

PIPER JAFFRAY COMPANIES
Form DEF 14A
March 31, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Piper Jaffray Companies

(Name of Registrant as Specified In Its Charter)

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 - (1) Amount Previously Paid:
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 - (3) Filing Party:
 - (4) Date Filed:
-

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800 Nicollet Mall, Suite 1000
Mail Stop J09SSH
Minneapolis, Minnesota 55402
612 303-6000

April 2, 2015

Dear Shareholders:

You are cordially invited to join us for our 2015 annual meeting of shareholders, which will be held on Wednesday, May 13, 2015, 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.

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 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 Availability and the proxy card.

We look forward to seeing you at the annual meeting.

Sincerely,

Andrew S. Duff
Chairman and Chief Executive Officer

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Notice of Annual Meeting of Shareholders

May 13, 2015, at 2:00 p.m., local 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 2015 annual meeting of shareholders of Piper Jaffray Companies will be held at our corporate headquarters in Minneapolis, Minnesota on Wednesday, May 13, 2015 at 2:00 p.m., local time, for the following purposes:

1. The election of eight 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, 2015.
3. An advisory vote to approve the compensation of the officers disclosed in the attached proxy statement, or "say-on-pay" vote.
4. Approval of an amendment to the Amended and Restated 2003 Annual and Long-Term Incentive Plan and the performance goals and related provisions under the Incentive Plan for purposes of Section 162(m) of the Internal Revenue Code.
5. 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 Tuesday, May 12, 2015. 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 18, 2015 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 13, 2015

Our proxy statement and 2014 annual report are available at
www.piperjaffray.com/proxymaterials

By Order of the Board of Directors

John W. Geelan
Secretary

April 2, 2015

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PROXY STATEMENT 2015 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 13, 2015

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 13, 2015, 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 2, 2015.

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: Wednesday, May 13, 2015,
at 2:00 p.m.,
local time

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

Record Date: March 18, 2015

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Voting Matters

The Board of Directors recommends you vote FOR each Director Nominee and FOR the following proposals:

Agenda Item	Page Reference (for more detail)
1. Election of Directors	5
The Board of Directors believes the eight nominees as a group have the experience and skills that are necessary to effectively oversee our company.	
2. Ratification of Selection of Independent Auditor	51
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, 2015.	
3. Advisory (Non-Binding) Vote on Executive Compensation	52
The Board of Directors is asking shareholders to provide advisory approval of the compensation of the officers disclosed in this proxy statement.	
4. Approval of an Amendment to our Amended and Restated 2003 Annual and Long-Term Incentive Plan.	54
The Board of Directors is asking shareholders to approve an amendment to the Amended and Restated 2003 Annual and Long-term Incentive Plan that would increase the number of shares authorized for issuance under the Incentive Plan by 1,200,000, and would approve the performance goals and related provisions under the Incentive Plan for purposes of Section 162(m) of the Internal Revenue Code.	

2014 Performance Highlights

In 2014, we achieved significant results for our shareholders, with a return on equity of 8.1% and our highest earnings per share from continuing operations since becoming a publicly traded company. Our 2014 performance highlights include:

Our return on average common shareholders' equity (referred to in this proxy statement as "return on equity") for the year was 8.1%, which represents a significant increase from 2013's return on equity of 6.2%;

We achieved earnings per diluted common share from continuing operations (referred to in this proxy statement as "earnings per share") of \$3.87, a 43% increase from 2013;

We generated net revenues of \$648.1 million, an increase of 23% from \$525.2 million in net revenues in 2013;

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We achieved record advisory services revenues of \$186.2 million;

Our net income from continuing operations applicable to Piper Jaffray Companies (referred to in this proxy statement as "net income from continuing operations") was \$63.2 million, which was up 27% from the \$49.8 million earned in 2013, and represented our highest level of net income from continuing operations as a public company since our spin-off from U.S. Bancorp in 2003;

The closing price of a share of our stock on the last trading day of 2014 was \$58.09, which represented a 47% increase from the closing price on the last trading day of 2013 and an increase of 188% over the past three years, measuring from the last trading day in 2011; and

Our total return to shareholders outperformed the entire peer group that we used for compensation purposes in 2014, as measured by Standard & Poor's Capital IQ.

Board Nominees

The Board of Directors has nominated eight directors: our CEO and seven other serving directors. Each of our directors other than our CEO is independent under New York Stock Exchange Rules. The following table provides summary information on each director nominee. For more detail, please see pages 6 through 9 of this proxy statement.

	William R. Fitzgerald	B. Kristine Johnson	Addison L. Piper	Lisa K. Polsky	Philip E. Soran	Scott C. Taylor	MI
	Chairman and CEO of Ascent Capital Group	President of Affinity Capital Management	Former Chairman and CEO of Piper Jaffray Companies	Executive Vice President and Chief Risk Officer of CIT Group	Former President, CEO and Director of Compellent Technologies	Executive Vice President and General Counsel of Symantec	CE
		<i>Chair Nominating and Governance; Lead Director</i>		<i>Chair Audit</i>			Ch Co

2014 Compensation Highlights

In 2014, our executive compensation program retained all of the core elements of our 2013 program, including annual incentives based on the achievement of a measure of pre-tax operating income and the grant of a long-term incentive component in the form of performance share units ("PSUs") that will be earned and vest based on our total and relative shareholder return. The most significant actions taken during 2014 by the Board's Compensation Committee include:

Base Salaries: The base salaries of our named executive officers remained unchanged in 2014.

Annual Incentive Compensation: Due to our strong performance in 2014, which saw continued improvements to our return on equity, earnings per share, and revenues, annual incentives paid to our CEO, CFO and three other highest-paid executive officers increased

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in 2014. Our CEO's annual incentive compensation based on 2014 performance was \$4,862,000, resulting in a 49% increase in his combined base salary and annual incentive compensation from 2013. The annual incentive compensation for our other named executive officers ranged from \$1,648,000 to \$4,075,000, resulting in increases in combined base salary and annual incentive compensation of between 19% and 70% compared to 2013.

Long-Term Incentive Compensation: We made grants of long-term incentive awards to our named executive officers in the form of PSUs that will be earned only if our total shareholder return measured on an absolute and relative basis compared to our peer group over a 36-month period meets certain criteria that we believe represents strong company performance. The grant date fair values of all PSU awards made in 2014 were flat as compared to 2013. Our CEO's and CFO's PSU awards during 2014 had a value of \$600,000 and \$300,000, respectively, and our other named executive officers received PSU awards of \$200,000.

Clawback Policy: Consistent with our continuous focus on good governance and pay practices, during 2014 we adopted a clawback policy applicable to incentive compensation paid to our executive officers.

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ITEM 1 ELECTION OF DIRECTORS

2015 Nominees for Director

The number of directors currently serving on our Board of Directors is eight. Upon the recommendation of the Nominating and Governance Committee, the Board has nominated these eight current members of the Board for election at the 2015 annual meeting. These individuals are Andrew S. Duff, William R. Fitzgerald, B. Kristine Johnson, Addison L. Piper, Lisa K. Polsky, Philip E. Soran, Scott C. Taylor and Michele Volpi. Each of these individuals will be a candidate for election to the Board to serve until our 2016 annual meeting of shareholders or until his or her successor is elected and qualified. Each of the nominees has agreed to serve as a director if elected. The eight nominees receiving a plurality of the votes cast at the meeting in person or by proxy will be elected. Proxies may not be voted for more than eight 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 of Directors.

The Board of Directors recommends a vote FOR the election of the eight director nominees. Proxies will be voted FOR the election of the eight 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 of Directors 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, 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.

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Director	Principal Occupation, Other Directorships and Qualifications	Age	Director Since
	<p>Mr. Duff has served as chairman and chief executive officer of Piper Jaffray Companies since December 31, 2003. Mr. Duff became chairman and chief executive officer following completion of our spin-off from U.S. Bancorp on December 31, 2003. He has served as chairman of our broker-dealer subsidiary since 2003 and as chief executive officer of our broker-dealer subsidiary since 2000.</p> <p><i>Qualifications:</i> Mr. Duff has more than 30 years of experience in the capital markets industry with Piper Jaffray, and has been 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 formulate and execute our business plans and growth strategies.</p>	57	2003
Andrew S. Duff	<p>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 NASDAQ-listed 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. Mr. Fitzgerald served as a director of Expedia, Inc. from March 2006 to December 2012, and as a director of TripAdvisor, Inc. from December 2011 to February 2013.</p> <p><i>Qualifications:</i> 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 public company director provides valuable experience to our management and to the Board.</p>	57	2014
William R. Fitzgerald	<p><i>Committees:</i> Compensation; Nominating & Governance.</p>		

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Director	Principal Occupation, Other Directorships and Qualifications	Age	Director Since
B. Kristine Johnson	<p>Ms. Johnson has been president of Affinity Capital Management, a Minneapolis-based venture capital firm that invests primarily in seed and early-stage health care companies in the United States, since 2000. Ms. Johnson previously was employed for 17 years at Medtronic, Inc., a leading medical device manufacturer, serving most recently as senior vice president and chief administrative officer. Ms. Johnson currently serves on the board of directors for The Spectranetics Corporation, a medical device company.</p> <p><i>Qualifications:</i> 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 industry and the venture capital business provide the Board with valuable insights and knowledge, both from a client and public company perspective.</p> <p><i>Committees:</i> Chair of Nominating and Governance, and also serves as our lead director.</p>	63	2003
Addison L. Piper	<p>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. Mr. Piper served as a member of the board of directors of Renaissance Learning, a provider of computer-based assessment technology and school improvement programs, from 2001 until October 2011.</p> <p><i>Qualifications:</i> 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.</p>	68	2003

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Director	Principal Occupation, Other Directorships and Qualifications	Age	Director Since
	<p>Ms. Polsky has been executive vice president and chief risk officer of CIT Group, Inc., a bank holding company that focuses on small business and middle market lending and financing, since May 2010. Prior to joining CIT Group, Ms. Polsky worked at Jane Street Capital, LLC, a New York-based quantitative proprietary trading firm, from February 2009 until May 2010. Ms. Polsky also served as managing director, head of client financing services and head of leveraged client channel with Merrill Lynch & Co., Inc., and as managing director, chief risk officer, head of risk policy, chief derivative strategist and head of product development at Morgan Stanley DW Inc.</p> <p><i>Qualifications:</i> Ms. Polsky has extensive experience in the financial services industry, having served as a managing director at both Morgan Stanley and Merrill Lynch. Ms. Polsky's role as chief risk officer of CIT Group, a position she previously held at Morgan Stanley, provides valuable experience and insights relating to risk management, an important discipline for a securities firm such as our company.</p>	58	2007
Lisa K. Polsky	<p><i>Committees:</i> Chair of Audit.</p>		
	<p>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. Mr. Soran currently serves on the board of directors for Hutchinson Technology, Inc., a technology manufacturer, and SPS Commerce, Inc., a provider of on-demand supply chain management solutions.</p> <p><i>Qualifications:</i> 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 perspectives as a board member of two other publicly traded companies also provide valuable insights to the Board.</p>	58	2013
Philip E. Soran	<p><i>Committees:</i> Audit; Nominating & Governance.</p>		

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Director	Principal Occupation, Other Directorships and Qualifications	Age	Director Since
Scott C. Taylor	<p>Mr. Taylor serves as Executive Vice President and General Counsel for Symantec Corporation, a NASDAQ-listed information security solutions company, a position he has held since August 2008. Mr. Taylor's prior work experience includes positions as vice president and general counsel of Phoenix Technologies Ltd. and Narus, Inc. Prior to that, Mr. Taylor was an attorney at Pillsbury Madison and Sutro LLP (now Pillsbury Winthrop Shaw Pittman LLP). Mr. Taylor previously served on the board of directors of VirnetX Holding Corporation, a patent owner and lessor primarily focused on securing real-time communications over the Internet, from February 2008 until May 2014.</p> <p><i>Qualifications:</i> 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.</p> <p><i>Committees:</i> Audit; Compensation.</p>	50	2014
Michele Volpi	<p>Mr. Volpi has served as the chief executive officer of Betafence, a global provider of fencing solutions located in Belgium, since October 2011. Prior to joining Betafence, Mr. Volpi served as the president and chief executive officer and as a director of H.B. Fuller Company from December 2006 to November 2010. H.B. Fuller and its subsidiaries manufacture and market adhesives and specialty chemical products worldwide. Mr. Volpi currently serves as a member of the board of directors of Saipem, S.p.A.</p> <p><i>Qualifications:</i> Mr. Volpi has significant management experience, including from his current position of chief executive officer of Betafence and his previous role as the president and chief executive officer and a 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.</p> <p><i>Committees:</i> Chair of Compensation.</p>	51	2010

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INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

The Board of Directors conducts its business through meetings 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, 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 principal executive officer, principal financial officer, principal accounting officer, controller and other employees performing similar functions, 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. We will post on our website at www.piperjaffray.com or file a Form 8-K with the Securities and Exchange Commission disclosing 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 of Directors must be independent, and no director qualifies as independent unless the Board of Directors 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.

The Board has affirmatively determined, in accordance with our Director Independence Standards, that 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 and Mr. Taylor, the Board considered immaterial commercial relationships involving Piper Jaffray and the director's primary business affiliation (and, in the case of Ms. Johnson, portfolio companies of her primary business affiliation that engaged the company to provide services in the ordinary course of business); (ii) with respect to Mr. Piper, 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 Ms. Johnson, the Board considered immaterial relationships between Piper Jaffray and charitable foundations or other non-profit organizations with which each of those directors is associated (i.e., less than \$1,500 in each case); (iv) with respect to Ms. Johnson, the Board considered a relationship arising solely from her position as a director of another company that was provided services by Piper Jaffray; and (v) with respect to Ms. Johnson, the Board considered her investment in one of our investment funds on substantially the

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same terms as similarly situated investors. All of these relationships are deemed to be immaterial under our Director Independence Standards.

Mr. Duff cannot be considered an independent director under New York Stock Exchange corporate governance rules because he is employed as our chief executive officer.

Board Leadership Structure and Lead Director

Since our spin-off from U.S. Bancorp, Mr. Duff has served in the combined roles of chairman and chief executive officer. Since 2006, the Board has appointed a lead director of the Board. Ms. Johnson currently serves as the lead director. 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 herself available for consultation and direct communication.

We believe that Mr. Duff's combined service as chairman and chief executive officer creates unified leadership for the Board and the company, with one cohesive vision for our organization. This leadership structure, which is common among U.S.-based publicly traded companies, demonstrates to our clients, employees and shareholders that the company is under strong leadership. As chairman and chief executive officer, Mr. Duff helps shape the strategy ultimately set by the entire Board and also leverages his operational experience to balance growth and risk management. We believe the oversight provided by the Board's independent directors, the work of the Board's committees described below and the coordination between the chief executive officer and the independent directors conducted by the lead director help provide effective oversight of our company's strategic plans and operations. We believe having one person serve as chairman and chief executive officer is in the best interests of our company and our shareholders at this time.

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, however, for

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defining or managing the company's various risks. The Audit Committee of the Board of Directors is primarily responsible for monitoring management's responsibility in the area of risk oversight, and risk management is a factor the Board and the Nominating and Governance Committee consider when determining which directors serve on the Audit Committee. Accordingly, management regularly reported to the Audit Committee on risk management during 2014. The Audit Committee, in turn, reports on the matters discussed at the committee level to the full Board. The Audit Committee and the full Board focus on the material risks facing the company, including market, credit, liquidity, legal, regulatory, and operational risks, to assess whether management has reasonable controls in place to address these risks. In addition, the Compensation Committee is charged with reviewing and discussing with management whether the company's compensation arrangements are consistent with effective controls and sound risk management. The Board believes this division of responsibilities provides an effective and efficient approach for addressing risk management.

Meetings of the Outside Directors

At both the Board and committee levels, our non-employee directors meet regularly in executive sessions in which Mr. Duff and other members of management do not participate. Ms. Johnson, 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. Our independent directors meet in executive session regularly without Mr. Duff, the only non-independent director under New York Stock Exchange rules.

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:

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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 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 primarily responsible for monitoring management's responsibility in the area of risk oversight. 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 nine times during 2014. 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 Ms. Polsky is 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. 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

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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 head of human capital, as well as by our finance department, primarily through our chief financial officer. These personnel work closely with the chief executive officer and, as appropriate, the general counsel and assistant general counsel, to prepare and present information and recommendations for review and consideration by the Committee, as described below under "Compensation Discussion and Analysis Setting Compensation Involvement of Executive Officers."

The Compensation Committee has engaged an independent outside compensation consultant, Frederic W. Cook & Co., 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 Setting Compensation 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 Setting Compensation" below. The Compensation Committee met six times during 2014. 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 of Directors 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. 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 six times during 2014. 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).

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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 of Directors held seven meetings during 2014. Each of our directors attended at least 75% of the meetings of the Board of Directors and the committees on which he or she served during 2014, with the directors collectively attending 93.8% of the meetings of the Board of Directors and the committees on which they served during the year. All of our directors attended our 2014 annual meeting of shareholders.

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 J09SSH, 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 J09SSH, 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 (including the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

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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 2014, non-employee directors received a \$60,000 annual cash retainer for service on our Board, as well as additional annual cash retainers for service on our Board committees. This additional annual cash retainer was \$25,000 for the chairperson of the Audit Committee, and \$15,000 for the chairpersons of each of the Compensation Committee and Nominating and Governance Committee. The other directors serving on a committee but not in the role of chairperson received an additional annual cash retainer of \$10,000 for service on the Audit Committee, and \$5,000 for service on the Compensation Committee and Nominating and Governance Committee. In addition, our lead director received an additional annual cash retainer of \$20,000 in connection with her service, and we paid an observer fee of \$1,000 for attendance by a director at each meeting of a committee on which that director does not serve.

Our non-employee director compensation program also provides that each non-employee director receives a \$60,000 grant of stock on the date of a director's initial election or appointment to the Board for a number of shares determined by dividing \$60,000 by the closing price of our common stock on the date of initial election or appointment. Directors whose service on the Board continues following each annual meeting of our shareholders receive an annual equity grant of \$60,000 as of the date of the annual meeting. All equity awards granted to our non-employee directors are granted under the Incentive Plan. 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.

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 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. This deemed investment is measured in phantom stock, and no shares of common stock are reserved, repurchased or issued pursuant to the plan. Following the cessation of the director's service, the director will receive a share of our common stock for each share that was deferred under the plan, and a single lump-sum cash payment for all cash amounts deferred under the plan based on the fair market value of

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the phantom stock credited to the director's account as of the last day of the year in which the director's service with us terminates.

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 \$50 up to an aggregate maximum of \$1,500 per year. Employees of Piper Jaffray who also serve as directors receive compensation for their service as employees, but they do not receive any additional compensation for their service as directors.

The following table contains compensation information for our non-employee directors for the year ended December 31, 2014.

Non-Employee Director Compensation for 2014

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	47,672 ⁽⁴⁾	8,596 ⁽⁴⁾⁽⁵⁾	120,048 ⁽⁴⁾⁽⁶⁾	1,500	177,816
B. Kristine Johnson	60,000	35,000	60,038	2,570	157,608
Addison L. Piper	60,000	15,000	60,038	1,011	136,049
Lisa K. Polsky	60,000 ⁽⁴⁾	25,000 ⁽⁴⁾	60,038 ⁽⁴⁾		145,038
Philip E. Soran	60,000	16,000	60,038	2,464	138,502
Scott C. Taylor	54,410	14,605 ⁽⁷⁾	120,040 ⁽⁸⁾	1,500	190,555
Michele Volpi	60,000	16,000	60,038	6,244	142,282

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

(2) The aggregate number of outstanding option awards granted to our non-employee directors as of December 31, 2014 is set forth in the table below. These option award values are based on the difference between the per share exercise price of the in-the-money stock options and \$58.09, closing sale price of our common stock on the New York Stock Exchange on December 31, 2014. The amounts for Mr. Piper include stock option awards granted to him in 2006 during his tenure as an executive officer of the company.

Director	Year-End Value of Option Awards	
	(#)	(\$)
William R. Fitzgerald		
B. Kristine Johnson	1,962	
Addison L. Piper	1,694	17,347
Lisa K. Polsky		
Philip E. Soran		
Scott C. Taylor		
Michele Volpi		

(3) Consists of charitable matching contributions made by Piper Jaffray in the amount of \$1,500. The amounts for Ms. Johnson, and Messrs. Piper, Soran, and Taylor also include the cost of airfare for their respective spouses to an off-site directors' retreat we held during 2014.

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- (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 additional annual cash retainer for the portion of the year Mr. Fitzgerald served on our Compensation Committee and Nominating and Governance Committee (May 8, 2014 through December 31, 2014) as well as an additional \$2,034 for observer fees that were earned for attendance at committee meetings during 2014.
- (6) Reflects an initial grant of stock of \$60,000 on the date of Mr. Fitzgerald's election to the Board (March 17, 2014) in addition to the annual equity grant made on May 7, 2014.
- (7) Reflects a pro rata portion of the additional annual cash retainer for the portion of the year Mr. Taylor served on our Audit Committee and Compensation Committee (February 4, 2014 through December 31, 2014), as well as an additional \$1,000 for observer fees that were earned for attendance at a committee meeting during 2014.
- (8) Reflects an initial grant of stock of \$60,000 on the date of Mr. Taylor's election to the Board (February 4, 2014) in addition to the annual equity grant made on May 7, 2014.

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Our performance in 2014 can be characterized by the significant results we achieved for our shareholders. We generated earnings per share of \$3.87, an increase of 43% over 2013, and our highest earnings per share from continuing operations since becoming a publicly traded company following our spin-off from U.S. Bancorp in 2003. Our strong performance drove returns for our shareholders, with our stock price rising nearly 47% during the year, representing the best total shareholder return of any company in our compensation peer group as measured by Standard & Poor's Capital IQ. Investments we have made over the past few years in our higher margin businesses, such as our mergers and acquisitions advisory services business, together with firm-wide cost discipline, improved productivity, and market share gains in our focus sectors in equities financing, contributed to producing these strong results during a year marked by overall low volatility, increasing transaction volumes and fees, and the best environment for our equity-related businesses in over a decade. We believe that the strategy upon which we embarked several years ago, which was focused on operating discipline, investment in higher margin businesses, and execution on opportunistic strategic acquisitions, resulted in our strong performance in 2014.

2014 Performance

Our 2014 results indicate strong performance and a continued execution of our strategy. The table below highlights critical aspects of our 2014 financial performance:

Metric(1)	2014	2013	% Change
Closing Stock Price ⁽²⁾	\$58.09	\$39.55	46.9%
Earnings Per Share	\$3.87	\$2.70	43%
Net Revenues	\$648.1 million	\$525.2 million	23.4%
Net Income	\$63.2 million	\$49.8 million	26.8%
Capital Markets Net Revenues	\$567.8 million	\$443.2 million	28.1%
Asset Management Net Revenues	\$80.3 million	\$81.9 million	(2.0)%

(1) All operating metrics reflect only our continuing operations.

(2) As of last trading day of period.

During 2014, we built on the strong performance that we achieved over the past few years as we have invested in our higher margin businesses of mergers and acquisition advisory services, public finance, and asset management, and have worked to instill operating discipline and control the growth of non-compensation expenses. Additional indicators of our 2014 operating success include:

Return on equity for the year was 8.1%, which represents a substantial increase from 2013's return on equity of 6.2%;

In addition to the 47% increase to our closing stock price between the end of 2013 and the end of 2014, our stock price has increased 188% over the past three years, measuring from the last trading day of 2011 to the last trading day of 2014;

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Advisory services revenues were \$186.2 million in 2014, the highest level in the firm's history; and

Our equity financing revenues exceeded \$100 million for the second consecutive year.

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Overview of 2014 Compensation

Throughout this proxy statement, we refer to our chief executive officer, chief financial officer, and each of our three other most highly compensated executive officers for 2014, as the "named executive officers." In addition to our chief executive officer and chief financial officer, this group includes Chad R. Abraham and R. Scott LaRue, our global co-heads of investment banking and capital markets, and Jeffrey P. Klinefelter, our global head of equities.

In 2014, our executive compensation program retained all of the core elements of our 2013 program, including annual incentives based on the achievement of a measure of pre-tax operating income and the grant of a long-term incentive component in the form of performance share units ("PSUs") that will be earned and will vest based on our total and relative shareholder return. We did not increase the base salaries of any of the named executive officers for 2014. The majority of each of our named executive officers' compensation for 2014 was in the form of performance-related annual incentives, a significant portion of which was payable in restricted stock and, at the officer's election, mutual fund restricted shares, discussed below, to further align the interests of our officers with those of our shareholders. Key aspects of our 2014 annual incentive compensation include:

Our CEO's annual incentive compensation based on 2014 performance was \$4,862,000, resulting in a 49% increase in his combined base salary and annual incentive compensation from 2013. Mr. Duff's 2014 annual incentive compensation was significantly influenced by our record net income from continuing operations, growth in our earnings per share, 8.1% return on equity, and one- and three-year total shareholder returns in 2014. We view our strong performance during the year to be a result of the strategic direction charted by Mr. Duff and his leadership as we have invested in higher margin businesses, managed our costs, and improved productivity and performance.

Our CFO's annual incentive compensation based on 2014 performance was \$1,648,000, resulting in a 70% increase in her combined base salary and annual incentive compensation from 2013. Ms. Schoneman's 2014 annual incentive compensation was significantly influenced by our strong operating performance in 2014 and her contributions to execution on our strategic initiatives of investing in higher margin businesses, managing costs, and improving productivity and performance across our businesses as well as her contributions to our overall financial strength and performance in 2014, including the meaningful increase in our return on equity and our one- and three-year total shareholder returns.

Each of our global co-heads of investment banking and capital markets received annual incentive compensation of \$4,075,000, resulting in a 61% increase in their combined base salary and annual incentive compensation from 2013. Their 2014 annual incentive compensation was significantly influenced by the strong performance and profitability of our investment banking and capital markets business, which achieved record advisory services revenues of \$186.2 million, a 150% increase over 2013, and market share gains relative to our peer group in our focus sectors in our equities financing business. We attribute the strong performance and profitability achieved by our investment banking and capital markets business during 2014 to Messrs. Abraham's and LaRue's execution on our strategic efforts to invest in our advisory services business, develop senior bankers, and improve productivity and performance.

Our global head of equities received annual incentive compensation of \$2,425,000 for 2014, resulting in a 19% increase in his combined base salary and annual incentive compensation from 2013. Mr. Klinefelter's 2014 incentive compensation was significantly influenced by his efforts over the past several years to develop and execute a plan to focus our resources

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and improve cost management in our equities business. As a result of these efforts, despite lackluster market conditions through much of 2014, our equities business remained profitable. In addition, our equities business provides distribution services as an integral part of our equity financing activities and contributed significantly to our strong revenues from equity financing in 2014.

Compensation Best Practices

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:

What we do:		What we do NOT do:
ü Annual incentives directly tied to our performance;	X	Stand-alone change-in-control agreements;
ü Long-term incentives directly tied to returns generated for our shareholders;	X	Employment agreements with our executives;
ü Meaningful annual equity awards granted in lieu of not in addition to annual cash incentives;	X	Repricing of underwater stock options;
ü Stock retention guidelines for executive officers and directors, supplemented with an anti-hedging policy;	X	Excessive perquisites; and
ü "Double trigger" change-in control provision for all equity awards granted on or after May 8, 2013; and	X	Tax gross-ups, other than in the case of certain tax equalization or relocation expenses, consistent with firm-wide policies.
ü A clawback policy to recover incentive compensation in certain circumstances.		

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. We continually review our executive compensation program to ensure it reflects good governance practices and the best interests of shareholders, while meeting the following core objectives:

Pay for performance Most of the total compensation paid to our named executive officers is based on the profitability of the company and each business unit. 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. In 2014, we continued the practice we began in 2012 of granting a long-term incentive award in the form of PSUs, which will be earned by our named executive officers based on

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our total shareholder return, measured on an absolute and relative basis compared to our peer group over a 36-month performance period.

Sustain and strengthen the franchise Our compensation program is designed to be sufficiently competitive to allow us to attract and retain the most talented people who are committed to the long-term success of our company. Our business is a highly competitive one based primarily on human capital, which requires us to provide compensation at a level and in forms that are sufficient to attract and retain people who can help our company succeed. 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 equity.

Align risk and reward through a blend of pay components We are committed to using 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.

Align employees with shareholders We are committed to using our compensation program to focus executives' attention on creating value for our shareholders. We believe that equity ownership directly aligns the interests of our executive officers with those of our shareholders and helps to focus our executives on creating long-term shareholder value. Also, the long-term incentive award program initiated in 2012 based on our total shareholder return directly aligns the interests of our named executive officers with those of our shareholders by tying the value of the award to our stock performance.

Setting Compensation

The Committee has responsibility for approving the compensation paid to our executive officers and ensuring it meets our objectives. With respect to our chief executive officer, 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 of Directors, and also leads a discussion of the full Board reporting on the results of the annual evaluation and reviewing the chief executive officer's self-evaluation.

In February 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. Subject to limits on the compensation that may be paid under the annual incentive program (as described below under "Compensation Program and Payouts Annual Incentive Compensation"), 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, which works closely with our chief executive officer, our chief financial officer, and our general counsel. The head of human capital, together with these executive officers, prepares and presents information and recommendations for review and consideration by the Committee, including:

The performance goals to be established under the annual incentive program;

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Financial information for the company and each business unit reviewed in connection with executive compensation decisions;

The firms to be included in the compensation peer group and financial and compensation data for those firms (including total shareholder return 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 the Committee's independent compensation consultant annually identify a compensation peer group of firms with which we compete for executive talent. As a middle-market, full-service investment bank with material 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 2014 was unchanged from 2013, other than to eliminate Gleacher & Company, Inc. in light of that firm's adoption of a plan of liquidation during 2014. Our 2014 peer group consisted of the following companies, each of whom we believe are direct competitors for talent in some aspect of our business:

2014 Peer Group

Cowen Group, Inc.

Evercore Partners Inc.

FBR & Co.

Greenhill & Co.

JMP Group LLC

Lazard Ltd.

Oppenheimer Holdings Inc.

Stifel Financial Corp.

SWS Group, Inc.

We also use data from external market surveys reflecting a broad number of firms within our industry (including members of our peer group), 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 external market surveys that we used for 2014 were prepared by McLagan Partners and Mercer, and generally related to our industry and sub-sectors within our industry. We also used the surveys to gather market data outside of our industry in the corporate support area. This 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.

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Compensation Consultant

The Committee engaged Frederic W. Cook & Co., Inc. ("FWC") as its independent compensation consultant for 2014. The Committee considers advice and recommendations received from FWC in making executive compensation decisions. FWC does not provide services to us other than the advice it provides to the Committee and FWC has advised the Committee that the fees and direct expenses received from us during 2014 were less than 1% of FWC's consulting income for the period. FWC 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 FWC's conflict of interest policies and procedures and the lack of known business and personal relationships between FWC, its team members serving the Committee and the Committee members and our executive officers, the Committee concluded that FWC's work for the Committee does not raise any conflict of interest concerns.

Say-on-Pay

At our 2014 annual meeting of shareholders, our say-on-pay proposal received "for" votes that represented approximately 97% of the shares present at the meeting and entitled to vote on the proposal. The Committee considered the results of the vote to be an endorsement of the Committee's handling of executive compensation matters. In 2014, our executive compensation program retained all of the core elements of our 2013 program, which are described below under " Compensation Program and Payouts."

Clawback Policy

In 2014, our Board of Directors approved 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. 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 Securities and Exchange Commission. 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. Our clawback policy does not apply to equity-based compensation granted on or before May 8, 2013.

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Compensation Program and Payouts

Our executive officer compensation program is designed to align pay with performance. Each of our executive officers' annual compensation is made up of three elements: base salary, annual incentive compensation, and long-term incentive compensation. These elements are designed to reward profitability and the achievement of increasing long-term shareholder value.

Base Salary

The purpose of base salary is to provide a market-competitive set amount of cash compensation for each executive that is not variable in nature and that recognizes the importance of key leadership and daily accountabilities of our senior leaders. Consistent with our past practice of not regularly granting salary increases, the salaries of our named executive officers were unchanged for 2014 compared to 2013.

Annual Incentive Compensation

Delivering a significant portion of our compensation through annual incentives reflects one of the core objectives of our compensation program, which is pay-for-performance. The Committee has established an annual incentive program that provides a significant portion of the total compensation paid to our named executive officers. The objective of the program is to provide cash and equity compensation that is variable based on the achievement of annual performance goals determined each year by the Committee.

2014 Program

At the outset of each year, the Committee grants performance-based awards subject to the achievement of an annual performance goal of the company that is based on our adjusted pre-tax operating income. Each award granted to our executive officers for 2014 was for an amount equal to 10% of our 2014 adjusted pre-tax operating income, subject to an aggregate limitation of 25% for the group as a whole. The Committee retains sole discretion to reduce the aggregate accrual rate as well as the amount allocated to each named executive officer, and historically the Committee has exercised this negative discretion.

Adjusted pre-tax operating 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 adjustments to eliminate certain expenses and losses that are unusual or infrequent in nature are established at the beginning of each year prior to granting the qualified performance-based awards, and the exclusion of these items from pre-tax operating income more accurately reflects our operating performance for a given year. For 2014, adjustments included the elimination of: net income attributable to noncontrolling interests; amounts expensed during the year under our annual incentive program for participating executive officers; amortization expense for cash and equity awards granted in connection with acquisitions; and amounts expensed during the year in connection with the PSUs granted to participating executive officers.

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In applying the formula described above, our adjusted pre-tax operating income for 2014 was \$127.9 million, which represented a 54% increase from the corresponding figure from 2013. The adjusted pre-tax operating income for 2014 of \$127.9 million resulted in a maximum amount payable to each award recipient of \$12.8 million, subject to a maximum aggregate payout of \$32.0 million for the group as a whole. Consistent with prior years, the Committee paid less than the maximum amount payable for 2014, paying an aggregate of \$21.4 million, or 16.7% of our adjusted pre-tax operating income for 2014. The table below sets forth a calculation of our adjusted pre-tax operating income for 2014 (in thousands):

Operating income before taxes	\$110,311
Removal of net income applicable to noncontrolling interests	(\$11,153)
Expense under our annual incentive program	\$21,391
Amortization expense for equity awards (including in the MFRS plan) granted in connection with acquisitions	\$4,552
Amortization expense for cash awards granted in connection with acquisitions	\$684
Expense for PSU grants	\$2,067
Adjusted pre-tax operating income	\$127,852

The design of our annual incentive program is intended to directly align pay with performance. Due to this design, the annual incentive compensation earned by our executive officers will vary significantly depending on the company's financial performance. The following chart highlights how the annual incentive compensation paid to our CEO over the past three years has been aligned with our performance in terms of our adjusted pre-tax operating income:

Adjusted Pre-Tax Operating Income History <i>(dollar amounts below are in thousands)</i>	CEO Annual Incentive Compensation History⁽¹⁾
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(1) Amounts shown correspond to the figures provided in the Supplemental Compensation Table below.

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Compensation Determinations and Relevant Factors

After following the processes and considering the factors described above under " Setting Compensation," the following were the material factors that influenced 2014 annual incentive compensation at an individual level for the named executive officers:

Andrew S. Duff, chairman and chief executive officer. Mr. Duff's 2014 annual incentive compensation was significantly influenced by our record net income from continuing operations, growth in our earnings per share, 8.1% return on equity, and one- and three-year total shareholder returns in 2014. We view our strong performance to be a result of the strategic direction charted by Mr. Duff as we have invested in higher margin businesses, managed our costs, and improved productivity and performance. Our 2014 operating successes included achieving net revenues of \$648.1 million for the year, record net income from continuing operations of \$63.2 million, record advisory services revenues of \$186.2 million, and equity financing revenues exceeding \$100 million for the second consecutive year. In addition, our stock price rose 46.9% during the year. As a result of Mr. Duff's leadership, in 2014 we were positioned to take advantage of accommodative capital markets conditions and further improve on our prior year's performance in nearly all key categories and continue our operational momentum in improving our return on equity and generating strong profitability and returns for shareholders.

Debra L. Schoneman, chief financial officer. Ms. Schoneman's annual incentive compensation was significantly influenced by our strong operating performance in 2014 and her contributions to our execution on our strategic initiatives of investing in higher margin businesses, managing costs, and improving productivity and performance across our businesses. In addition, Ms. Schoneman's compensation was significantly influenced by her execution of our 2014 strategic and financial plan, her leadership of capital and risk management initiatives, the quality of our financial reporting, and her contributions to our overall financial strength and performance in 2014, including the meaningful increase in our return on equity and our one- and three-year total shareholder returns.

Chad R. Abraham and R. Scott LaRue, global co-heads of investment banking and capital markets. Messrs. Abraham's and LaRue's annual incentive compensation was significantly influenced by the strong performance and profitability of our investment banking and capital markets business, for which they are jointly responsible. Their execution on our strategic efforts over the past few years through investments in our advisory services business and their development, retention, and hiring of senior bankers placed us in a position to achieve record advisory services revenues of \$186.2 million, which represents a 150% increase from 2013 and was the primary driver of the 78% increase in our Capital Markets segment pre-tax operating income for the year. In addition to this extremely strong performance by our advisory services business, Messrs. Abraham's and LaRue's capital markets business gained market share in our equity financing focus sectors relative to our peer group and capitalized on accommodative market conditions to achieve equity financing revenues exceeding \$100 million for the second consecutive year, which also positively contributed to their compensation relative to our other officers and compared to 2013.

Jeffrey P. Klinefelter, global head of equities. Mr. Klinefelter's annual incentive compensation was significantly influenced by his efforts over the past several years to develop and execute a plan to focus our resources and improve cost management in our equities business. As a result of these efforts, despite lackluster market conditions through much of 2014, our equities business remained profitable. In addition, our equities business, which is managed

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by Mr. Klinefelter, provides distribution services as an integral part of our equity financing activities and contributed significantly to our strong revenues from equity financing in 2014.

Based on the information described above, the Committee evaluated the performance of the chief executive officer and determined his annual incentive compensation, assessed relative levels of responsibility and contribution during the year for each of the other named executive officers, and approved 2014 annual incentive compensation.

The table below shows the annual incentive awards that were earned by each individual in 2014. This supplemental table differs from the Summary Compensation Table appearing later in the proxy statement because it shows in the "Restricted Compensation" column restricted stock awards earned in 2014 that were granted in February 2015. For the year 2014, the Summary Compensation Table (in accordance with SEC rules) shows stock awards earned in 2013 and granted in February 2014, not stock awards earned in 2014 and granted in February 2015. Accordingly, the year-over-year changes in compensation in the Supplemental Compensation Table below reflect changes in amounts earned between 2014 and 2013. The table below also includes in the "Restricted Compensation" column the annual incentive compensation paid in the form of mutual fund restricted shares. The table below does not reflect the long-term incentive PSU grants made to our named executive officers in each of the years presented. *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 for Annual Incentive Awards

		Annual Incentive Awards				Total with Base Salary
Name		Base Salary	Cash Incentive	Restricted Compensation	Total Incentive	
Andrew S. Duff <i>Chairman and Chief Executive Officer</i>	2014	\$650,000	\$1,944,800	\$2,917,200	\$4,862,000	\$5,512,000
	2013	\$650,000	\$1,223,200	\$1,834,800	\$3,058,000	\$3,708,000
	2012	\$650,000	\$1,126,000	\$1,689,000	\$2,815,000	\$3,465,000
Debbra L. Schoneman <i>Chief Financial Officer</i>	2014	\$500,000	\$824,000	\$824,000	\$1,648,000	\$2,148,000
	2013	\$500,000	\$380,000	\$380,000	\$760,000	\$1,260,000
	2012	\$500,000	\$300,000	\$300,000	\$600,000	\$1,100,000
Chad R. Abraham <i>Global Co-Head of Investment Banking and Capital Markets</i>	2014	\$425,000	\$2,241,250	\$1,833,750	\$4,075,000	\$4,500,000
	2013	\$425,000	\$1,306,250	\$1,068,750	\$2,375,000	\$2,800,000
	2012	\$425,000	\$783,750	\$641,250	\$1,425,000	\$1,850,000
Jeffrey P. Klinefelter <i>Global Head of Equities</i>	2014	\$425,000	\$1,333,750	\$1,091,250	\$2,425,000	\$2,850,000
R. Scott LaRue <i>Global Co-Head of Investment Banking and Capital Markets</i>	2014	\$425,000	\$2,241,250	\$1,833,750	\$4,075,000	\$4,500,000
	2013	\$425,000	\$1,306,250	\$1,068,750	\$2,375,000	\$2,800,000

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Equity Awards

Consistent with our philosophy regarding executive stock ownership, the annual incentive compensation for the named executive officers was paid out in a combination of cash and equity. The equity portion of our annual incentive awards takes the form of restricted stock, subject to the named executive officers' ability to elect to allocate a portion of the incentive award otherwise payable in restricted stock to mutual fund restricted shares pursuant to the MFRS Plan. We believe restricted stock awards, as compared to other forms of equity compensation such as stock options, best align the interests of our executive officers with those of shareholders by ensuring that the same fluctuations in our stock that affect our shareholders also directly affect the value of the awards granted to the executive officers.

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 officer in restricted stock by the closing price of our common stock on February 17, 2015, adjusted for each named executive officer's election to participate in the MFRS Plan. The restricted stock granted to the named executive officers vests in three equal annual installments.

MFRS Plan

The MFRS Plan allows recipients of restricted stock of the company to instead elect to receive a portion of their equity grant in the form of restricted shares of selected mutual funds managed by our asset management business. In 2014, each named executive officer was permitted to receive 10% to 50% of their equity grant in mutual fund restricted shares. The mutual fund restricted shares have the same restrictions that would apply to restricted stock and vest ratably over three years. We adopted the MFRS Plan to provide our executives an opportunity to diversify the equity compensation they receive, and believe the plan will help us attract and retain top talent. The MFRS Plan also capitalizes on the strength of our asset management business, and allows our employees to invest alongside the clients of our asset management business.

Long-Term Incentive Compensation

In May 2014, the Committee awarded the named executive officers a long-term incentive award in the form of PSUs for the third consecutive year. The PSUs granted in 2014 will be earned based on our total shareholder return measured over a 36-month performance period that began on May 15, 2014 and ends on May 14, 2017. Half of the awards will be earned based on our total shareholder return (or "TSR") compared to our peer group and the other half of the awards will be earned based on our absolute TSR.

Piper Jaffray Relative TSR

Piper Jaffray Absolute TSR

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The peer group for purposes of the PSU awards is the same group described above under " Setting Compensation Compensation Peer Group."

TSR for purposes of the awards 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. The PSUs do not provide the recipient any rights as a shareholder, including the right to vote or receive dividends on any shares subject to the PSUs.

The 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 our stock performance. The Committee decided to measure performance both on a relative basis compared to the peer group as well as on an absolute basis to balance the desire to reward relatively superior performance, while recognizing the difficulty of constructing a peer group of comparable middle-market investment banks with material asset management operations and seeking to reward the named executive officers for creating overall shareholder value.

The 36-month performance period is designed to provide management an incentive to focus on our strategic direction and long-term value creation. The Committee established the TSR measurements for earning the PSUs with the intent that the PSUs would only reward recipients for strong long-term performance, with the full number of PSUs being earned only if we significantly outperform our peer group and historical TSR. 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 \$23.42 for each PSU granted in 2014 was determined using a Monte Carlo simulation, which assumed a risk-free interest rate of 0.82 percent and expected stock price volatility of 41.3 percent. Because a portion of the award vesting depends on our TSR relative to a peer group, the valuation modeled the performance of the peer group as well as the correlation between our company and the peer group. The expected stock price volatility assumptions were determined using historical volatility as correlation coefficients can only be developed through historical volatility. The risk-free interest rate was determined based on three-year U.S. Treasury bond yields. The value of the PSUs awarded was \$600,021 in the case of Mr. Duff, \$300,011 in the case of Ms. Schoneman, and \$200,007 for the other named executive officers.

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Pay Mix

As illustrated below, the pay mix for all 2014 elements of compensation received by our chief executive officer and by our other named executive officers, as disclosed in the Supplemental Compensation Table above (including the value of the PSU awards granted during the year) was significantly weighted toward performance-based compensation:

**2014 CEO
PAY MIX**

**2014 OTHER NAMED
EXECUTIVE OFFICERS
PAY MIX**

We believe the mix of base salary relative to performance-based compensation in the form of annual incentives and PSUs 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. We also believe the relative mix of base salary and performance-based compensation is generally in line with the mix paid by our peer group to similarly situated executive officers. The Committee annually reviews our executive compensation process to determine the allocation of our executive compensation between cash and equity.

Each executive officer receives a significant portion of their performance-based compensation in the form of restricted equity. This restricted equity includes both restricted stock as well as restricted shares of selected mutual funds to the extent the executive officer chooses to participate in the MFRS Plan, which in 2015 was capped at a maximum of 50% of restricted equity compensation for our named executive officers. With respect to the 2014 annual incentive awards, the portion payable to the named executive officers in restricted equity was 60% for our chief executive officer, 50% for our chief financial officer, and 45% for our co-heads of investment banking and capital markets and head of global equities. This mix of forms of annual incentive compensation is consistent with our practice for 2013.

Our chief executive officer receives a relatively greater portion of his performance-based and overall compensation in the form of restricted equity compensation due to his greater ability to influence our financial performance as well as to most closely align his interests with those of our shareholders through equity ownership. For the other named executive officers, the mix of cash compensation versus restricted equity compensation, which includes both restricted stock as well as restricted shares of selected mutual funds to the extent the executive officer chooses to participate in the MFRS Plan, is designed to provide an appropriate and competitive amount of incentives for positive performance, while leaving a sufficient level of compensation tied to our stock price to retain executives and encourage

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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. In addition, in 2014, our Board of Directors approved the payment of \$170,500 for the engagement of a firm retained to locate a public company board opportunity for Mr. Duff. The Board of Directors believes that such an opportunity would provide valuable additional strategic and public company operating experience to Mr. Duff that would benefit our company in his role as chief executive officer and chairman of our Board of Directors. The cost of these perquisites is included in the "All Other Compensation" column of the Summary Compensation Table.

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 2014, we made certain tax equalization payments on behalf of and to Mr. LaRue as a result of a prior assignment in Hong Kong.

Some of our executive officers also receive payments from time to time related to historical deferred compensation programs, typically structured as investments made by the company on behalf of certain employees. Certain key employees were eligible to participate in these programs, under which participants were granted one or more deferred awards that were deemed invested in certain measuring investments. No new awards have been granted under these programs since 2000, and participation in these programs is frozen. Following a liquidity event for a particular investment, the participant receives a benefit payment based on the deemed return to the participant and payment of the portion of the participant's account that was deemed invested. Participants may continue to receive payments under the plans until a liquidity event has occurred with respect to each measuring investment. Messrs. Abraham and LaRue received the payouts set forth in the Summary Compensation Table in 2014 in connection with their participation in these programs.

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:

Following a change-in-control, all outstanding restricted stock and mutual fund restricted shares that were granted before May 8, 2013 will vest and all restrictions on the restricted stock and mutual fund restricted shares will lapse. All awards granted under the Incentive Plan on or after May 8, 2013, 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

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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, including the annual qualified performance-based awards under the annual incentive program, 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 have historically been based on adjusted pre-tax operating 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 retention 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 retention guidelines provide that our executives should 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

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thereafter). This policy covers grants made by the Committee as well as grants made by our chief executive officer 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 limits deductions for non-performance-based annual compensation in excess of \$1 million paid to our named executive officers who served as executive officers at the end of the preceding fiscal year. Our policy is to maximize the tax deductibility of compensation paid to these officers. The Incentive Plan and the awards we grant thereunder, including our annual incentive awards, are designed and administered to qualify compensation as "performance-based" to ensure that the tax deduction is available to the company. From time to time the Committee may authorize payments to the named executive officers that may not be fully deductible, if they believe such payments are in the interests of shareholders to satisfy our primary objective of attracting and retaining top talent.

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 year-end disclosure documents.

Compensation Committee of the Board of Directors of Piper Jaffray Companies

Michele Volpi, *Chairperson*

William R. Fitzgerald

Scott C. Taylor

Table of Contents**Summary Compensation Table**

The following table contains compensation information for our chief executive officer, our chief financial officer, and our three other most highly compensated executive officers.

Name & Principal Position	Year	Salary (\$)	Non-Equity Incentive			Total (\$)
			Stock Awards(1)	Plan Compensation(2)	All Other Compensation(3)	
Andrew S. Duff <i>Chairman and CEO</i>	2014	650,000	1,700,913	3,403,400	312,136	6,066,449
	2013	650,000	1,444,528	1,957,120	99,858	4,151,506
	2012	650,000	751,009	1,970,500	13,589	3,385,097
Debbra L. Schoneman <i>Chief Financial Officer</i>	2014	500,000	490,020	1,236,000	34,028	2,260,048
	2013	500,000	498,052	570,000	17,381	1,585,433
	2012	500,000	230,008	402,000	7,161	1,139,169
Chad R. Abraham <i>Global Co-Head of Investment Banking and Capital Markets</i>	2014	425,000	948,165	3,158,125	340,003	4,871,293
	2013	425,000	520,660	1,626,875	131,182	2,703,717
	2012	425,000	200,004	1,104,375	457,881	2,187,259
Jeffrey P. Klinefelter <i>Global Head of Equities(4)</i>	2014	425,000	733,283	1,770,250	56,688	2,985,221
R. Scott LaRue <i>Global Co-Head of Investment Banking and Capital Markets(4)</i>	2014	425,000	734,406	3,158,125	238,942	4,556,473
	2013	425,000	531,897	1,840,625	343,787	3,141,309

(1)

The entries in the "Stock Awards" column reflect the aggregate grant date value of the restricted stock awards and PSUs granted during the year 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. See Note 24 to our consolidated financial statements for the year ended December 31, 2014 for the assumptions used in the valuation of the awards granted during 2014 in accordance with FASB ASC Topic 718.

(2)

The amounts in this column include for the applicable year (1) the cash compensation earned under our annual incentive program and (2) the portion of the annual incentive plan earned during the year and paid in mutual fund restricted shares rather than restricted stock during February of the following year at the executive's election pursuant to the MFRS Plan. The named executive officers elected to have the following amounts earned in 2014 paid to them in the form mutual fund restricted shares: Mr. Duff: \$1,458,600; Ms. Schoneman: \$412,000; Mr. Abraham: \$916,875; Mr. Klinefelter: \$436,500; and Mr. LaRue: \$916,875. The mutual fund restricted shares vest in three equal annual installments.

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(3)

All other compensation for 2014 consists of the following:

Form of All Other Compensation (\$)	Andrew S. Duff	Debbra L. Schoneman	Chad R. Abraham	Jeffrey P. Klinefelter	R. Scott LaRue
Club membership dues	4,494				
401(k) matching contributions	7,020	7,020	7,020	7,020	7,020
Life and long-term disability insurance premiums	1,121	615	615	615	759
Dividends from Mutual Fund Restricted Share Program	128,601	24,922	56,855	49,053	74,972
Employer Health Savings Account Contribution	400	600	400		600
Other	170,500	871	275,113		155,591

The "Other" amounts identified in the table above reflect (i) a payment of \$170,500 for the engagement of a firm retained to locate a public company board opportunity for Mr. Duff, which our Board of Directors believes would provide valuable additional strategic and public company operating experience; (ii) the cost of airfare for Ms. Schoneman's spouse to attend an off-site directors' retreat we held during 2014; (iii) a payment of \$275,113 to Mr. Abraham and \$13,792 to Mr. LaRue from their proportionate share of a venture capital fund carried interest held by the company as part of a compensation program implemented prior to our spin-off from U.S. Bancorp on December 31, 2003, and described above in "Compensation Discussion and Analysis Compensation Program and Payouts Other Compensation"; and (iv) a \$141,799 benefit to Mr. LaRue for tax equalization payments made by us related to his international assignment to Hong Kong in prior years for work on our behalf.

(4)

Mr. Klinefelter was not a named executive officer for 2012 or 2013, and Mr. LaRue was not a named executive officer for 2012. Accordingly, the table above includes the respective compensation of each of Messrs. Klinefelter and LaRue only for the years in which they were one of our named executive officers.

Table of Contents**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, 2014.

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)	All Other Stock Awards:	Grant Date Fair Value of Stock Awards (\$)(4)
					Number of Shares of Stock or Units (#)(3)	
Andrew S. Duff	5/15/2014	5/7/2014		25,620		600,020
	2/18/2014	2/4/2014	12,785,200		27,440	1,100,893
Debra L. Schoneman	5/15/2014	5/7/2014		12,810		300,011
	2/18/2014	2/4/2014	12,785,200		4,736	190,008
Chad R. Abraham	5/15/2014	5/7/2014		8,540		200,007
	2/18/2014	2/4/2014	12,785,200		18,648	748,158
Jeffrey P. Klinefelter	5/15/2014	5/7/2014		8,540		200,007
	2/18/2014	2/4/2014	12,785,200		13,292	533,275
R. Scott LaRue	5/15/2014	5/7/2014		8,540		200,007
	2/18/2014	2/4/2014	12,785,200		13,320	534,398

- (1) The amounts in this column reflect an estimate of the maximum combined value of the cash and equity that would have been payable to the named executive officers under qualified performance-based awards granted to the named executive officers for 2014 performance under the annual incentive program, calculated using our actual 2014 performance. Because the potential amounts payable under the qualified performance-based awards are stated in the annual incentive program as a percentage of adjusted pre-tax operating 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 2014 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 during May 2014, which will be earned and vest based on our total shareholder return measured on an absolute and relative basis compared to our peer group 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 \$23.42 for each PSU granted in 2014 was determined using a Monte Carlo simulation, which assumed a risk-free interest rate of 0.82 percent and expected stock price volatility of 41.3 percent. The number of PSUs reflected in the table above represents the maximum number of shares that may be issued pursuant to the PSU awards. The PSUs do not provide any voting rights or rights to receive dividends until the PSUs are earned and vested. For a more complete description of the PSUs, see "Compensation Discussion and Analysis Long-Term Incentive Compensation."

(3)

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The amounts in this column reflect equity compensation paid to the named executive officers in 2014 pursuant to annual qualified performance-based awards granted to these officers in 2013 under our annual incentive program. The shares of restricted stock were granted to these officers on February 18, 2014 following the Compensation Committee's certification of the attainment of 2013

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annual financial performance goals 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 18 of each of 2015, 2016 and 2017, 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 (if any) 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 2013 qualified performance-based awards was determined by dividing specified dollar amounts representing a percentage of the individual's total annual incentive compensation for 2013 by \$40.12, the closing price of our common stock on the February 18, 2014 grant date.

- (4) 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.

Table of Contents**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, 2014.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercisable Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (1)	Market Value of Stock That Have Not Vested (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (2)
Andrew S. Duff	6,098		47.85	2/21/2016	46,239	2,686,023	86,767	5,040,295
	9,641		70.13	2/15/2017				
	32,149		41.09	2/15/2018				
Debbra L. Schoneman					8,390	487,375	43,384	2,520,177
Chad R. Abraham					23,861	1,386,085	34,423	1,999,632
Jeffrey P. Klinefelter					22,426	1,302,726	17,921	1,041,031
R. Scott LaRue					20,775	1,206,820	34,423	1,999,632

(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	Debbra L. Schoneman	Chad R. Abraham	Jeff Klinefelter	R. Scott LaRue
February 15, 2015	11,934	2,043	2,606	6,508	4,756
February 18, 2015	9,146	1,578	6,216	4,430	4,440
February 15, 2016	6,865	1,611	2,607	2,626	2,699
February 18, 2016	9,147	1,579	6,216	4,431	4,440
February 18, 2017	9,147	1,579	6,216	4,431	4,440

(2) The values in this column are based on the \$58.09 closing sale price of our common stock on the New York Stock Exchange on December 31, 2014.

(3) The numbers in this column reflect the number of PSUs awarded in May of 2012, 2013, and 2014 that will vest on May 14 of 2015, 2016, and 2017, respectively, to the extent earned in accordance with the total shareholder return requirements established for the three-year performance period.

Table of Contents**Option Exercises and Stock Vested**

The following table sets forth certain information concerning stock options exercised and restricted stock awards vested during the year ended December 31, 2014.

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	11,719	196,795	19,773	793,293
Debra L. Schoneman	290	4,846	3,172	127,261
Chad R. Abraham	4,442	63,722	6,830	274,020
Jeffrey P. Klinefelter			10,027	402,284
R. Scott LaRue	3,609	50,517	7,753	311,051

(1) The value realized upon exercise of the stock options reflects the difference between the market price of Piper Jaffray Companies common stock at the time of exercise on the exercise date and the exercise price of the option.

(2) The value realized upon vesting of the stock awards is based on the \$40.12 closing sale price of our common stock on February 18, 2014, the first trading date during which the New York Stock Exchange was open following the date on which the awards vested (February 15, 2014).

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.

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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, 2014.

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Aggregate Earnings in Last Fiscal Year (\$)(2)	Aggregate Balance at Last Fiscal Year End (\$)(3)(4)
Andrew S. Duff			
Debbra L. Schoneman	\$162,000	\$6,543	\$168,543
Chad R. Abraham	\$503,125	\$63,328	\$570,403
Jeffrey P. Klinefelter			
R. Scott LaRue	\$1,045,000	\$64,521	\$1,109,521

- (1) The amounts reported in this column are reported as "Non-Equity Incentive Compensation" for 2013 in the Summary Compensation Table above to the extent that the named executive officer's 2013 compensation was required to be disclosed.
- (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, 2014 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 amounts deferred from non-equity annual incentive compensation earned in February 2014 for 2013 performance, and reflect the returns of each named executive officer on those amounts deferred based on the performance of their notional investment selections.
- (4) Amounts shown for all named executive officers others than Mr. Abraham include only amounts deferred under the Piper Jaffray Companies Deferred Compensation Plan. Mr. Abraham's figure includes a \$3,960 balance in one of our historical deferred compensation programs which is more fully described above in the section titled "Executive Compensation Compensation Discussion and Analysis Compensation Program and Payouts Other Compensation."

Table of Contents**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, 2014. In the following table, unless indicated otherwise, all equity is listed at its dollar value as of December 31, 2014.

	Change-in-Control Not Followed by Employment Termination	Type of Termination					Involuntary Termination Under Severance Plan	Other Involuntary Termination Not for Cause	Death or Disability	Involuntary Termination Under Severance Plan
		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				
W. S. Duff										
Compensation(1)					\$325,000					
Restricted Equity(2)(3)	\$1,675,491	\$3,962,142	\$3,962,142	\$3,962,142	\$3,962,142	\$3,962,142	\$3,962,142	\$3,962,142	\$3,962,142	
Incentive Award(5)	\$5,040,295	\$5,040,295			Indeterminable			Indeterminable		
L. Schoneman										
Compensation(1)					\$250,000					
Restricted Equity(2)(3)	\$281,587	\$742,573	\$742,573	\$742,573	\$742,573	\$742,573	\$742,573	\$742,573	\$742,573	
Incentive Award(5)	\$2,520,177	\$2,520,177			Indeterminable			Indeterminable		
M. Abraham										
Compensation(1)					\$212,500					
Restricted Equity(2)(3)	\$532,049	\$843,986	\$843,986	\$843,986	\$843,986	\$843,986	\$843,986	\$843,986	\$843,986	
Incentive Award(5)	\$1,999,632	\$1,999,632			Indeterminable			Indeterminable		
P. Klinefelter										
Compensation(1)					\$212,500					
Restricted Equity(2)(3)	\$887,563	\$2,000,738	\$2,000,738	\$2,000,738	\$2,000,738	\$2,000,738	\$2,000,738	\$2,000,738	\$2,000,738	
Incentive Award(5)	\$1,041,031	\$1,041,031			Indeterminable			Indeterminable		
W. LaRue										
Compensation(1)					\$179,808					
Restricted Equity(2)(3)	\$662,171	\$1,259,796	\$1,259,796	\$1,259,796	\$1,259,796	\$1,259,796	\$1,259,796	\$1,259,796	\$1,259,796	
Incentive Award(5)	\$1,999,632	\$1,999,632			Indeterminable			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 outstanding restricted stock and mutual fund restricted shares that were granted prior to May 8, 2013 will vest and all

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restrictions on the restricted stock and mutual fund restricted shares will lapse. All awards granted under the Incentive Plan on or after May 8, 2013 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

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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) 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. 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 arising from the PSUs will vest on the last day of the performance period. The amounts in the table reflect these terms and conditions and assume the named executive officer remains continuously employed by us throughout the 36-month 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. If the named executive officer's employment with us terminates because of a company-determined severance event or the named executive officer's retirement (as determined by the Compensation Committee), death, or disability prior to a change-in-control, then the named executive officer will earn a number of PSUs equal to (i) the number of PSUs that would otherwise be earned pursuant to the award agreement but for the named executive officer's termination multiplied by (ii) a fraction, (1) the numerator of which is the number of days during the performance period up to and including the date of termination of the named executive officer's employment with us and (2) the denominator of which is the total number of days in the performance period. The 36-month performance period for the PSUs awarded in 2012, 2013, and 2014 ends on May 14 of 2015, 2016, and 2017, respectively, and 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.

Risk Assessment of Compensation Policies and Practices

In early 2015, 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.

Table of Contents**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 18, 2015 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	58,112 ⁽¹⁾	
Andrew S. Duff	227,925 ⁽²⁾	
William R. Fitzgerald		4,096
B. Kristine Johnson	16,652 ⁽³⁾	1,743
Jeffrey P. Klinefelter	56,221 ⁽⁴⁾	
R. Scott LaRue	60,731 ⁽⁵⁾	
Addison L. Piper	22,125 ⁽⁶⁾	3,495
Lisa K. Polsky	500 ⁽⁷⁾	25,723
Debbra L. Schoneman	24,251 ⁽⁸⁾	
Philip E. Soran	1,409 ⁽⁹⁾	3,232
Scott C. Taylor	2,988 ⁽¹⁰⁾	
Michele Volpi	8,549 ⁽¹¹⁾	
All directors and executive officers as a group (16 persons)	631,941 ⁽¹²⁾	38,289

*

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 1.40%. As a group, our directors, and executive officers hold 3.87% of Piper Jaffray common stock. (These percentages are calculated using our outstanding shares as of March 18, 2015 plus 54,040 shares of common stock covered by options that are currently exercisable for the group.) 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

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Non-Employee Directors, as described above under "Compensation Program for Non-Employee Directors."

- (1) Includes 2,607 shares of restricted stock that will vest on February 15, 2016, 12,432 shares of restricted stock that will vest in equal installments on February 18, 2016-17, 16,593 shares of restricted stock that will vest in equal installments on February 17, 2016-18, 22,849 shares of common stock held directly, and 3,631 shares of common stock held in the Piper Jaffray Companies Retirement Plan.
- (2) Includes 6,865 shares of restricted stock that will vest on February 15, 2016, 18,294 shares of restricted stock that will vest in equal installments on February 18, 2016-17, 26,396 shares of restricted stock that will vest in equal installments on February 17, 2016-18, 128,472 shares of common stock held directly, 10 shares of common stock held by his two children, and 47,888 shares of common stock covered by options that are currently exercisable.
- (3) Includes 9,160 shares of common stock held directly, 1,200 shares of common stock held in an individual retirement account, 4,330 shares of common stock held in a family trust, and 1,962 shares of common stock covered by options that are currently exercisable.
- (4) Includes 2,626 shares of restricted stock that will vest on February 15, 2016, 8,862 shares of restricted stock that will vest in equal installments on February 18, 2016-17, 11,849 shares of restricted stock that will vest in equal installments on February 17, 2016-18, 32,134 shares of common stock held directly, and 750 shares held by his three minor children.
- (5) Includes 2,699 shares of restricted stock that will vest on February 15, 2016, 8,880 shares of restricted stock that will vest in equal installments on February 18, 2016-17, 16,593 shares of restricted stock that will vest in equal installments on February 17, 2016-18, 31,790 shares of common stock held directly, and 60,731 shares of common stock held in the Piper Jaffray Companies Retirement Plan.
- (6) Includes 19,205 shares of common stock held directly, 176 shares of common stock held in the Piper Jaffray Companies Retirement Plan, 1,000 shares of common stock held in an individual retirement account, and 1,694 shares of common stock covered by options that are currently exercisable. 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.
- (7) All shares beneficially owned by Ms. Polsky are held directly.
- (8) Includes 1,611 shares of restricted stock that will vest on February 15, 2016, 3,158 shares of restricted stock that will vest in equal installments on February 18, 2016-17, 7,456 shares of restricted stock that will vest in equal installments on February 17, 2016-18, and 12,026 shares of common stock held directly.
- (9) All shares beneficially owned by Mr. Soran are held directly.
- (10) All shares beneficially owned by Mr. Taylor are held directly.
- (11) All shares beneficially owned by Mr. Volpi are held directly.
- (12) Includes 26,792 shares of restricted stock that will vest on February 15, 2016, 56,777 shares of restricted stock that will vest in equal installments on February 18, 2016-17, 97,858 shares of restricted stock that will vest in equal installments on February 17, 2016-18, 5,758 shares of common stock held in the Piper Jaffray Companies Retirement Plan, 390,716 shares of common stock held directly, by family members, by family trusts or by a retirement or profit-sharing plan or account other than the Piper Jaffray Companies Retirement Plan, and 54,040 shares covered by options that are currently exercisable.

Table of Contents**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 were as follows:

Name of Beneficial Owner	Shares of Piper Jaffray Common Stock	Percent of Class
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	1,546,777 ⁽¹⁾	9.5%
Dimensional Fund Advisors LP. 40 East 52nd Street New York, NY 10022	814,430 ⁽²⁾	5%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	837,220 ⁽³⁾	5.1%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	1,214,328 ⁽⁴⁾	7.5%

(1) This information is based on a Schedule 13G/A filed with the Securities and Exchange Commission on January 15, 2015, by BlackRock, Inc. BlackRock reported sole voting power as to 1,505,607 shares and sole dispositive power as to 1,546,777 shares.

(2) This information is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 5, 2015, by Dimensional Fund Advisors LP. Dimensional reported sole voting power as to 806,590 shares and sole dispositive power as to 814,430 shares. According to the Schedule 13G, 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 this schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.

(3) This information is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 13, 2015, by T. Rowe Price Associates, Inc. T. Rowe Price Associates reported that it has sole voting power as to 218,620 shares and sole dispositive power as to 837,220 shares.

(4) This information is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 11, 2015, by The Vanguard Group, Inc. Vanguard reported that it has sole voting power as to 25,218 shares, sole dispositive power as to 1,191,110 shares, and shares dispositive power as to 23,218 shares.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 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 2014 have been satisfied, with the exception of one report filed late by our general counsel, John W. Geelan, as a result of a percentage-based reallocation of his 401(k) portfolio, which inadvertently caused the disposition of our common stock from the portfolio.

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, T. Rowe Price Associates, and The Vanguard Group, all of whom are 5% 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 2014. 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.

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Review and Approval of Transactions with Related Persons

To minimize actual and perceived conflicts of interests, our Board of Directors 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 of Directors 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.

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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, 2014 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 *Statement on Auditing Standards No. 61*, Communications with Audit Committees, as amended (AICPA, *Professional Standards*, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and
3. Received the written disclosures and letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board in Rule 3200T 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, 2014, for filing with the Securities and Exchange Commission.

Audit Committee of the Board of Directors of Piper Jaffray Companies

Lisa K. Polsky, *Chairperson*
Philip E. Soran
Scott C. Taylor

Table of Contents**Auditor Fees**

Ernst & Young LLP served as our independent auditor for 2014 and 2013. The following table presents fees for professional audit services for the audit of our annual consolidated financial statements for 2014 and 2013, as well as fees for the review of our interim consolidated financial statements for each quarter in 2014 and 2013 and for all other services performed for 2014 and 2013 by Ernst & Young LLP.

	2014	2013
Audit Fees	\$1,224,300	\$1,149,000
Audit-Related Fees ⁽¹⁾	\$242,000	\$230,900
Tax Fees	\$0	\$0
All Other Fees ⁽²⁾	\$1,995	\$1,995
Total	\$1,468,295	\$1,381,895

(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 2014 and 2013 included services relating to IRA Keogh agreed-upon procedures, employee benefit plan audits, 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 (i) consolidated investment funds of our alternative asset management business, (ii) private investment funds of Advisory Research, our primary asset management business, and certain of our merchant banking funds. All of the audit services fees provided to the private investment funds of Advisory Research are paid for by the funds.

(2) Relates to a subscription fee for online research provided by Ernst & Young LLP.

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 20, 2015, the Audit Committee pre-approved certain services to be provided by our independent auditor relating to engagements occurring on or after that date.

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ITEM 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, 2015. 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, 2015. Proxies will be voted FOR ratification of this selection unless otherwise specified.

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ITEM 3 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. Following are some of the key points of our 2014 executive compensation program:

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.

What we do:	X	What we do NOT do:
ü Annual incentives directly tied to our performance;	X	Stand-alone change-in-control agreements;
ü Long-term incentives directly tied to returns generated for our shareholders;	X	Employment agreements with our executives;
ü Meaningful annual equity awards granted in lieu of not in addition to annual cash incentives;	X	Repricing of underwater stock options;
ü Stock retention guidelines for executive officers and directors, supplemented with an anti-hedging policy;	X	Excessive perquisites; and
ü "Double trigger" change-in control provision for all equity awards granted on or after May 8, 2013; and	X	Tax gross-ups, other than in the case of certain tax equalization or relocation expenses, consistent with firm-wide policies.
ü A clawback policy to recover incentive compensation in certain circumstances.		

We have designed our annual incentive and long-term compensation programs to be pay-for-performance. In 2014, awards under our annual incentive plan were funded by our profitability. We continued the long-term incentive compensation element we introduced in 2012 that uses total shareholder return as the basis for vesting and therefore directly ties the named executive officers' compensation to the benefits realized by our shareholders.

In 2014, we achieved significant results for our shareholders, with a return on equity of 8.1% and our highest earnings per share from continuing operations since our spin-off from U.S. Bancorp in 2003. As a result of our strong performance, our stock price rose nearly 47% during the year. Our strong performance was a result of investments we have made over the past few years in our higher margin businesses, such as advisory services, as well as our efforts to manage our costs and improve our productivity and performance in our other businesses. These strategic efforts positioned us to gain

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market share in our focus sectors in equities financing and take full advantage of accommodative market conditions to achieve strong profitability and returns for our shareholders in 2014.

Our named executive officers' compensation for 2014 reflects the improvement in our performance and profitability and the strong results obtained by our equities and investment banking business during the year, as well as our continued execution of our strategic initiatives.

At our 2011 annual meeting, the shareholders of the company recommended one year as the frequency of advisory votes on the compensation of our named executive officers (the "Say-on-Pay Vote"). We have had annual Say-on-Pay Votes since our 2011 annual meeting. The next Say-on-Pay Vote will be held at the 2016 annual meeting.

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.

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ITEM 4 APPROVAL OF THE AMENDMENT OF THE PIPER JAFFRAY COMPANIES AMENDED AND RESTATED 2003 ANNUAL AND LONG-TERM INCENTIVE PLAN

The Board of Directors recommends that you vote FOR approval of the amendment to the Amended and Restated 2003 Annual and Long-Term Incentive Plan.

Based on our historical grant practices, in the event that the proposal is not approved, we do not anticipate that we can complete the equity award grant for 2015 annual incentive compensation to be granted in February 2016. If sufficient shares aren't available, we would be forced to increase the cash or mutual fund restricted share component of our annual incentive compensation to make up for the missing equity component. We believe this would not be in our shareholders' best interests as it would remove incentives aligning our employees and our senior leaders with shareholders to drive firm-wide performance and create long-term shareholder value.

Our Board of Directors has unanimously approved, upon the recommendation of the Compensation Committee, an amendment to our Amended and Restated 2003 Annual and Long-Term Incentive Plan (the "Incentive Plan") to increase the number of shares of our common stock that may be issued under the Incentive Plan by 1,200,000. This amendment is subject to the approval of our shareholders at the 2015 annual meeting. The last time we obtained shareholder approval to increase the shares authorized was in 2009, when such approval increased the shares authorized to the current level of 7,000,000. We expect that shareholder approval of the 1,200,000 would allow us to continue granting equity awards to our employees for approximately three years based on historical granting practices and the recent trading price of our shares of common stock.

In voting on this proposal, shareholders are also being asked to reapprove the material terms of the Incentive Plan with respect to awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code, including the business criteria on which performance goals are based and the maximum awards that may be made to any individual.

The Board of Directors recommends that you vote FOR this proposal.

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Highlights of the Proposal

What does the proposal accomplish? We expect this proposal would allow us to continue to grant equity to our employees in connection with our annual incentive compensation, long-term incentive awards, and hiring and retention efforts for approximately three years, consistent with our past practices and the recent trading price of our shares of common stock.

Our closing stock price increased 47% between the end of the 2013 and 2014, and has increased 188% over the past three years. **We believe that our strong performance relative to the peer group that we used for compensation purposes in 2014 is indicative of the talents, expertise, efforts, and dedication of our employees.**

One- and Three-Year Total Shareholder Return⁽¹⁾

(1) As measured by Standard & Poor's Capital IQ through December 31, 2014.

Maintaining our ability to issue equity is an essential component of our compensation program, which we use to attract, recruit, develop, and retain those employees upon whom our future growth and success rely.

How does the company offset the dilution caused by the equity plan?

We have sought to address shareholder concerns about dilution through share repurchases, which have significantly decreased our outstanding shares of common stock. **Since our spinoff from U.S. Bancorp, the number of our weighted average basic common shares outstanding has decreased by over 20%** from 19,333,000 in 2004 to 14,971,000 in 2014. Over the past three years, we have repurchased 3,365,120 shares of our common stock (and an additional 1,623,506 shares have been returned to

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the Incentive Plan through forfeiture or tax withholdings over the same time period). **These share repurchases have more than offset the amount of equity we have granted to employees during that period, as demonstrated by the table below:**