PIMCO NEW YORK MUNICIPAL INCOME FUND II
Form 3
January 04, 2011

FORM 3

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

OMB APPROVAL	
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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â CUPPS WENDY

(Last) (First) (Middle)

C/O PIMCO,Â 840 NEWPORT CENTER DR., SUITE 100

(Street)

NEWPORT BEACH,Â CAÂ 92660

(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
01/01/2011

3. Issuer Name **and** Ticker or Trading Symbol
PIMCO NEW YORK MUNICIPAL INCOME FUND II [PNI]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) __X__ Other (specify below)
Executive Committee Member

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			

(I)
(Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CUPPS WENDY C/O PIMCO 840 NEWPORT CENTER DR., SUITE 100 NEWPORT BEACH,Â CAÂ 92660	Â	Â	Â	Executive Committee Member

Signatures

/s/ Michael Flaherty, Attorney-in-Fact for Wendy Cupps	01/03/2011
**Signature of Reporting Person	Date

Explanation of Responses:

No securities are beneficially owned

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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Remarks:

TheÂ ReportingÂ PersonÂ isÂ aÂ memberÂ ofÂ theÂ ExecutiveÂ CommitteeÂ ofÂ PacificÂ InvestmentÂ ManagementÂ C

ExhibitÂ List:Â Â ExhibitÂ 24Â -Â PowerÂ ofÂ Attorney

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. double #000000">

Amounts payable to brokers, dealers and clearing organizations at December 31 included:

(Dollars in thousands)	**2011**	**2010**
Payable arising from unsettled securities transactions, net	**$ 29,005**	$
Payable to clearing organizations	**3,064**	2,320
Securities failed to receive	**1,402**	499
Other	**4,491**	15,700

	$ 37,962	$ 18,519

Deposits paid for securities borrowed approximate the market value of the securities. Securities failed to deliver and receive represent the contract value of securities that have not been delivered or received by the Company on settlement date.

Note 10 *Receivables from and Payables to Customers*

Amounts receivable from customers as of December 31 included:

(Dollars in thousands)	**2011**	**2010**
Cash accounts	**$ 10,833**	$ 17,379
Margin accounts	**13,363**	25,576
Total receivables	**$ 24,196**	$ 42,955

Securities owned by customers are held as collateral for margin loan receivables. This collateral is not reflected on the consolidated financial statements. Margin loan receivables earn interest at floating interest rates based on prime rates.

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Notes to the Consolidated Financial Statements (Continued)

Amounts payable to customers as of December 31 included:

(Dollars in thousands)	**2011**	**2010**
Cash accounts	**$ 17,455**	$ 18,843
Margin accounts	**11,918**	32,971
Total payables	**$ 29,373**	$ 51,814

Payables to customers primarily comprise certain cash balances in customer accounts consisting of customer funds pending settlement of securities transactions and customer funds on deposit. Except for amounts arising from customer short sales, all amounts payable to customers are subject to withdrawal by customers upon their request.

Note 11 *Collateralized Securities Transactions*

The Company s financing and customer securities activities involve the Company using securities as collateral. In the event that the counterparty does not meet its contractual obligation to return securities used as collateral, or customers do not deposit additional securities or cash for margin when required, the Company may be exposed to the risk of reacquiring the securities or selling the securities at unfavorable market prices in order to satisfy its obligations to its customers or counterparties. The Company seeks to control this risk by monitoring the market value of securities pledged or used as collateral on a daily basis and requiring adjustments in the event of excess market exposure. The Company will also enter into tri-party repurchase arrangements whereby an unaffiliated third party custodian administers the underlying collateral.

In the normal course of business, the Company obtains securities purchased under agreements to resell, securities borrowed and margin agreements on terms that permit it to repledge or resell the securities to others. The Company obtained securities with a fair value of approximately $221.9 million and $351.7 million at December 31, 2011 and 2010, respectively, of which $196.9 million and $309.9 million, respectively, had been either pledged or otherwise transferred to others in connection with the Company s financing activities or to satisfy its commitments under financial instruments and other inventory positions sold, but not yet purchased.

The following is a summary of the Company s securities sold under agreements to repurchase (Repurchase Liabilities), the fair market value of related collateral pledged and the interest rate charged by the Company s counterparty, which is based on LIBOR plus an applicable margin, as of December 31, 2011:

(Dollars in thousands)	**Repurchase Liabilities**	**Fair Market Value**	**Interest Rate**
Term of 30 to 90 day maturities:			
Municipal securities:			
Taxable securities	$ 43,096	$ 52,750	1.53%
Tax-exempt securities	48,116	57,736	1.53%
Short-term securities	8,788	10,670	1.53%
On demand maturities:			
U.S. government agency securities	9,080	9,986	0.45%
	$ 109,080	$ 131,142	

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Notes to the Consolidated Financial Statements (Continued)

Note 12 *Other Assets*

Other assets include net deferred income tax assets, proprietary investments and prepaid expenses. The Company s investments include direct equity investments in public companies, investments in private companies and partnerships, warrants of public or private companies, private company debt and investments to fund deferred compensation liabilities.

Other assets at December 31 included:

(Dollars in thousands)	**2011**	**2010**
Net deferred income tax assets	**$ 45,080**	$ 62,180
Investments at fair value	**26,500**	14,643
Investments at cost	**25,672**	28,794
Investments accounted for under the equity method	**16,157**	16,653
Prepaid expenses	**6,036**	8,897
Other	**1,926**	2,363
Total other assets	**$ 121,371**	$ 133,530

Management regularly reviews the Company s investments in private company debt and has concluded that no valuation allowance is needed as it is probable that all contractual principal and interest will be collected.

At December 31, 2011, the estimated fair market value of investments carried at cost totaled $33.9 million. The estimated fair value of investments was measured using valuation techniques involving market data for comparable companies (e.g., multiples of revenue and earnings before interest, taxes, depreciation and amortization (EBITDA)). Valuation adjustments, based upon management s judgment, were made to account for differences between the measured security and comparable securities.

Investments accounted for under the equity method include general and limited partnership interests. The carrying value of these investments is based on the investment vehicle s net asset value. The net assets of investment partnerships consist of investments in both marketable and non-marketable securities. The underlying investments held by such partnerships are valued based on the estimated fair value ultimately determined by management in our capacity as general partner or investor and, in the case of investments in unaffiliated investment partnerships, are based on financial statements prepared by the unaffiliated general partners.

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Note 13 *Goodwill and Intangible Assets*

The following table presents the changes in the carrying value of goodwill and intangible assets for the year ended December 31:

(Dollars in thousands)	Capital Markets	Asset Management	Total
Goodwill			
Balance at December 31, 2009	**$ 120,298**	**$ 44,327**	**$ 164,625**
Goodwill recorded in purchase of ARI		152,282	152,282
FAMCO earn-out payment		5,687	5,687
Balance at December 31, 2010	**120,298**	**202,296**	**322,594**
FAMCO earn-out payment		56	56
Impairment charge	(120,298)		(120,298)
Balance at December 31, 2011	**$**	**$ 202,352**	**$ 202,352**
Intangible assets			
Balance at December 31, 2009	**$**	**$ 12,067**	**$ 12,067**
Intangible assets acquired in purchase of ARI		55,059	55,059
Amortization of intangible assets		(7,546)	(7,546)
Balance at December 31, 2010		**59,580**	**59,580**
Amortization of intangible assets		(8,276)	(8,276)
Balance at December 31, 2011	**$**	**$ 51,304**	**$ 51,304**

The Company tests goodwill and indefinite-life intangible assets for impairment on an annual basis and on an interim basis when certain events or circumstances exist that could indicate possible impairment. The Company tests for impairment at the reporting unit level, which is generally one level below its operating segments. The Company has identified three reporting units: capital markets, FAMCO and ARI. The goodwill impairment test is a two-step process, which requires management to make judgments in determining what assumptions to use in the calculation. The first step of the process consists of estimating the fair value of our three reporting units based on the following factors: the Company s market capitalization, a discounted cash flow model using revenue and profit forecasts, public market comparables and multiples of recent mergers and acquisitions of similar businesses, if available. The estimated fair values of our reporting units are compared with their carrying values, which includes the allocated goodwill. If the estimated fair value is less than the carrying values, a second step is performed to compute the amount of the impairment by determining an implied fair value of goodwill. The determination of a reporting unit s implied fair value of goodwill requires us to allocate the estimated fair value of the reporting unit to the assets and liabilities of the reporting unit. Any unallocated fair value represents the implied fair value of goodwill, which is compared to its corresponding carrying value.

The Company completed its annual goodwill impairment testing as of November 30, 2011, which resulted in a non-cash goodwill impairment charge of $120.3 million. The charge relates to the capital markets reporting unit and primarily pertains to goodwill created from the 1998 acquisition of Piper Jaffray Companies Inc. by U.S. Bancorp, which was retained by the Company when the Company spun-off from U.S. Bancorp on December 31, 2003. The fair value of the capital markets reporting unit was calculated based on the following factors: the Company s market capitalization, a discounted cash flow model using revenue and profits forecasts and public company comparables. The impairment charge resulted from deteriorating economic and market conditions and declining profitability in 2011, which led to reduced valuations from these factors. The annual goodwill impairment testing resulted in no impairment associated with FAMCO or ARI. The Company also tested its

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intangible assets (indefinite and definite-lived) acquired as part of the FAMCO and ARI acquisitions and concluded there was no impairment. The Company concluded there was no goodwill or intangible asset impairment in 2010 or 2009.

The addition of goodwill and intangible assets during the year ended December 31, 2010 primarily related to the acquisition of ARI, as discussed in Note 4. Management identified $55.1 million of intangible assets, consisting primarily of the customer relationships ($52.2 million), which are being amortized over a weighted average life of ten years, and the ARI trade name ($2.9 million), which has an indefinite-life and will not be amortized. The addition of goodwill during 2011 and 2010 related to FAMCO was the result of FAMCO meeting certain performance conditions set forth in the 2007 purchase agreement with the Company. The purchase agreement included the potential for additional cash consideration to be paid in the form of three annual payments in 2008, 2009 and 2010 contingent upon revenue exceeding certain revenue run-rate thresholds. The Company expects 100 percent of goodwill acquired in 2010 to be deductible for income tax purposes.

Intangible assets with determinable lives consist of asset management contractual relationships, non-compete agreements and certain trade names and trademarks that are amortized over their estimated useful lives ranging from three to ten years. The following table presents the aggregate intangible asset amortization expense for the years ended:

(Dollars in thousands)	
2012	$ 7,668
2013	7,325
2014	6,938
2015	6,640
Thereafter	19,873
Total	$ 48,444

Note 14 *Fixed Assets*

The following is a summary of fixed assets as of December 31:

(Dollars in thousands)	**2011**	**2010**
Furniture and equipment	**$ 38,592**	$ 37,732
Leasehold improvements	**22,031**	21,536
Software	**20,093**	19,986
Total	**80,716**	79,254
Less accumulated depreciation and amortization	**(58,923)**	(57,777)
	$ 21,793	$ 21,477

For the years ended December 31, 2011, 2010 and 2009, depreciation and amortization of furniture and equipment, leasehold improvements and software totaled $7.3 million, $7.2 million and $7.2 million, respectively, and are included in occupancy and equipment on the consolidated statements of operations.

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Notes to the Consolidated Financial Statements (Continued)

Note 15 *Short-Term Financing*

The following is a summary of short-term financing and the weighted average interest rate on borrowings as of December 31:

(Dollars in thousands)	Outstanding Balance 2011	Outstanding Balance 2010	Weighted Average Interest Rate 2011	Weighted Average Interest Rate 2010
Bank lines (secured)	**$**	$ 70,000	**N/A**	1.31%
Commercial paper (secured)	**166,175**	123,589	**1.37%**	1.28%
Total short-term financing	**$ 166,175**	$ 193,589		

The Company has committed short-term bank line financing available on a secured basis and uncommitted short-term bank line financing available on both a secured and unsecured basis. The Company uses these credit facilities in the ordinary course of business to fund a portion of its daily operations and the amount borrowed under these credit facilities varies daily based on the Company s funding needs.

The Company s committed short-term bank line financing at December 31, 2011 consisted of a $250 million committed revolving credit facility with U.S. Bank, N.A., which was renewed in December 2011. Advances under this facility are secured by certain marketable securities. The facility includes a covenant that requires the Company s U.S. broker dealer subsidiary to maintain a minimum net capital of $150 million, and the unpaid principal amount of all advances under this facility will be due on December 28, 2012. The Company pays a nonrefundable commitment fee on the unused portion of the facility on a quarterly basis.

The Company s uncommitted secured lines at December 31, 2011 totaled $275 million with three banks and are dependent on having appropriate collateral, as determined by the bank agreement, to secure an advance under the line. The availability of the Company s uncommitted lines are subject to approval by the individual banks each time an advance is requested and may be denied. In addition, the Company has established arrangements to obtain financing by another broker dealer at the end of each business day related specifically to its convertible inventory.

The Company issues secured commercial paper to fund a portion of its securities inventory. The senior secured commercial paper notes (Series A CP Notes) are secured by the Company s securities inventory with maturities on the Series A CP Notes ranging from 29 days to 270 days from the date of issuance. The Series A CP Notes are interest bearing or sold at a discount to par with an interest rate based on LIBOR plus an applicable margin.

Note 16 *Bank Syndicated Financing*

The following is a summary of bank syndicated financing and the weighted average interest rate on borrowings as of December 31:

(Dollars in thousands)	Outstanding Balance 2011	Outstanding Balance 2010	Weighted Average Interest Rate 2011	Weighted Average Interest Rate 2010
Term loan	**$ 90,000**	$ 100,000	**3.05%**	5.00%
Revolving credit facility	**25,000**	25,000	**3.05%**	5.00%
Total bank syndicated financing	**$ 115,000**	$ 125,000		

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On December 29, 2010, the Company entered into a three-year bank syndicated credit agreement (Credit Agreement) comprised of a $100 million amortizing term loan and a $50 million revolving credit facility. SunTrust Bank is the administrative agent (Agent) for the lenders. Pursuant to the Credit Agreement, the term loan and revolving credit facility mature on December 29, 2013. The term loan is payable in equal quarterly installments in annual amounts as set forth below:

(Dollars in thousands)	
Due in 2012	$ 25,000
Due in 2013	65,000
	$ 90,000

The interest rate for borrowing under the Credit Agreement is, at the option of the Company, equal to LIBOR or a base rate, plus an applicable margin, adjustable and payable quarterly. The base rate is defined as the highest of the Agent s prime lending rate, the Federal Funds Rate plus 0.50 percent or one-month LIBOR plus 1.00 percent. The applicable margin varies from 1.50 percent to 3.00 percent and is based on the Company s leverage ratio. The aggregate debt issuance costs are recognized as additional interest expense over the three-year life under the effective yield interest expense method. Based on our current leverage ratio and aggregate debt issuance costs, the Company expects the annual all in rate to be approximately 4.23 percent. In addition, the Company also pays a nonrefundable commitment fee of 0.50 percent on the unused portion of the revolving credit facility on a quarterly basis.

The Company s Credit Agreement is recorded at amortized cost. As of December 31, 2011, the carrying value of the Credit Agreement approximates fair value.

The Credit Agreement includes customary events of default, including failure to pay principal when due or failure to pay interest within three business days of when due, failure to comply with the covenants in the Credit Agreement and related documents, failure to pay or another event of default under other material indebtedness in an amount exceeding $5 million, bankruptcy or insolvency of the Company or any of its subsidiaries, a change in control of the Company or a failure of Piper Jaffray to extend, renew or refinance its existing $250 million committed revolving secured credit facility on substantially the same terms as the existing committed facility. If there is any event of default under the Credit Agreement, the Agent may declare the entire principal and any accrued interest on the loans under the Credit Agreement to be due and payable and exercise other customary remedies.

The Credit Agreement includes covenants that, among other things, limit the Company s leverage ratio, require maintenance of certain levels of cash and regulatory net capital, require the Company s asset management segment to achieve minimum earnings before interest, taxes, depreciation and amortization, and impose certain limitations on the Company s ability to make acquisitions and to repurchase or declare dividends on its capital stock. The Credit Agreement limits annual share repurchases to the amount of new equity granted during that fiscal year. With respect to the net capital covenant, the Company s U.S. broker dealer subsidiary is required to maintain minimum net capital of $160 million. At December 31, 2011, the Company was in compliance with all covenants.

Note 17 *Variable Rate Senior Notes*

On December 31, 2009, the Company issued unsecured variable rate senior notes (Notes) in the amount of $120 million. The initial holders of the Notes were certain entities advised by PIMCO. Interest was based on an annual rate equal to LIBOR plus 4.10 percent, adjustable and payable quarterly. The proceeds from the Notes

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were used to fund a portion of the ARI acquisition discussed further in Note 4 to these consolidated financial statements. The unpaid principal and interest on the Notes were repaid on December 30, 2010, from the proceeds of the Credit Agreement discussed above in Note 16 to these consolidated financial statements.

Note 18 *Contingencies, Commitments and Guarantees*

Legal Contingencies

The Company has been named as a defendant in various legal actions, including complaints and litigation and arbitration claims, arising from its business activities. Such actions include claims related to securities brokerage and investment banking activities, and certain class actions that primarily allege violations of securities laws and seek unspecified damages, which could be substantial. Also, the Company is involved from time to time in investigations and proceedings by governmental agencies and self-regulatory organizations which could result in adverse judgments, settlement, penalties, fines or other relief.

The Company has established reserves for potential losses that are probable and reasonably estimable that may result from pending and potential legal actions, investigations and regulatory proceedings. In many cases, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount or range of any potential loss, particularly where proceedings may be in relatively early stages or where plaintiffs are seeking substantial or indeterminate damages. Matters frequently need to be more developed before a loss or range of loss can reasonably be estimated.

Given uncertainties regarding the timing, scope, volume and outcome of pending and potential legal actions, investigations and regulatory proceedings and other factors, the amounts of reserves and ranges of reasonably possible losses are difficult to determine and of necessity subject to future revision. Subject to the foregoing and except for the legal proceeding described below, as to which management believes a material loss is reasonably possible, management of the Company believes, based on currently available information, after consultation with outside legal counsel and taking into account its established reserves, that pending legal actions, investigations and regulatory proceedings will be resolved with no material adverse effect on the consolidated statements of financial condition, results of operations or cash flows of the Company. However, if during any period a potential adverse contingency should become probable or resolved for an amount in excess of the established reserves, the results of operations in that period could be materially adversely affected. In addition, there can be no assurance that material losses will not be incurred from claims that have not yet been brought to the Company s attention or are not yet determined to be reasonably possible.

The Company has one contingency as to which management of the Company believes that a material loss is reasonably possible. The U.S. Department of Justice Antitrust Division, the SEC and various state attorneys general are conducting broad investigations of numerous firms, including the Company, for possible antitrust and securities violations in connection with the bidding or sale of guaranteed investment contracts and derivatives to municipal issuers from the early 1990s to date. These investigations commenced in November 2006. In addition, several class action complaints have been brought on behalf of a proposed class of government entities that purchased municipal derivatives. The complaints allege antitrust violations and are pending in the U.S. District Court for the Southern District of New York under the multi-district litigation rules. Several California municipalities also have brought separate class action complaints in California federal court, and approximately 18 California municipalities have filed individual lawsuits that are not as part of class actions, all of which have been transferred to the Southern District of New York and consolidated for pretrial purposes. No loss contingency has been reflected in the Company s consolidated financial statements as this contingency is neither probable nor reasonably estimable at this time. Management is currently unable to estimate a range of reasonably possible loss for these matters because alleged damages have not been specified, the proceedings remain in the

Piper Jaffray Companies

Notes to the Consolidated Financial Statements (Continued)

early stages, there is uncertainty as to the likelihood of a class or classes being certified or the ultimate size of any class if certified, and there are significant factual issues to be resolved.

Litigation-related reserve activity included within other operating expenses resulted in a benefit of $0.2 million, and expenses of $2.1 million and $2.5 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Operating Lease Commitments

The Company leases office space throughout the United States and in a limited number of foreign countries where the Company s international operations reside. Aggregate minimum lease commitments under operating leases as of December 31, 2011 are as follows:

(Dollars in thousands)	
2012	$ 16,685
2013	16,203
2014	12,201
2015	8,778
2016	7,337
Thereafter	19,482
	$ 80,686

Total minimum rentals to be received from 2012 through 2016 under noncancelable subleases were $10.5 million at December 31, 2011.

Rental expense, including operating costs and real estate taxes, was $17.2 million, $17.7 million and $14.9 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Fund Commitments

As of December 31, 2011, the Company had commitments to invest approximately $1.5 million in limited partnerships that make investments in private equity and venture capital funds. The commitments are estimated to be funded, if called, through the end of the respective investment periods ranging from 2012 to 2016.

Other Guarantees

The Company is a member of numerous exchanges and clearinghouses. Under the membership agreements with these entities, members generally are required to guarantee the performance of other members, and if a member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet shortfalls. To mitigate these performance risks, the exchanges and clearinghouses often require members to post collateral. In addition, the Company identifies and guarantees certain clearing agents against specified potential losses in connection with providing services to the Company or its affiliates. The Company s maximum potential liability under these arrangements cannot be quantified. However, management believes the likelihood that the Company would be required to make payments under these arrangements is remote. Accordingly, no liability is recorded in the consolidated financial statements for these arrangements.

As general partner, Piper Jaffray Investment Management LLC, a wholly-owned subsidiary of the Company, has guaranteed the debts, liabilities and obligations of a municipal hedge fund to the extent of the

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general partner s assets. Management believes the likelihood that the Company would be required to make payments under this arrangement is remote. Accordingly, no liability is recorded in the consolidated financial statements for this arrangement.

Concentration of Credit Risk

The Company provides investment, capital-raising and related services to a diverse group of domestic and foreign customers, including governments, corporations, and institutional and individual investors. The Company s exposure to credit risk associated with the non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile securities markets, credit markets and regulatory changes. This exposure is measured on an individual customer basis and on a group basis for customers that share similar attributes. To alleviate the potential for risk concentrations, counterparty credit limits have been implemented for certain products and are continually monitored in light of changing customer and market conditions.

Note 19 *Restructuring*

The Company incurred pre-tax restructuring-related expenses of $10.9 million for the year ended December 31, 2010. The majority of these expenses were incurred to restructure the Company s European operations to focus European resources on (i) the distribution of U.S. and Asian securities to European institutional investors and (ii) merger and acquisition advisory services. As a result of the restructuring, the Company exited the origination and distribution of European securities. As of December 31, 2011, the majority of these expenses had been paid and the remaining restructuring-related liability was not material.

The Company incurred pre-tax restructuring-related expenses of $3.6 million for the year ended December 31, 2009. These expenses were incurred to restructure the Company s operations as a means to better align its cost infrastructure with its revenues.

Note 20 *Shareholders Equity*

The certificate of incorporation of Piper Jaffray Companies provides for the issuance of up to 100,000,000 shares of common stock with a par value of $0.01 per share and up to 5,000,000 shares of undesignated preferred stock with a par value of $0.01 per share.

Common Stock

The holders of Piper Jaffray Companies common stock are entitled to one vote per share on all matters to be voted upon by the shareholders. Subject to preferences that may be applicable to any outstanding preferred stock of Piper Jaffray Companies, the holders of its common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Piper Jaffray Companies board of directors out of funds legally available for that purpose. In the event that Piper Jaffray Companies is liquidated or dissolved, the holders of its common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to any prior distribution rights of Piper Jaffray Companies preferred stock, if any, then outstanding. The holders of the common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to Piper Jaffray Companies common stock.

Piper Jaffray Companies does not intend to pay cash dividends on its common stock for the foreseeable future. Instead, Piper Jaffray Companies intends to retain all available funds and any future earnings for use in

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Notes to the Consolidated Financial Statements (Continued)

the operation and expansion of its business and to repurchase outstanding common stock to the extent authorized by its board of directors. Additionally, as set forth in Note 26, there are dividend restrictions on Piper Jaffray.

During the year ended December 31, 2011, the Company issued 90,085 common shares out of treasury stock in fulfillment of $3.8 million in obligations under the Piper Jaffray Companies Retirement Plan (Retirement Plan) and issued 1,286,568 common shares out of treasury stock as a result of vesting and exercise transactions under the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (the Incentive Plan) and the 2010 Employment Inducement Award Plan (the Inducement Plan). During the year ended December 31, 2010, the Company issued 81,696 common shares out of treasury in fulfillment of $3.6 million in obligations under the Retirement Plan and issued 438,742 common shares out of treasury as a result of vesting and exercise transactions under the Incentive and Inducement Plans.

In the second quarter of 2008, the Company s board of directors authorized the repurchase of up to $100 million in common shares through June 30, 2010. During the six months ended June 30, 2010, the Company repurchased 893,050 shares of the Company s common stock at an average price of $33.57 per share for an aggregate purchase price of $30.0 million related to this authorization. This share repurchase authorization expired as of June 30, 2010.

In the third quarter of 2010, the Company s board of directors authorized the repurchase of up to $75 million in common shares through September 30, 2012. During the third and fourth quarters of 2010, the Company repurchased 624,537 shares of the Company s common stock at an average price of $28.23 per share for an aggregate purchase price of $17.6 million related to this authorization. In 2011, the Company repurchased 293,829 shares of the Company s common stock at an average price of $20.40 per share for an aggregate purchase price of $6.0 million related to this authorization. The Company has $51.4 million remaining under this authorization. The Company s three-year bank syndicated credit facility includes a covenant that limits the annual amount of shares the Company can repurchase to the amount of equity granted in conjunction with the Company s annual equity compensation awards.

Preferred Stock

The Piper Jaffray Companies board of directors has the authority, without action by its shareholders, to designate and issue preferred stock in one or more series and to designate the rights, preferences and privileges of each series, which may be greater than the rights associated with the common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of holders of common stock until the Piper Jaffray Companies board of directors determines the specific rights of the holders of preferred stock. However, the effects might include, among other things, the following: restricting dividends on its common stock, diluting the voting power of its common stock, impairing the liquidation rights of its common stock and delaying or preventing a change in control of Piper Jaffray Companies without further action by its shareholders.

Rights Agreement

Piper Jaffray Companies has adopted a rights agreement. The issuance of a share of Piper Jaffray Companies common stock also constitutes the issuance of a preferred stock purchase right associated with such share. These rights are intended to have anti-takeover effects in that the existence of the rights may deter a potential acquirer from making a takeover proposal or a tender offer for Piper Jaffray Companies stock.

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Notes to the Consolidated Financial Statements (Continued)

Note 21 *Noncontrolling Interests*

The consolidated financial statements include the accounts of Piper Jaffray Companies, its wholly owned subsidiaries and other entities in which the Company has a controlling financial interest. Noncontrolling interests represent equity interests in consolidated entities that are not attributable, either directly or indirectly, to Piper Jaffray Companies. Noncontrolling interests include the minority equity holders proportionate share of the equity in a private municipal fund of $26.4 million and private equity investment vehicles aggregating $5.8 million as of December 31, 2011.

Ownership interests in entities held by parties other than the Company s common shareholders are presented as noncontrolling interests within shareholders equity, separate from the Company s own equity. Revenues, expenses and net income or loss are reported on the consolidated statements of operations on a consolidated basis, which includes amounts attributable to both the Company s common shareholders and noncontrolling interests. Net income or loss is then allocated between the Company and noncontrolling interests based upon their relative ownership interests. Net income or loss applicable to noncontrolling interests is deducted from consolidated net income or loss to determine net income or loss applicable to the Company s common shareholders. There was no other comprehensive income or loss attributed to noncontrolling interests for the years ended December 31, 2011, 2010 and 2009.

Note 22 *Earnings Per Share*

The Company calculates earnings per share using the two-class method. Basic earnings per common share is computed by dividing net income/(loss) applicable to Piper Jaffray Companies common shareholders by the weighted average number of common shares outstanding for the period. Net income/(loss) applicable to Piper Jaffray Companies common shareholders represents net income/(loss) applicable to Piper Jaffray Companies reduced by the allocation of earnings to participating securities. Losses are not allocated to participating securities. All of the Company s unvested restricted shares are deemed to be participating securities as they are eligible to share in the profits (e.g., receive dividends) of the Company. Diluted earnings per common share is calculated by adjusting the weighted average outstanding shares to assume conversion of all potentially dilutive stock options. The computation of earnings per share is as follows:

	Year Ended December 31,		
(Amounts in thousands, except per share data)	**2011**	**2010**	**2009**
Net income/(loss) applicable to Piper Jaffray Companies	**$ (102,020)**	$ 24,362	$ 30,369
Earnings allocated to participating securities		(5,433)[1]	(5,481)[1]
Net income/(loss) applicable to Piper Jaffray Companies common shareholders[2]	**$ (102,020)**	$ 18,929	$ 24,888
Shares for basic and diluted calculations:			
Average shares used in basic computation	**15,672**	15,348	15,952
Stock options	**13**	30	55
Restricted stock	**2,892**	[1]	[1]
Average shares used in diluted computation	**18,577**[3]	15,378	16,007
Earnings/(loss) per share:			
Basic	**$ (6.51)**	$ 1.23	$ 1.56
Diluted	**$ (6.51)**[3]	$ 1.23	$ 1.55

(1)

Participating securities were included in the calculation of diluted EPS using the two-class method, as this computation was more dilutive than the calculation using the treasury-stock method.

(2) *Net income/(loss) applicable to Piper Jaffray Companies common shareholders for diluted and basic EPS may differ under the two-class method as a result of adding the effect of the assumed exercise of stock options to dilutive shares outstanding, which alters the ratio used to allocate earnings to Piper Jaffray Companies common shareholders and participating securities for purposes of calculating diluted and basic EPS.*

(3) *Earnings per diluted common share is calculated using the basic weighted average number of common shares outstanding for periods in which a loss is incurred.*

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Notes to the Consolidated Financial Statements (Continued)

The anti-dilutive effects from stock options were immaterial for the years ended December 31, 2011, 2010 and 2009.

Note 23 *Employee Benefit Plans*

The Company has various employee benefit plans, and substantially all employees are covered by at least one plan. The plans include health and welfare plans, a tax-qualified retirement plan (the Retirement Plan), a post-retirement medical plan, and a non-qualified retirement plan (the Non-Qualified Plan), which was terminated in 2010. During the years ended December 31, 2011, 2010 and 2009, the Company incurred employee benefits expenses of $11.8 million, $12.6 million and $10.9 million, respectively.

Health and Welfare Plans

Company employees who meet certain work schedule and service requirements are eligible to participate in the Company s health and welfare plans. The Company subsidizes the cost of coverage for employees. The medical plan contains cost-sharing features such as deductibles and coinsurance.

Retirement Plan

The Retirement Plan consists of a defined contribution retirement savings plan. The defined contribution retirement savings plan allows qualified employees, at their option, to make contributions through salary deductions under Section 401(k) of the Internal Revenue Code. Employee contributions are 100 percent matched by the Company to a maximum of six percent of recognized compensation up to the social security taxable wage base. Although the Company s matching contribution vests immediately, a participant must be employed on December 31 to receive that year s matching contribution. The matching contribution can be made in cash or Piper Jaffray Companies common stock, at the Company s discretion.

Non-Qualified Plan and Post-retirement Medical Plan

The Company accounts for its Non-Qualified Plan, which was terminated in 2010, and post-retirement medical plan in accordance with FASB Accounting Standards Codification Topic 715, Compensation Retirement Benefits (ASC 715). The Company recognizes the funded status of its plans on the consolidated statements of financial condition with a corresponding adjustment to accumulated other comprehensive income, net of tax. The net unrecognized actuarial losses and unrecognized prior service costs are amortized as a component of net periodic benefit cost. Further, actuarial gains and losses that arise and are not recognized as net periodic benefit cost in the same periods are recognized as a component of other comprehensive income. These amounts are amortized as a component of net periodic benefit cost on the same basis as the amounts recognized in accumulated other comprehensive income.

All employees of the Company who meet defined age and service requirements are eligible to receive post-retirement health care benefits provided under a post-retirement benefit plan established by the Company in 2004. The estimated cost of these retiree health care benefits is accrued during the employees active service. For each of the years ended December 31, 2011, 2010 and 2009, the net periodic benefit cost was $0.1 million.

Certain employees participated in the Non-Qualified Plan, an unfunded, non-qualified cash balance pension plan. The Company froze the plan effective January 1, 2004, thereby eliminating future benefits related to pay increases and excluding new participants from the plan. Effective December 31, 2009, the Company resolved to terminate the Non-Qualified Plan through lump sum cash distributions to all participants. These lump-sum cash

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payments, totaling $10.4 million, were based on the December 31, 2009 actuarial valuation of the Non-Qualified Plan and were distributed on March 15, 2010. During the years ended December 31, 2010 and 2009, the net periodic benefit cost related to the Non-Qualified Plan was $0.1 million and $0.8 million, respectively. In 2010, the Company recognized settlement expense of $0.2 million in compensation and benefits expenses on the consolidated statement of operations related to the settlement of all Non-Qualified Plan liabilities.

Note 24 *Stock-Based Compensation*

The Company maintains two stock-based compensation plans, the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan (the Incentive Plan) and the 2010 Employment Inducement Award Plan (the Inducement Plan). The Company s equity awards are recognized on the consolidated statements of operations at grant date fair value over the service period of the award, net of estimated forfeitures.

The following table provides a summary of the Company s outstanding equity awards as of December 31, 2011:

Incentive Plan	
Restricted Stock	
Annual grants	1,615,856
Sign-on grants	464,771
Retention grants	90,060
Performance grants	307,820
	2,478,507
Inducement Plan	
Restricted Stock	116,610
Total restricted stock related to compensation	2,595,117
ARI deal consideration (1)	556,884
Total restricted stock outstanding	3,152,001
Incentive Plan	
Stock options outstanding	502,623

(1) The Company issued restricted stock as part of deal consideration for ARI. See Note 4 for further discussion.

Incentive Plan

The Incentive Plan permits the grant of equity awards, including restricted stock and non-qualified stock options, to the Company s employees and directors for up to 7.0 million shares of common stock (1.6 million shares remain available for future issuance under the Incentive Plan). The Company believes that such awards help align the interests of employees and directors with those of shareholders and serve as an employee retention tool. The plan provides for accelerated vesting of awards if there is a severance event, a change in control of the Company (as defined in the plan), in the event of a participant s death, and at the discretion of the compensation committee of the Company s board of directors.

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Notes to the Consolidated Financial Statements (Continued)

Restricted Stock Awards

Restricted stock grants are valued at the market price of the Company s common stock on the date of grant and are amortized over the related requisite service period. The Company grants shares of restricted stock to current employees as part of year-end compensation (Annual Grants) and as a retention tool. Employees may receive restricted stock upon initial hiring or as a retention award (Sign-on Grants). The Company has also granted incremental restricted stock awards with service conditions to key employees (Retention Grants) and restricted stock with performance conditions to members of senior management (Performance Grants).

The Company s Annual Grants are made each year in February. Prior to 2011, Annual Grants had three-year cliff vesting periods. Beginning in 2011, Annual Grants vest ratably over three years in equal installments. The Annual Grants provide for continued vesting after termination of employment, so long as the employee does not violate certain post-termination restrictions set forth in the award agreement or any agreements entered into upon termination. The vesting period refers to the period in which post-termination restrictions apply. The Company determined the service inception date precedes the grant date for the Annual Grants, and that the post-termination restrictions do not meet the criteria for an in-substance service condition, as defined by ASC 718. Accordingly, restricted stock granted as part of the Annual Grants is expensed in the one-year period in which those awards are deemed to be earned, which is generally the calendar year preceding the February grant date. For example, the Company recognized compensation expense during fiscal 2011 for our February 2012 Annual Grant. If an equity award related to the Annual Grants is forfeited as a result of violating the post-termination restrictions, the lower of the fair value of the award at grant date or the fair value of the award at the date of forfeiture is recorded within the consolidated statements of operations as other income. The Company recorded $3.5 million, $5.3 million and $3.6 million of forfeitures through other income for the years ended December 31, 2011, 2010 and 2009, respectively.

Sign-on Grants are used as a recruiting tool for new employees and are issued to current employees as a retention tool. The majority of these awards have three-year cliff vesting terms and employees must fulfill service requirements in exchange for rights to the awards. Compensation expense is amortized on a straight-line basis from the grant date over the requisite service period. Employees forfeit unvested shares upon termination of employment and a reversal of compensation expense is recorded.

Retention Grants are subject to ratable vesting based upon a five-year service requirement and are amortized as compensation expense on a straight-line basis from the grant date over the requisite service period. Employees forfeit unvested retention shares upon termination of employment and a reversal of compensation expense is recorded.

Performance-based restricted stock awards granted in 2008 and 2009 cliff vest upon meeting a specific performance-based metric prior to May 2013. Performance Grants are amortized on a straight-line basis over the period the Company expects the performance target to be met. The performance condition must be met for the awards to vest and total compensation cost will be recognized only if the performance condition is satisfied. The probability that the performance conditions will be achieved and that the awards will vest is reevaluated each reporting period with changes in actual or estimated outcomes accounted for using a cumulative effect adjustment to compensation expense. In the third quarter of 2010, the Company deemed it improbable that the performance condition related to the Performance Grants would be met. As a result, the Company recorded a $6.6 million cumulative effect compensation expense reversal in the third quarter of 2010. As of December 31, 2011, we continue to believe it is improbable that the performance condition will be met prior to the expiration of the award.

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Annually, the Company grants stock to its non-employee directors. The stock-based compensation paid to non-employee directors is fully expensed on the grant date and included within outside services expense on the consolidated statements of operations.

Stock Options

The Company previously granted options to purchase Piper Jaffray Companies common stock to employees and non-employee directors in fiscal years 2004 through 2008. Employee and director options were expensed by the Company on a straight-line basis over the required service period, based on the estimated fair value of the award on the date of grant using a Black-Scholes option-pricing model. As described above pertaining to the Company s Annual Grants of restricted shares, stock options granted to employees were expensed in the calendar year preceding the annual February grant date. For example, the Company recognized compensation expense during fiscal 2007 for its February 2008 option grant. The maximum term of the stock options granted to employees and directors is ten years. The Company has not granted stock options since 2008.

Inducement Plan

In 2010, the Company established the Inducement Plan in conjunction with the acquisition of ARI. The Company granted $7.0 million in restricted stock (158,801 shares) under the Inducement Plan to ARI employees upon closing of the transaction. These shares vest ratably over five years in equal annual installments ending on March 1, 2015. Inducement Plan awards are amortized as compensation expense on a straight-line basis over the vesting period. Employees forfeit unvested Inducement Plan shares upon termination of employment and a reversal of compensation expense is recorded.

Stock-Based Compensation

The Company recorded total compensation expense of $25.7 million, $35.4 million and $44.3 million for the years ended December 31, 2011, 2010 and 2009, respectively, related to employee restricted stock awards. The tax benefit related to stock-based compensation costs totaled $10.0 million, $13.9 million and $17.5 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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The following table summarizes the changes in the Company s unvested restricted stock (including the unvested restricted stock issued as part of the deal consideration for ARI) under the Incentive Plan and Inducement Plan for the years ended December 31, 2011, 2010 and 2009:

	Unvested Restricted Stock	Weighted Average Grant Date Fair Value
December 31, 2008	3,177,945	$ 46.87
Granted	908,188	26.58
Vested	(477,602)	47.94
Canceled	(95,782)	43.29
December 31, 2009	3,512,749	$ 40.46
Granted	1,958,608	43.09
Vested	(682,988)	63.18
Canceled	(265,185)	39.07
December 31, 2010	4,523,184	$ 39.84
Granted	663,887	40.87
Vested	(1,791,712)	37.77
Canceled	(243,358)	39.03
December 31, 2011	3,152,001	$ 38.79

The fair value of restricted stock that vested during the years ended December 31, 2011, 2010 and 2009 was $67.7 million, $43.2 million and $22.9 million, respectively.

As of December 31, 2011, there was $10.5 million of total unrecognized compensation cost related to restricted stock expected to be recognized over a weighted average period of 2.18 years.

The following table summarizes the changes in the Company s outstanding stock options for the years ended December 31, 2011, 2010 and 2009:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
December 31, 2008	571,067	$ 44.27	6.7	$ 322,749
Granted				
Exercised	(30,213)	39.92		
Canceled	(2,050)	41.19		
December 31, 2009	538,804	$ 44.50	5.7	$ 4,237,480
Granted				
Exercised	(2,456)	40.06		
Canceled	(20,856)	41.89		
December 31, 2010	515,492	$ 44.64	4.9	$ 166,406

Granted						
Exercised	(1,023)		39.62			
Canceled	(11,846)		42.19			
December 31, 2011	502,623	$	44.71	3.9	$	
Options exercisable at December 31, 2009	390,854	$	43.35	4.8	$	3,126,838
Options exercisable at December 31, 2010	386,605	$	45.82	4.1	$	166,406
Options exercisable at December 31, 2011	502,623	$	44.71	3.9	$	

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Additional information regarding Piper Jaffray Companies options outstanding as of December 31, 2011 is as follows:

Range of Exercise Prices	Options Outstanding Shares	Options Outstanding Weighted Average Remaining Contractual Life (in Years)	Options Outstanding Weighted Average Exercise Price	Exercisable Options Shares	Exercisable Options Weighted Average Exercise Price
$28.01	22,852	3.3	$ 28.01	22,852	$ 28.01
$33.40	4,001	3.6	$ 33.40	4,001	$ 33.40
$39.62	150,687	3.2	$ 39.62	150,687	$ 39.62
$41.09	128,887	6.1	$ 41.09	128,887	$ 41.09
$47.30 $51.05	148,783	2.5	$ 47.72	148,783	$ 47.72
$70.13 $70.65	47,413	4.9	$ 70.26	47,413	$ 70.26

As of December 31, 2011, there was no unrecognized compensation cost related to stock options expected to be recognized over future years.

Cash received from option exercises for the years ended December 31, 2011, 2010 and 2009 was $0.1 million, $0.1 million and $1.2 million, respectively. The fair value of options exercised during the years ended December 31, 2011 and 2010 was immaterial, respectively. The fair value of options exercised during the year ended December 31, 2009 was $0.5 million. The tax benefit realized for the tax deductions from option exercises was immaterial for the years ended December 31, 2011 and 2010. The tax benefit realized for tax deductions totaled $0.5 million for the year ended December 31, 2009.

The Company has a policy of issuing shares out of treasury (to the extent available) to satisfy share option exercises and restricted stock vesting. The Company expects to withhold approximately 0.4 million shares from employee equity awards vesting in 2012, related to the payment of individual income tax on restricted stock vesting. For accounting purposes, withholding shares to cover employees tax obligations is deemed to be a repurchase of shares by the Company.

Note 25 *Segment Reporting*

On March 1, 2010, the Company completed the purchase of ARI, which expanded the Company s asset management business and resulted in a change to its reportable business segments in 2010. In connection with this change, the Company reclassified 2009 segment results to conform to the 2010 and 2011 presentation.

Basis for Presentation

The Company structures its segments primarily based upon the nature of the financial products and services provided to customers and the Company s management organization. The Company evaluates performance and allocates resources based on segment pre-tax operating income or loss and segment pre-tax operating margin. Revenues and expenses directly associated with each respective segment are included in determining their operating results. Other revenues and expenses that are not directly attributable to a particular segment are allocated based upon the Company s allocation methodologies, including each segment s respective net revenues, use of shared resources, headcount or other relevant measures. The financial management of assets is performed on an enterprise-wide basis. As such, assets are not assigned to the business segments.

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Reportable segment financial results are as follows:

	Year Ended December 31,		
(Dollars in thousands)	**2011**	**2010**	**2009**
Capital Markets			
Investment banking			
Financing			
Equities	**$ 79,600**	$ 113,711	$ 81,668
Debt	**54,566**	65,958	79,104
Advisory services	**78,684**	90,396	49,518
Total investment banking	**212,850**	270,065	210,290
Institutional sales and trading			
Equities	**92,412**	106,206	120,488
Fixed income	**75,794**	79,833	117,176
Total institutional sales and trading	**168,206**	186,039	237,664
Other income	**5,882**	6,763	5,922
Net revenues	**386,938**	462,867	453,876
Non-interest expenses			
Goodwill impairment	**120,298**		
Operating expenses(1)	**370,918**	421,707	394,506
Total non-interest expenses	**491,216**	421,707	394,506
Segment pre-tax operating income/(loss)	**$ (104,278)**	$ 41,160	$ 59,370
Segment pre-tax operating margin	**N/M**	8.9%	13.1%
Asset Management			
Management and performance fees			
Management fees	**$ 67,606**	$ 58,080	$ 13,891
Performance fees	**2,283**	8,747	790
Total management and performance fees	**69,889**	66,827	14,681
Other income	**1,298**	380	233
Net revenues	**71,187**	67,207	14,914
Operating expenses(1)	**56,590**	51,083	17,672
Segment pre-tax operating income/(loss)	**$ 14,597**	$ 16,124	$ (2,758)
Segment pre-tax operating margin	**20.5%**	24.0%	N/M
Total			
Net revenues	**$ 458,125**	$ 530,074	$ 468,790
Non-interest expenses			
Goodwill impairment	**120,298**		
Operating expenses(1)	**427,508**	472,790	412,178

Total non-interest expenses	**547,806**	472,790	412,178
Total segment pre-tax operating income/(loss)	**$ (89,681)**	$ 57,284	$ 56,612
Pre-tax operating margin	**N/M**	10.8%	12.1%

N/M Not meaningful

(1) Operating expenses include intangible asset amortization as set forth in the table below:

	Year Ended December 31,		
(Dollars in thousands)	**2011**	**2010**	**2009**
Capital Markets	**$**	$	$
Asset Management	**8,276**	7,546	2,456
Total intangible asset amortization expense	**$ 8,276**	$ 7,546	$ 2,456

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Geographic Areas

The Company operates in both U.S. and non-U.S. markets. The Company s non-U.S. business activities are conducted through European and Asian locations. Net revenues disclosed in the following table reflect the regional view, with financing revenues allocated to geographic locations based upon the location of the issuing client, advisory revenues allocated based upon the location of the investment banking team and net institutional sales and trading revenues allocated based upon the location of the client. Asset management revenues are allocated to the U.S. based upon the geographic location of the Company s asset management team.

	Year Ended December 31,		
(Dollars in thousands)	**2011**	**2010**	**2009**
Net revenues:			
United States	**$ 425,100**	$ 466,159	$ 427,759
Asia	**16,589**	42,330	21,416
Europe	**16,436**	21,585	19,615
Consolidated	**$ 458,125**	$ 530,074	$ 468,790

Long-lived assets are allocated to geographic locations based upon the location of the asset. The following table presents long-lived assets by geographic region:

	December 31,	
(Dollars in thousands)	**2011**	**2010**
Long-lived assets:		
United States	**$ 317,187**	$ 451,892
Asia	**2,055**	13,391
Europe	**1,287**	547
Consolidated	**$ 320,529**	$ 465,830

Note 26 *Net Capital Requirements and Other Regulatory Matters*

Piper Jaffray is registered as a securities broker dealer with the SEC and is a member of various self regulatory organizations (SROs) and securities exchanges. The Financial Industry Regulatory Authority (FINRA) serves as Piper Jaffray s primary SRO. Piper Jaffray is subject to the uniform net capital rule of the SEC and the net capital rule of FINRA. Piper Jaffray has elected to use the alternative method permitted by the SEC rule, which requires that it maintain minimum net capital of the greater of $1.0 million or 2 percent of aggregate debit balances arising from customer transactions, as such term is defined in the SEC rule. Under its rules, FINRA may prohibit a member firm from expanding its business or paying dividends if resulting net capital would be less than 5 percent of aggregate debit balances. Advances to affiliates, repayment of subordinated debt, dividend payments and other equity withdrawals by Piper Jaffray are subject to certain notification and other provisions of the SEC and FINRA rules. In addition, Piper Jaffray is subject to certain notification requirements related to withdrawals of excess net capital.

At December 31, 2011, net capital calculated under the SEC rule was $227.4 million, and exceeded the minimum net capital required under the SEC rule by $226.4 million.

The Company s short-term committed credit facility of $250 million includes a covenant requiring Piper Jaffray to maintain minimum net capital of $150 million. In addition, the Company s three-year bank syndicated credit facility includes a similar covenant, requiring minimum net capital of $160 million.

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Piper Jaffray Ltd., which is a registered United Kingdom broker dealer, is subject to the capital requirements of the U.K. Financial Services Authority (FSA). As of December 31, 2011, Piper Jaffray Ltd. was in compliance with the capital requirements of the FSA.

Piper Jaffray Asia Holdings Limited operates three entities licensed by the Hong Kong Securities and Futures Commission, which are subject to the liquid capital requirements of the Securities and Futures (Financial Resources) Rules promulgated under the Securities and Futures Ordinance. As of December 31, 2011, Piper Jaffray Asia regulated entities were in compliance with the liquid capital requirements of the Hong Kong Securities and Futures Ordinance.

Note 27 *Income Taxes*

Income tax expense is provided using the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between amounts reported for income tax purposes and financial statement purposes, using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The components of income tax expense are as follows:

	Year Ended December 31,		
(Dollars in thousands)	**2011**	**2010**	**2009**
Current:			
Federal	**$ (6,203)**	$ 11,474	$ 19,420
State	**27**	3,860	2,636
Foreign		142	308
	(6,176)	15,476	22,364
Deferred:			
Federal	**13,924**	15,973	2,825
State	**2,491**	1,469	1,810
Foreign	**637**	436	(816)
	17,052	17,878	3,819
Total income tax expense	**$ 10,876**	$ 33,354	$ 26,183

A reconciliation of federal income taxes at statutory rates to the Company s effective tax rates for the fiscal years ended December 31, is as follows:

(Dollars in thousands)	**2011**	**2010**	**2009**
Federal income tax expense/(benefit) at statutory rates	**$ (31,389)**	$ 20,050	$ 19,814
Increase/(reduction) in taxes resulting from:			
Goodwill impairment	**40,440**		
State income taxes, net of federal tax benefit	**1,250**	3,136	3,091
Net tax-exempt interest income	**(3,308)**	(2,065)	(2,914)
Foreign jurisdictions tax rate differential	**1,955**	1,118	1,294
Change in valuation allowance	**868**	3,373	2,370

Restricted stock deferred tax asset write-off	**557**	5,799	1,279
Loss/(income) attributable to noncontrolling interests	**(512)**	151	(21)
Other, net	**1,015**	1,792	1,270
Total income tax expense	**$ 10,876**	$ 33,354	$ 26,183

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Notes to the Consolidated Financial Statements (Continued)

In accordance with ASC 740, U.S. income taxes are not provided on undistributed earnings of international subsidiaries that are permanently reinvested. As of December 31, 2011, undistributed earnings permanently reinvested in the Company s foreign subsidiaries were not material.

Deferred income tax assets and liabilities reflect the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for the same items for income tax reporting purposes. The net deferred tax asset included in other assets on the consolidated statements of financial condition consisted of the following items at December 31:

(Dollars in thousands)	**2011**	**2010**
Deferred tax assets:		
Deferred compensation	**$ 41,746**	$ 55,041
Net operating loss carry forwards	**11,703**	10,876
Liabilities/accruals not currently deductible	**1,989**	3,206
Pension and retirement costs	**314**	259
Other	**5,101**	5,379
Total deferred tax assets	**60,853**	74,761
Valuation allowance	**(9,247)**	(8,373)
Deferred tax assets after valuation allowance	**51,606**	66,388
Deferred tax liabilities:		
Goodwill amortization	**3,340**	2,725
Unrealized gains on firm investments	**1,444**	655
Fixed assets	**1,444**	125
Other	**298**	703
Total deferred tax liabilities	**6,526**	4,208
Net deferred tax assets	**$ 45,080**	$ 62,180

The realization of deferred tax assets is assessed and a valuation allowance is recorded to the extent that it is more likely than not that any portion of the deferred tax asset will not be realized. The Company believes that its future tax profits will be sufficient to recognize its U.S. deferred tax assets. As of December 31, 2011, the Company has recorded a $6.2 million valuation allowance for its U.K. subsidiary s net operating loss carry forwards and a $3.0 million valuation allowance related to its Hong Kong subsidiary s net operating loss carry forwards.

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Piper Jaffray Companies

Notes to the Consolidated Financial Statements (Continued)

The Company accounts for unrecognized tax benefits in accordance with the provisions of ASC 740, which requires tax reserves to be recorded for uncertain tax positions on the consolidated statements of financial condition. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(Dollars in thousands)	
Balance at December 31, 2008	**$ 10,200**
Additions based on tax positions related to the current year	
Additions for tax positions of prior years	
Reductions for tax positions of prior years	(100)
Settlements	(500)
Balance at December 31, 2009	**$ 9,600**
Additions based on tax positions related to the current year	
Additions for tax positions of prior years	
Reductions for tax positions of prior years	(30)
Settlements	(60)
Balance at December 31, 2010	**$ 9,510**
Additions based on tax positions related to the current year	
Additions for tax positions of prior years	
Reductions for tax positions of prior years	(595)
Settlements	
Balance at December 31, 2011	**$ 8,915**

Approximately $5.8 million of the Company s unrecognized tax benefits would impact the annual effective tax rate if recognized. The Company recognizes interest and penalties accrued related to unrecognized tax benefits as a component of income tax expense. During the years ended December 31, 2011, 2010 and 2009, the Company recognized approximately $0.3 million, $0.7 million and $0.6 million, respectively, in interest and penalties. The Company had approximately $2.6 million and $2.3 million for the payment of interest and penalties accrued at December 31, 2011 and 2010, respectively. The Company or one of its subsidiaries files income tax returns with the various states and foreign jurisdictions in which the Company operates. The Company is not subject to U.S. federal tax authorities for years before 2009 and is not subject to state and local or non-U.S. tax authorities for taxable years before 2006. The Company does not currently anticipate a change in the Company s unrecognized tax benefits balance within the next twelve months for the expiration of various statutes of limitation or for resolution of U.S. federal and state examinations.

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Piper Jaffray Companies

Notes to the Consolidated Financial Statements (Continued)

Note 28 *Piper Jaffray Companies (Parent Company only)*

Condensed Statements of Financial Condition

(Amounts in thousands)	December 31, 2011	2010
Assets		
Cash and cash equivalents	**$ 14,493**	$ 7,513
Investment in and advances to subsidiaries	**845,612**	962,694
Goodwill		9,247
Other assets	**1,969**	3,362
Total assets	**$ 862,074**	$ 982,816
Liabilities and Shareholders Equity		
Bank syndicated financing	**$ 115,000**	$ 125,000
Accrued compensation	**17,117**	31,771
Other liabilities and accrued expenses	**11,566**	12,733
Total liabilities	**143,683**	169,504
Shareholders equity	**718,391**	813,312
Total liabilities and shareholders equity	**$ 862,074**	$ 982,816

Condensed Statements of Operations

(Amounts in thousands)	Year Ended December 31, 2011	2010	2009
Revenues:			
Dividends from subsidiaries	**$ 80,483**	$ 201,000	$
Interest	**31**	194	4
Unrealized loss on investments			(57)
Total revenues	**80,514**	201,194	(53)
Interest expense	**5,392**	5,451	
Net revenues	**75,122**	195,743	(53)
Expenses:			
Total expenses	**13,044**	4,710	5,336
Income/(loss) before income tax expense/(benefit) and equity in undistributed income of subsidiaries	**62,078**	191,033	(5,389)
Income tax expense/(benefit)	**(3,128)**	112,404	(2,101)

Income/(loss) of parent company	**65,206**	78,629	(3,288)
Equity in undistributed/(distributed in excess of) income of subsidiaries	**(167,226)**	(54,267)	33,657
Net income/(loss)	**$ (102,020)**	$ 24,362	$ 30,369

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Piper Jaffray Companies

Notes to the Consolidated Financial Statements (Continued)

Condensed Statements of Cash Flows

(Amounts in thousands)	Year Ended December 31, 2011	2010	2009
Operating Activities:			
Net income/(loss)	**$ (102,020)**	$ 24,362	$ 30,369
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:			
Stock-based compensation	**437**	300	318
Goodwill impairment	**9,247**		
Equity distributed in excess of/(in undistributed) income of subsidiaries	**167,226**	54,267	(33,657)
Net cash provided by/(used in) operating activities	**74,890**	78,929	(2,970)
Financing Activities:			
Increase/(decrease) in bank syndicated financing	**(10,000)**	125,000	
Issuance/(repayment) of variable rate senior notes		(120,000)	120,000
Advances to subsidiaries	**(51,916)**	(29,369)	(93,119)
Repurchases of common stock	**(5,994)**	(47,610)	(23,908)
Net cash provided by/(used in) financing activities	**(67,910)**	(71,979)	2,973
Net increase in cash and cash equivalents	**6,980**	6,950	3
Cash and cash equivalents at beginning of year	**7,513**	563	560
Cash and cash equivalents at end of year	**$ 14,493**	$ 7,513	$ 563
Supplemental disclosures of cash flow information			
Cash received/(paid) during the year for:			
Interest	**$ (5,361)**	$ (5,257)	$ 4
Income taxes	**$ 3,128**	$ (112,404)	$ 2,101

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Supplemental Information

Quarterly Information (unaudited)

	2011 Fiscal Quarter			
(Amounts in thousands, except per share data)	First	Second	Third	Fourth
Total revenues	$ 132,941	$ 143,642	$ 107,070	$ 106,049
Interest expense	8,161	7,693	8,894	6,829
Net revenues	124,780	135,949	98,176	99,220
Non-interest expenses	113,246	118,815	97,876	217,869(1)
Income/(loss) before income tax expense	11,534	17,134	300	(118,649)
Income tax expense/(benefit)	4,115	5,987	3,676	(2,902)
Net income/(loss)	7,419	11,147	(3,376)	(115,747)
Net income applicable to noncontrolling interests	186	453	207	617
Net income/(loss) applicable to Piper Jaffray Companies	$ 7,233	$ 10,694	$ (3,583)	$ (116,364)
Net income/(loss) applicable to Piper Jaffray Companies common shareholders	$ 5,711	$ 8,760	$ (3,583)(2)	$ (116,364)(2)
Earnings/(loss) per common share				
Earnings/(loss) per basic common share	$ 0.38	$ 0.55	$ (0.23)	$ (7.38)
Earnings/(loss) per diluted common share	$ 0.38	$ 0.55	$ (0.23)(3)	$ (7.38)(3)
Weighted average number of common shares				
Basic	15,177	15,840	15,889	15,773
Diluted	15,224	15,845	15,899(3)	15,773(3)

(1) *Includes a $120.3 million goodwill impairment charge.*

(2) *No allocation of income was made due to loss position.*

(3) *Earnings per diluted common shares is calculated using the basic weighted average number of common shares outstanding for periods in which a loss is incurred.*

	2010 Fiscal Quarter			
(Amounts in thousands, except per share data)	First	Second	Third	Fourth
Total revenues	$ 118,373	$ 137,510	$ 124,616	$ 184,562
Interest expense	8,787	9,857	8,153	8,190
Net revenues	109,586	127,653	116,463	176,372
Non-interest expenses	100,515	115,892	103,173	153,210
Income before income tax expense	9,071	11,761	13,290	23,162
Income tax expense	8,645	4,458	6,524	13,727
Net income	426	7,303	6,766	9,435
Net income/(loss) applicable to noncontrolling interests	(84)	(75)	(288)	15
Net income applicable to Piper Jaffray Companies	$ 510	$ 7,378	$ 7,054	$ 9,420
Net income applicable to Piper Jaffray Companies common shareholders	$ 409	$ 5,712	$ 5,415	$ 7,198
Earnings per common share				
Earnings per basic common share	$ 0.03	$ 0.36	$ 0.36	$ 0.49
Earnings per diluted common share	$ 0.03	$ 0.36	$ 0.36	$ 0.49
Weighted average number of common shares				
Basic	15,837	15,901	15,035	14,635

Diluted	15,924	15,925	15,038	14,639

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ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.***
None.

ITEM 9A. ***CONTROLS AND PROCEDURES.***

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (b) accumulated and communicated to our management, including our principal executive officer and principal financial officer to allow timely decisions regarding disclosure.

During the fourth quarter of our fiscal year ended December 31, 2011, there was no change in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management s Report on Internal Control Over Financial Reporting and the attestation report of our independent registered public accounting firm on management s assessment of internal control over financial reporting are included in Part II, Item 8 entitled Financial Statements and Supplemental Information and are incorporated herein by reference.

ITEM 9B. ***OTHER INFORMATION.***

Not applicable.

PART III

ITEM 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.***

The information regarding our executive officers included in Part I of this Form 10-K under the caption Executive Officers is incorporated herein by reference. The information in the definitive proxy statement for our 2012 annual meeting of shareholders to be held on May 9, 2012, under the captions Item I Election of Directors, Information Regarding the Board of Directors and Corporate Governance Committees of the Board-Audit Committee, Information Regarding the Board of Directors and Corporate Governance Codes of Ethics and Business Conduct and Section 16(a) Beneficial Ownership Reporting Compliance is incorporated herein by reference.

ITEM 11. ***EXECUTIVE COMPENSATION.***

The information in the definitive proxy statement for our 2012 annual meeting of shareholders to be held on May 9, 2012, under the captions Executive Compensation, Certain Relationships and Related Transactions Compensation Committee Interlocks and Insider Participation, Information Regarding the Board of Directors and Corporate Governance Compensation Program for Non-Employee Directors and Information Regarding the Board of Directors and Corporate Governance Non-Employee Director Compensation for 2011 is incorporated herein by reference.

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ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS.***

The information in the definitive proxy statement for our 2012 annual meeting of shareholders to be held on May 9, 2012, under the captions Security Ownership Beneficial Ownership of Directors, Nominees and Executive Officers, Security Ownership Beneficial Owners of More than Five Percent of Our Common Stock and Executive Compensation Outstanding Equity Awards are incorporated herein by reference.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.***

The information in the definitive proxy statement for our 2012 annual meeting of shareholders to be held on May 9, 2012, under the captions Information Regarding the Board of Directors and Corporate Governance Director Independence, Certain Relationships and Related Transactions Transactions with Related Persons and Certain Relationships and Related Transactions Review and Approval of Transactions with Related Persons is incorporated herein by reference.

ITEM 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES.***

The information in the definitive proxy statement for our 2012 annual meeting of shareholders to be held on May 9, 2012, under the captions Audit Committee Report and Payment of Fees to Our Independent Auditor Auditor Fees and Audit Committee Report and Payment of Fees to Our Independent Auditor Auditor Services Pre-Approval Policy is incorporated herein by reference.

PART IV

ITEM 15. ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.***

(a)(1) FINANCIAL STATEMENTS OF THE COMPANY.

The Consolidated Financial Statements are incorporated herein by reference and included in Part II, Item 8 to this Form 10-K.

(a)(2) FINANCIAL STATEMENT SCHEDULES.

All financial statement schedules for the Company have been included in the consolidated financial statements or the related footnotes, or are either inapplicable or not required.

(a)(3) EXHIBITS.

Exhibit Number	Description	Method of Filing
2.1	Separation and Distribution Agreement, dated as of December 23, 2003, between U.S. Bancorp and Piper Jaffray Companies #	(1)
2.2	Asset Purchase Agreement dated April 10, 2006, among Piper Jaffray Companies, Piper Jaffray & Co. and UBS Financial Services Inc. #	(2)
2.3	Agreement of Purchase and Sale dated April 12, 2007 among Piper Jaffray Companies, Piper Jaffray Newco Inc., WG CAR, LLC, Charles D. Walbrandt, Joseph E. Gallagher, Jr., Wiley D. Angell, James J. Cunnane, Jr. and Mohammed Riad #	(3)

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Exhibit Number	Description	Method of Filing
2.4	Amendment to Agreement of Purchase and Sale dated September 14, 2007 among Piper Jaffray Companies, Piper Jaffray Investment Management Inc. (formerly known as Piper Jaffray Newco Inc.), WG CAR, LLC, Charles D. Walbrandt, Joseph E. Gallagher, Jr., Wiley D. Angell, James J. Cunnane, Jr. and Mohammed Riad	(4)
2.5	Equity Purchase Agreement, dated July 3, 2007, among Piper Jaffray Companies, all owners of the equity interests in Goldbond Capital Holdings Limited (Sellers), Ko Po Ming, and certain individuals and entities who are owners of certain Sellers #	(5)
2.6	Securities Purchase Agreement dated December 20, 2009 among Piper Jaffray Companies, Piper Jaffray Newco Inc., Advisory Research Holdings, Inc., each of the persons listed on the signature page thereto and Brien M. O Brien and TA Associates, Inc #	(6)
3.1	Amended and Restated Certificate of Incorporation	(7)
3.2	Amended and Restated Bylaws	(7)
4.1	Form of Specimen Certificate for Piper Jaffray Companies Common Stock	(8)
4.2	Rights Agreement, dated as of December 31, 2003, between Piper Jaffray Companies and Mellon Investor Services LLC, as Rights Agent #	(1)
4.3	Indenture dated as of December 28, 2009, between Piper Jaffray & Co. and the Bank of New York Mellon #	(9)
10.1	Sublease Agreement, dated as of September 18, 2003, between U.S. Bancorp and U.S. Bancorp Piper Jaffray Inc. #	(10)
10.2	First Amendment to Sublease Agreement, by and among U.S. Bancorp and Piper Jaffray & Co. dated March 26, 2010.	(11)
10.3	U.S. Bancorp Piper Jaffray Inc. Second Century 2000 Deferred Compensation Plan*	(1)
10.4	U.S. Bancorp Piper Jaffray Inc. Second Century Growth Deferred Compensation Plan (As Amended and Restated Effective September 30, 1998)*	(1)
10.5	Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan*	(12)
10.6	Form of Restricted Stock Agreement for Leadership Team Performance Grants in 2008 under the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan*	(13)
10.7	Form of Restricted Stock Agreement for Employee Grants in 2010 (related to 2009 performance) under the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan*	(14)
10.8	Form of Restricted Stock Agreement for Employee Grants in 2011 and 2012 (related to 2010 and 2011 performance) under the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan*	(15)
10.9	Form of Stock Option Agreement for Employee Grants in 2004 and 2005 (related to 2003 and 2004 performance, respectively) under the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan*	(16)
10.10	Form of Stock Option Agreement for Employee Grants in 2006 (related to 2005 performance) under the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan*	(17)

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Exhibit Number	Description	Method of Filing
10.11	Form of Stock Option Agreement for Employee Grants in 2007 and 2008 (related to 2006 and 2007 performance, respectively) under the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan*	(18)
10.12	Form of Stock Option Agreement for Non-Employee Director Grants under the Piper Jaffray Companies Amended and Restated 2003 Annual and Long-Term Incentive Plan*	(16)
10.13	Piper Jaffray Companies Deferred Compensation Plan for Non-Employee Directors*	(15)
10.14	Summary of Non-Employee Director Compensation Program*	Filed herewith
10.15	Form of Notice Period Agreement*	(18)
10.16	Loan Agreement (Broker-Dealer VRDN), dated September 30, 2008, between Piper Jaffray & Co. and U.S. Bank National Association #	(19)
10.17	First Amendment to Loan Agreement (Broker-Dealer VRDN), dated November 3, 2008 between Piper Jaffray & Co. and U.S. Bank National Association #	(14)
10.18	Second Amendment to Loan Agreement (Broker-Dealer VRDN), dated September 25, 2009 between Piper Jaffray & Co. and U.S. Bank National Association #	(14)
10.19	Third Amendment to Loan Agreement (Broker-Dealer VRDN), dated September 30, 2010 between Piper Jaffray & Co. and U.S. Bank National Association	(20)
10.20	Fourth Amendment to Loan Agreement (Broker-Dealer VRDN), dated December 31, 2010 between Piper Jaffray & Co. and U.S. Bank National Association	(15)
10.21	Fifth Amendment to Loan Agreement (Broker-Dealer VRDN), dated December 30, 2011 between Piper Jaffray & Co. and U.S. Bank National Association	Filed herewith
10.22	Credit Agreement, dated December 29, 2010, by and among the Company, SunTrustBank, as administrative agent, and the lenders party thereto	(21)
10.23	First Amendment to Credit Agreement and Waiver, dated August 12, 2011, by and among the Company, SunTrustBank, as administrative agent, and the lenders party thereto	(22)
10.24	Second Amendment to Credit Agreement, dated January 25, 2012, by and among the Company, SunTrustBank, as administrative agent, and the lenders party thereto	Filed herewith
10.25	Letter Agreement between the Company and Brien M. O Brien*	(11)
10.26	Restricted Stock Agreement with Brien O Brien*	(11)
10.27	Amendment to Restricted Stock Agreement with Brien O Brien*	Filed herewith
10.28	Employment Agreement between the Company and Brien M. O Brien*	(23)
10.29	Piper Jaffray Companies Mutual Fund Restricted Share Investment Plan*	Filed herewith
10.30	Form of Mutual Fund Restricted Share Agreement*	Filed herewith
21.1	Subsidiaries of Piper Jaffray Companies	Filed herewith
23.1	Consent of Ernst & Young LLP	Filed herewith
24.1	Power of Attorney	Filed herewith

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Exhibit Number	Description	Method of Filing
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chairman and Chief Executive Officer	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer	Filed herewith
32.1	Section 1350 Certifications	Filed herewith

* Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

\# The Company hereby agrees to furnish supplementally to the Commission upon request any omitted exhibit or schedule.

(1) Filed as an exhibit to the Company s Form 10-K for the fiscal year end December 31, 2003, filed with the Commission on March 8, 2004, and incorporated herein by reference.

(2) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on April 11, 2006, and incorporated herein by reference.

(3) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on April 13, 2007, and incorporated herein by reference.

(4) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on September 14, 2007, and incorporated herein by reference.

(5) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on July 3, 2007, and incorporated herein by reference.

(6) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on December 21, 2009, and incorporated herein by reference.

(7) File as an exhibit to the Company s Form 10-Q for the quarterly period ended June 30, 2007, filed with the Commission on August 3, 2007, and incorporated herein by reference.

(8) Filed as an exhibit to the Company s Form 10, filed with the Commission on June 25, 2003, and incorporated herein by reference.

(9) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on December 30, 2009, and incorporated herein by reference.

(10) Filed as an exhibit to the Company s Amendment No. 2 to Form 10, filed with the Commission on October 23, 2003, and incorporated herein by reference.

(11) Filed as an exhibit to the Company s Form 10-Q For the quarterly period ended March 31, 2010, filed with the Commission on May 7, 2010, and incorporated herein by reference.

(12)

Filed as an exhibit to the Company s Form 10-Q for the year ended June 30, 2009, filed with the Commission on July 31, 2009, and incorporated herein by reference.

(13) Filed as an exhibit to the Company s Form 10-Q for the year ended June 30, 2008, filed with the Commission on August 1, 2008, and incorporated herein by reference.

(14) Filed as an exhibit to the Company s Form 10-K For the year ended December 31, 2009, filed with the Commission on February 26, 2010, and incorporated herein by reference.

(15) Filed as an exhibit to the Company s Form 10-K For the year ended December 31, 2010, filed with the Commission on February 28, 2011, and incorporated herein by reference.

(16) Filed as an exhibit to the Company s Form 10-Q for the quarterly period ended June 30, 2004, filed with the Commission on August 4, 2004, and incorporated herein by reference.

(17) Filed as an exhibit to the Company s Form 10-K For the year ended December 31, 2005, filed with the Commission on March 1, 2006, and incorporated herein by reference.

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(18) Filed as an exhibit to the Company s Form 10-K For the year ended December 31, 2006, filed with the Commission on March 1, 2007, and incorporated herein by reference.

(19) Filed as an exhibit to the Company s Form 10-Q for the quarterly period ended September 30, 2008, filed with the Commission on November 10, 2008, and incorporated herein by reference.

(20) Filed as an exhibit to the Company s Form 10-Q For the quarterly period ended September 30, 2010, filed with the Commission on November 3, 2010, and incorporated herein by reference.

(21) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on December 30, 2010, and incorporated herein by reference.

(22) Filed as an exhibit to the Company s Form 10-Q For the quarterly period ended September 30, 2011, filed with the Commission on November 3, 2011, and incorporated herein by reference.

(23) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on January 11, 2011, and incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 27, 2012.

PIPER JAFFRAY COMPANIES

By /s/ Andrew S. Duff
Its Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 27, 2012.

SIGNATURE	TITLE
/s/ Andrew S. Duff Andrew S. Duff	Chairman and Chief Executive Officer (Principal Executive Officer)
/s/ Debbra L. Schoneman Debbra L. Schoneman	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Michael R. Francis Michael R. Francis	Director
/s/ B. Kristine Johnson B. Kristine Johnson	Director
/s/ Addison L. Piper Addison L. Piper	Director
/s/ Lisa K. Polsky Lisa K. Polsky	Director
/s/ Frank L. Sims Frank L. Sims	Director
/s/ Jean M. Taylor Jean M. Taylor	Director
/s/ Michele Volpi Michele Volpi	Director

/s/ Hope Woodhouse	Director
Hope Woodhouse	

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EXHIBIT INDEX

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2.6	Securities Purchase Agreement dated December 20, 2009 among Piper Jaffray Companies, Piper Jaffray Newco Inc., Advisory Research Holdings, Inc., each of the persons listed on the signature page thereto and Brien M. O Brien and TA Associates, Inc #	(6)
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10.2	First Amendment to Sublease Agreement, by and among U.S. Bancorp and Piper Jaffray & Co. dated March 26, 2010.	(11)
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10.15	Form of Notice Period Agreement*	(18)
10.16	Loan Agreement (Broker-Dealer VRDN), dated September 30, 2008, between Piper Jaffray & Co. and U.S. Bank National Association #	(19)
10.17	First Amendment to Loan Agreement (Broker-Dealer VRDN), dated November 3, 2008 between Piper Jaffray & Co. and U.S. Bank National Association #	(14)
10.18	Second Amendment to Loan Agreement (Broker-Dealer VRDN), dated September 25, 2009 between Piper Jaffray & Co. and U.S. Bank National Association #	(14)
10.19	Third Amendment to Loan Agreement (Broker-Dealer VRDN), dated September 30, 2010 between Piper Jaffray & Co. and U.S. Bank National Association	(20)
10.20	Fourth Amendment to Loan Agreement (Broker-Dealer VRDN), dated December 31, 2010 between Piper Jaffray & Co. and U.S. Bank National Association	(15)
10.21	Fifth Amendment to Loan Agreement (Broker-Dealer VRDN), dated December 30, 2011 between Piper Jaffray & Co. and U.S. Bank National Association	Filed herewith
10.22	Credit Agreement, dated December 29, 2010, by and among the Company, SunTrustBank, as administrative agent, and the lenders party thereto	(21)
10.23	First Amendment to Credit Agreement and Waiver, dated August 12, 2011, by and among the Company, SunTrustBank, as administrative agent, and the lenders party thereto	(22)
10.24	Second Amendment to Credit Agreement, dated January 25, 2012, by and among the Company, SunTrustBank, as administrative agent, and the lenders party thereto	Filed herewith
10.25	Letter Agreement between the Company and Brien M. O Brien*	(11)
10.26	Restricted Stock Agreement with Brien O Brien*	(11)
10.27	Amendment to Restricted Stock Agreement with Brien O Brien*	Filed herewith
10.28	Employment Agreement between the Company and Brien M. O Brien*	(23)
10.29	Piper Jaffray Companies Mutual Fund Restricted Share Investment Plan*	Filed herewith
10.30	Form of Mutual Fund Restricted Share Agreement*	Filed herewith
21.1	Subsidiaries of Piper Jaffray Companies	Filed herewith
23.1	Consent of Ernst & Young LLP	Filed herewith
24.1	Power of Attorney	Filed herewith
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chairman and Chief Executive Officer	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer	Filed herewith
32.1	Section 1350 Certifications	Filed herewith

* Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

\# The Company hereby agrees to furnish supplementally to the Commission upon request any omitted exhibit or schedule.

(1) Filed as an exhibit to the Company s Form 10-K for the fiscal year end December 31, 2003, filed with the Commission on March 8, 2004, and incorporated herein by reference.

(2) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on April 11, 2006, and incorporated herein by reference.

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(3) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on April 13, 2007, and incorporated herein by reference.

(4) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on September 14, 2007, and incorporated herein by reference.

(5) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on July 3, 2007, and incorporated herein by reference.

(6) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on December 21, 2009, and incorporated herein by reference.

(7) File as an exhibit to the Company s Form 10-Q for the quarterly period ended June 30, 2007, filed with the Commission on August 3, 2007, and incorporated herein by reference.

(8) Filed as an exhibit to the Company s Form 10, filed with the Commission on June 25, 2003, and incorporated herein by reference.

(9) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on December 30, 2009, and incorporated herein by reference.

(10) Filed as an exhibit to the Company s Amendment No. 2 to Form 10, filed with the Commission on October 23, 2003, and incorporated herein by reference.

(11) Filed as an exhibit to the Company s Form 10-Q For the quarterly period ended March 31, 2010, filed with the Commission on May 7, 2010, and incorporated herein by reference.

(12) Filed as an exhibit to the Company s Form 10-Q for the year ended June 30, 2009, filed with the Commission on July 31, 2009, and incorporated herein by reference.

(13) Filed as an exhibit to the Company s Form 10-Q for the year ended June 30, 2008, filed with the Commission on August 1, 2008, and incorporated herein by reference.

(14) Filed as an exhibit to the Company s Form 10-K For the year ended December 31, 2009, filed with the Commission on February 26, 2010, and incorporated herein by reference.

(15) Filed as an exhibit to the Company s Form 10-K For the year ended December 31, 2010, filed with the Commission on February 28, 2011, and incorporated herein by reference.

(16) Filed as an exhibit to the Company s Form 10-Q for the quarterly period ended June 30, 2004, filed with the Commission on August 4, 2004, and incorporated herein by reference.

(17) Filed as an exhibit to the Company s Form 10-K For the year ended December 31, 2005, filed with the Commission on March 1, 2006, and incorporated herein by reference.

(18) Filed as an exhibit to the Company s Form 10-K For the year ended December 31, 2006, filed with the Commission on March 1, 2007, and incorporated herein by reference.

(19) Filed as an exhibit to the Company s Form 10-Q for the quarterly period ended September 30, 2008, filed with the Commission on November 10, 2008, and incorporated herein by reference.

(20) Filed as an exhibit to the Company s Form 10-Q For the quarterly period ended September 30, 2010, filed with the Commission on November 3, 2010, and incorporated herein by reference.

(21) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on December 30, 2010, and incorporated herein by reference.

(22) Filed as an exhibit to the Company s Form 10-Q For the quarterly period ended September 30, 2011, filed with the Commission on November 3, 2011, and incorporated herein by reference.

(23) Filed as an exhibit to the Company s Form 8-K, filed with the Commission on January 11, 2011, and incorporated herein by reference.