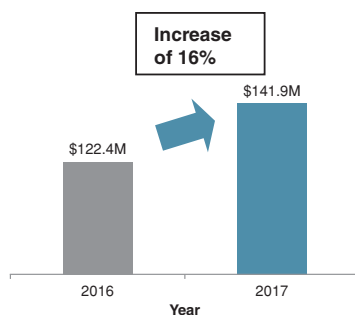
Our executive officer incentive compensation program contains two components: (1) our annual incentive plan, and (2) our long-term PSU award program. Our annual incentive plan is intended to directly align annual incentive pay with a measure of our profitability. Our long-term PSU award program is intended to directly align long-term incentive pay with our (1) adjusted ROE and (2) relative TSR. Each year, annual incentives are determined based on individual and business line performance, primarily profitability. Long-term PSU awards are then granted to our executive officers with values that are tied to the amount of annual incentives that each executive officer earned during that year. The executive officer must then earn the PSU award through long-term performance.

Individual and business line performance in 2017 as compared to 2016 drove all of the changes in *total* incentive compensation for our named executive officers; however, *annual* incentives, which are paid in cash and time-vested compensation, were down approximately 10% as a result of the structural change to our executive compensation program made by the Committee during the year that was intended to *decrease* the portion of total incentive compensation paid in annual incentives, and *increase* the portion of total incentive compensation delivered in long-term PSU awards.

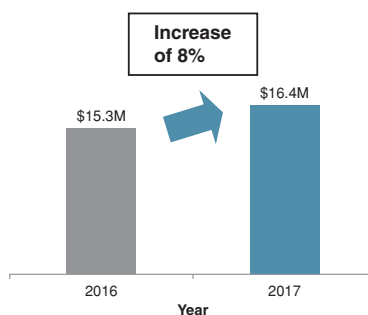
2017 Total Incentive Compensation Overview

- Our annual incentive plan directly ties our executive officers' annual incentives to our pre-tax, pre-profit provision income. Each executive officer received annual incentives based on their individual and business performance (i.e., profitability) in 2017. Annual incentives are delivered in a mix of cash and time-vested compensation.
- A long-term PSU award was granted to each executive officer. The amount of the PSU award is directly related to his or her annual incentives for 2017 performance.
- For 2017 performance, our Committee made the decision to *decrease* the portion of total incentive compensation paid in annual incentives, and *increase* the portion paid in long-term PSU awards. Overall, *total* incentive compensation increased by approximately 8% for 2017 performance, largely due to an increase in the total incentive compensation paid to Messrs. Abraham and LaRue, our global co-heads of global investment banking and capital markets, as well as well as Ms. Schoneman in connection with her added role as Global Head of Equities during the year.

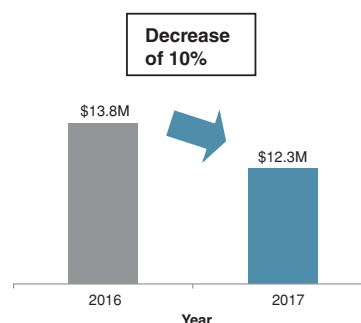
Pre-Tax, Pre-Profit Provision Income



Named Executive Officers'* Total Incentive Awards (cash, time-vested restricted compensation, and PSUs)



Named Executive Officers'* Annual Incentive Awards (cash and time-vested restricted compensation)



* Does not include amounts paid to Mr. Harvey.

The Committee's Use of Discretion in Setting Annual Incentive Compensation

Although annual incentive compensation is based on company and business line profitability, the Committee exercises discretion that allows it to best align executive officer performance with pay during the year. The Committee believes that its ability to use discretion in setting annual incentive compensation is a critical feature of the company's annual incentive compensation program for the following reasons:

- A formulaic annual incentive program based on predetermined metrics could fail to appropriately incentivize our executive officers from pursuing the strategic opportunities that unexpectedly arise in a human capital industry such as ours. For example, our executive officers may find opportunities during the year to hire personnel which may decrease short-term profitability but may be in the best long-term interests of their business. The Committee's use of discretion removes disincentives to taking advantage of such opportunities, while allowing it to hold management accountable for realizing specific results from those opportunities in subsequent years. For example, in 2016 and 2017, the Committee determined to exclude a portion of the additional earnings contributed by Simmons during the year from consideration from the annual incentive compensation for the named executive officers with responsibility for our investment banking and capital markets business. The Committee did that to account for the amount of capital that was invested in the business in connection with the acquisition and the returns we expect to receive on that capital investment.
- Our annual incentive compensation program is designed to align risk and reward, and the Committee's use of discretion helps to achieve that goal. For example, in recent years the Committee has taken into consideration certain legal settlement costs when determining to reduce executive officers' annual incentive compensation.
- We operate in a cyclical industry. The Committee's use of discretion allows it to take into consideration other, less quantifiable factors that impacted company and business line performance, and provides the flexibility to adjust annual incentive compensation for individual performance versus broader cyclical or market-driven factors that may have impacted results.
- A significant portion of our executive officers' annual incentive compensation is deferred in time-vested restricted compensation, including Piper Jaffray restricted stock. The Committee believes that this time-vested restricted stock provides significant additional alignment between our executive officer and our company performance, as the ultimate value of the vested shares will be based on our stock price at the time of vesting.

Calculation of Pre-Tax, Pre-Profit Provision Income

Pre-tax, pre-profit provision income for purposes of our annual incentive plan equals our total revenues less our total expenses before income taxes, adjusted to eliminate certain compensation and benefits expenses and certain other expenses, losses, income, or gains that are unusual in nature or infrequent in occurrence. The types of adjustments are established at the beginning of each year prior to granting the qualified performance-based awards. We believe that the exclusion of these items from pre-tax, pre-profit provision income more accurately reflects our operating performance for a given year. For 2017, adjustments included the elimination of: (i) losses from the \$114.4 million non-cash goodwill impairment charge that we recognized in our Asset Management segment during the year; (ii) net income attributable to noncontrolling interests; (iii) amounts expensed during the year under our annual incentive program for participating executive officers; (iv) amortization expense for cash and equity awards granted in connection with acquisitions; (v) amortization expense for acquisition-related intangibles; and (vi) amounts expensed during the year in connection with the PSUs granted to participating executive officers.

In applying the formula described above, our pre-tax, pre-profit provision income for 2017 was \$141.9 million, which represented a 16% increase from the corresponding figure from 2016. The pre-tax, pre-profit provision income for 2017 resulted in a maximum amount payable to each award recipient of \$14.2 million, subject to a maximum aggregate payout of \$35.5 million for the group as a whole. Consistent with prior years, the Committee paid less than the maximum amount payable for 2017, paying an aggregate of \$14.2 million, or 10.0% of our pre-tax, pre-profit provision income for 2017. The table below sets forth a calculation of our pre-tax, pre-profit provision income for 2017 (in thousands):

Operating loss before taxes	(\$29,323)
Losses related to the impairment of goodwill	\$114,363
Removal of income applicable to noncontrolling interests	(\$2,387)
Expense under our annual incentive program	\$14,186
Amortization expense for cash or equity awards (including in the MFRS Plan) granted in connection with acquisitions	\$21,766
Amounts expensed as a result of amortization of acquisition-related intangibles	\$15,400
Expense for PSU grants	<u>\$7,936</u>
Pre-tax, pre-profit provision income	<u>\$141,941</u>

Relationship between Performance and Total Incentive Pay

The design of our incentive program is intended to directly align pay with performance. Total incentives paid to our executive officers includes compensation from our (1) annual incentive plan, and (2) our long-term PSU award program.

Our annual incentive plan measures performance in terms of our pre-tax, pre-profit provision income. Executive officers receive increased annual incentives when the company (in the case of the CEO,

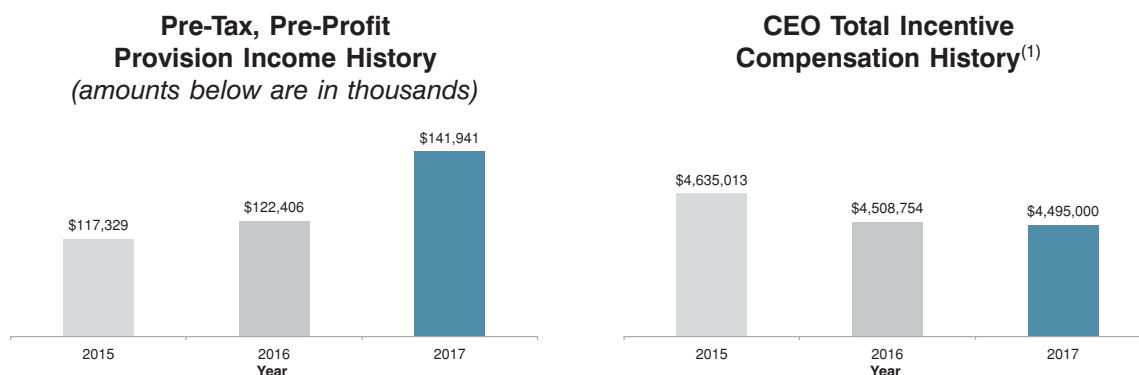
President, and CFO) or his or her business line (in the case of business line leaders) achieves increased profitability during the year.

Our long-term PSU award program measures performance in terms of our (1) adjusted ROE, and (2) relative TSR. Prior to 2018, each executive officer was granted a PSU award in a fixed amount each year. Beginning with the February 2018 grant for 2017 performance, the value of the PSU award that each executive officer receives each year is directly related to the value of the annual incentives that he or she receives under our annual incentive plan. Executive officers receiving more in annual incentives will also receive a larger PSU award. The PSU awards are then earned over their three-year performance period.

Due to the design of our incentive program, the total incentive compensation earned by our executive officers will vary depending on the profitability of the company or their respective business lines, and the Committee's evaluations of individual executive officer performance. In addition, the PSU awards must then be earned over their three-year performance period.

The total incentives received by our named executive officers (other than Mr. Harvey) for our 2017 performance increased by approximately 8%, while our pre-tax, pre-profit provision income increased by 16%, each as compared to the corresponding figure from 2017. While total incentives were up from 2016 primarily as a result of strong performance by our advisory services business, the *annual* incentives paid to our executive officers decreased by approximately 10%. This reduction was primarily an effect of the structural change made to our executive compensation program to *decrease* the amount of annual incentives paid in the form of time-vested restricted compensation and *increase* in the amount of long-term PSUs. As a result, the total amount of PSU awards granted to our named executive officers in February 2018 for 2017 performance increased by approximately \$2,592,000, or 173%, as compared to the previous year.

The following chart highlights how the total incentive compensation paid to our CEO over the past three years has been aligned with our performance in terms of our pre-tax, pre-profit provision income. Our CEO's total incentives were further impacted in 2017 by the newly created role of President and COO. As President and COO, Mr. Harvey had reporting responsibility for our business lines, which impacted Mr. Duff's responsibilities during the year. Ms. Schoneman became our President on January 1, 2018, and currently shares reporting responsibilities for our business lines with Mr. Abraham.



(1) Amounts shown correspond to the figures provided in the Supplemental Compensation Table above. These amounts include (1) cash incentives, (2) time-vested restricted compensation, and (3) long-term PSU awards.

2017 Compensation Determinations and Relevant Factors

After the Committee reviewed our pre-tax, pre-profit provision income and followed the processes and considered the factors described above under “—How Compensation Decisions are Made,” the following were the material factors that influenced the Committee’s determination of 2017 total incentive compensation for each of the named executive officers:

Andrew S. Duff Chairman and CEO



Andrew S. Duff

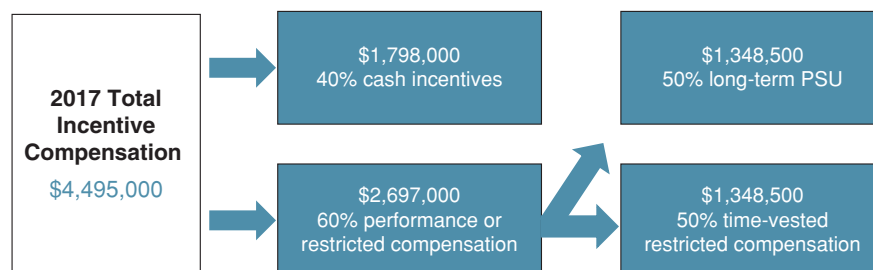
2017 Total Incentive Compensation: Mr. Duff’s 2017 total incentive compensation was essentially flat as compared to 2016, reflecting both our record operating results during the year as well as creation of the President and COO role, which assumed reporting responsibility for our business lines and impacted Mr. Duff’s role and responsibilities during the year. Mr. Duff’s annual incentive compensation decreased by 19.5%, and his long-term PSU award increased approximately \$748,000 from the previous year.

2017 Individual Performance Considerations:

- Achieved record 2017 adjusted net income of \$108.9 million, 50% higher than 2016.
- Achieved record adjusted earnings per share of \$7.12, 52% higher than 2016.
- Drove our business strategy of increasing our share of revenues from our higher margin advisory services and public finance businesses, which increased to 62% of our adjusted net revenues during the year.

Mr. Duff’s total incentive compensation reflects our record operating results achieved by our company in 2017. Such results were achieved based on strong performances by our advisory services and public finance business, two of our higher-margin businesses that Mr. Duff targeted for strategic growth since 2013. The decrease in his annual incentive compensation and increase in his long-term PSU awards primarily reflect the structural changes made by the Committee to our executive compensation program in 2017. Mr. Duff retired as CEO on December 31, 2017, concluding a 37-year career with Piper Jaffray that included 17 years as CEO.

2017 Total Incentive Compensation Overview for Andrew S. Duff



Debra L. Schoneman
CFO and Global Head of Equities



Debra L. Schoneman

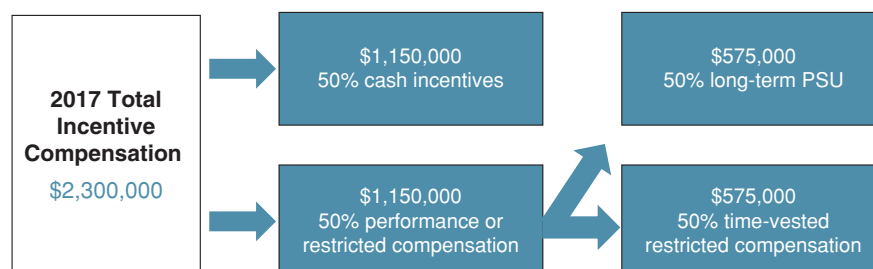
2017 Total Incentive Compensation: Ms. Schoneman’s total incentive compensation increased 41.1% as compared to 2016 as a result of her added role and responsibilities as our Global Head of Equities. Ms. Schoneman’s annual incentive compensation increased by 29.7%, and her long-term PSU award increased approximately \$275,000 from the previous year.

2017 Individual Performance Considerations:

- Headed our strategic and financial plan, including firm-wide expense management.
- Navigated challenging secular trends in our equity institutional brokerage business, and led efforts to better align strategy with client value.
- Managed capital management initiatives, including with respect to our Board’s decision to pay quarterly and annual special dividends beginning for fiscal year 2017.

Ms. Schoneman’s total incentive compensation was up year-over-year as a result of her added roles and responsibilities as our Global Head of Equities, a position she assumed in June 2017, where she helped our equities institutional brokerage business navigate challenging secular trends, and led efforts to better position the business to provide long-term value to our clients. Ms. Schoneman’s total incentive compensation was also positively influenced by her leading role in our strong operating performance in 2017 and execution on our 2017 strategic and financial plan. During the year, she led initiatives aimed at providing more value-added research coverage and managing and reducing expenses both within equities institutional brokerage and firm-wide. As CFO, she led our capital management and allocation initiatives during the year, including our Board’s decision to implement a dividend policy. In determining Ms. Schoneman’s 2017 annual incentive compensation, the Committee took all of these factors into account.

2017 Total Incentive Compensation Overview for Debra L. Schoneman



Chad R. Abraham and R. Scott LaRue
Global Co-Heads of Investment Banking and Capital Markets



Chad R. Abraham

2017 Total Incentive Compensation: Messrs. Abraham’s and LaRue’s total incentive compensation increased 31.7% and 3.1%, respectively, as compared to 2016 as a result of record operating results achieved by our investment banking and capital markets group under their leadership. As a result of the Committee’s decision to decrease the portion of total incentive compensation paid in annual incentives and increase the portion paid in long-term PSU awards, Mr. Abraham’s annual incentive compensation increased by 8.0%, and his long-term PSU award increased approximately \$875,000 from the previous year. Mr. LaRue’s annual incentive compensation decreased by 14.8%, and his long-term PSU award increased approximately \$548,000 from the previous year.

2017 Individual Performance Considerations:

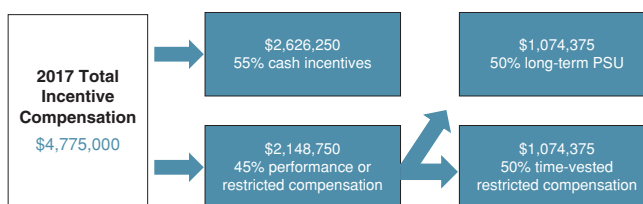
- Achieved record advisory services revenues of \$443.3 million.
- Led growth of our advisory services business of approximately 500% since 2013.



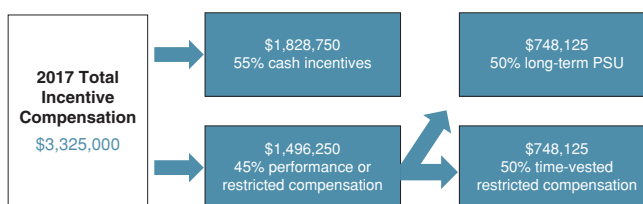
R. Scott LaRue

Messrs. Abraham’s and LaRue’s total incentive compensation increased in 2017 primarily as a result of our achievement of record advisory services revenues of \$443.3 million, nearly all of which was attributable to mergers and acquisition and debt capital markets transactions under their management. Under Messrs. Abraham’s and LaRue’s leadership, our advisory services business has grown approximately 500% since 2013 as we have made strategic investments for growth and devoted significant efforts to developing, retaining, and hiring senior bankers. In determining Messrs. Abraham’s and LaRue’s 2017 total incentive compensation, the Committee took all of these factors into account as well as other compensation considerations. The difference in the annual incentive compensation between Mr. Abraham and Mr. LaRue was due to a different apportionment of management responsibilities undertaken by the two during the year.

2017 Total Incentive Compensation Overview for Chad R. Abraham



2017 Total Incentive Compensation Overview for R. Scott LaRue



Frank E. Fairman
Head of Public Finance



Frank E. Fairman

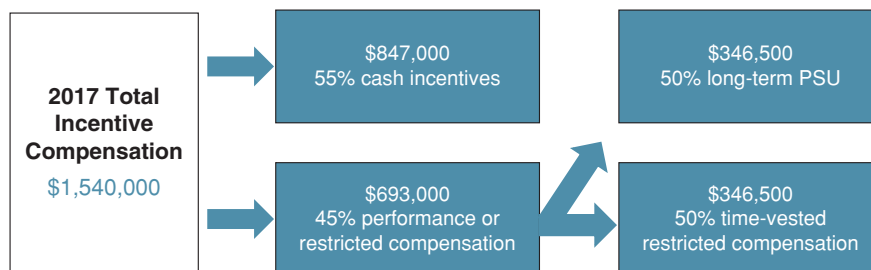
2017 Total Incentive Compensation: Mr. Fairman’s total incentive compensation decreased 32.4% as compared to 2016 as a result of a moderation in our public finance results from the business’s record 2016 performance due to lower market issuance volumes during the year. Mr. Fairman’s annual incentive compensation decreased by 42.5%, and his long-term PSU award increased approximately \$146,000 from the previous year.

2017 Individual Performance Considerations:

- Achieved debt financing revenues of \$93.4 million.
- Achieved a #9 ranking by Thomson Reuters in 2017 as measured by sole or senior negotiated and private placement municipal transaction par value.
- Achieved a #4 and #6 ranking by Thomson Reuters in 2017 as measured by the number of issuances and total par value, respectively, in which the company acted as a financial advisor.

Mr. Fairman’s total incentive compensation was positively influenced by our achievement of debt financing revenues of \$93.4 million, nearly all of which was attributable to our public finance investment banking business under his management, as well as strong results by our municipal financial advisory business. The changes to Mr. Fairman’s year-over-year total incentive compensation reflects the fact that even though our public finance business performed well in 2017, the results were moderated from the business’s record 2016 performance due to lower market issuance volumes during the year. Although revenues in these businesses were down from record 2016 performances, Mr. Fairman’s total incentive compensation for 2017 reflects his continued focus on developing a broad and diversified public finance franchise, hiring senior bankers, and growing our public finance business in various specialty sectors including the senior living and healthcare sectors. The Committee took all of these considerations into account in determining Mr. Fairman’s total incentive compensation for 2017.

2017 Total Incentive Compensation Overview for Frank E. Fairman



Mr. Harvey, our former President and COO, voluntarily decided to resign effective December 29, 2017. In connection with his resignation, we entered into a Separation Agreement and Release with Mr. Harvey, which provided for a separation payment of \$2,975,000 to Mr. Harvey. This amount was primarily determined based on our 2017 performance and Mr. Harvey's reporting responsibility for our business lines during the year.

Annual Incentives Paid in Restricted Compensation

With respect to annual incentives for 2017 performance paid in February 2018, our Committee has revised our executive compensation program to *reduce* the amount of annual incentives granted in the form of time-vested restricted compensation, and *increase* the long-term PSU awards granted, meaning our executive officers will have to earn an increased portion of their total realized compensation through the PSU awards tied to adjusted ROE and relative TSR performance metrics over a three-year period.

Beginning for 2017 performance, our Committee determines a *total* incentive compensation amount that is based on the profitability of the company (with respect to the CEO, President, and CFO) or business line (with respect to business line leaders) and individual performance during the year. Of that total incentive compensation amount, between 40 and 55% is paid to each executive officer in cash as an annual incentive. With respect to the remaining 45 to 60% of the total incentive amount, the Committee then splits this amount equally between (1) long-term PSU awards, and (2) time-vested restricted compensation paid in annual incentives.

As a result, under our executive compensation program, even when our executive officers have very strong business performance in one year, between 45 to 60% of their total incentive compensation has performance-based and time-based vesting conditions. **More specifically, each named executive officer receives between 22.5 and 30% of his or her total incentive compensation amount in the form of long-term PSU awards.**

The time-vested restricted compensation is received 50% in restricted shares of our common stock, and 50% in restricted investment fund shares pursuant to our MFRS Plan (as defined below). This restricted compensation vests in three equal annual installments from the date of grant. By paying a portion of annual incentives in time-vested restricted stock, our executive officers are incentivized to achieve long-term returns for our shareholders, as the value of the restricted stock that vests is tied to the performance of our stock price over time. The number of shares of restricted stock granted to each officer was determined by dividing the total dollar value designated to be paid out to the executive officer in restricted stock by the closing price of shares of our common stock on the New York Stock Exchange on February 15, 2018.

Mutual Fund Restricted Share Plan

The Mutual Fund Restricted Share Plan ("MFRS Plan") provides that a portion of the restricted compensation granted for annual incentive compensation is paid in the form of restricted shares of selected investment funds. The MFRS Plan provides us another way of increasing retention of our executive officers by deferring a portion of their annual incentive compensation and requiring that they continue working for the company in order to receive it. In 2017, each named executive officer received 50% of their restricted compensation in investment fund shares. The mutual fund restricted shares have the same restrictions that would apply to restricted shares of our common stock and vest ratably over three years from the date of grant. We adopted the MFRS Plan to provide our executives an opportunity

to diversify the restricted compensation they receive, and believe the plan will help us attract and retain top talent.

Long-Term PSU Awards

Following our 2016 annual meeting of shareholders, we sought engagement with our 25 largest institutional shareholders for their perspectives on our executive compensation program. In response to this shareholder feedback, the Committee made two changes to our PSU award program beginning in February 2017. First, the Committee determined to increase the size of the PSU award program and reduce the amount of time-vested restricted compensation received by executive officers. Second, the Committee added adjusted ROE as a performance metric to our PSU awards, retained relative TSR, and eliminated absolute TSR. The Committee added adjusted ROE to the award because increasing our profitability and making efficient use of capital are key priorities for our company, and management and the Board uses adjusted ROE to inform its strategic decision-making process.

Beginning with annual incentive compensation awarded in February 2018 for 2017 performance, the amount of each executive officer's PSU award is related to annual company (with respect to the CEO, President, and CFO) or business line (with respect to business line leaders) profitability and individual performance. The effect of this change will be that our executive officers will have to earn an increased portion of their total incentive compensation through the PSU awards based on adjusted ROE and relative TSR performance metrics.

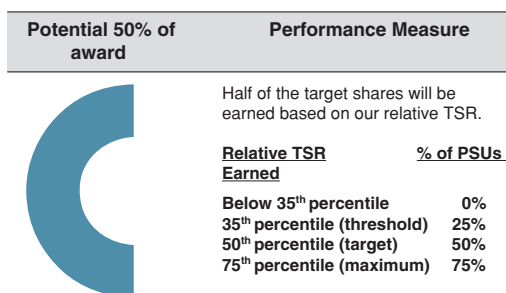
The Committee granted the 2017 PSU award on February 15, 2017 for 2016 performance. This award incorporated the performance metrics of (1) adjusted ROE and (2) relative TSR, but the amount of the award was consistent with our historical practice of granting a fixed award amount each year to our named executive officers. The Committee granted the 2018 PSU award on February 15, 2018. This award continues using the performance metrics of (1) adjusted ROE and (2) relative TSR, and the amount of the award granted to each executive officer was determined in relation to their 2017 annual incentives (which were determined based on profitability and individual performance), resulting in each named executive officer receiving between 22.5 and 30% of his or her total incentive compensation in the form of a PSU award.

The grant date fair value of the February 2018 award is reflected in the Supplemental Compensation Table above for 2017 compensation. The grant date fair value of the February 2017 award is reflected in the Summary Compensation Table below for 2017 compensation.

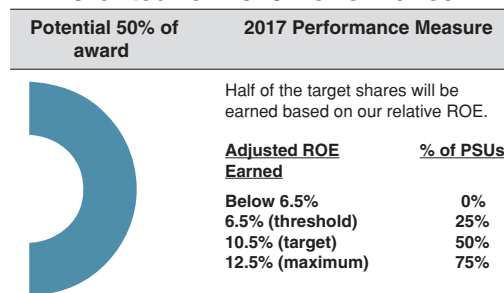
February 2017 and 2018 PSU Awards Overview

- **PSU awards vests *only if* certain (1) adjusted ROE, and (2) relative TSR metrics are met over the three-year period.**
- **Our adjusted ROE targets were *meaningfully increased* in February 2018 based on improvements in our operating performance to ensure that the award properly rewards future *outperformance*.**

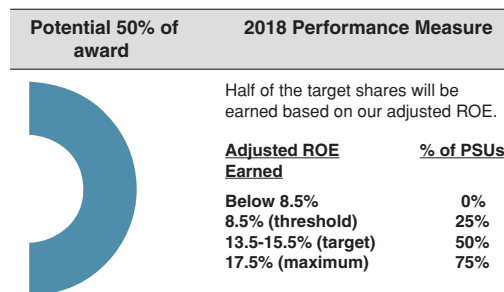
Piper Jaffray Relative TSR



Piper Jaffray Adjusted ROE—February 2017 Granted for 2016 Performance



Piper Jaffray Adjusted ROE—February 2018 Granted for 2017 Performance



Note: Each vesting metric provides for interpolation between points in the tables above on a straight-line basis (from threshold to target and from target to maximum).

All of our outstanding PSU awards use the companies comprising the KBW Capital Markets Index as of the date of grant as the peer group for the relative TSR performance measure.

The PSU awards are intended to directly align the interests of our named executive officers with those of our shareholders by requiring that the company achieve certain levels of (1) adjusted ROE and (2) relative TSR in order to vest. The Committee believes that the PSU award program incentivizes our

executive officers to achieve superior financial performance as measured by adjusted ROE and shareholder returns as compared with a broad index of financial services companies.

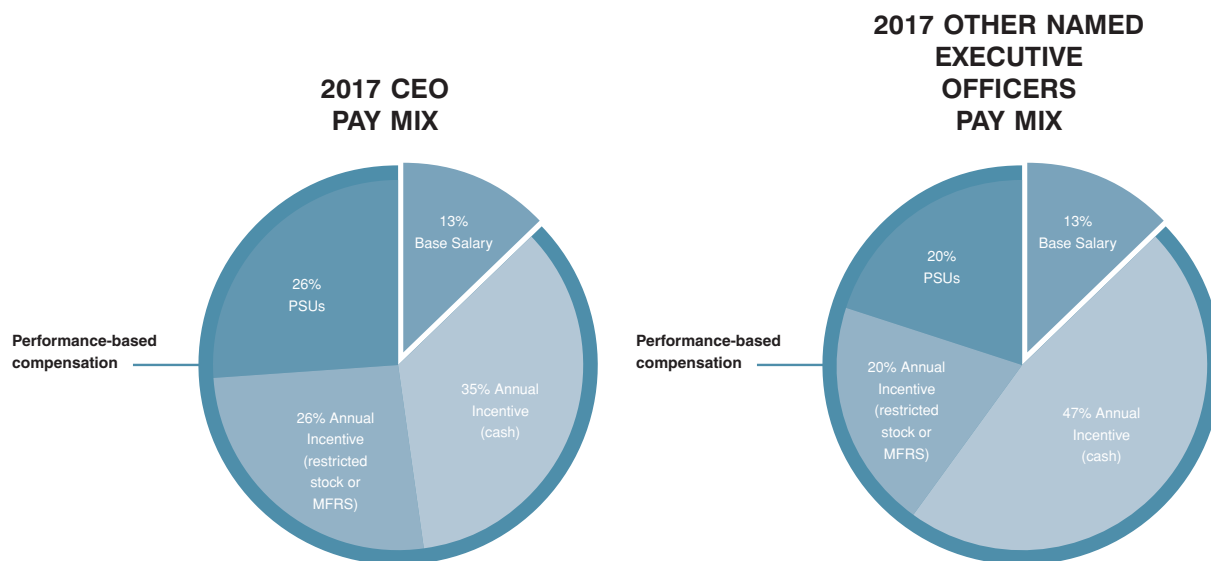
The 36-month performance period is designed to provide management an incentive to focus on our strategic direction, sustained performance, and long-term value creation. The Committee established the vesting performance metrics with the intent that the executive would only receive additional long-term incentive compensation if we significantly outperform the KBW Capital Markets Index and achieve a superior adjusted ROE over the performance period.

For purposes of the awards, TSR is calculated based on the average closing price during the trailing 60 calendar days as of the beginning and the end of the performance period, and takes into account dividends paid during the performance period. Adjusted ROE under the PSU awards is a non-GAAP financial measure that is calculated based on our reported net income adjusted to eliminate certain expenses and losses.

The PSUs do not provide the recipient any rights as a shareholder such as the right to vote or receive dividends on any shares subject to the PSUs. The PSUs have dividend equivalent rights, which will result in dividends accruing on earned shares that are paid out when those shares ultimately vest. No dividends are paid on unvested performance shares.

2017 Pay Mix

As illustrated below, the pay mix for all 2017 elements of compensation received by our CEO and by our other named executive officers (other than Mr. Harvey), as disclosed in the Supplemental Compensation Table above (including the value of the PSU awards granted in February 2018) was significantly weighted toward performance-based compensation:



We believe the mix of base salary relative to performance-based compensation in the form of annual incentives and PSU awards illustrated above appropriately balances our goal of aligning pay for performance without encouraging undue risk-taking that can arise from compensation excessively

weighted toward performance-based elements. This mix is designed to provide an appropriate and competitive amount of incentives for strong annual performance, while leaving a sufficient level of compensation tied to our long-term performance to retain executives and encourage them to focus on long-term value creation. The balance of these interests is determined by the Committee in its discretion, considering factors including reference to pay practices at our peer group.

Other Compensation

Our executives receive only limited perquisites. Executive officers receive limited additional compensation in the form of reimbursement of dues for club memberships used for business purposes and certain insurance premiums. The cost of these perquisites is included in the “All Other Compensation” column of the Summary Compensation Table in this proxy statement.

We also maintain an international assignment policy that provides benefits for employees working on non-permanent assignments outside their home countries. Under the policy, we assume responsibility for any additional U.S. or foreign taxes that employees incur as a direct result of international assignments, and the employees are responsible for the amount of taxes they would have incurred had they continued to live and work exclusively in the United States. We maintain this policy to encourage employees to accept international assignments that our management believes are in the best interests of our company by mitigating potentially adverse tax consequences that otherwise could result from accepting such assignments. All employees are eligible to participate in our international assignment policy. In 2017, we made certain tax equalization payments on behalf of and to Mr. LaRue as a result of a prior assignment in Hong Kong, as well as other payments on behalf of Mr. LaRue for tax consulting and preparation services during the year.

CEO Retirement

Mr. Duff retired as CEO on December 31, 2017, concluding a 37-year career with Piper Jaffray that included 17 years as CEO (14 of which followed our spin-off from U.S. Bank in 2003). His retirement was completed in accordance with a succession plan developed by our Board, and as part of that plan, Mr. Duff remains as Chairman of the Board.

For his 2017 performance, the process followed for determining Mr. Duff’ incentive compensation was consistent with previous years. For example, as is done every year under our executive compensation program and consistent with the financial services industry more broadly, Mr. Duff’s incentive compensation for 2017 performance as CEO was determined after our 2017 operating results were finalized in January 2018. This timing was required under our annual incentive plan, which uses a measure of our profitability as a basis for determining annual incentives, and was therefore necessary to satisfy the requirements of Section 162(m) of the Internal Revenue Code to provide for the tax deductibility of the incentive compensation. The factors that the Committee used to determine Mr. Duff’s 2017 incentive compensation are discussed above in the section titled “2017 Compensation Determinations and Relevant Factors.” After determining Mr. Duff’s incentive compensation for 2017, the Committee paid the incentive compensation to Mr. Duff in February 2018, consistent with the timing on which we pay all of our named executive officers and employees generally. **Mr. Duff’s 2017 incentive compensation paid in February 2018 was tied to his employment as CEO during 2017, and not for his service as a director in 2018.**

The February 2018 payment of Mr. Duff's incentive compensation also complied with our Equity Grant Timing Policy, which requires that equity grants only be made once a quarter to eliminate the exercise of discretion with respect to the grant date of these awards, i.e., Mr. Duff received his equity awards at the same time as all other employees.

With respect to his incentive compensation mix, Mr. Duff was granted the same portion of his 2017 incentive compensation in cash, time-vested restricted compensation, and long-term PSU award as compared to previous years and required under our executive compensation program. The time-vested restricted compensation and long-term PSU award made to Mr. Duff for 2017 performance will vest only if Mr. Duff abides by certain restrictive covenants during the vesting period, including covenants to refrain from competing against the company or soliciting the company's clients or employees (the "Restrictive Covenants"), and, in the case of the long-term PSU award, if the Company achieves the applicable adjusted ROE and relative TSR performance metrics over the performance period.

Immediately following his retirement on January 1, 2018, Mr. Duff entered into our standard form of post-termination agreement, which we offer to all employees that hold unvested time-based restricted compensation awards. By doing so, Mr. Duff agreed to abide by the Restrictive Covenants for the duration of the vesting period to be eligible for vesting of his time-based restricted compensation awards.

With respect to Mr. Duff's outstanding long-term PSU awards, the Committee made a retirement determination, but the performance conditions of the awards must still be met before they will vest. With respect to the 2015 PSU award, the award provided that a retired recipient was entitled to a pro rata portion of the amount of the award that is ultimately earned based on the portion of the performance period that the recipient was employed by the company, which for Mr. Duff would have been approximately 88% of the award. The Committee determined to pay Mr. Duff the additional 12% of the 2015 PSU award in cash at the time it vests based on the performance conditions.

2018 One-time Promotional Option Grant

On February 15, 2018, the Committee granted a one-time non-qualified stock option to Mr. Abraham and Ms. Schoneman related to their promotions to the roles of CEO and President, respectively. The options were awarded with a strike price of \$99.00, which represented a 10% premium to the closing price of a share of our common stock on the grant date. The grant date fair value of the award made to Mr. Abraham and Ms. Schoneman was \$1,200,000 and \$800,000, respectively. The options vest in three equal parts on the third, fourth, and fifth anniversaries of the date of grant as long as the recipient remains an employee of the company. The options must be exercised within ten-years of the date of grant. Because the options were related to their 2018 promotions to the role of CEO and President, the value of the grants has not been included in the Supplemental Compensation Table above which discussed compensation paid for 2017 performance.

Termination and Change-in-Control Arrangements

We do not have any separate change-in-control agreements (often referred to as "golden parachute" arrangements) that would pay a certain multiple of an executive's compensation (e.g., base salary) upon a change-in-control of the company. In certain instances, award agreements and plans may include

provisions regarding the payment of compensation in the event of a termination of employment or a change-in-control of our company, as follows:

- All awards granted under the Incentive Plan contain a “double trigger” provision that provides that awards that are continued, assumed or replaced in connection with a change-in-control will vest, be deemed earned or have restrictions lapse only if the award recipient’s employment is terminated involuntarily (other than for “cause”) within 24 months of the change-in-control.
- If a change-in-control occurs during the performance period for the PSUs, then each PSU will be converted into a share of restricted stock with time-based vesting, and, if the executive’s employment with us or one of our affiliates is terminated after the change-in-control and prior to the end of the performance period by us or one of our affiliates without cause, by the executive for good reason, or in connection with the executive’s death, disability or retirement, then all restrictions on such shares of restricted stock will lapse upon such termination.
- Under the Incentive Plan, following a termination of employment (other than as a result of a change-in-control), our restricted stock awards granted as part of our annual incentive program will continue to vest so long as the termination was not for cause and the employee does not violate certain post-termination restrictions for the remaining vesting term of their awards.
- Executive officers who are terminated during the year (other than as a result of a change-in-control) will receive cash and equity compensation for that year under our annual incentive program in the discretion of the Committee.
- Our annual performance awards will be considered to be earned and payable in full upon a change-in-control, and the awards will be settled in cash or shares, as determined by the Committee, as promptly as practicable. Because annual incentive award payouts are based on pre-tax, pre-profit provision income, which varies from year to year, and because the Committee historically has needed to reduce the size of some awards to comply with the limits on the aggregate amount of incentive compensation that may be paid under the annual incentive program, the specific amounts that would be payable in the event of a change-in-control are indeterminable.

Compensation Policies

Executive Stock Ownership and Prohibition on Hedging

We have adopted stock ownership guidelines to ensure that our executives maintain a meaningful equity stake in the company, which aligns management’s interests with those of our shareholders. The guidelines also help to drive long-term performance and strengthen retention. Our stock ownership guidelines generally require that our executive officers own a specific multiple of their annual base salary in shares of our common stock. The ownership multiple is nine times the base salary for our CEO, four times the base salary for our President, CFO, and business line heads, and two times the base salary for every other executive officer. Whether an executive officer meets the guidelines is determined at the beginning of each year by multiplying his or her share ownership (not including unvested stock

awards) by the average daily closing price of our shares of common stock on the New York Stock Exchange for the prior year. If an executive officer is not in compliance with the stock ownership guidelines, then he or she must retain at least 50% of the equity awarded to them as executive officers through our Incentive Plan, or acquired upon exercise of stock options, net of taxes and exercise costs. The guidelines apply upon becoming an executive officer and remain in effect while the individual serves as an executive officer. Furthermore, all of our executive officers, including our named executive officers, are prohibited from hedging any shares of Piper Jaffray Companies common stock, even shares they can freely sell.

Equity Grant Timing Policy

In 2006, we established a policy pursuant to which equity grants to employees will be made only once each quarter, on the 15th calendar day of the month following the public release of earnings for the preceding quarter (or, if the 15th calendar day falls on a weekend or holiday, on the first business day thereafter). This policy covers grants made by the Committee as well as grants made by our CEO to employees other than executive officers pursuant to authority delegated to him by the Committee. We established this policy to provide a regular, fixed schedule for equity grants that eliminates the exercise of discretion with respect to the grant date of employee equity awards.

Policy on Qualifying Compensation for Deductibility

Section 162(m) of the Internal Revenue Code as in effect prior to the enactment of the Tax Cuts and Jobs Act of 2017 (“Tax Reform Act”) in December 2017 generally disallowed a tax deduction to public companies for compensation of more than \$1 million paid in any taxable year to each “covered employee,” consisting of the CEO and the three other highest paid executive officers employed at the end of the year (other than the CFO). Performance-based compensation was exempt from this deduction limitation if the company met specified requirements set forth in the Internal Revenue Code and applicable treasury regulations.

The Tax Reform Act retained the \$1 million deduction limit, but repealed the performance-based compensation exemption from the deduction limit and expanded the definition of “covered employees,” effective for taxable years beginning after December 31, 2017. The Tax Reform Act also broadens the application of the deduction limit to include the CFO and certain former NEOs who previously were exempt from such limit. Consequently, compensation paid in 2018 and later years to our NEOs in excess of \$1 million will not be deductible unless it qualifies for transitional relief applicable to certain binding, written performance-based compensation arrangements that were in place as of November 2, 2017.

The Committee generally intends to continue to comply with the requirements of Section 162(m) as it existed prior to the Tax Reform Act with respect to performance-based compensation in excess of \$1 million payable under outstanding awards granted before November 2, 2017 under the Incentive Plan in order to qualify them for the transitional relief. However, no assurance can be given that the compensation associated with these awards will qualify for the transitional relief, due to ambiguities and uncertainties as to the application and interpretation of newly revised Section 162(m) and the related requirements for transitional relief.

Although deductibility for federal corporate tax purposes will no longer be available going forward, our Committee will continue to emphasize performance-based compensation that aligns with its pay-for-performance compensation philosophy.

Compensation Committee Report

The Committee has reviewed and discussed the Compensation Discussion and Analysis with management and has recommended to the Board of Directors the inclusion of the Compensation Discussion and Analysis in the company's 2017 year-end disclosure documents.

Compensation Committee of the Board of Directors of Piper Jaffray Companies

Michele Volpi, *Chairperson*

William R. Fitzgerald

Sherry M. Smith

Scott C. Taylor

Summary Compensation Table

The following table contains compensation information for our named executive officers. Note that the table below shows each executive officer's title as of December 31, 2017.

Name and Principal Position	Year	Salary (\$)	Stock Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total (\$)
Andrew S. Duff <i>Chairman and CEO</i>	2017	650,000	1,753,256	2,472,250	159,231	5,034,737
	2016	650,000	2,536,851	2,736,475	66,783	5,990,109
	2015	650,000	2,058,662	2,098,200	194,599	5,001,461
Debra L. Schoneman <i>CFO and Global Head of Equities</i>	2017	500,000	622,735	1,437,500	40,839	2,601,074
	2016	500,000	642,543	997,313	22,896	2,162,752
	2015	500,000	712,029	1,027,500	59,724	2,299,253
Chad R. Abraham <i>Global Co-Head of Investment Banking and Capital Markets</i>	2017	425,000	964,161	3,163,438	86,407	4,639,006
	2016	425,000	1,116,898	2,654,375	53,635	4,249,908
	2015	425,000	1,116,936	3,158,125	192,473	4,892,534
Frank E. Fairman <i>Head of Public Finance⁽⁴⁾</i>	2017	425,000	660,888	1,020,250	45,944	2,152,082
	2016	425,000	624,632	1,609,675	17,580	2,676,887
Stuart C. Harvey <i>Former President and COO⁽⁵⁾</i>	2017	500,000	314,418 ⁽⁵⁾	—	2,984,358 ⁽⁵⁾	3,798,776
R. Scott LaRue <i>Global Co-Head of Investment Banking and Capital Markets</i>	2017	425,000	874,188	2,202,813	97,435	3,599,436
	2016	425,000	1,118,898	2,334,375	409,805	4,288,078
	2015	425,000	1,116,936	3,158,125	270,341	4,970,402

(1) The entries in the "Stock Awards" column reflect the aggregate grant date value of the restricted stock awards and PSUs computed in accordance with FASB ASC Topic 718. SEC rules do not permit inclusion in a given year of stock awards attributable to a particular year's performance, as is the case for salary and non-equity incentive plan amounts. For example, the grants disclosed for 2017 were made in February 2017, and were related to 2016 performance. See Note 21 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for the assumptions used in the valuation of the awards granted during 2017 in accordance with FASB ASC Topic 718. The grant date fair value of the restricted stock awards and

PSUs granted during February 2017 if target performance and maximum performance is achieved are as follows:

Name	Restricted Stock Awards (granted in February 2017 for 2016 performance)	PSUs (granted in February 2017)	
		Target	Maximum
Andrew S. Duff	\$1,172,823	\$580,433	\$870,690
Debra L. Schoneman	\$ 332,478	\$290,257	\$435,386
Chad R. Abraham	\$ 770,629	\$193,532	\$290,339
Stuart C. Harvey	—	\$314,418	\$471,668
Frank E. Fairman	\$ 467,356	\$193,532	\$290,339
R. Scott LaRue	\$ 680,656	\$193,532	\$290,339

- (2) The amounts in this column include for the applicable year (i) the cash compensation earned under our annual incentive program and (ii) the portion of the annual incentive compensation earned during the year and paid in restricted compensation in the form of restricted investment fund shares under our MFRS plan (which was 50% of the restricted compensation for 2017 annual incentive compensation). The following amounts earned for 2017 performance were paid to the named executive officers in the form of restricted investment fund shares in February 2018: Mr. Duff: \$674,250; Ms. Schoneman: \$287,500; Mr. Abraham: \$537,188; Mr. Fairman: \$173,250; and Mr. LaRue: \$374,063. The mutual fund restricted shares vest in three equal annual installments from the date of grant.
- (3) All other compensation for 2017 consists of the following:

Form of All Other Compensation (\$)	Andrew S. Duff	Debra L. Schoneman	Chad R. Abraham	Frank E. Fairman	Stuart C. Harvey	R. Scott LaRue
Club membership dues	4,494	—	—	2,400	—	—
401(k) matching contributions	7,632	7,632	7,632	7,632	7,632	7,632
Life and long-term disability insurance premiums	1,626	708	708	1,626	1,176	1,212
Dividends from Mutual Fund Restricted Share Program	77,641	16,917	40,835	17,364	—	38,227
Employer Health Savings Account Contribution	—	500	100	—	550	100
Dividends from restricted PJC common stock	67,838	15,082	37,132	16,922	—	35,749
Other	—	—	—	—	2,975,000	14,515

The “Other” amounts identified in the table above reflect a \$14,515 benefit to Mr. LaRue, all of which was related to tax preparation payments made by us related to his international assignment to Hong Kong in prior years for work on our behalf.

- (4) Mr. Fairman was not a named executive officer for 2015. Accordingly, the table above includes the compensation of Mr. Fairman only for the year in which he was one of our named executive officers.
- (5) Mr. Harvey, our former President and COO, voluntarily decided to resign effective December 29, 2017. In connection with his resignation, we entered into a Separation Agreement and Release with Mr. Harvey, which provided for a separation payment of \$2,975,000 to Mr. Harvey. The PSU award granted to Mr. Harvey in February 2017 was forfeited in connection with his resignation. Mr. Harvey was not a named executive officer for 2015 or 2016. Accordingly, the table above includes the compensation of Mr. Harvey only for the year in which he was one of our named executive officers.

Grants of Plan-Based Awards

The following table provides information regarding the grants of plan-based awards made to the named executive officers during the year ended December 31, 2017.

Name	Grant Date	Compensation Committee Approval Date	Estimated Possible Payouts Under Incentive Plan Awards Maximum (\$) ⁽¹⁾	Estimated Future Payouts Under Equity Incentive Plan Awards (#) ⁽²⁾⁽³⁾			All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽⁴⁾	Grant Date Fair Value of Stock Awards (\$) ⁽⁵⁾
				Threshold	Target	Maximum		
Andrew S. Duff	2/15/2017	2/7/2017	—	3,568	7,135	10,703	—	580,433
	3/2/2017	3/2/2017	14,194,000	—	—	—	—	—
	2/15/2017	2/7/2017	—	—	—	—	14,417	1,172,823
Debbra L. Schoneman	2/15/2017	2/7/2017	—	1,784	3,568	5,352	—	290,257
	3/2/2017	3/2/2017	14,194,000	—	—	—	—	—
	2/15/2017	2/7/2017	—	—	—	—	4,087	332,478
Chad R. Abraham	2/15/2017	2/7/2017	—	1,190	2,379	3,569	—	193,532
	3/2/2017	3/2/2017	14,194,000	—	—	—	—	—
	2/15/2017	2/7/2017	—	—	—	—	9,473	770,629
Stuart C. Harvey	2/15/2017	2/7/2017	—	1,933	3,865	5,798	—	314,418
	3/2/2017	3/2/2017	14,194,000	—	—	—	—	—
Frank E. Fairman	2/15/2017	2/7/2017	—	1,190	2,379	3,569	—	193,532
	3/2/2017	3/2/2017	14,194,000	—	—	—	—	—
	2/15/2017	2/7/2017	—	—	—	—	5,745	467,356
R. Scott LaRue	2/15/2017	2/7/2017	—	1,190	2,379	3,569	—	193,532
	3/2/2017	3/2/2017	14,194,000	—	—	—	—	—
	2/15/2017	2/7/2017	—	—	—	—	8,367	680,656

(1) The amounts in this column reflect an estimate of the maximum combined value of the cash and restricted compensation that would have been payable to the named executive officers under qualified performance-based awards granted to the named executive officers for 2017 performance under the annual incentive program, calculated using our actual 2017 performance. Because the potential amounts payable under the qualified performance-based awards are stated in the annual incentive program as a percentage of pre-tax, pre-profit provision income that can only be decreased, and not increased, from that maximum level, and because actual amounts paid below this maximum level are within the full discretion of the Committee, there are no identifiable threshold or target amounts under the awards, and the maximum amounts actually payable to the named executive officers pursuant to the awards for 2016 performance were indeterminable at the time the awards were granted.

(2) The amounts in this column reflect the number of PSUs granted to the named executive officers on February 15, 2017, which will be earned and vest based on our adjusted ROE and our TSR as measured on a relative basis compared to a broad index of financial services companies over a 36-month performance period. The number of PSUs granted to each named executive officer was determined by dividing a dollar value for the executive's award by the fair market value of a PSU, rounded up to the nearest whole PSU. The fair market value of each PSU granted on February 15, 2017, was \$84.10. The 50% portion of the award that vests based on relative TSR was determined to have a fair market value of \$43.42, and was determined by using a Monte Carlo simulation, which

assumed a risk-free interest rate of 1.62 percent and expected stock price volatility of 35.9 percent. The remaining 50% of the award that vests based on adjusted ROE was determined to have a fair market value of \$40.68, and was determined based on the \$81.35 closing price of a share of our common stock on the New York Stock Exchange on February 15, 2017. The number of PSUs reflected in the table above represents the threshold, target, and maximum number of shares of common stock that may be issued pursuant to the PSU awards depending on the performance metrics that are achieved. If the performance metrics that are achieved for the adjusted ROE and/or the relative TSR measures exceed the target amounts, then the maximum number of shares of common stock that can be earned under the PSU awards are 150% of the target number of shares.

- (3) The February 2017 PSUs do not provide any voting rights, but do provide the recipient with dividend equivalent rights, which will be paid out in cash at the end of the performance period only on those shares that are ultimately earned and vested under the award. For a more complete description of the PSUs, see “Compensation Discussion and Analysis—Long-Term PSU Awards.”
- (4) The amounts in this column reflect restricted PJC common stock awards granted to the named executive officers in 2017 pursuant to annual qualified performance-based awards granted to these officers in 2016 under our annual incentive program. The shares of restricted stock were granted to these officers on February 15, 2017 following the Compensation Committee’s certification of the attainment of 2016 annual financial performance goal established by the Committee under the annual incentive program. All of the restricted stock was granted under the Incentive Plan and will vest in three equal installments on February 16 of each of 2018, 2019 and 2020, assuming the award recipient complies with the terms and conditions of the applicable award agreement. The restricted stock awards are subject to forfeiture prior to vesting following certain terminations of employment or in the event the award recipient is terminated for cause, misappropriates confidential company information, participates in or is employed by a talent competitor of Piper Jaffray, or solicits employees, customers or clients of Piper Jaffray, all as set forth in more detail in the applicable award agreement. Recipients have the right to vote all shares of Piper Jaffray restricted stock they hold and to receive dividends on the restricted stock at the same rate paid to our other shareholders. The number of shares of restricted stock awarded to each named executive officer for the 2016 qualified performance-based awards was determined by dividing specified dollar amounts representing a percentage of the individual’s total annual incentive compensation for 2016 by \$81.35, the closing price of our common stock on the New York Stock Exchange on the February 15, 2017 grant date.
- (5) The grant date fair value is generally the amount the company would expense in its financial statements over the award’s service period under FASB ASC Topic 718.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information concerning equity awards held by the named executive officers that were outstanding as of December 31, 2017.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested ⁽¹⁾ (#)	Market Value of Shares of Stock That Have Not Vested ⁽²⁾ (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ⁽³⁾ (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽²⁾ (\$)
Andrew S. Duff	—	—	—	—	54,270	4,680,788	64,727	5,582,704
Debra L. Schoneman	—	—	—	—	12,065	1,040,607	32,364	2,791,395
Chad R. Abraham	—	—	—	—	29,705	2,562,057	21,577	1,861,017
Frank E. Fairman	—	—	—	—	13,537	1,167,567	21,577	1,861,017
Stuart C. Harvey	—	—	—	—	—	—	—	—
R. Scott LaRue	—	—	—	—	28,599	2,466,664	21,577	1,861,017

- (1) The shares of restricted stock vest on the dates and in the amounts set forth in the table below, so long as the award recipient complies with the terms and conditions of the applicable award agreement.

Vesting Date	Andrew S. Duff	Debra L. Schoneman	Chad R. Abraham	Frank E. Fairman	R. Scott LaRue
February 16, 2018	20,332	4,108	10,507	5,319	10,139
February 17, 2018	8,799	2,486	5,531	984	5,531
February 16, 2019	20,333	4,108	10,509	5,319	10,140
February 16, 2020	4,806	1,363	3,158	1,915	2,789

- (2) The values in this column are based on the \$86.25 closing sale price of our common stock on the New York Stock Exchange on December 29, 2017.
- (3) The numbers in this column reflect the number of PSUs awarded in May of 2015 and 2016, and February 2017 that will vest on May 14 of 2018 and 2019, and February 14 of 2020, respectively, to the extent earned in accordance with the performance metrics over the three-year performance period. Under the awards granted in May 2015 and 2016, these performance metrics include absolute and relative total shareholder return. With respect to the February 2017 award, these performance metrics include adjusted ROE and relative total shareholder return. The number of PSUs represented for the February 2017 award represents the target number of shares of common stock that may be issued pursuant to such award depending on the performance metrics that are achieved.

Option Exercises and Stock Vested

The following table sets forth certain information concerning stock options exercised and restricted stock and PSU awards vested during the year ended December 31, 2017.

Name	Option Exercises		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ⁽¹⁾ (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ⁽²⁾ (\$)
Andrew S. Duff	—	—	59,094	4,113,473
Debra L. Schoneman	—	—	19,621	1,288,264
Chad R. Abraham	—	—	27,637	1,980,532
Frank E. Fairman	—	—	14,098	940,599
Stuart C. Harvey	—	—	—	—
R. Scott LaRue	—	—	25,861	1,845,734

- (1) The value realized upon exercise of the stock options reflects the difference between the market price of Piper Jaffray Companies common stock on the New York Stock Exchange at the time of exercise and the applicable exercise price of the option. There were no options exercised by our executive officers during 2017.
- (2) The value realized upon vesting of the stock awards is based on the \$78.85, \$76.05, and \$75.90 closing sale price of our common stock on the New York Stock Exchange on February 16, 17, and 21, 2017, respectively, the dates on which restricted stock awards granted in previous years vested, or the first trading date during which the New York Stock Exchange was open following the date on which the award vested. In addition, 100% of the PSUs that were granted to our executive officers in May 2014 vested following the certification by our Compensation Committee that certain total shareholder return metrics were met, and each PSU that vested was settled in a share of our common stock. The value realized upon settlement of the PSUs is based on the \$59.55 closing sale price of our common stock on the New York Stock Exchange on June 1, 2017.

Non-Qualified Deferred Compensation Plans

In June 2013, we adopted the Piper Jaffray Companies Deferred Compensation Plan (the “Deferred Compensation Plan”). The Deferred Compensation Plan is intended to be an “unfunded” plan, and, subject to the terms and conditions set forth in the Deferred Compensation Plan, each eligible participant may elect to defer a maximum of 50% of their salary or 90% of the cash award they receive under the annual incentive program. Deferrals under the Deferred Compensation Plan are fully vested at all times, and are credited to a deferral account maintained for each participant. Each participant has the opportunity to select from notional investment options determined by the plan administrator, and the amounts credited to their deferral accounts are adjusted periodically to reflect earnings and losses calculated based on the market return of the notional investment options selected by the participant. The notional investment options available under the Deferred Compensation Plan are similar to those offered under the company’s 401(k) plan, except that the self-directed brokerage feature is not available. Participants may make investment changes at any time. With certain exceptions, deferral accounts are paid or commence payment upon a fixed payment date, as elected by the participant, or upon the participant’s retirement. Participants generally may elect that payments be made in a single lump sum or in annual installments over a period of between two and ten years, however, payment will be made in a lump sum upon the termination of a participant’s employment for any reason other than retirement.

Executive Compensation

On August 9, 2017, the Committee approved the discontinuance of future deferral elections by participants for performance periods after December 31, 2017.

The following table summarizes information with respect to the participation of the named executive officers in the Piper Jaffray Companies Deferred Compensation Plan for the year ended December 31, 2017.

Name	Executive Contributions in Last Fiscal Year (\$) ⁽¹⁾	Aggregate Earnings in Last Fiscal Year (\$) ⁽²⁾	Aggregate Balance at Last Fiscal Year End (\$) ⁽³⁾
Andrew S. Duff	—	—	—
Debra L. Schoneman	\$232,438	\$221,868	\$1,389,141
Chad R. Abraham	—	\$24,593	\$1,998,535
Frank E. Fairman	—	—	—
Stuart C. Harvey	—	—	—
R. Scott LaRue	\$1,331,000	\$931,121	\$7,303,944

-
- (1) The amounts reported in this column are reported as “Non-Equity Incentive Compensation” for 2016 in the Summary Compensation Table above.
 - (2) The amounts reported in this column were not reported in the Summary Compensation Table as part of each named executive officer’s compensation for year the ended December 31, 2017 because the company does not pay guaranteed, above-market or preferential earnings on deferred compensation.
 - (3) The amounts reported in this column for each named executive officer include total amounts deferred from non-equity annual incentive compensation and the returns of each named executive officer on those amounts deferred based on the performance of their notional investment selections.

Potential Payments Upon Termination or Change-in-Control

The following table sets forth quantitative information with respect to potential payments to be made to each of the named executive officers or their beneficiaries upon termination in various circumstances, assuming termination on December 31, 2017. In the following table, unless indicated otherwise, all equity is listed at its dollar value as of December 31, 2017.

Name	Type of Termination ⁽⁹⁾						
	Change-in-Control Not Followed by Employment Termination	Involuntary Termination Within 24 Months Following a Change-in-Control	Voluntary Termination	Involuntary Termination Under Severance Plan	Other Involuntary Termination Not for Cause	Death or Disability	Involuntary Termination for Cause
Andrew S. Duff							
Severance ⁽¹⁾	—	—	—	\$325,000	—	—	—
Restricted Compensation ⁽²⁾⁽³⁾	—	\$4,680,788	\$4,680,788	\$4,680,788	\$4,680,788	\$4,680,788	—
PSUs ⁽⁴⁾	Indeterminable	Indeterminable	—	Indeterminable	—	Indeterminable	—
Annual Incentive Award ⁽⁵⁾	Indeterminable	—	—	—	—	—	—
Debra L. Schoneman							
Severance ⁽¹⁾	—	—	—	\$250,000	—	—	—
Restricted Compensation ⁽²⁾⁽³⁾	—	\$1,040,607	\$1,040,607	\$1,040,607	\$1,040,607	\$1,040,607	—
PSUs ⁽⁴⁾	Indeterminable	Indeterminable	—	Indeterminable	—	Indeterminable	—
Annual Incentive Award ⁽⁵⁾	Indeterminable	—	—	—	—	—	—
Chad R. Abraham							
Severance ⁽¹⁾	—	—	—	\$212,500	—	—	—
Restricted Compensation ⁽²⁾⁽³⁾	—	\$2,562,057	\$2,562,057	\$2,562,057	\$2,562,057	\$2,562,057	—
PSUs ⁽⁴⁾	Indeterminable	Indeterminable	—	Indeterminable	—	Indeterminable	—
Annual Incentive Award ⁽⁵⁾	Indeterminable	—	—	—	—	—	—
Frank E. Fairman							
Severance ⁽¹⁾	—	—	—	\$212,500	—	—	—
Restricted Compensation ⁽²⁾⁽³⁾	—	\$1,167,567	\$1,167,567	\$1,167,567	\$1,167,567	\$1,167,567	—
PSUs ⁽⁴⁾	Indeterminable	Indeterminable	—	Indeterminable	—	Indeterminable	—
Annual Incentive Award ⁽⁵⁾	Indeterminable	—	—	—	—	—	—
R. Scott LaRue							
Severance ⁽¹⁾	—	—	—	\$212,500	—	—	—
Restricted Compensation ⁽²⁾⁽³⁾	—	\$2,466,664	\$2,466,664	\$2,466,664	\$2,466,664	\$2,466,664	—
PSUs ⁽⁴⁾	Indeterminable	Indeterminable	—	Indeterminable	—	Indeterminable	—
Annual Incentive Award ⁽⁵⁾	Indeterminable	—	—	—	—	—	—

- (1) Under our Severance Plan, employees may be eligible for severance payments in the event of employment termination by us due to a facility closure, permanent work-force reduction, organizational change that eliminates the employee's position, or similar event as determined by the company. The named executive officers participate in the Severance Plan on the same basis as all other employees. The amount in the table reflects salary continuation payments calculated in accordance with the provisions of the plan. Also under this plan, the named executive officers would be entitled to continue to participate in our health and welfare benefits programs at employee rates during the severance period.
- (2) Under the Incentive Plan, in the event of a change-in-control of Piper Jaffray, regardless of whether an employee's employment is terminated, all awards that are continued, assumed or replaced in connection with a change-in-control will vest, be deemed earned or have restrictions lapse only if the recipient's employment is terminated involuntarily (other than for cause) within 24 months of the change-in-control.
- (3) Under the applicable award agreements, all of the restricted stock awards and mutual fund restricted shares will continue to vest following a termination of employment so long as the

termination was not for cause and the employee does not violate certain post-termination restrictions. Also, vesting is accelerated upon a company-determined severance event. The amounts in the table reflect these terms and conditions and assume compliance with any post-termination vesting requirements that are within the named executive officers' control.

- (4) With respect to the PSU awards made in May 2015 and 2016, under the applicable award agreements, each PSU automatically will become one share of restricted stock on the closing date of a change-in-control, and each resulting share of restricted stock will remain restricted until the end of the applicable 36-month performance period. With respect to the PSU award made in February 2017, under the applicable award agreement, if the change-in-control occurs within the first 12-months of the performance period, each PSU automatically will become one share of restricted stock as if the performance under the award would have been achieved at the target level. If the change-in-control occurs within the second or third year of the performance period, each PSU automatically will become one share of restricted stock based on the actual performance achieved as if the date of the change-in-control were the last day of the performance period. If the named executive officer remains continuously employed by us after the closing of the change-in-control through the end of the 36-month performance period, all shares of restricted stock earned under the PSUs will vest on the last day of the performance period. If the named executive officer's employment is terminated after the closing of the change-in-control and prior to the end of the performance period (i) by us without cause, (ii) by the named executive officer for good reason, (iii) in connection with the named executive officer's death or disability or (iv) under such circumstances determined to constitute retirement by the Compensation Committee in its sole discretion, all unvested shares of restricted stock arising from the PSUs will vest on the date of termination of the named executive officer's employment with us. Because the number of PSUs that would become shares of restricted stock in the event of a change-in-control depends on the date of the change-in-control, the total amounts are not determinable at this time. If the named executive officer's employment with us terminates because of a company-determined severance event or the named executive officer's, death, or disability prior to a change-in-control, then the named executive officer will earn the same number of PSUs that would otherwise be earned pursuant to the award agreement but for the named executive officer's termination. Certain of our outstanding PSU awards provide for full vesting based on the amount of the PSU award that is ultimately earned if the named executive officer is deemed to "retire" by the Compensation Committee. The 36-month performance period for the PSUs awarded in 2015 and 2016 ends on May 14, 2018 and 2019, respectively, and the 36-month performance for the PSUs awarded in 2017 ends on December 31, 2019. Therefore, any PSUs that might vest in connection with a named executive officer's termination as a result of a company-determined severance event, or his or her retirement, death or disability is not determinable at this time.
- (5) Qualified performance-based awards granted under the annual incentive program are payable in the discretion of the Compensation Committee, and are therefore indeterminable.
- (6) Since Mr. Harvey voluntarily resigned from the company effective as of December 29, 2017, he has been omitted from this table.

CEO Pay Ratio

We reasonably estimate that the ratio of our CEO's annual total compensation to the annual total compensation of our median employee for fiscal year 2017 was approximately 34:1. Our pay ratio estimate has been calculated in a manner consistent with Item 402(u) of Regulation S-K.

We identified our median employee based on the total compensation, including wages, base salary, incentives, and all other taxable income, reported in Box 1 on the Form W-2s of all of our employees (including full-time, part-time and temporary employees) for fiscal year 2017 who were employed with the company on December 31, 2017, other than our CEO. This realized compensation figure includes the amount of wages or base salary the employee received during 2017, the amount of any cash incentives paid to the employee in the year (which include annual cash incentives that are generally paid in February for performance during the prior fiscal year) and the value of any equity grants that vested during the year based on the value of the shares on the date of vesting, as well as any perquisites or benefits that were included in the employee's taxable income. With respect to each non-U.S. employee, we determined a realized compensation amount equivalent to what would be reported in Box 1 of a U.S.-based employee's Form W-2, and this total was then converted into U.S. dollars using the average daily exchange rate during 2017. We did not include any adjustments for the value of any other benefits provided or the annualization of pay for any employees who were employed by us for only part of the year. The realized compensation reported on our employees' Form W-2s during the fiscal year differs from the annual total compensation disclosed for our CEO in the Summary Compensation Table included herein in many respects due to SEC requirements relating to the timing of the disclosure of various compensation elements in the Summary Compensation Table.

Once we identified our median employee, we then determined that employee's annual total compensation, including any perquisites and other benefits, in the same manner that we determine the annual total compensation of our named executive officers for purposes of the Summary Compensation Table disclosed above. The annual total compensation of our median employee was determined to be \$148,779, which we then compared to the annual total compensation of our CEO disclosed above in the Summary Compensation Table of \$5,034,737. The elements included in the CEO's annual total compensation are fully discussed above in the footnotes to the Summary Compensation Table.

Risk Assessment of Compensation Policies and Practices

In early 2018, our management prepared a company-wide inventory and review of our compensation policies and practices for both executive officers and for employees generally, which management discussed with the Compensation Committee. In connection with this review and discussion, we determined that our compensation policies and practices are not reasonably likely to have a material adverse effect on our company.

Outstanding Equity Awards

The following table summarizes, as of December 31, 2017, the number of shares of our common stock to be issued upon exercise of outstanding options granted under our equity plans as of December 31, 2017. The table also includes the weighted-average exercise price of options and the number of shares remaining available for future issuance under the plans for all awards.

<u>Plan Category</u>	<u>Number of shares to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of shares remaining available for future issuance under equity compensation plans (excluding shares in first column)</u>
Equity compensation plans approved by shareholders	—	—	988,919 ⁽¹⁾
Equity compensation plans not approved by shareholders ⁽²⁾	—	n/a	—

(1) Based on the 8,200,000 shares currently authorized for issuance under the plan. 1,144,245 shares of restricted stock and 248,132 performance-based restricted share units were issued and outstanding as of December 31, 2017. All of the shares available for future issuance under the plan as of December 31, 2017 may be granted in the form of restricted stock, restricted stock units, options or another equity-based award authorized under the plan.

(2) In 2015, we established the Piper Jaffray Companies 2016 Employment Inducement Award Plan (“Inducement Plan”) in anticipation of the acquisition of Simmons. The New York Stock Exchange permits the adoption of an equity compensation plan without shareholder approval if awards under the plan are to be a material inducement to prospective employees to accept employment. Accordingly, we adopted the Inducement Plan to induce employees of Simmons to accept employment with the company in connection with the acquisition. On May 15, 2016, we issued 286,776 shares of restricted stock to 24 employees who had been associated with Simmons. These shares vest three years from the date of grant. As of December 31, 2017, 260,231 of these shares of restricted stock were issued and outstanding. On August 5, 2016, we terminated the Inducement Plan as to future grants. No additional shares will be granted under the Inducement Plan.

SECURITY OWNERSHIP

Stock Ownership Guidelines

We believe it is important for our directors and executive officers to maintain a meaningful equity interest in our company, to ensure that their interests are aligned with the interests of our shareholders. Our Compensation Committee has adopted stock retention guidelines to establish expectations for our executive officers and non-employee directors with respect to their equity stake in the company. Non-employee directors are expected to retain 50% of the shares awarded to them through our incentive plan, or acquired upon exercise of stock options. The guideline for non-employee directors applies irrespective of taxes paid for shares awarded, but is net of exercise costs for stock options. The stock retention guidelines applicable to our executive officers are described above in “Compensation Discussion and Analysis—Compensation Policies—Executive Stock Ownership and Prohibition on Hedging.”

Beneficial Ownership of Directors, Nominees and Executive Officers

The following table shows how many shares of our common stock were beneficially owned as of March 21, 2018 by each of our directors and executive officers named in the Summary Compensation Table contained in this proxy statement, and by all of our directors and executive officers as a group. The table also includes the number of shares of phantom stock that were deemed owned as of this date by each of our non-employee directors. Unless otherwise noted, the shareholders listed in the table have sole voting and investment power with respect to the shares owned by them.

Name of Beneficial Owner	Shares of Piper Jaffray Common Stock*	Phantom Shares**
Chad R. Abraham	54,917 ⁽¹⁾	—
Andrew S. Duff	202,930 ⁽²⁾	—
Frank E. Fairman	47,464 ⁽³⁾	—
William R. Fitzgerald	—	13,249
Michael E. Frazier	161,639 ⁽⁴⁾	—
Stuart C. Harvey	1,600 ⁽⁵⁾	—
B. Kristine Johnson	14,993 ⁽⁶⁾	1,820
R. Scott LaRue	55,641 ⁽⁷⁾	—
Addison L. Piper	24,641 ⁽⁸⁾	3,649
Debbra L. Schoneman	39,054 ⁽⁹⁾	—
Philip E. Soran	5,795 ⁽¹⁰⁾	3,373
Sherry M. Smith	1,158 ⁽¹¹⁾	3,740
Scott C. Taylor	7,374 ⁽¹²⁾	706
Michele Volpi	11,617 ⁽¹³⁾	—
All directors and executive officers as a group (16 persons)	642,183 ⁽¹⁴⁾	26,537

* None of the individuals identified in this table owns more than 1% of Piper Jaffray common stock outstanding with the exception of Mr. Duff with 1.3% and Mr. Frazier with 1.1%. As a group, our directors and executive officers hold 4.2% of Piper Jaffray common stock. (These percentages are

calculated using our outstanding shares as of March 21, 2018.) The holders of restricted stock identified in the footnotes below have no investment power with respect to the restricted stock.

- ** The directors have no voting or investment power with respect to the shares of phantom stock. All shares of phantom stock have been deferred pursuant to the Deferred Compensation Plan for Non-Employee Directors, as described above under “Compensation Program for Non-Employee Directors.”
- (1) Includes 12,498 shares of restricted stock that will vest on February 16, 2019, 5,148 shares of restricted stock that will vest on February 16, 2020, 1,990 shares of restricted stock that will vest on February 16, 2021, and 35,281 shares of common stock held directly.
 - (2) Includes 22,830 shares of restricted stock that will vest on February 16, 2019, 7,303 shares of restricted stock that will vest on February 16, 2020, 2,497 shares of restricted stock that will vest on February 16, 2021, 10 shares of common stock held by his two children, and 170,290 shares of common stock held directly.
 - (3) Includes 5,960 shares of restricted stock that will vest on February 16, 2019, 2,557 shares of restricted stock that will vest on February 16, 2020, 642 shares of restricted stock that will vest on February 16, 2021, and 38,305 shares of common stock held directly.
 - (4) Includes 160,481 shares of restricted stock that will vest on February 26, 2019, and 1,158 shares of common stock held directly.
 - (5) All shares beneficially owned by Mr. Harvey are held directly.
 - (6) Includes 9,463 shares of common stock held directly, 1,200 shares of common stock held in an individual retirement account, and 4,330 shares of common stock held in a family trust.
 - (7) Includes 11,525 shares of restricted stock that will vest on February 16, 2019, 4,175 shares of restricted stock that will vest on February 16, 2020, 1,386 shares of restricted stock that will vest on February 16, 2021, and 38,555 shares of common stock held in a revocable living trust of which Mr. LaRue is trustee and both Mr. LaRue and Mr. LaRue’s spouse are beneficiaries.
 - (8) Includes 23,591 shares of common stock held directly, and 1,000 shares of common stock held in an individual retirement account. The amount for Mr. Piper also includes 50 shares of common stock held by Mr. Piper’s spouse, as to which he disclaims beneficial ownership because he does not have voting or dispositive power over the shares.
 - (9) Includes 5,173 shares of restricted stock that will vest on February 16, 2019, 2,428 shares of restricted stock that will vest on February 16, 2020, 1,065 shares of restricted stock that will vest on February 16, 2021, and 30,388 shares of common stock held directly.
 - (10) All shares beneficially owned by Mr. Soran are held directly.
 - (11) All shares beneficially owned by Ms. Smith are held directly.
 - (12) All shares beneficially owned by Mr. Taylor are held directly.
 - (13) All shares beneficially owned by Mr. Volpi are held directly.
 - (14) Includes 58,617 shares of restricted stock that will vest on February 16, 2019, 160,481 shares of restricted stock that will vest on February 26, 2019, 21,871 shares of restricted stock that will vest on February 16, 2020, 7,907 shares of restricted stock that will vest on February 16, 2021, 393,307 shares of common stock held directly, by family members, by family trusts or by an individual retirement account.

Beneficial Owners of More than Five Percent of Our Common Stock

Based on filings made under Section 13(g) of the Securities Exchange Act of 1934, the persons known by us to be beneficial owners of more than 5% of our common stock, as of March 15, 2017, were as follows:

Name of Beneficial Owner	Shares of Piper Jaffray Common Stock	Percent of Class
BlackRock, Inc. <i>55 East 52nd Street New York, NY 10055</i>	1,903,946 ⁽¹⁾	12.6%
The Vanguard Group, Inc. <i>100 Vanguard Blvd. Malvern, PA 19355</i>	1,340,757 ⁽²⁾	8.9%
Dimensional Fund Advisors LP <i>6300 Bee Cave Road, Building One Austin, TX 78746</i>	744,871 ⁽³⁾	4.9%

- (1) This information is based on a Schedule 13G/A filed with the Securities and Exchange Commission on January 19, 2018, by BlackRock, Inc. BlackRock reported sole voting power as to 1,867,295 shares and sole dispositive power as to 1,903,946 shares.
- (2) This information is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 9, 2018, by The Vanguard Group, Inc. Vanguard reported that it has sole voting power as to 16,739 shares, sole dispositive power as to 1,322,484 shares, and shared dispositive power as to 18,273 shares.
- (3) This information is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 9, 2018, by Dimensional Fund Advisors LP. Dimensional reported sole voting power as to 734,758 shares and sole dispositive power as to 744,871 shares. According to the Schedule 13G/A, Dimensional, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the "Funds"). In certain cases, subsidiaries of Dimensional may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional may possess voting and/or investment power over the securities of the issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the issuer held by the Funds. However, all securities reported in the Schedule 13G are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors to file initial reports of ownership of our securities and reports of changes in ownership with the Securities and Exchange Commission. Based on our knowledge and on written representations from our executive officers and directors, we believe that all Section 16(a) filing and disclosure requirements applicable to our executive officers and directors for 2017 have been satisfied.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Compensation Committee Interlocks and Insider Participation

The Compensation Committee, comprised entirely of independent, non-employee directors, is responsible for establishing and administering our policies involving the compensation of our executive officers. No employee of the company serves on the Compensation Committee. The Committee members have no interlocking relationships as defined by the Securities and Exchange Commission.

Transactions with Related Persons

From time to time in the ordinary course of business, Piper Jaffray, through our subsidiaries, engages in transactions with other corporations or entities whose executive officers or directors also are directors or executive officers of Piper Jaffray or have an affiliation with our directors or executive officers. Such transactions are conducted on an arm's-length basis and may not come to the attention of our directors or executive officers or those of the other corporations or entities involved. In addition, from time to time our executive officers and directors and their affiliates may engage in transactions in the ordinary course of business involving goods and services provided by Piper Jaffray, such as brokerage, asset management and financial advisory services. Such transactions are made on substantially the same terms and conditions as other similarly-situated clients who are neither directors nor employees.

We engage in ordinary course trading, brokerage and similar transactions with BlackRock, Dimensional Fund Advisors, and The Vanguard Group, all of whom are 5% or greater shareholders of the company. The transactions we conduct with these firms are negotiated on an arms-length basis and contain customary terms and conditions.

From time to time, we permit our employees, including executive officers, and directors who are accredited investors to personally invest in private funds managed by Piper Jaffray or our asset management subsidiaries to support marketing efforts for these funds. To encourage employee participation in these private funds, they may be offered to employees, including executive officers, on a reduced or no management fee basis. No distributions, consisting of profits and other income and/or return of amounts initially invested, exceeded \$120,000 from funds managed by Piper Jaffray or our asset management subsidiaries were made to our executive officers or directors during 2017, except for a distribution from our merchant banking fund to Mr. Soran in the amount of \$444,299 following a liquidity event achieved by the fund. With respect to registered funds advised or sub-advised by our asset management subsidiaries, executive officers and directors may invest their personal funds in these funds on substantially the same terms and conditions as other similarly-situated investors in these funds who are neither directors nor employees.

In connection with our acquisition of Simmons & Company International, our wholly-owned subsidiary, Piper Jaffray & Co., entered into a consulting agreement with Mr. Frazier pursuant to which Mr. Frazier provided certain consulting services exclusively to our subsidiary from February 26, 2016 through February 26, 2017. Under the consulting agreement, Mr. Frazier was paid \$1,200,000, and was reimbursed travel and other reasonable expenses he incurred.

Review and Approval of Transactions with Related Persons

To minimize actual and perceived conflicts of interests, our Board has adopted a written policy governing our company's transactions where the aggregate amount involved is reasonably expected to exceed \$120,000 and any of the following persons has or may have a direct or indirect interest: (a) our executive officers or directors (including nominees), (b) shareholders who own more than 5% of our common stock, (c) immediate family members of any executive officer or director, and (d) the primary business affiliation of any person described in (a), (b) or (c). Unless exempted from the policy, related person transactions must be submitted for review by our Nominating and Governance Committee. The Nominating and Governance Committee considers the available, relevant facts and circumstances and will approve or ratify only those related person transactions that it determines are in, or are not inconsistent with, the best interests of our company and its shareholders. The chairperson of the Nominating and Governance Committee may approve and ratify transactions if it is not practicable to wait until the next committee meeting, but the chairperson is required to report to the committee at its next meeting any approval or ratification pursuant to this delegated authority. The Board also may exercise the powers and duties of the Nominating and Governance Committee under our policy governing related person transactions. Certain transactions that would not be required to be disclosed under applicable rules and regulations of the Securities and Exchange Commission are exempted from the definition of related person transactions under our policy.

AUDIT COMMITTEE REPORT AND PAYMENT OF FEES TO OUR INDEPENDENT AUDITOR

Audit Committee Report

The primary function of our Audit Committee is oversight of our financial reporting process, publicly filed financial reports, internal accounting and financial controls, and the independent audit of the consolidated financial statements. The consolidated financial statements of Piper Jaffray Companies for the year ended December 31, 2017 were audited by Ernst & Young LLP, independent auditor for the company.

As part of its activities, the Committee has:

1. Reviewed and discussed with management and the independent auditor the company's audited financial statements;
2. Discussed with the independent auditor the matters required to be communicated under applicable Public Company Accounting Oversight Board standards; and
3. Received the written disclosures and letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board requirements regarding the independent auditor's communications with the Audit Committee concerning independence, and has discussed with the independent auditor the independent auditor's independence.

Management is responsible for the company's system of internal controls and financial reporting process. Ernst & Young LLP is responsible for performing an independent audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and for issuing a report thereon. Our Committee's responsibility is to monitor and oversee these processes. Based on the foregoing review and discussions and a review of the report of Ernst & Young LLP with respect to the consolidated financial statements, and relying thereon, we have recommended to the Board of Directors of Piper Jaffray Companies the inclusion of the audited consolidated financial statements in Piper Jaffray's Annual Report on Form 10-K for the year ended December 31, 2017, for filing with the Securities and Exchange Commission.

Audit Committee of the Board of Directors of Piper Jaffray Companies

Scott C. Taylor, *Chairperson*

Sherry M. Smith

Philip E. Soran

Auditor Fees

Ernst & Young LLP served as our independent auditor for 2017 and 2016. The following table presents fees for professional audit services for the audit of our annual consolidated financial statements for 2017 and 2016, as well as fees for the review of our interim consolidated financial statements for each quarter in 2017 and 2016 and for all other services performed for 2017 and 2016 by Ernst & Young LLP.

	2017	2016
Audit Fees	\$1,247,900	\$1,175,000
Audit-Related Fees ⁽¹⁾	\$221,200	\$309,000
Tax Fees	\$0	\$0
All Other Fees ⁽²⁾	\$325,880	\$337,700
Total	\$1,794,980	\$1,817,700

- (1) Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. Specifically, the services provided for 2017 and 2016 included services relating to IRA Keogh agreed-upon procedures, employee benefit plan audits, audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting, or regulatory matters, internal control reviews and assistance with internal control reporting requirements, including the security custody surprise audit count, and the issuance of an independent auditor's report on controls placed in operation and tests of operating effectiveness. The services provided also include audit services provided to consolidated investment funds of our alternative asset management business and certain of our merchant banking funds. In addition to the amounts disclosed in the table above, certain nonconsolidated private investment funds of Advisory Research, Inc., our primary asset management business, engage Ernst & Young LLP to provide audit services for the funds. The total amounts paid by the Advisory Research funds to Ernst & Young for these audit services was \$339,735 in 2017 and \$295,430 in 2016.
- (2) In 2017 and 2016, we engaged Ernst & Young LLP to provide consulting services related to our risk assessment and risk management program. We paid approximately \$9,000 for these services in 2017, and \$104,300 in 2016. In addition, in 2017 and 2016, we paid \$316,880 and \$206,930, respectively, in fees related to accounting advisory services. In 2016, we also engaged Ernst & Young to provide consulting services on our request-for-proposal process in moving to a co-sourced internal audit function, and paid approximately \$22,470 for these services. All of these amounts and the services provided were pre-approved by our Audit Committee in accordance with our pre-approval policy (described below) that applies to any non-audit services that Ernst & Young is engaged to provide.

Auditor Services Pre-Approval Policy

The Audit Committee has adopted an auditor services pre-approval policy applicable to services performed for us by our independent auditor. In accordance with this policy, the Audit Committee's practice is to approve annually all audit, audit-related and permissible non-audit services to be provided by the independent auditor during the year. If a service to be provided is not pre-approved as part of the

annual process or if it may exceed pre-approved fee levels, the service must receive a specific and separate pre-approval by the Audit Committee, which has delegated authority to grant such pre-approvals during the year to the chairperson of the Audit Committee. Any pre-approvals granted pursuant to this delegated authority are reported to the Audit Committee at its next regular meeting.

Our Audit Committee has determined that the provision of the non-audit services described in the table above was compatible with maintaining the independence of our independent auditor. The Audit Committee reviews each non-audit service to be provided and assesses the impact of the service on the auditor's independence. On February 22, 2017, the Audit Committee pre-approved certain services to be provided by our independent auditor relating to engagements occurring on or after that date, and pre-approved any additional audit or audit-related services as disclosed above as necessary during the year.

Proposal Two



PROPOSAL TWO—RATIFICATION OF SELECTION OF INDEPENDENT AUDITOR

The Audit Committee of our Board has selected Ernst & Young LLP to serve as our independent auditor for the year ending December 31, 2018. While it is not required to do so, our Board of Directors is submitting the selection of Ernst & Young LLP for ratification in order to ascertain the views of our shareholders with respect to the choice of audit firm. If the selection is not ratified, the Audit Committee will reconsider its selection. Representatives of Ernst & Young LLP are expected to be present at the annual meeting, will be available to answer shareholder questions and will have the opportunity to make a statement if they desire to do so.

The Board of Directors recommends that you vote FOR ratification of the selection of Ernst & Young LLP as the independent auditor of Piper Jaffray Companies and our subsidiaries for the year ending December 31, 2018. Proxies will be voted FOR ratification of this selection unless otherwise specified.

Proposal Three

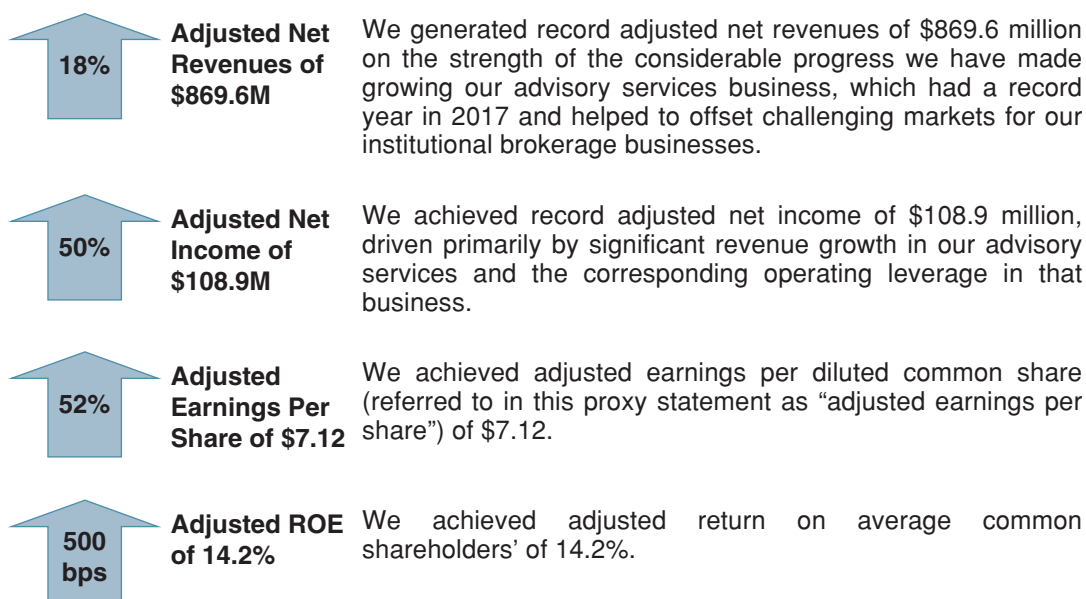


PROPOSAL THREE—ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

We are asking our shareholders to provide advisory approval of the compensation of the officers included in this proxy statement, as we have described it in the “*Executive Compensation*” section. While this vote is advisory and not binding on our company, the Compensation Committee of the Board of Directors will consider the outcome of the vote when making future compensation decisions for our executive officers.

We achieved record adjusted net revenues and adjusted net income in 2017. The strength of our results, led primarily by record revenues in our advisory services business, demonstrates the significant strategic progress that we have made over the past few years in growing our capital-lite, variable costs businesses, as well as our continued focus on internal development, selective hiring, cost discipline, productivity, and market share gains.

2017 Operating Performance Highlights



Our named executive officers’ total incentive compensation for 2017 reflects the strong operating results we achieved during the year. The following are some of the key highlights of our 2017 executive compensation program:

2017 Executive Compensation Program Highlights

- We have designed our compensation programs to be pay-for-performance.
- Total incentives are directly tied to our pre-tax, pre-profit provision income, a measurement of our profitability.



* Does not include amounts paid to Mr. Harvey in connection with his Separation Agreement.

- For 2017, *total* incentive compensation paid to our named executive officers increased by approximately 8% as a result of our strong performance during the year. This reflects an increase in the total incentive compensation paid to Messrs. Abraham and LaRue, our global co-heads of global investment banking and capital markets, as a result of the record performance of their business, as well as well as Ms. Schoneman in connection with her added role as Global Head of Equities during the year.
- For 2017 incentive compensation, in response to feedback that we received from our shareholders, our Committee made a structural change to our executive compensation program that resulted in a *decrease* in the portion of total incentive compensation paid in annual incentives, and an *increase* in the portion paid in long-term PSU awards. As a result, *annual* incentives paid to our named executive officers for 2017 performance decreased approximately 10% from 2016.
- The portion of total incentive compensation received in the form of long-term PSU awards by our named executive officers increased to approximately 25%. Each named executive officer received between 22.5 and 30% of their total incentive compensation for 2017 performance in the form of long-term PSU awards. Long-term PSU awards must be earned by meeting (1) adjusted ROE and (2) relative TSR performance metrics over their three-year performance period.

Proposal Three: Advisory (Non-Binding) Vote on Executive Compensation

The Board of Directors recommends that shareholders approve the following advisory resolution:

RESOLVED, that the compensation paid to the individuals identified in the Summary Compensation Table, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC (which disclosure includes the Compensation Discussion and Analysis section, the compensation tables and the accompanying footnotes and narratives within the Executive Compensation section of this proxy statement), is hereby approved.

The Board of Directors recommends that you vote FOR the advisory (non-binding) resolution. Proxies will be voted FOR this resolution unless otherwise specified.

Questions and Answers



QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Who is entitled to vote at the meeting?

The Board has set March 21, 2018 as the record date for the annual meeting. If you were a shareholder of record at the close of business on March 21, 2018, you are entitled to vote at the meeting. As of the record date, 15,198,769 shares of common stock, representing all of our voting stock, were issued and outstanding and, therefore, eligible to vote at the meeting.

What are my voting rights?

Holders of our common stock are entitled to one vote per share. Therefore, a total of 15,198,769 votes are entitled to be cast at the meeting. There is no cumulative voting.

How many shares must be present to hold the meeting?

In accordance with our bylaws, shares equal to a majority of the voting power of the outstanding shares of common stock entitled to vote generally in the election of directors as of the record date must be present at the annual meeting in order to hold the meeting and conduct business. This is called a quorum. Shares are counted as present at the meeting if:

- you are present and vote in person at the meeting; or
- you have properly and timely submitted your proxy as described below under “How do I submit my proxy?”

What is a proxy?

It is your designation of another person to vote stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. When you designate a proxy, you also may direct the proxy how to vote your shares. We refer to this as your “proxy vote.” Two executive officers have been designated as proxies for our 2018 annual meeting of shareholders. These executive officers are John W. Geelan and Timothy L. Carter.

If I received a one-page Notice of Internet Availability of Proxy Materials, how can I receive a full set of printed proxy materials?

As permitted by Securities and Exchange Commission rules, we have elected to provide access to our proxy materials over the Internet to record owners and any beneficial owners of our stock who have not previously requested printed proxy materials, which reduces our costs and the environmental impact of

our annual meeting. The Notice of Availability contains instructions on how to request a printed set of proxy materials, which we will provide to shareholders upon request at no cost to the requesting shareholder within three business days after receiving the request.

How can I get electronic access to the proxy materials if I don't already receive them via e-mail?

To get electronic access to the proxy materials, you will need your control number, which was provided to you in the Notice of Internet Availability of Proxy Materials or the proxy card included in your printed set of proxy materials. Once you have your control number, you may either go to www.proxyvote.com and enter your control number when prompted, or send an e-mail requesting electronic delivery of the materials to sendmaterial@proxyvote.com.

What is the difference between a shareholder of record and a "street name" holder?

If your shares are registered directly in your name, you are considered the shareholder of record with respect to those shares. If your shares are held in a stock brokerage account or by a bank, trust or other nominee, then the broker, bank, trust or other nominee is considered to be the shareholder of record with respect to those shares, while you are considered the beneficial owner of those shares. In that case, your shares are said to be held in "street name." Street name holders generally cannot vote their shares directly and must instead instruct the broker, bank, trust or other nominee how to vote their shares using the method described below under "How do I submit my proxy?"

How do I submit my proxy?

If you are a shareholder of record, you can submit a proxy to be voted at the meeting in any of the following ways:

- through the Internet using www.proxyvote.com;
- if you request a full set of the proxy materials, you may vote over the telephone by calling a toll-free number; or
- if you receive a paper copy of the proxy card after requesting the proxy materials by mail, you may sign, date and mail the proxy card.

To vote by Internet or telephone, you will need to use a control number that was provided to you by our vote tabulator, Broadridge Financial Solutions, and then follow the additional steps when prompted. The steps have been designed to authenticate your identity, allow you to give voting instructions, and confirm that those instructions have been recorded properly. If you hold your shares in street name, you must vote your shares in the manner prescribed by your broker, bank, trust or other nominee, which is similar to the voting procedures for shareholders of record. However, if you request the proxy materials by mail after receiving a Notice of Internet Availability of Proxy Materials from your broker, bank, trust or other nominee, you will receive a voting instruction form (not a proxy card) to use in directing the broker, bank, trust or other nominee how to vote your shares.

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials or printed set of proxy materials?

If you receive more than one Notice of Internet Availability of Proxy Materials or printed set of proxy materials, it means that you hold shares registered in more than one account. To ensure that all of your shares are voted, vote once for each control number you receive as described above under “How do I submit my proxy?”

Can I vote my shares in person at the meeting?

If you are a shareholder of record, you may vote your shares in person at the meeting by completing a ballot at the meeting. Even if you currently plan to attend the meeting, we recommend that you submit your proxy as described above so your vote will be counted if you later decide not to attend the meeting. If you submit your vote by proxy and later decide to vote in person at the annual meeting, the vote you submit at the meeting will override your proxy vote.

If you are a street name holder, you may vote your shares in person at the meeting only if you obtain and bring to the meeting a signed letter or other form of proxy from your broker, bank, trust or other nominee giving you the right to vote the shares at the meeting.

What if I do not specify how I want my shares voted?

If you are a shareholder of record and submit a signed proxy card or submit your proxy by Internet or telephone but do not specify how you want to vote your shares on a particular matter, we will vote your shares in accordance with the recommendations of the Board of Directors as follows:

- **FOR** all nine of the nominees for director;
- **FOR** the ratification of the selection of Ernst & Young LLP as the independent auditor of Piper Jaffray Companies for the year ending December 31, 2018;
- **FOR** the advisory (non-binding) approval of the compensation of our officers included in this proxy statement; and

Your vote is important. We urge you to vote, or to instruct your broker, bank, trust or other nominee how to vote, on all matters before the annual meeting. If you are a street name holder and fail to instruct the shareholder of record how you want to vote your shares on a particular matter, those shares are considered to be “uninstructed.” New York Stock Exchange rules determine the circumstances under which member brokers of the New York Stock Exchange may exercise discretion to vote “uninstructed” shares held by them on behalf of their clients who are street name holders. Other than the ratification of the selection of Ernst & Young LLP as our independent auditor for the year ending December 31, 2018, the rules do *not* permit member brokers to exercise voting discretion as to the uninstructed shares on any matter included in the notice of meeting. With respect to the ratification of the selection of Ernst & Young LLP as our independent auditor for the year ending December 31, 2018, the rules permit member brokers (other than our broker-dealer subsidiary, Piper Jaffray & Co.) to exercise voting discretion as to the uninstructed shares. For matters with respect to which the broker, bank or other nominee does not have voting discretion or has, but does not exercise, voting discretion, the uninstructed shares will be referred to as a “broker non-vote.” For more information regarding the effect of broker non-votes on the outcome of the vote, see below under “How are votes counted?”

Can I change my vote after submitting my proxy?

Yes. You may revoke your proxy and change your vote at any time before your proxy is voted at the annual meeting, in any of the following ways:

- by submitting a later-dated proxy by Internet or telephone before 11:59 p.m. Eastern Daylight Time on Wednesday, May 16, 2018 for shares you hold directly, or 11:59 p.m. Eastern Daylight Time on Monday, May 14, 2018 for shares you hold in a retirement plan;
- by submitting a later-dated proxy to the corporate secretary of Piper Jaffray Companies, which must be received by us before the time of the annual meeting;
- by sending a written notice of revocation to the corporate secretary of Piper Jaffray Companies, which must be received by us before the time of the annual meeting; or
- by voting in person at the meeting.

What vote is required to approve each proposal included in the notice of meeting?

- The nine director nominees who receive the most votes cast at the meeting in person or by proxy will be elected, subject to our majority voting standard in uncontested director elections as further described in the section above titled “Board of Directors and Corporate Governance—Majority Voting Standard and Director Resignation Policy.”
- The affirmative vote of the holders of a majority of the outstanding shares of common stock present in person or represented by proxy and entitled to vote at the annual meeting is required to ratify the selection of our independent auditor.
- If the advisory vote on the compensation of our officers included in this proxy statement receives more votes “for” than “against,” then it will be deemed to be approved.

The advisory votes on the compensation of our officers and the frequency of future say-on-pay votes are not binding on us or the Board, but we will consider the shareholders’ advisory input on these matters when establishing compensation for our officers in future years and recommending the frequency of future say-on-pay votes.

How are votes counted?

You may either vote “FOR,” “AGAINST,” or “ABSTAIN” with respect to each director nominee’s election. You may vote “FOR,” “AGAINST” or “ABSTAIN” on ratification of the election of Ernst & Young LLP as our independent auditor for the year ending December 31, 2018, and the advisory say-on-pay vote. If you properly submit your proxy but abstain from voting on any of the proposals, your shares will be counted as present at the meeting for the purpose of determining a quorum and for the purpose of calculating the vote on the particular matter(s) with respect to which you abstained from voting. If you do not submit your proxy or voting instructions and also do not vote by ballot at the annual meeting, your shares will not be counted as present at the meeting for the purpose of determining a quorum unless you hold your shares in street name and the broker, bank, trust or other nominee has discretion to vote your shares and does so. For more information regarding discretionary voting, see the information above under “What if I do not specify how I want my shares voted?”

With respect to the vote on each director nominee, under our bylaws' majority voting standard, each director nominee in an uncontested election will be elected by the vote of a majority of the votes cast with respect to that director's election. For these purposes, a majority of votes cast means that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election. Abstentions, a failure to vote, and broker non-votes will not be counted as votes cast either "for" or "against" a director's election, and will have no effect on the outcome of the vote. With respect to the proposal to ratify the selection of Ernst & Young LLP as our independent auditor, if you abstain from voting, doing so will have the same effect as a vote against the proposal, but if you do not vote your shares (or, for shares held in street name, if you do not submit voting instructions and your broker, bank, trust or other nominee does not or may not vote your shares), this will have no effect on the outcome of the vote. With respect to the proposal to approve the advisory say-on-pay vote, if you abstain from voting or if you do not vote your shares or submit voting instructions, this will have no effect on the outcome of the vote.

How can I attend the meeting?

All of our shareholders are invited to attend the annual meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the meeting. If you hold your shares in street name, you also may be asked to present proof of ownership to be admitted to the meeting. A brokerage statement or letter from your broker, bank, trust or other nominee are examples of proof of ownership. To help us plan for the meeting, please let us know whether you expect to attend, by responding affirmatively when prompted during Internet or telephone voting or by marking the attendance box on the proxy card.

Who pays for the cost of proxy preparation and solicitation?

Piper Jaffray pays for the cost of proxy preparation and solicitation, including the reasonable charges and expenses of brokerage firms, banks, trusts or other nominees for forwarding proxy materials to street name holders. We have retained Morrow Sodali LLC to assist in the solicitation of proxies for the annual meeting for a fee of approximately \$10,000 plus reimbursement of out-of-pocket expenses. We are soliciting proxies primarily through the distribution of Notices of Internet Availability of Proxy Materials. In addition, our directors, officers and regular employees may solicit proxies personally, telephonically, electronically or by other means of communication. Our directors, officers and regular employees will receive no additional compensation for their services other than their regular compensation.

SHAREHOLDER PROPOSALS FOR THE 2019 ANNUAL MEETING

In order for a shareholder proposal, including a director nomination, to be considered for inclusion in our proxy statement for the 2019 annual meeting of shareholders, the written proposal must be received at our principal executive offices on or before December 7, 2018. The proposal should be addressed to Piper Jaffray Companies, Attention: John W. Geelan, Secretary, 800 Nicollet Mall, Suite 1000, Mail Stop J12NSH, Minneapolis, Minnesota 55402. The proposal must comply with Securities and Exchange Commission regulations regarding the inclusion of shareholder proposals in company-sponsored proxy materials.

In accordance with our bylaws, in order to be properly brought before the 2019 annual meeting, a shareholder's notice of the matter the shareholder wishes to present must be delivered to our principal executive offices in Minneapolis, Minnesota, at the address identified in the preceding paragraph, not less than 90 nor more than 120 days prior to the first anniversary of the date of this year's annual meeting. As a result, any notice given by or on behalf of a shareholder pursuant to these provisions of our bylaws (and not pursuant to Rule 14a-8 of the Securities and Exchange Commission) must be received no earlier than January 17, 2019, and no later than February 16, 2019.

HOUSEHOLDING

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement or annual report, as applicable, addressed to those shareholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for shareholders and cost savings for companies. We household our proxy materials and annual reports for shareholders, delivering a single proxy statement and annual report to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders.

If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or annual report, or if you are receiving multiple copies of either document and wish to receive only one, please contact us in writing or by telephone at Piper Jaffray Companies, Attention: Investor Relations, 800 Nicollet Mall, Suite 1000, Mail Stop J12NSH, Minneapolis, Minnesota 55402, (612) 303-6336. We will deliver promptly upon written or oral request a separate copy of our annual report and/or proxy statement to a shareholder at a shared address to which a single copy of either document was delivered.

OTHER MATTERS

We do not know of any other matters that may be presented for consideration at the annual meeting. If any other business does properly come before the meeting, the persons named as proxies above will vote as they deem in the best interests of Piper Jaffray.

A handwritten signature in black ink that reads "John W Geelan". The signature is written in a cursive style with a large initial "J" and a long horizontal flourish at the end.

John W. Geelan
Secretary

Dated: April 6, 2018

Reconciliation of U.S. GAAP Financial Performance Figures to Adjusted Non-GAAP Financial Information

This proxy statement includes several non-GAAP, or “adjusted,” financial measures, including adjusted net revenues, adjusted net income, adjusted earnings per diluted common share, and adjusted return on average common shareholders’ equity. The corresponding reconciliations of these non-GAAP financial measures to the most comparable U.S. GAAP financial measures are included below.

These non-GAAP financial measures include adjustments to exclude (1) revenues and expenses related to noncontrolling interests, (2) amortization of intangible assets related to acquisitions, (3) compensation and non-compensation expenses from acquisition-related agreements, (4) restructuring and acquisition integration costs, (5) goodwill impairment charges, and (6) the impact from remeasuring deferred tax assets resulting from changes to the U.S. federal tax code. For example, our adjusted financial measures from 2017 exclude an \$114.4 million non-cash impairment charge to reduce the carrying value of the goodwill associated with our Asset Management segment, a \$54.2 million non-cash write-off related to the remeasurement of our deferred tax assets as a result of the enactment of the Tax Cut and Jobs Act, and acquisition-related compensation costs.

Management believes that presenting these results and measures on an adjusted basis in conjunction with the corresponding U.S. GAAP measures provides the most meaningful basis for comparison of our 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. These adjusted figures are also used by the Compensation Committee of our Board of Directors when reviewing business and individual executive officer performance, and determining annual incentive compensation. 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 for fiscal 2016 and 2017 (in thousands):

	Twelve Months Ended	
	December 31, 2017	December 31, 2016
U.S. GAAP net revenues	\$874,923	\$747,349
Adjustments:		
Revenue related to noncontrolling interests ⁽¹⁾	\$(5,319)	\$(11,070)
Adjusted net revenues	\$869,604	\$736,279

- (1) Noncontrolling interests include revenue and expenses from consolidated alternative asset management entities that are not attributable, either directly or indirectly, to Piper Jaffray Companies.

Net Income:

A reconciliation of adjusted net income to U.S. GAAP net income/(loss) applicable to Piper Jaffray Companies for fiscal 2016 and 2017 (in thousands):

	Twelve Months Ended	
	December 31, 2017	December 31, 2016
U.S. GAAP net income/(loss) applicable to Piper Jaffray Companies	\$ (61,939)	\$ (21,952)
Adjustments:		
Compensation from acquisition-related agreements	\$35,755	\$23,700
Restructuring and integration costs	—	\$7,014
Goodwill impairment	\$70,791	\$50,901
Amortization of intangible assets related to acquisitions	\$9,534	\$12,979
Non-compensation expenses from acquisition-related agreements	\$607	—
Impact of the Tax Cuts and Jobs Act legislation	\$54,154	—
Adjusted net income	\$108,902	\$72,642

Earnings Per Diluted Common Share:

A reconciliation of adjusted earnings per diluted common share to U.S. GAAP earnings/(loss) per diluted common share for fiscal 2016 and 2017:

	Twelve Months Ended	
	December 31, 2017	December 31, 2016
U.S. GAAP earnings/(loss) per diluted common share	\$ (5.07)	\$ (1.73)
Adjustment for loss allocated to participating shares ⁽¹⁾	\$1.04	\$0.30
Adjustments:		
Compensation from acquisition-related agreements	\$2.33	\$1.53
Restructuring and integration costs	—	\$0.45
Goodwill impairment	\$4.62	\$3.29
Amortization of intangible assets related to acquisitions	\$0.62	\$0.84
Non-compensation expenses from acquisition-related agreements	\$0.04	—
Impact of the Tax Cuts and Jobs Act legislation	\$3.54	—
Adjusted earnings per diluted common share	\$7.12	\$4.69

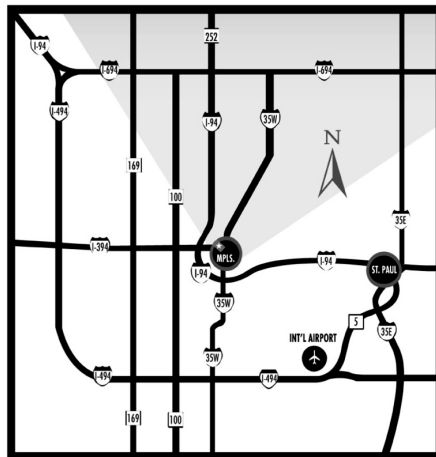
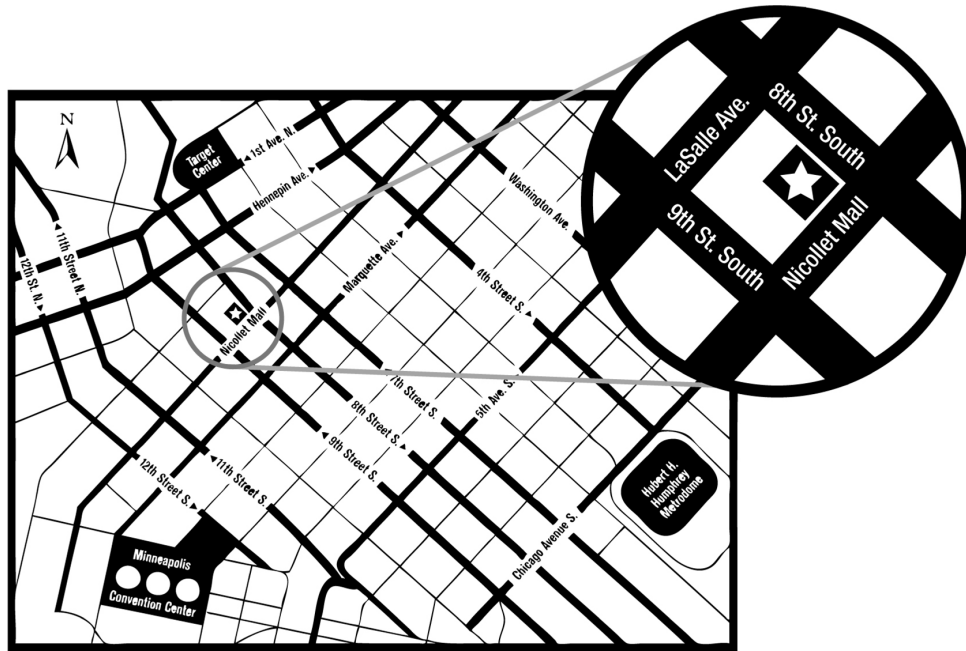
- (1) Piper Jaffray Companies calculates earnings per common share using the two-class method, which requires the allocation of consolidated adjusted net income between common shareholders and participating security holders, which in the case of Piper Jaffray Companies, represents unvested stock with dividend rights. No allocation of undistributed earnings is made for periods in which a loss is incurred.

Adjusted Return on Average Common Shareholders' Equity:

Adjusted return on average common shareholders' equity is computed by dividing adjusted net income for the last 12 months by average monthly common shareholders' equity.

LOCATION OF PIPER JAFFRAY COMPANIES ANNUAL MEETING OF SHAREHOLDERS

Thursday, May 17, 2018, at 2:00 p.m., Central Time
The Huber Room in our Minneapolis Headquarters
12th Floor, U.S. Bancorp Center
800 Nicollet Mall
Minneapolis, MN 55402



PARKING: Recommended in the U.S. Bancorp Center Public Parking on LaSalle Avenue. The entrance is on LaSalle Avenue between 8th and 9th streets.

FROM THE NORTH:

Take I-94 South/East to 4th Street exit. Continue straight onto 4th Street North. Turn right onto 1st Avenue North. Turn left onto 8th Street North. Turn right onto LaSalle Avenue. Follow LaSalle Avenue for .5 blocks and U.S. Bancorp Center Public Parking will be on your left.

FROM THE SOUTH (AIRPORT):

Take I-494 West from the Minneapolis Airport. Take the I-35 North exit and go north on I-35 towards DOWNTOWN EXITS. Take the 5th Avenue South exit. Turn left onto 9th Street South. Turn right onto LaSalle Avenue. Follow LaSalle Avenue for .5 blocks and U.S. Bancorp Center Public Parking will be on your right.

FROM THE EAST:

Take I-94 West towards Minneapolis. Take the 11th Street South exit. Turn slight left to take the 11th Street South ramp. Turn slight left onto 11th Street South. Turn right onto LaSalle. Follow LaSalle Avenue for 2.5 blocks and U.S. Bancorp Center Public Parking will be on your right.

FROM THE WEST:

Take I-394 East towards Minneapolis. Take the 12th Street North exit. Turn slight right onto 12th Street North. Turn left onto Hennepin Avenue. Turn right onto 8th Street South. Turn right onto LaSalle Avenue. Follow LaSalle Avenue for .5 blocks and U.S. Bancorp Center Public Parking will be on your left.

Beneficial owners of common stock held in street name by a broker, bank, trust or other nominee may need proof of ownership to be admitted to the meeting. A brokerage statement or letter from the broker, bank, trust or other nominee are examples of proof of ownership.