

PIPER JAFFRAY COMPANIES  
Form 10-Q  
July 30, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the Quarterly Period Ended June 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-31720

PIPER JAFFRAY COMPANIES

(Exact Name of Registrant as specified in its Charter)

DELAWARE

30-0168701

(State or Other Jurisdiction of Incorporation or  
Organization)

(IRS Employer Identification No.)

800 Nicollet Mall, Suite 1000

55402

Minneapolis, Minnesota

(Address of Principal Executive Offices)

(Zip Code)

(612) 303-6000

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of July 18, 2014, the registrant had 16,257,151 shares of Common Stock outstanding.



Piper Jaffray Companies  
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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## Piper Jaffray Companies

## Consolidated Statements of Financial Condition

	June 30, 2014 (Unaudited)	December 31, 2013
(Amounts in thousands, except share data)		
Assets		
Cash and cash equivalents	\$55,221	\$123,683
Cash and cash equivalents segregated for regulatory purposes	44,020	43,012
Receivables:		
Customers	64,836	11,633
Brokers, dealers and clearing organizations	158,490	127,113
Securities purchased under agreements to resell	156,323	167,875
Financial instruments and other inventory positions owned	569,696	406,513
Financial instruments and other inventory positions owned and pledged as collateral	899,375	957,515
Total financial instruments and other inventory positions owned	1,469,071	1,364,028
Fixed assets (net of accumulated depreciation and amortization of \$62,828 and \$62,311, respectively)	15,651	16,114
Goodwill	211,878	210,634
Intangible assets (net of accumulated amortization of \$36,505 and \$31,869, respectively)	35,294	39,930
Investments	116,389	112,043
Other assets	98,352	102,092
Total assets	\$2,425,525	\$2,318,157
Liabilities and Shareholders' Equity		
Short-term financing	\$362,401	\$514,711
Variable rate senior notes	125,000	125,000
Payables:		
Customers	45,499	33,109
Brokers, dealers and clearing organizations	240,538	27,722
Securities sold under agreements to repurchase	11,815	4,397
Financial instruments and other inventory positions sold, but not yet purchased	518,286	512,833
Accrued compensation	134,915	159,928
Other liabilities and accrued expenses	57,314	58,385
Total liabilities	1,495,768	1,436,085
Shareholders' equity:		
Common stock, \$0.01 par value:		
Shares authorized: 100,000,000 at June 30, 2014 and December 31, 2013;		
Shares issued: 19,523,371 at June 30, 2014 and 19,537,127 at December 31, 2013;		
Shares outstanding: 14,994,764 at June 30, 2014 and 14,383,418 at December 31, 2013	195	195
Additional paid-in capital	738,106	740,321

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Retained earnings	199,854	163,893
Less common stock held in treasury, at cost: 4,528,607 shares at June 30, 2014 and 5,153,709 shares at December 31, 2013	(151,459)	(170,629)
Accumulated other comprehensive income	1,152	896
Total common shareholders' equity	787,848	734,676
Noncontrolling interests	141,909	147,396
Total shareholders' equity	929,757	882,072
Total liabilities and shareholders' equity	\$2,425,525	\$2,318,157
See Notes to the Consolidated Financial Statements		

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Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Amounts in thousands, except per share data)	2014	2013	2014	2013
Revenues:				
Investment banking	\$103,813	\$53,255	\$192,287	\$94,076
Institutional brokerage	34,528	24,611	78,562	64,758
Asset management	22,266	18,427	43,225	36,883
Interest	12,448	12,286	26,107	23,109
Investment income/(loss)	2,921	(2,059)	9,689	3,006
Total revenues	175,976	106,520	349,870	221,832
Interest expense	5,945	6,748	11,706	12,527
Net revenues	170,031	99,772	338,164	209,305
Non-interest expenses:				
Compensation and benefits	103,076	65,000	203,565	131,105
Occupancy and equipment	7,061	6,543	13,839	12,360
Communications	5,432	5,030	11,387	10,262
Floor brokerage and clearance	1,788	2,247	3,622	4,397
Marketing and business development	6,709	5,957	12,960	10,937
Outside services	9,914	8,449	18,682	15,663
Intangible asset amortization expense	2,318	1,661	4,636	3,322
Other operating expenses	3,316	1,552	6,343	(242)
Total non-interest expenses	139,614	96,439	275,034	187,804
Income from continuing operations before income tax expense	30,417	3,333	63,130	21,501
Income tax expense	10,049	1,644	19,876	7,244
Income from continuing operations	20,368	1,689	43,254	14,257
Discontinued operations:				
Loss from discontinued operations, net of tax	—	(1,871)	—	(2,392)
Net income/(loss)	20,368	(182)	43,254	11,865
Net income/(loss) applicable to noncontrolling interests	2,155	(2,670)	7,293	(769)
	\$18,213	\$2,488	\$35,961	\$12,634

Net income applicable to Piper Jaffray  
Companies

Net income applicable to Piper Jaffray Companies' common shareholders	\$ 16,717	\$ 2,266	\$ 32,806	\$ 11,333
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Piper Jaffray Companies

Consolidated Statements of Operations – Continued

(Unaudited)

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
(Amounts in thousands, except per share data)	2014	2013	2014	2013	
Amounts applicable to Piper Jaffray Companies					
Net income from continuing operations	\$18,213	\$4,359	\$35,961	\$15,026	
Net loss from discontinued operations	—	(1,871	) —	(2,392	)
Net income applicable to Piper Jaffray Companies	\$18,213	\$2,488	\$35,961	\$12,634	
Earnings/(loss) per basic common share					
Income from continuing operations	\$1.12	\$0.25	\$2.22	\$0.86	
Loss from discontinued operations	—	(0.11	) —	(0.14	)
Earnings per basic common share	\$1.12	\$0.15	\$2.22	\$0.73	
Earnings/(loss) per diluted common share					
Income from continuing operations	\$1.11	\$0.25	\$2.21	\$0.86	
Loss from discontinued operations	—	(0.11	) —	(0.14	)
Earnings per basic common share	\$1.11	\$0.15	\$2.21	\$0.73	
Weighted average number of common shares outstanding					