

PIPER JAFFRAY COMPANIES

Form 11-K

June 25, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 11-K**

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934 (No fee required)  
For the Fiscal Year Ended December 31, 2009**

**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934 (No fee required)  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File No. 001-31720**

**A. Full title of the plan and the address of the plan, if different from that of the issuer named below:**

**PIPER JAFFRAY COMPANIES RETIREMENT PLAN**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

**PIPER JAFFRAY COMPANIES**

**800 Nicollet Mall, Suite 800**

**Minneapolis, MN 55402**

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**Piper Jaffray Companies Retirement Plan  
Financial Statements and Supplemental Schedule  
Contents**

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Report of Independent Registered Public Accounting Firm

The Plan Administrator and Participants

Piper Jaffray Companies Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the Piper Jaffray Companies Retirement Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2009 and 2008, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2009, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP  
Minneapolis, Minnesota  
June 25, 2010

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**Piper Jaffray Companies Retirement Plan  
Statements of Net Assets Available for Benefits**

| <i>(Dollars in thousands)</i>   | <b>December<br/>31,<br/>2009</b> | December<br>31,<br>2008 |
|---|----------------------------------|-------------------------|
| <b>Assets</b>   |                                  |                         |
| Investments, at fair value:   |                                  |                         |
| Mutual funds  | \$ 74,932                        | \$ 57,748               |
| Common/collective trust   | 18,288                           | 14,109                  |
| Piper Jaffray Companies Stock Fund  | 11,056                           | 7,597                   |
| Participant loans   | 1,485                            | 1,280                   |
| <b>Total investments</b>  | <b>105,761</b>                   | <b>80,734</b>           |
| Cash and cash equivalents   | 903                              | 48                      |
| Receivables:  |                                  |                         |
| Mutual fund rebate receivable   |                                  | 109                     |
| Employee contributions receivable   | 200                              | 128                     |
| Employer contributions receivable   | 3,634                            | 3,757                   |
| <b>Total receivables</b>  | <b>3,834</b>                     | <b>3,994</b>            |
| <b>Liabilities</b>  |                                  |                         |
| Payables:   |                                  |                         |
| Trade activity pending  | (265)                            | (149)                   |
| <b>Total payables</b>   | <b>(265)</b>                     | <b>(149)</b>            |
| <b>Net assets available for benefits at fair value</b>  | <b>110,233</b>                   | <b>84,627</b>           |
| Adjustment from fair value to contract value for interest in collective trust relating to fully benefit-responsive investment contracts | (21)                             | 452                     |
| <b>Net assets available for benefits</b>  | <b>\$ 110,212</b>                | <b>\$ 85,079</b>        |

*See Notes to Financial Statements*

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**Piper Jaffray Companies Retirement Plan**  
**Statements of Changes in Net Assets Available for Benefits**

| <i>(Dollars in thousands)</i>                                       | <b>For the Year Ended December<br/>31,</b> |                  |
|---|--|------------------|
|   | <b>2009</b>                                | <b>2008</b>      |
| <b>Additions:</b>   |  |                  |
| Investment income:  |  |                  |
| Net appreciation/(depreciation) in fair value of investments        | \$ 22,640                                  | \$ (34,557)      |
| Interest and dividends  | 1,711                                      | 1,793            |
| Mutual fund rebates   | 158  | 267              |
| <b>Total investment income/(loss)</b>                               | <b>24,509</b>                              | <b>(32,497)</b>  |
| <b>Contributions:</b>   |  |                  |
| Employer noncash  | 3,634                                      | 3,757            |
| Participants  | 8,396                                      | 9,773            |
| Rollovers and transfers in  | 658  | 856              |
| <b>Total contributions</b>  | <b>12,688</b>                              | <b>14,386</b>    |
| <b>Deductions:</b>  |  |                  |
| Participant withdrawals   | (11,639)                                   | (18,150)         |
| Administrative fees   | (160)                                      | (326)            |
| Trade activity pending  | (265)                                      | (149)            |
| <b>Total deductions</b>   | <b>(12,064)</b>                            | <b>(18,625)</b>  |
| <b>Net increase/(decrease) in net assets available for benefits</b> | <b>25,133</b>                              | <b>(36,736)</b>  |
| <b>Net assets available for benefits, beginning of year</b>         | <b>85,079</b>                              | <b>121,815</b>   |
| <b>Net assets available for benefits, end of year</b>               | <b>\$ 110,212</b>                          | <b>\$ 85,079</b> |

*See Notes to Financial Statements*

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**Piper Jaffray Companies Retirement Plan  
Notes to Financial Statements**

**1. Description of the Plan**

***General***

The Piper Jaffray Companies Retirement Plan (the Plan) is a contributory defined contribution plan covering employees of Piper Jaffray Companies (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The following provides only general terms of the Plan. A complete description of the Plan is available from the Company.

***Contributions***

Beginning the first of the month subsequent to commencement of employment, participants may contribute between 1 and 50 percent of their recognized compensation, as defined in the Plan, for each pay period up to an annual maximum of \$16,500 for 2009. In addition, participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions through payroll deductions to an annual maximum of \$5,500 in 2009.

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Company matches 100 percent of the first six percent of recognized compensation contributed by the participant up to the Social Security taxable wage base of \$106,800 for 2009 (Matching Contribution). Participants are eligible for the Company's Matching Contribution beginning on the January 1 subsequent to the commencement of a participant's employment. The Matching Contribution is generally paid following the end of the Plan year and participants must be employed on the date of payment to receive the Company Matching Contribution.

***Vesting***

Participants are immediately vested in their contributions made to the Plan from their recognized compensation and the earnings thereon. In addition, participants are immediately vested in the Company's Matching Contribution and earnings thereon. Vesting in the Company's Profit Sharing Contribution and earnings thereon is based on years of continued services. A participant is 100 percent vested in their Profit Sharing Contribution after five years of service from the date of entrance into the Plan, with at least 1,000 hours of service in each Plan year. Additionally, participants become 100 percent vested in Profit Sharing Contributions when they reach age 59 1/2 or terminate employment as a result of becoming totally or permanently disabled or death.

***Participant Accounts***

Separate accounts are maintained for each participant whereby the participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) plan earnings. Allocations are based on participant earnings or account balances, as defined.

Forfeited account balances of terminated participants' nonvested accounts are used to first reinstate the accounts of rehired participants. If a participant returns to the Company and completes a year of vesting service before the participant has five consecutive one-year breaks in service, the forfeited amount will be reinstated to the participant's account at the end of that year. At December 31, 2009, forfeited nonvested accounts totaled \$75,488.

**Table of Contents*****Participant Loans***

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of the lesser of \$50,000 or 50 percent of their account balance. Loan terms range up to 5 years or up to 15 years if the loan is used towards the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear a fixed interest rate of one percent over the prime rate for the business day preceding the date the loan is granted. Principal and interest are paid ratably through semi-monthly payroll deductions. Participants who terminate employment with outstanding loan balances have 90 days from the last day of their employment to pay the balance of their loan in full. Loans not repaid within that timeframe will be reported as taxable distributions.

***Benefits***

After reaching the age of 59 1/2, a participant may elect to withdraw all or a portion of the value of their account without penalty. Hardship withdrawals by actively employed participants before the age of 59 1/2 are permitted for pre-tax contributions, only after meeting specified criteria, as defined in the Plan. Actively employed participants prior to the age of 59 1/2 can also elect to withdraw all or a portion of the rollover contributions or transferred contributions made to the Plan. Although hardship and rollover withdrawals are allowed, a participant may be subject to a 10 percent federal penalty tax.

If a participant's employment ends for reasons other than total or permanent disability or death and the balance is less than \$1,000, a distribution made before the age of 59 1/2 must be paid to the participant in the form of a lump-sum payment or direct rollover. If the participant's balance exceeds \$1,000, payment will not be made before age 70 1/2 without prior consent. The following options of distribution are available: lump-sum distribution, direct rollover, partial distribution or installment distribution (available only if participant's balance exceeds \$5,000). Upon death, the balance in the participant's account is paid to the designated beneficiary in one of the above mentioned distribution options.

**2. Summary of Significant Accounting Policies*****Basis of Accounting***

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Certain items in prior periods have been reclassified to conform to current year presentation.

***Fair Value of Financial Instruments***

Effective January 1, 2008, the Company adopted accounting updates included in Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 820, Fair Value Measurements and Disclosures, ( ASC 820 ) which provides a definition of fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect our assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level I Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities as of the report date.

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date.

Level III Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**Table of Contents*****New Accounting Pronouncements***

Effective for interim and annual reporting periods ending after September 15, 2009, the FASB Accounting Standards Codification TM (the Codification) became the single source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP) recognized by the FASB. The Codification supersedes existing non-grandfathered, non-Securities and Exchange Commission (SEC) accounting and reporting standards. The Codification did not change GAAP, but rather organized it into a hierarchy where all guidance within the codification carries an equal level of authority. All accounting literature not included in the Codification is considered non-authoritative. The Codification impacted the Plan's financial statement disclosures since all references to authoritative accounting literature are now referenced in accordance with the Codification.

In May 2009, the FASB updated the accounting guidance on the recognition and disclosure of subsequent events described in FASB Accounting Standards Codification Topic 855, Subsequent Events, (ASC 855). Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet. Unrecognized subsequent events are events or transactions that provide evidence about conditions that did not exist at the date of the balance sheet, but arose before the financial statements are issued. Recognized subsequent events are recorded in the financial statements and unrecognized subsequent events are excluded from the financial statements but disclosed in the notes to the financial statements if their effect is material. The Plan adopted this accounting guidance in the year ended December 31, 2009. The adoption of the updated guidance did not have a material impact on the Plan's financial statements.

In April 2009, the FASB updated the accounting standards described in ASC 820 to provide guidance on estimating the fair value of a financial asset or liability when the trade volume and level of activity for the asset or liability has significantly decreased relative to historical levels and additional guidance on circumstances that may indicate that a transaction is not orderly. The guidance required entities to disclose in interim and annual periods the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, debt and equity securities as defined by FASB Accounting Standards Codification Topic 320, Investments Debt and Equity Securities, (ASC 320) shall be disclosed by major category. This guidance was effective for interim and annual reporting periods ending after June 15, 2009. The adoption did not have a material impact on the Plan's consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update No. 2009-12, Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) (ASU 2009-12). ASU No. 2009-12 amends ASC 820 by permitting entities, as a practical expedient, to estimate the fair value of investments within its scope using the net asset value (NAV) per share of the investment as of the reporting entities' measurement dates. ASU No. 2009-12 was effective October 1, 2009 and the adoption did not have a material impact on the financial statements of the Plan.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, Improving Disclosures about Fair Value Measurements, (ASU 2010-06) amending ASC 820. The amended guidance requires entities to disclose additional information regarding assets and liabilities that are transferred between levels of the fair value hierarchy and to disclose information in the Level 3 rollforward about purchases, sales, issuances and settlements on a gross basis. ASU 2010-06 also further clarifies existing guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. The guidance in ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirement to separately disclose purchases, sales, issuances, and settlements in the Level 3 rollforward, which becomes effective for fiscal years (and for interim periods within those fiscal years) beginning after December 15, 2010. While ASU 2010-06 does not change accounting requirements, it will impact the Plan's disclosures about fair value measurements.

***Valuation of Investment Contracts***

As described in FASB ASC Topic 962, *Plan Accounting - Defined Contribution Pension Plans* (ASC 962), investment contracts (including contracts underlying other investments) held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment

contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by ASC 962, the statements of net assets available for benefits present the fair value of the investment contract as well as the adjustment of the fully benefit-responsive

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investment contracts from fair value to contract value. The statements of changes in net assets available for benefits are prepared on contract value basis.

***Valuation of Investments and Income Recognition***

The Plan's investments in mutual funds and the Piper Jaffray Companies Stock Fund are stated at fair value. Quoted market/redemption prices are used to value investments. Participant loans are valued at their outstanding balances which approximate fair value. The Plan's investments in common/collective trusts consist of a fund that invests in guaranteed investment contracts and a fund that invests in the common stock of 500 designated companies.

The investment in the common/collective trust is stated at fair value with an adjustment to contract value in accordance with ASC 962. Fair value is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations. Contract value is equal to principle balance plus accrued interest.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

***Use of Estimates***

The preparation of the financial statements in conformity with United States generally accepted accounting principles requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. Investments**

The Retirement Investment Committee oversees the Plan and Trust Agreement. It has the authority to make investment recommendations, such as the replacement of a fund due to the fund's performance, and has the fiduciary responsibility to ensure the Plan is acting in the best interest of the participants.

The following table presents the net appreciation/(depreciation) in fair value of investments held by the Plan for the years ended December 31:

| <i>(Dollars in thousands)</i>                                | <b>2009</b>      | 2008        |
|--|------------------|-------------|
| Mutual funds   | <b>\$ 16,613</b> | \$ (32,759) |
| Common/collective trusts                                     | <b>2,040</b>     | 666         |
| Piper Jaffray Companies Stock Fund                           | <b>3,987</b>     | (2,464)     |
| Net appreciation/(depreciation) in fair value of investments | <b>\$ 22,640</b> | \$ (34,557) |

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The fair value of individual investments that represent 5 percent or more of the Plan's net assets available for benefits at December 31 are as follows:

| <i>(Dollars in thousands)</i>       | <b>2009</b>     | 2008     |
|-------------------------------------|-----------------|----------|
| Allianz NFJ Sm Cap Value Fund       | <b>\$10,338</b> | \$ 8,852 |
| American Europacific Growth Fund R5 | <b>10,045</b>   | 7,680    |
| American Growth Fund of America R5  | <b>12,069</b>   | 9,019    |
| Baron Growth Fund                   | <b>6,365</b>    | 4,966    |
| Oppenheimer Value Y                 | <b>6,682</b>    | 4,887    |
| PIMCO Total Return Fund             | <b>11,156</b>   | 10,292   |
| Piper Jaffray Companies Stock Fund  | <b>11,056</b>   | 7,597    |
| Wells Fargo Stable Return Fund      | <b>10,352</b>   | 8,072    |
| Wells Fargo S&P 500 Index Fund      | <b>7,936</b>    | 6,037    |

**4. Investments in Common/Collective Trusts**

The Plan invests in the Wells Fargo Stable Return Fund N4 ( Stable Return Fund ) and the Wells Fargo S&P 500 Index Fund ( Index Fund ). The Stable Return Fund holds benefit-responsive investment contracts while the Index Fund is a collective investment fund composed of common stock of 500 designated companies. Stable Return Fund and Index Fund units held by the Plan represent an undivided proportionate interest in all of the assets and liabilities of the Stable Return Fund and Index Fund. The net asset value of each unit is determined daily, and reflects all earnings, expenses, gains and losses in the Stable Return Fund and Index Fund. Income on the Stable Return Fund and Index Fund's investments are automatically reinvested and reflected in the net asset value of each unit. The Stable Return Fund is reported at fair value with an adjustment to contract value on the statements of net assets available for benefits. The Index Fund is reported at fair value on the statements of net assets available for benefits.

**5. Fair Value Measurements**

The degree of judgment used in measuring the fair value of financial instruments generally correlates to the level of pricing observability. Pricing observability is impacted by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established and other characteristics specific to the instrument. Financial instruments for which fair value can be measured from actively quoted prices generally will have a higher degree of pricing observability and a lesser degree of judgment used in measuring fair value. Conversely, financial instruments rarely traded or not quoted will generally have less, or no, pricing observability and a higher degree of judgment used in measuring fair value. As the observability of prices and inputs may change for a financial instrument from period to period, this condition may cause a transfer of an instrument among the fair value hierarchy levels. Transfers among the levels are recognized at the beginning of each period.

The following is a description of the valuation techniques used to measure fair value.

**Cash Equivalents**

Cash equivalents are valued at cost, which approximates fair value, and are categorized as Level I.

**Investments**

*Mutual Funds* Mutual funds are valued based on quoted prices from the exchange for identical assets as of the report date. There are no restrictions as to redemption of these investments nor does the Plan have any contractual obligations to further invest in any of the individual mutual funds. To the extent these mutual funds are actively traded, valuation adjustments are not applied and they are categorized as Level I.

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*Common/Collective Trusts* The estimated fair value of the common/collective trusts is net asset value. The use of net asset value as fair value is deemed appropriate as the collective trust funds do not have finite lives, unfunded commitments relating to these types of investments, or significant restrictions on redemptions. Prices for securities held in the underlying portfolios of the funds are primarily obtained from independent pricing services. These prices are based on observable market data for the same or similar securities and, consequently, are classified as Level II.

*Piper Jaffray Companies Stock Fund* Piper Jaffray Companies Stock Fund is valued based on quoted prices from the exchange for identical assets as of the report date and therefore categorized as Level I.

*Participant Loans* Participant loans are valued using the amortized cost at the report date. The amortized cost is calculated using unobservable inputs and therefore categorized as Level III.

The following tables summarize the Plan's investment assets by level within the fair value hierarchy. As required by ASC 820, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

| <i>(Dollars in thousands)</i>      | <b>Investment Assets at Fair Value at December 31, 2009</b> |                 |                  |              |
|------------------------------------|---|-----------------|------------------|--------------|
|                                    | <b>Level I</b>  | <b>Level II</b> | <b>Level III</b> | <b>Total</b> |
| Investments:                       |   |                 |                  |              |
| Mutual funds                       | \$ 74,932   | \$              | \$               | \$ 74,932    |
| Common/collective trusts           |   | 18,288          |                  | 18,288       |
| Piper Jaffray Companies Stock Fund | 11,056  |                 |                  | 11,056       |
| Participant loans                  |   |                 | 1,485            | 1,485        |
| Total investments                  | 85,988  | 18,288          | 1,485            | 105,761      |
| Cash equivalents                   | 903   |                 |                  | 903          |
| Total assets                       | \$ 86,891   | \$ 18,288       | \$ 1,485         | \$ 106,664   |

| <i>(Dollars in thousands)</i>      | <b>Investment Assets at Fair Value at December 31, 2008</b> |                 |                  |              |
|------------------------------------|---|-----------------|------------------|--------------|
|                                    | <b>Level I</b>  | <b>Level II</b> | <b>Level III</b> | <b>Total</b> |
| Investments:                       |   |                 |                  |              |
| Mutual funds                       | \$ 57,748   | \$              | \$               | \$ 57,748    |
| Common/collective trusts           |   | 14,109          |                  | 14,109       |
| Piper Jaffray Companies Stock Fund | 7,597   |                 |                  | 7,597        |
| Participant loans                  |   |                 | 1,280            | 1,280        |
| Total investments                  | 65,345  | 14,109          | 1,280            | 80,734       |
| Cash equivalents                   | 48  |                 |                  | 48           |
| Total assets                       | \$ 65,393   | \$ 14,109       | \$ 1,280         | \$ 80,782    |

Total investment assets at fair value classified within Level III were \$1.5 million and \$1.3 million as of December 31, 2009 and 2008, respectively, which consists of participant loans, which are valued at outstanding balances which approximates fair value. Such amounts were 1.4 and 1.6 percent of total investment assets on the statements of net assets available for benefits at fair value as of December 31, 2009 and 2008, respectively.

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The following table summarizes the changes in fair value carrying values associated with Level III assets for the years ended December 31, 2009 and 2008, respectively:

|                                     |                 |
|-------------------------------------|-----------------|
| <b>Balance at December 31, 2007</b> | <b>\$ 1,139</b> |
| Principal repayments                | (562)           |
| Loan withdrawals                    | 703             |
| Benefit payments                    |                 |
| <b>Balance at December 31, 2008</b> | <b>\$ 1,280</b> |
| Principal repayments                | (573)           |
| Loan withdrawals                    | 960             |
| Benefit payments                    | (182)           |
| <b>Balance at December 31, 2009</b> | <b>\$ 1,485</b> |

**6. Income Tax Status**

The plan received a determination letter from the Internal Revenue Service dated October 30, 2007, stating that the Plan is qualified under section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended (and/or restated). Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan sponsor has indicated that it will take the necessary steps, if any, to bring the Plans operations into compliance with the Code.

**7. Risks and Uncertainties**

The mutual funds and common/collective trusts of the Plan invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

**8. Related Party Transactions**

The Plan has invested in the Piper Jaffray Companies Stock Fund, which primarily invests in shares of the Company's common stock. As of December 31, 2009, the Plan's investment in the Piper Jaffray Companies Stock Fund was comprised primarily of 218,448 shares of Piper Jaffray Companies common stock with a fair market value of \$11,055,653. The Plan made purchases and sales of the Company's common stock of \$694,741 and \$4,937,699, respectively, during the year ended December 31, 2009.

On February 16, 2010, the Company made a contribution of shares of the Company's common stock to the Plan in an amount equal to \$3,633,815. The contribution represented the Company's Matching Contribution for the year ended December 31, 2009.

**9. Administrative Expenses**

Except to the extent paid by the Company, all expenses of the Plan, with the exception of loan processing fees, are paid by the Plan as a deduction from its mutual fund rebates received. The Plan receives mutual fund rebates related to its investments in mutual funds. The rebates, net of Plan expenses paid by the Plan, are allocated to Plan participants accounts. If expenses exceed rebates they are paid by the Plan sponsor. Loan processing fees of the Plan are paid out of the account of the participant requesting the loan. The Company paid legal and audit fees related to the Plan during 2009 and 2008.

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The Company has the right to terminate the Plan at any time subject to the provisions set forth in ERISA. In the event of a complete or partial termination of the Plan or a permanent discontinuation of contributions to the Plan, each affected participant will become fully vested in their Profit Sharing Contribution regardless of length of service.

**11. Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 at December 31:

| <i>(Dollars in thousands)</i>                                  | <b>2009</b>       | 2008      |
|--|-------------------|-----------|
| Net assets available for benefits per the financial statements | <b>\$ 110,212</b> | \$ 85,079 |
| Distributions payable  |                   | (154)     |
| Adjustment of common/collective trust to fair value            | <b>21</b>         | (452)     |
| Net assets available for benefits per the Form 5500            | <b>\$ 110,233</b> | \$ 84,473 |

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**Supplemental Schedule**  
**Piper Jaffray Companies Retirement Plan**  
**EIN: 30-0168701**  
**Plan: 001**  
**Schedule H, Line 4i Schedule of Assets (Held at End of Year)**  
**December 31, 2009**

| <b>Description</b>                          | <b>Number<br/>of<br/>Shares/Units</b> | <b>Market<br/>Value</b> |
|---|---------------------------------------|-------------------------|
| Common/Collective Trusts:                   |                                       |                         |
| Wells Fargo Stable Return Fund              | 231,946<br>shares                     | \$ 10,352,474           |
| Wells Fargo S&P 500 Index Fund              | 206,341<br>shares                     | 7,935,864               |
|   |                                       | 18,288,338              |
| Mutual Funds:                               |                                       |                         |
| Allianz NFJ Sm Cap Value Fund               | 446,561<br>shares                     | 10,337,898              |
| Am Funds US Gov. Sec. R5                    | 164,078<br>shares                     | 2,293,809               |
| American Europacific Growth Fund R5         | 262,413<br>shares                     | 10,045,185              |
| American Growth Fund of America R5          | 442,416<br>shares                     | 12,069,120              |
| Am Funds High Income R5                     | 126,646<br>shares                     | 1,343,714               |
| American Investment Company of America R5   | 56,726 shares                         | 1,471,485               |
| Baron Growth Fund                           | 154,067<br>shares                     | 6,364,520               |
| Davis NY Venture Fund Y                     | 131,271<br>shares                     | 4,107,458               |
| Neuberger & Berman Equity Fund              | 4,162 shares                          | 86,436                  |
| Oppenheimer Developing Markets Y            | 168,336<br>shares                     | 4,785,806               |
| Oppenheimer Value Y                         | 341,948<br>shares                     | 6,681,658               |
| PIMCO Total Return Fund                     | 1,032,980<br>shares                   | 11,156,187              |
| Russell Real Estate Securities              | 36,070 shares                         | 1,083,548               |
| Vanguard Global Equity Fund                 | 176,249<br>shares                     | 2,761,829               |
| Wells Fargo Advantage Small Cap Growth Fund | 29,388 shares                         | 342,959                 |
|   |                                       | 74,931,612              |
| Stock Fund:                                 |                                       |                         |

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|  |               |                |
|--|---------------|----------------|
| Piper Jaffray Companies Stock Fund *   | 218,448 units | 11,055,653     |
| Participant loans (interest rate range: 4.0-9.5%, maturity date range:<br>1/15/2010-9/15/2024) |               | 1,485,028      |
| Total assets held at end of year   |               | \$ 105,760,631 |

\* Indicates a  
party-in-interest  
to the Plan

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, Piper Jaffray Companies has duly caused this annual report to be signed on behalf of the Piper Jaffray Companies Retirement Plan by the undersigned hereunto duly authorized.

**PIPER JAFFRAY COMPANIES  
RETIREMENT PLAN**

**By: Piper Jaffray Companies,  
Administrator**

*/s/ Anne M. Johnson*  
Anne M. Johnson  
Head of Human Resources

Dated: June 25, 2010

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**EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Description</b>                                       | <b>Method of<br/>Filing</b> |
|---------------------------|--|-----------------------------|
| 23.1                      | Consent of Independent Registered Public Accounting Firm | Filed herewith              |